

Rates Support Clean, Safe and Reliable Water



Most of the City's water system was installed in the 1950's and 60's.

The city takes the business of providing clean, safe and reliable water to you as one of our highest priorities. New water rates were recently adopted that will enable the city to continue providing a high quality water supply.

The new water rates follow a multi-year planning process. The process started with the development of the city's 2018 Comprehensive Water System Plan (CWSP). The CWSP established the levels of service necessary to maintain our system and meet state and federal requirements. The CWSP also identifies future projects necessary to replace our aging infrastructure. The cost of operating the system, together with the cost of replacing pipes, is the total cost to operate the water utility.

After the CWSP was completed, the next step in the process was to conduct a rate study to identify how we would collect enough revenue to cover total costs. The CWSP identified that revenues would need to increase by an average of 90 percent in 2019. The rate study looked at equity between customer classes like residential and commercial. Then the individual classes were examined to determine equity between the different customers in the same class.

There were a couple of areas where inequities were identified, and the new rate structures address these. For example, before the rate change every customer paid the same flat rate independent of meter size. That means that a large customer with a large meter was paying the same flat rate as a single family home. However, the cost to provide the water capacity for the larger meter is significantly higher, meaning those with large meters should pay more. The new rate structure does this.

Another area that the new rates will address is irrigation. Irrigation during the high use summer months is a determining factor in how big our water pipes need to be. Lots of irrigation demand means bigger and more expensive pipes. Irrigation water consumption rates are increasing to reflect the cost of providing water capacity during the high summer demands.

Here is a summary of major billing changes: 1) Most homeowners should see their bill go up by a little over \$20 a month; 2) Customers with irrigation meters will see higher water costs; and 3) Customers with larger meters will see significant increases to the flat rate portion of their bill.

More detailed information can be found on the city's website at www.cityofmlt.com/337.

Why Is It Costing More To Provide Water?

There are several elements that affect the cost of the city's water system; one of the primary factors is the age of our water system. The majority of the water system was originally installed in the 1950s and 1960s and is now approaching 65-70 years old, the end of its useful life. The need to replace these pipes is a driving factor in the city's capital replacement program. The water system replacement program makes up the largest portion of the water rate increase.

In addition, construction costs are rising faster than overall inflation due to the demand from the number of construction projects in the Puget Sound area and tariffs have been placed on construction materials.

Next, the city purchases water from the Alderwood Water & Waste-

water District, and the purchase of our water makes up 30 percent of the utility's costs. These water costs are also rising faster than the rate of inflation.

Capital Improvement Fee revenues (fees paid by new developments) did not come in as projected over the past several years due to the slow recovery from the recession.

And finally, the federal government's funding of water systems has gone down over the past few decades, resulting in an increased reliance on local governments for system funding. All of the factors above contributed to the need to raise the water rates.