

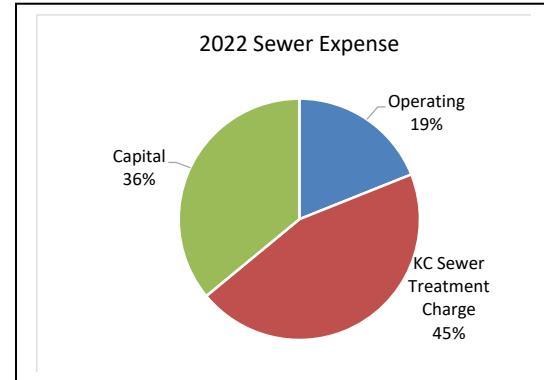


## Cross Valley WD – Sewer in the Maltby Urban Growth Area 2022-23 SEWER RATE OUTLOOK (Board Adopted Rates, 12/7/21)

The sewer service area is the Maltby Industrial Area, or Maltby Urban Growth Area, with sewer lines to collect sewage from connected buildings, and a lift station to send the sewage to King County for sewer treatment. The Comprehensive Sewer Plan is being updated and will be approved by the Washington State Department of Ecology. The Sewer Plan evaluates operations, system capacity and planned growth over the next 20 years and includes a recommended capital improvement program (CIP).

The six-year rate outlook includes the capital improvements. The same philosophy from water is applied to continue safe, reliable sewer service for the long-term, avoid large unplanned projects and maintain stability in rates and revenues.

The sewer rate outlook reviews estimated costs and revenue so that the sewer rates are sufficient to meet the operating, debt and the capital expenditures over the next six years. The pie chart shows the anticipated 2022 sewer expenses in three slices. The operating and capital expenses controlled by Cross Valley are 55% of the estimated \$570,000, with King County Sewer Treatment service 45%. The sewer system currently has no outstanding debt. The rates are focused on 2022-23.



**System Maintenance**- As the sewer system has aged, Cross Valley has stepped up the level of maintenance and evaluation. This investment helps to take care of small repairs, avoid emergencies and unplanned projects, and keep the system in good shape for long-term sustainability. The table below shows the different maintenance programs for a healthy, resilient system. This information gathered has been useful to know the capacity available for current and potential future growth and has been used by the engineers in updating the Comprehensive Sewer Plan.

Sewer Maintenance Program	Benefits to Ratepayers
Sewer Mains - I&I Reduction	Reduce rain and storm drainage entering the system
Jetting and TV'ing	Clean, inspect & repair mains, find illicit connections
Manhole Inspection	Clean, inspect & repair manholes
Flow Monitoring	Monitor & measure flow, determine capacity in pipes
Lift Station - Wet Well Cleaning	Clean, inspect & repair wet wells in lift stations

**Sewer Treatment Contracted with King County** –The District owns and operates the collection system that collects sewage from properties and delivers the sewage to King County for treatment and disposal. Cross Valley contracts with King County to provide sewer treatment services. The King County charge for treatment is passed through to each customer and is based on usage. The King County charge for 2022 is \$98.54 per 2-month bill for 1,500 cubic feet plus higher usage customers pays more by volume. This charge is set by King County.

**Increase Volume Rates More than Base Rate** – The District collection system charges include a minimum base rate for up to 1,500 cubic feet, or 2 ERU, per 2-month bill, plus a volume rate for additional usage. The volume portion needs to be increased to better reflect usage of the system.

### **District Rate Recommendation: Increase Base by \$2.00 and Volume by \$1.18 per ERU**

After reviewing the District expenses for sewer and including the recommended capital improvements from the Sewer Plan, increases are recommended in both the base and volume rates for 2022 and 2023. The District collection system base rate will increase \$2.00 to \$86.30 in 2022 & \$88.30 in 2023. For customers that use more than 1,500 cubic feet in a 2-month period, the volume charge is proposed to increase to \$5.40 in 2022 & \$6.80 in 2023.



## Sewer Capital Improvements

The recommended capital improvements from the Sewer Plan have been included in this six-year outlook. These include completing the jetting program to clean and repair the sewer lines, flow monitoring program to purchase flow meters and monitor capacity usage in the sewer system. This capacity data will be used with the lift station evaluation planned for 2024. The evaluation will determine the level of rehabilitation required and develop project scope for the lift station rehabilitation in 2026-27. Manhole rehabilitation is planned in 2025 and will be prioritized based on data from the flow monitoring program. The financial chapter for the Sewer Comp Plan Update will be completed with the Plan in 2022. No new debt is anticipated for near term sewer CIP.

Sewer CIP - Funded by Reserves	2022	2023	2024	2025	2026
Jetting Program	70,000				
Flow Monitoring Equipment	40,000	20,000			
Lift Station Evaluation Study			50,000		
Lift Station Rehabilitation					350,000
Manhole Rehabilitation				10,000	10,000
Financial, rates & charges, chapter	10,000	10,000		10,000	
Sewer Comp Plan Update	85,000				
Subtotal Sewer CIP - Reserves	205,000	30,000	50,000	20,000	360,000
Less Annual CIP Funded by Rates	15,000	15,450	15,914	16,391	16,883
<b>Total Sewer CIP Funded by Reserves</b>	<b>190,000</b>	<b>14,550</b>	<b>34,087</b>	<b>3,609</b>	<b>343,117</b>

## Growth

There are a number of development projects being planned within the sewer boundary. Because there is no certainty on the timing of the development, the rate outlook is conservative in the growth assumption with the equivalent of 2 new homes in 2022 and 2023. Additional new connections will improve the financial outlook.

## Proposed Bi-Monthly Sewer Rates for Maltby Urban Growth Area

The sewer rates come in two portions for the Maltby Urban Growth Area: for the District Collection System with its series of pipes and lift station that collect the sewage from buildings, and the King County Sewer Treatment pass-through. The Cross Valley Board has authority to set the District collection system portion. The King County Council sets the sewer treatment portion, and it is passed through to customers on the sewer bill.

A. DISTRICT COLLECTION SYSTEM CHARGE																			
<b>The District Collection System Charge is recommended to increase \$2.00 per 2-month base rate for up to 1,500 cubic feet (2 ERU) of volume, and the volume rate to increase \$1.18 per 750 cubic feet (1 ERU) in January 2022.</b>																			
This proposal shifts more of the increase to the volume side to better reflect the usage of the system.																			
For non-residential properties in the Maltby Urban Growth Area																			
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; padding: 2px;">Bimonthly</th> <th style="text-align: center; padding: 2px;">Existing</th> <th style="text-align: center; padding: 2px;">2022</th> <th style="text-align: center; padding: 2px;">2023</th> </tr> </thead> <tbody> <tr> <td style="text-align: center; padding: 2px;">Base (includes 2 ERU)</td> <td style="text-align: center; padding: 2px;">\$84.30</td> <td style="text-align: center; padding: 2px;">\$86.30</td> <td style="text-align: center; padding: 2px;">\$88.30</td> </tr> <tr> <td style="text-align: center; padding: 2px;">+ Additional Volume</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="text-align: center; padding: 2px;">Charge per ERU</td> <td style="text-align: center; padding: 2px;">\$4.22</td> <td style="text-align: center; padding: 2px;">\$5.40</td> <td style="text-align: center; padding: 2px;">\$6.80</td> </tr> </tbody> </table>				Bimonthly	Existing	2022	2023	Base (includes 2 ERU)	\$84.30	\$86.30	\$88.30	+ Additional Volume				Charge per ERU	\$4.22	\$5.40	\$6.80
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One ERU = 750 cubic feet of metered water usage																			

## B. KC METRO TREATMENT PASS-THROUGH CHARGE

The current 2021 volume-based rate is \$47.37 per 750 cubic feet of monthly consumption, **minimum \$94.74 per 2-month bill** for wastewater treatment service contracted from King County.

The 2022 volume-based rate is \$49.27 per 750 cubic feet of monthly consumption, **minimum \$98.54 per 2-month bill** for wastewater treatment service contracted from King County.