



## Explanation of Sewer Rate Increases

### Sewer Rate History

Since Pierce County built its first sewer system in 1981, significant effort has been made to maintain the lowest possible service rates for customers.

Rates stayed the same for 18 years (1985–2003). Starting in 2004, rates were adjusted to reflect increases in cost of living. To keep rates down, the Sewer Utility streamlined treatment processes to gain as much treatment capacity as possible from the existing facilities. But treatment facilities are aging and more capacity is needed.

### Proposed Rate Increases

System preservation and water quality improvements are funded by existing and new customers through the rates they pay.

By 2009, rates and sewer reserve funds could no longer cover necessary basic services, maintenance and preservation upgrades, plus capital improvement needs.

The Sewer Utility presented a financial plan to the County Council that called for a series of rate increases to fund needed improvements. The Council supported the plan by authorizing the first two rate increases in 2010 and 2011, followed by authorization of the third and fourth increases in 2012 and 2013.

Primary factors that influenced the rate increases include:

- Population growth
- Preservation—defined as replacing old pipes, pumps and equipment
- More stringent state and federal clean water regulations
- Recent increases to bond debt requirements

Additional rate increases are planned through 2020, following projected inflation rates (currently around three percent).

Single-Family Residential Sewer  
Rate Comparison 2012

| Sewer Service Provider | Average Monthly Residential Rate |
|------------------------|----------------------------------|
| Seattle                | \$ 83.12                         |
| Puyallup               | \$ 53.77                         |
| Olympia                | \$ 50.04                         |
| Sumner                 | \$ 41.27                         |
| Tacoma                 | \$ 41.05                         |
| <b>Pierce County</b>   | <b>\$ 37.83</b>                  |
| Bonney Lake            | \$ 36.15                         |
| Bremerton              | \$ 32.82                         |

### Existing and Projected Single-Family Residential Monthly Rate Increases 2011-2016

|                      | 2011    | 2012    | 2013    | 2014           | 2015           | 2016           |
|----------------------|---------|---------|---------|----------------|----------------|----------------|
| Increase Amount      | \$4.54  | \$3.64  | \$4.03  | <b>\$1.30</b>  | <b>\$1.34</b>  | <b>\$ 1.25</b> |
| Monthly Average Rate | \$34.19 | \$37.83 | \$41.86 | <b>\$43.16</b> | <b>\$44.50</b> | <b>\$45.75</b> |

## Growth and Impacts

Since the sewer system was first built, Pierce County's population has grown steadily and the number of sewer connections has grown about 1.2 percent annually since 2007—despite the recent downturn in the building industry.

As a result of this growth, the existing network of sewer pipes and wastewater treatment at the Chambers Creek Regional Wastewater Treatment Plant (WWTP) is rapidly approaching capacity. Current projections indicate that the WWTP will reach its treatment capacity by 2016.

## Preservation of the Existing System

Sewer system assets such as pipes, manholes, pump stations, and the treatment plant are aging and need rehabilitation or planned replacement to keep them operational.

Many of the assets installed during the early 1980s have already reached the end of their useful life, or will reach their end within the next few years. To continue providing reliable sewer service, the county has begun replacing or upgrading these facilities. These actions help avoid a sewer system failure, which would pose risks to human health and safety.

## Regulatory Requirements

Over the last decade, there has been heightened interest in the health of Puget Sound. The Washington State Department of Ecology and the Governor's Puget Sound Partnership have alerted all western Washington wastewater treatment plants that the state will require stricter water quality standards for discharge into the Sound.

Recent surveys of Sewer Utility customers indicate that discharging clean water to Puget Sound is a priority for them.

## The Need to Expand

Expansion activities will take six or more years to complete from design to construction.

The Utility's plant expansion plan identifies replacement or upgrades to existing equipment, contains the flexibility to achieve new water quality standards, and provides necessary capacity.

## Paying for System Capacity Upgrades

Existing customers do not pay for capacity increases. Additional treatment capacity (system expansion) is borne only by new rate payers through their connection charges.

Connection charge fees increased in 2011 and will continue to increase annually for inflation.

## Implications of Not Making Upgrades

Delaying or failing to implement the sewer system expansion today could result in several negative consequences:

- Potential building moratoriums could be imposed that would impact the economic recovery of communities served by the sewer system
- Future rate increases could be higher due to more expensive construction costs and the added cost of operating and maintaining older facilities.
- Fines or penalties could be imposed by the Department of Ecology
- System failures could occur that may impact the health and safety of humans, fish and wildlife, and the surrounding environment