

SILVER LAKE WATER DISTRICT
SNOHOMISH COUNTY, WASHINGTON
RESOLUTION NO. 522

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE SILVER LAKE WATER DISTRICT, SNOHOMISH COUNTY, WASHINGTON, ESTABLISHING NEW AND UPDATED WATER RATES AND GENERAL FACILITY FEES

BE IT RESOLVED by the Board of Commissioners of the Silver Lake Water District, Snohomish County, Washington as follows:

SECTION 1. FINDINGS

Capital Improvement Programs

- 1.1 On July 9, 1998 the Board of Commissioners adopted Resolution 486 adopting the District's updated Final Water System Comprehensive Plan. This plan provides for a ten year Capital Improvement Plan Schedule. The Projects in this schedule are estimated to cost \$14,177,944.00. These costs have been adjusted to reflect current conditions.
- 1.2 On May 14, 1998 the Board of Commissioners adopted Resolution 483 adopting the District's Updated WasteWater Comprehensive Plan. This plan provides for a Capital Improvement Plan Schedule. The Projects in this schedule are estimated to cost \$3,416,400. These estimates have been updated to reflect current conditions. The Plan includes the Sewer Agreement with the City of Everett. This agreement commits the District to Treatment Plant improvements for water quality and other environmental concerns and for certain Treatment Plant expansion projects. Everett has represented these projects, constructed over the next ten years, to have estimated costs of between 55 million and 366 million dollars. The District is contractually bound to pay approximately 15% of these costs as incurred.
- 1.3 On March 26th 1998 Alan Granberg of Seattle Northwest Securities and Richard Schober Jr. of Piper Jaffray Inc. presented proposals to the Board of Commissioners for handling revenue bond sales to

help finance the Water System and Sewer System Capital Improvement Projects. Alan Grandberg was selected to advise and conduct a revenue bond sale for the District.

- 1.4 On October 26, 1998 the Commissioners determined Commissioner Rider, Ken Enns of Gray & Osborne and Patrick Curran should accompany Alan Grandberg to New York City to present the District to Moody's and Standard and Poors to seek a bond rating for the District. After presentation to these agencies in late January of 1999 the District obtained an A+ rating by Standard & Poor's and A2 rating by Moody's.
- 1.5 On February 11, 1999 Commissioners adopted Resolution 495 a Resolution combining the water and sewer systems of the District, providing for issuance of \$9,995,000 par value Water and Sewer Improvement and Refunding Revenue Bonds 1999, of the District to provide funds with which to pay costs of carrying out water and sewer system capital improvement projects identified in the District's current capital improvement program for the water system and wastewater comprehensive plans and refunding, paying and redeeming portions of the outstanding Water Revenue and Refunding Bonds, 1989, and Sewer Revenue Bonds, 1992, of the District and to pay the administrative costs of such refunding, and to capitalize a reserve for and pay the costs of issuance and sale of these bonds, fixing the date, form, maturities, interest rates, terms and covenants of such bonds, creating a bond fund and construction fund; providing for and authorizing the purchase of certain obligations out of the proceeds of the sale of the bonds herein authorized and for the use and application of the money derived from those investments; authorizing the execution of an agreement with U.S. Bank Trust National Association of Seattle, Washington, as refunding trustee, providing for bond insurance, and approving the sale and providing for the delivery of these bonds to Seattle-Northwest Securities Corporation of Seattle, Washington.
- 1.6 On March 1, 1999 the District sold \$9,995,000 bonds to refinance old debt and to provide funds to help carry out the water and sewer capital improvement programs.

- 1.7 From fall of 1997 to August 1999 the District secured Public Works Trust Fund Loans in a total amount of 7 million dollars. These funds are to finance, in part, the District Capital Improvement Plans. Substantially all of these loans are to be repaid over 20 years at 1% interest.
- 1.8 Revenues from the water utility are insufficient to meet the combined financial requirements of maintenance and operation, short-term and long-term improvements, and the coverage requirements, parity conditions and other covenants contained in District's outstanding water and sewer revenue bonds heretofore issued in 1999 in the aggregate principal amount of \$9,995,000, which insufficiency will continue and become greater if the water rates are not increased.

SECTION 2 FINDINGS

Process and Rate Study

- 2.1 On March 30, 1999 the Board of Commissioners authorized staff to prepare and publish Request for Proposals from qualified companies to conduct a Comprehensive Water and Sewer Rate and Connection Charge Study. Staff did publish such request and did review various proposals.
- 2.2 On April 27, 1999 the Board of Commissioners heard presentations from Economic Engineering Solutions and from Financial Consulting Solutions Group to select a company to perform the Comprehensive Water and Sewer Rate and Connection Charge Study. The Board selected FCS Group Inc. to perform this study. A Rate Study Contract was signed with FCS Group Inc. on June 7, 1999.
- 2.3 Notice of this on-going rate and connection charge study was placed on District water and sewer bills. This Notice was sent to customers in all District billing cycles in July and August inviting telephone inquiry of those customers who had questions. District Manager Patrick Curran discussed the study and answered questions of numerous customers. Several builders owning houses connected to the District water and sewer systems received bills with these notices. No telephone inquiries from builders were received.

- 2.4 On August 24, 1999 the Silver Lake Water District Commissioner Meeting Agenda for August 26, 1999 was published in the Everett Herald. The agenda included a preliminary report by FSC Group Inc. on their Water and Sewer Rates and General Facility Charge Study.
- 2.5 On August 26, 1999 at the Commissioner's Board Meeting FCS Group presented a preliminary report on the Rate and Connection Charge Study they were conducting for the District.
- 2.6 Notice of a Commissioners Work Session scheduled for September 30, 1999 at 2:00 pm. was published in the Everett Herald on September 23, 1999. At this special work session the Commissioners studied and reviewed FCS Group's work and report on the Rate and Connection Charge Report.
- 2.7 Notice of the rescheduled meeting of the Silver Lake Water District Board of Commissioners from October 14, 1999 to October 7, 1999 was published in the Everett Herald on September 25, 1999.
- 2.8 On September 27, 1999 a Notice of Public Hearing by the Board of Commissioners of the Silver Lake Water District was published in the Everett Herald. The Hearing scheduled for October 7, 1999 at 7:00 pm at the District Administration Building was for the purpose of accepting public testimony on adjustment of water and sewer monthly rates and water and sewer new customer connection charges.
- 2.9 On September 27, 1999 the Silver Lake Water District Commissioner Meeting Agenda for October 7, 1999 was published in the Everett Herald. The agenda included a Public Hearing regarding Adjustment of Monthly Water and Sewer Rates and New Customer Water and Sewer Connection Charges.
- 2.10 On October 7, 1999 the Board of Commissioners held a Public Hearing at the District Administration Building for the purpose of accepting public testimony on adjustment of water and sewer monthly rates and water and sewer new customer connection charges.

SECTION 3 FINDINGS

Maintenance & Operation

- 3.1 The District water system provides fire flow protection at all times to all property located within the system.
- 3.2 The design and engineering integrity of the water system require that the entire water system be maintained on an ongoing basis, with all components of the water distribution system receiving essentially equivalent maintenance regardless of the presence or absence of connections along segments of the water distribution system.
- 3.3 The cost of ongoing, system-wide maintenance is the same throughout the water system.
- 3.4 The District's customer base has nearly doubled in the last ten years with staffing levels increasing by 20%.
- 3.5 The cost of maintenance and operation has increased due to inflation and increased labor, materials and equipment costs.
- 3.6 Adequate fire protection service requires larger mains, higher pressure and greater reserve capacity than would be required by a system limited to the provision of water for domestic consumption. The rate at which water must be supplied to a fire is so great that fire flow is the largest variable imposed on the water system.
- 3.7 The water system is principally a looped system, which design aids in insuring adequate fire protection for the entire customer base and, through the circulation of water, aids in limiting staleness of the water.
- 3.8 The customer base of the District has grown at an approximate rate of 8% to 10% per year for the last 3 years. The expanded service area, increase in number of customers and additional length of system pipe and number of facilities require additional employees to maintain the historical level of service and system integrity the District has provided to its customers.
- 3.9 On March 16, 1999, the National Marine Fisheries Service (NMFS) issued a final determination to list four ESUs (evolutionarily significant units) of west coast Chinook salmon as "threatened" species under the federal Endangered Species Act, and future listings of other anadromous species are contemplated.

- 3.10 NMFS listing determination included the Puget Sound ESU which encompasses all naturally spawned populations of Chinook salmon from the rivers and streams flowing into Puget Sound originating either partially or wholly from 15 Western Washington Counties, including the Sultan River, Everett's source of domestic water.
- 3.11 The ability of Silver Lake Water District to continue the safe and reliable operation of existing water and sewer systems will be challenged by these regulations even though protection of these systems and operation of these systems in a safe and clean manner is required: (1) to protect public health and safety; (2) by operation of law; (3) to address unanticipated emergency conditions; and (4) to protect the environment, including public and private property, located in close proximity to utility facilities.
- 3.12 Pursuant to the listings of anadromous (and freshwater species) under the Endangered Species Act, Silver Lake Water District, while engaged in the provision of water, and sewer, services recognizes the need to employ best management practices in carrying out and monitoring the performance of necessary maintenance, replacement, and operations (m/o/r) of critical existing Facilities/Activities in order to protect listed species and their habitat from harm.
- 3.13 Snohomish County has implemented a BMP regulation, which envision action by Silver Lake to implement, monitor, and financially support the use of best management practices relative to qualified maintenance, operation and repair facilities and activities.
- 3.14 For Silver Lake Water District to meet the Snohomish County BMP regulation requires the training of staff and contractors in use of best management practices re: the m/o/r of existing water and sewer Facilities/Activities, requires training and designation of BMP compliance officer; requires a monitoring plan to oversee and ensure effective use of best management practices re: the m/o/r of existing water and sewer Facilities/Activities; and requires making appropriations sufficient to support all of the commitments relative to application of best management practices (BMPs) in m/o/r of qualified existing water and sewer Facilities/Activities.

3.15 For Silver Lake Water District to meet these regulations requires an improved leak detection program, program to reduce unaccounted for water, study of infiltration/inflow programs designed to reduce sewer overflow events and related habitat effects.

3.16 For Silver Lake Water District to meet these regulations requires additional staff.

SECTION 4 FINDINGS

Water Rates

4.1 The following table shows District historical water rate increases: (for 1000 cu ft a month)

Water Rate Increases		
1994	\$13.60	%
1995	\$13.90	2.1%
1996	\$14.65	5.3%
1997	No Change	
1998	No Change	
1999	No Change to Date	

4.2 Shown below are comparative water rate charges of several municipalities and districts located near the District:

Single Family Residence Monthly Water Bill					
	3 CCF	6 CCF	10 CCF	12 CCF	20 CCF
Lynnwood	\$9.83	\$9.83	\$9.83	\$11.85	\$19.93
Cross Valley	\$11.83	\$11.83	\$14.50	\$16.28	\$23.40
SLWD -Current	\$8.65	\$10.65	\$14.65	\$16.65	\$24.65
SLWD - Alt. #1	\$9.34	\$11.50	\$15.82	\$17.98	\$26.62
SLWD - Alt #2	\$9.14	\$12.38	\$16.70	\$18.86	\$27.50
Northshore Utility D.	\$11.80	\$15.10	\$19.50	\$21.70	\$30.50
Alderwood W. D.	\$11.98	\$15.46	\$20.10	\$22.42	\$31.70
Mukilteo W. D.	\$11.01	\$16.02	\$22.70	\$26.04	\$39.40
Woodinville W. D.	\$12.30	\$17.10	\$23.50	\$26.70	\$39.50
City of Bothell	\$11.89	\$17.04	\$25.64	\$31.14	\$56.89
City of Everett	\$24.99	\$24.99	\$30.37	\$33.51	\$44.87

4.3 John Ghilarducci and Ed Cebron of FCS Group Inc. presented a report and recommendation for Water and Sewer Rate adjustments and Water and Sewer Connection Charge adjustments. Background materials were submitted for review by the Commissioners.

4.3 The rates and charges set forth in this resolution on Exhibit A and Exhibit B attached hereto and made a part of this resolution shall be considered rates and charges for the water and sewer utility. It is found and declared that the classifications, rates and charges set forth in these Exhibits attached to this resolution are fair and equitable.

Section 5 WATER RATES AND GENERAL FACILITY CHARGES

The water rates and connections charges set forth on Exhibit "A" to this resolution as implemented by motion passed at the Commissioners meeting of October 7, 1999 are hereby adopted and approved. As provided by that motion, the effective date of these rates and charges is October 20, 1999.

SECTION 6 SEWER GENERAL FACILITY CHARGES The sewer general facility charges set forth on Exhibit "B" to this resolution as implemented by motion passed at the Commissioners meeting of October 7, 1999 are hereby adopted and approved. As provided by that motion, the effective date of these charges is October 20, 1999.

SECTION 7 OTHER CHARGES FEES AND ASSESSMENTS The rates and charges set forth in Sections 5 and 6 are not in lieu of any U.L.I.D. assessments, permit fees or any other fees or charges of the District heretofore or hereafter adopted.

SECTION 8 SEVERABILITY Should any part or provision of this ordinance be declared by a court of competent jurisdiction to be invalid, the same shall not affect the validity of the ordinance as a whole, or any part thereof other than the part declared to be invalid

(Exhibits Follow)

Water Rates

Rates with No Usage Allowance	Monthly Base Rate	All Volume
RATE INCREASE REQUIRED: 8.00%		
Low Income Senior Citizen	\$2.90 per Unit	\$1.08 per CCF
Single Family Residential	\$5.90 per Unit	\$1.08 per CCF
Duplex	\$5.90 per Unit	\$1.08 per CCF
Multi-Family	\$5.90 per Unit	\$1.08 per CCF
Schools	\$1.80 per Unit	\$1.08 per CCF
Commercial	\$5.90 per Unit	\$1.08 per CCF

Water General Facilities Charges

Calculated General Facilities Charge	Base Charge	Add'l Unit on Meter
FACTOR		
Single Family Residential	\$2,131.20	
Duplex	\$1,847.51	\$1,607.61
Multi-Family Residential	\$1,563.81	\$1,323.91
Schools (Non-irrigation meters only)		
based on peaking [a]: 45.35%		
FLOW FACTOR	\$1,097.61	
5/8" X 3/4" Meter	\$2,384.16	
1" Meter	\$4,528.43	
1.5" Meter	\$7,101.54	
2" Meter	\$13,963.18	
3" Meter	\$21,682.52	
4" Meter	\$43,125.15	
6" Meter	\$68,856.30	
8" Meter		
Commercial (& irrigation)		
FLOW FACTOR		
5/8" X 3/4" Meter	\$2,131.20	
1" Meter	\$4,968.15	
1.5" Meter	\$9,696.41	
2" Meter	\$15,370.31	
3" Meter	\$30,500.71	
4" Meter	\$47,522.42	
6" Meter	\$94,804.94	
8" Meter	\$151,543.97	

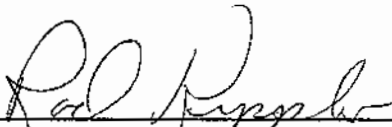
SEWER GENERAL FACILITIES CHARGE

	EVERETT	ALDERWOOD
Single Family Residence		
- per house	\$1,975.49	\$2,295.20*
Duplex - per living unit	\$1,679.17	\$1,951.03*
Mult-Family - per living unit	\$1,382.85	\$1,606.73*
Commercial		
Per equivalent Residential unit	\$1,975.49	\$2,513.20*
School-per student		
Based on maximum capacity	\$23.24	\$29.57*
Industrial per ERU	\$2,113.78	\$2,689.13*
All Other per ERU	\$1,975.49	\$, 513.20*

* Plus the Alderwood Water District \$0.10 per square foot charge required to be collected by the District by contractual agreement with AWD.

Equivalent Residential Units" are the total number of fixture units for the applicant site established by using Table 10-1 of the Uniform Plumbing Code currently adopted by the state of Washington or any successor plumbing code divided by 24. Equivalent Residential Units for an industrial facility are the total maximum gallons of flow per day allowed divided by 221.

ADOPTED by the Board of Commissioners at a regular meeting of the Silver Lake Water District, Snohomish County, Washington this 21st day of November 2000.



President and Commissioner



Secretary and Commissioner



Commissioner

I CERTIFY the above to be a true and correct copy of Resolution No. 522 adopted by the Board of Commissioners of the Silver Lake Water District this 21st day of November, 2000 as said Resolution appears in the records of the Silver Lake Water District.



Secretary of the Silver Lake Water District