

# CITY OF SNOHOMISH

*Founded 1859, Incorporated 1890*

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**January 18, 2008**

On January 15, 2008, the Snohomish City Council approved a series of utility rate increases for water, sewer and stormwater services effective with your next billing cycle. These rate increases are substantial, and the purpose of this letter is to inform you about both how these rates may affect you and why they are necessary at this time.

The most significant increase in these utility rates is for our sewer (wastewater) services. We regret that these increases are necessary. However, the City has little choice at this time regarding wastewater rate increases given the standards set by state and federal levels of government. Improvements are required by a federal court consent decree. The decree is a result of a lawsuit filed in 2002 by the Puget Soundkeeper Alliance. The Alliance sued the City regarding the wastewater treatment plant not meeting current federal and state clean water standards for effluent released into the Snohomish River. These new standards resulted in part from a 1999 state Department of Ecology study of the Snohomish River water quality. When the existing wastewater treatment plant was designed in 1993, it met all federal and state clean water standards. However, the standards are now more restrictive and a significant remodel of the plant is required to meet the new regulations.

These rates will be increasing in 2008 by approximately 25.65% for the average rate payer. The primary cause for the increased rates is that the City is required to construct more than \$20 million in wastewater system improvements by 2013. While a \$4.92 million grant received from the state last year will offset approximately 25% of these costs, 75% of the costs currently must be drawn from the rates to pay for these projects. We have also obtained \$6.5 million in low interest (1/2 %) loans from the state that will help to keep project financing costs of these projects as low as possible. However, loans must be repaid, and the rate increases are designed to fund the repayment of these loans.

In order to reduce the future impacts that these court-mandated projects will have on wastewater rates, the City will continue to work with its 44<sup>th</sup> District state legislative delegation to obtain additional state funding in 2008. We will also work with our federal legislators this year to acquire funds that would offset future rate increases. These federal and state grants could offset a large portion of future rate increases that would otherwise be necessary. For example, another \$5 million in state or federal government grants would reduce future rate increases for sewer by about 17% and \$10 million in grants would reduce the future increases by 34%.

If you are interested in supporting the City's ongoing efforts to obtain additional grant funds that would offset future rate increases, please contact your state and federal legislators. To find contact information, see the following websites: for the state's 44<sup>th</sup> Legislative District (<http://apps.leg.wa.gov/>); for the 2<sup>nd</sup> Congressional District (<http://www.house.gov/>) and for members of the U.S. Senate (<http://www.senate.gov/>).

Increases for water and stormwater utilities are also required due to inflation-driven operating costs and required upgrades to meet state standards. All rate increases approved by the City Council will take effect with your next two-month billing period. While this letter cannot provide you with a calculation of how these rates will be applied to your account, the table below will show the comparison of the previous rates and the new rates that will be applied for Water, Wastewater and Stormwater services:

<b>Snohomish 2008 Utility Rate Changes for Two-Month Billing Period</b>			
For Typical Residential Customer with 5/8" Meter			
	<b>2007 Rate</b>	<b>2008 Rate</b>	<b>Notes</b>
<b>Water</b>	Base Rate:\$39.30 Volume Rate:\$2.50 *Senior Base \$19.66	Base Rate:\$39.30 Volume Rate:\$2.68 *Senior Base \$9.83	2008 base rate unit allowance changes from 8 units to 4 units; *senior rates are for low-income seniors
<b>Wastewater</b>	Base Rate:\$72.30 Volume Rate:\$3.70 *Senior Base : \$36.16	Base Rate:\$87.74 Volume Rate:\$3.10 *Senior Base: \$21.94	2008 base rate unit allowance changes from 8 units to 4 units; *Senior rates are for low-income seniors
<b>Stormwater</b>	\$14.50 **ERU \$7.25 *Senior	\$15.88 **ERU \$3.97 *Senior	**Equivalent Residential Unit, the cost applied to a single-family home

Many utility customers may understandably wonder how the City's new rates compare to the rates charged by the utilities of other cities in our area. The following table compares Snohomish's 2008 rates with rates effective in late 2007 for seven other cities:

<b>Comparing Snohomish's 2008 Utility Rates with Other Area Cities</b>								
For Typical Residential Customer with 5/8" Meter and with Average Levels of Water Use								
	<b>Snohomish</b>	<b>Duval</b>	<b>Monroe</b>	<b>Marys-ville</b>	<b>Edmonds</b>	<b>Poulsbo</b>	<b>Lynn-wood</b>	<b>Arling-ton</b>
<b>Water</b>	66.10	79.02	39.24	34.36	39.48	44.66	25.64	74.49
<b>Wastewater</b>	118.74	120.48	84.76	63.80	50.64	98.12	50.50	88.82
<b>Stormwater</b>	15.88	33.84	18.00	16.00	15.56	15.00	8.50	6.90
<b>Total Bill (Bi-Monthly)</b>	200.72	233.34	142.00	114.16	105.68	157.78	84.64	170.21

The City understands the difficult impacts that these rate increases may have on our utility customers, and we are doing everything we can to lessen these costs. We continue to offer discounted rates for low-income seniors, and information about these discounts may be found by calling (360) 568-3115 or by visiting the City's website at [www.ci.snohomish.wa.us](http://www.ci.snohomish.wa.us)

Thank you for your patience and consideration of this information as the City continues to work to deliver high quality utility services to you. You can find more information about these rate changes at the web pages listed in the paragraph above. Please look for additional information in your next utility bill.