



Silver Lake Water & Sewer District

2019 Water and Sewer Revenue Forecast

Overview

The Silver Lake Water and Sewer District (District) provides water and sewer service to approximately 18,170 water customers and 16,903 sewer customers. A vast majority of customers receive both water and sewer service from the District. The 2019 Water and Sewer Revenue Forecast reviews the District's historic financial information, customer usage, other data, and forecasts this information into the future.

The District purchases all of its water either directly from the City of Everett or indirectly through the Clearview Water Supply Agency or Alderwood Water & Wastewater District (AWWD). The District purchases water from the City of Everett and AWWD as a wholesale customer under each agency's respective water rates. The District purchases water from the Clearview Water Supply Agency (CWSA) as a member agency with the rates determined by AWWD's contract with the City of Everett and the operational costs of the CWSA system.

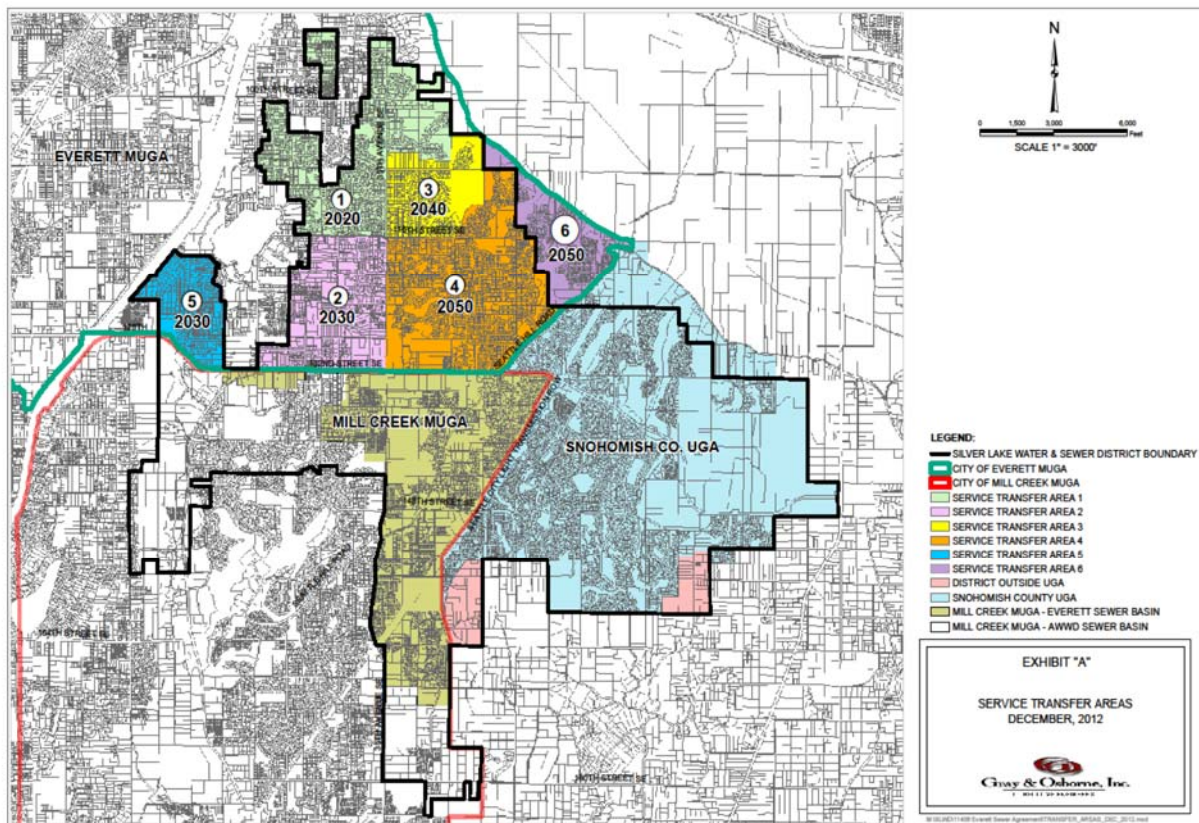
The District's sewage treatment is provided via a Long Term Contract with the City of Everett and the AWWD. The District has two sewer basins: The AWWD Basin and the Everett Basin. Sewer that flows via AWWD is treated by King County Metro. Sewer that flows to the City of Everett is treated at the City's Wastewater Treatment Plant. The District owns sewer capacity contract rights in the South End Sewer Interceptor and City of Everett Treatment Plant. The District also provides sewer service by Interlocal agreement to customers within the Cross Valley Water District, and some sewer flows from the AWWD flow through the District's system.

The majority of the District's revenues are generated directly from monthly water and sewer customer charges and General Facility Charges for new connections. The District's other revenues include pass through engineering inspections, inspection services, miscellaneous service fees, and interest on the District's investments. One other non-operating revenue worth noting is developer contributions (Bills of Sale) of water and sewer lines when the project is accepted by the District.

The District uses its revenues to meet its costs. As a Washington Municipal Corporation, the District does not recognize a "profit"; however, it is required to fund both current and future costs. The District's costs include: the purchase of water for resale, purchased sewer treatment, labor, supplies, maintenance, debt service, administration, District capital projects and depreciation. The District also has to pay for its contractual share of non-district capital projects to its water and sewer treatment suppliers. These capital contributions are recognized within the District's balance sheet as investments in property, plant, and equipment; and amortized over the useful life of the project. Revenues to pay these capital contributions are received both from Service Rates and General Facility Charges.

Current Assumptions:

1. Future annexations for the City of Everett will occur only within their current Urban Growth Area (UGA). The new Long Term Sewer Agreement creates logical transfer boundaries and outlines when customers will be transferred from the District to the City of Everett (See Assumption #2).
2. The District and the City of Everett executed a new Long Term Sewer Contract which created logical service transfer boundaries and planning dates for future City of Everett annexations. The map below outlines the five transfer areas. More information regarding transfer boundaries and rules can be found in Section 7, Pages 20-27, of the Long Term Sewer Agreement.



3. In response to the Lane vs. Seattle case, defining fire protection costs as a governmental function, in July 2014, the State adopted RCW 70.315. RCW 70.315 provides authority to water purveyors to determine if they will allocate fire protection costs to the local general purpose government. The 2010 Utility Rate Study included a section on fire protection costs. The District negotiated a Franchise Agreement with the City of Mill Creek for fire protection services that includes a non-assumption clause to 2034.
4. The 2019 Utility Rate Forecast continues to present fire protection costs within the District's existing water rates.
5. The Interlocal Agreement between the City of Everett and the Silver Lake Water and Sewer District for sewer treatment was finalized in 2015 and continues to 2065.

6. The District's current sewer capacity rights in the South End Sewer Interceptor and the City of Everett Treatment Plant are sufficient to meet the District's projected capacity needs through buildout (approximately 2051).
7. The District's 2017 Water System Comprehensive Plan was adopted in 2017 and 2017 Sewer Comprehensive Plan was adopted in 2018.
8. The District currently has 30 full-time equivalent positions, 1 part-time Utility Clerk I, and 4-6 part-time seasonal positions.
9. The District is required by contract to pay for certain City of Everett Sewer Capital Projects and Clearview Water Supply Agency Water Capital Projects in addition to District water and sewer capital projects. The Table below outlines the expected Capital Project Costs for 2019 and 2020.

**2019 - 2020 Capital Projects
Silver Lake Water and Sewer District Share - By Agency**

Agency	Fiscal Year		Totals
	2019	2020	2019 - 2020
City of Everett	1,280,000	56,000	1,336,000
Clearview Water Supply Agency	-	-	-
Silver Lake Water and Sewer District	5,030,372	8,381,320	13,411,692
Totals	\$ 6,310,372	\$ 8,437,320	\$ 14,747,692

10. The City of Everett annually adjusts the District's per ERU Sewer Rate in March. In 2018, the ERU Sewer Rate was \$34.39 per month. The District is forecasting the City of Everett's Sewer ERU Rate to increase to \$42.65 by 2023. The Table below outlines the historic and forecasted City of Everett Sewer Rates.

Historic and Forecasted City of Everett Sewer Rates

	Actual	Forecasted				
	2018	2019	2020	2021	2022	2023
City of Everett Rate (Sewer)	47.09	49.44	50.92	55.00	59.40	64.15
Net Rate to District	34.39	36.14	37.22	40.20	41.41	42.65
Dollar Increase	\$ 3.43	\$ 1.75	\$ 1.08	\$ 2.98	\$ 1.21	\$ 1.24
% Increase	11%	5%	3%	8%	3%	3%
Number of Connections	15,000	15,414	15,464	15,514	15,564	15,614
<i>City of Everett Sewer Rate is their Single Family Sewer Rate - and is the starting basis for the District's Rate calculation</i>						

11. On October 27, 2018, the City of Everett notified the District that their projection for the District’s sewer rate would be \$36.14, or an increase of \$1.75 per ERU. The City of Everett’s 2019 sewer rate may be different depending on the City’s actual financial results.
12. The District has a Long Term Sewer Agreement with the Alderwood Water & Wastewater District (AWWD) which expires by its terms in 2036. AWWD adjusts sewer rates annually or upon notice from King County. The Table below outlines the historical sewer rates and forecasted AWWD sewer rates. District staff expects the 2019 AWWD Sewer Rate will be \$48.46, which is an increase of \$1.21 per sewer ERU.

Historic and Forecasted AWWD Sewer Rates

	Actual	Forecasted				
	2018	2019	2020	2021	2022	2023
AWWD Rate	\$ 60.55	\$ 62.65	\$ 64.86	\$ 67.13	\$ 70.49	\$ 72.95
AWWD % Factor	5%	5%	5%	5%	5%	5%
Net AWWD Rate	\$ 3.03	\$ 3.13	\$ 3.24	\$ 3.36	\$ 3.52	\$ 3.65
King County Metro Rate	\$ 44.22	\$ 45.33	\$ 45.85	\$ 48.15	\$ 48.15	\$ 48.15
Net Rate to District	\$ 47.25	\$ 48.46	\$ 49.09	\$ 51.51	\$ 51.67	\$ 51.80

13. The Interlocal Agreement between the Silver Lake Water and Sewer District and the Clearview Water Supply Agency to provide water will continue until 2055.
14. AWWD, on behalf of the Clearview Water Supply Agency, has a contract to purchase water from the City of Everett. This contract expires in 2055.
15. The Municipal Water Rights Law was upheld by the Washington State Supreme Court in 2010, protecting the water source rights of the City of Everett.
16. The District will continue to purchase most of its water from the Clearview Water Supply Agency.
17. The District entered into a Long Term Water Supply Agreement with AWWD. This agreement provides the District with additional water service along its south-western borders.
18. Assuming Everett’s annexation of its UGA within the District, the District’s future water demand will be met by its capacity in the Clearview Water Supply Agency and AWWD.

19. The District’s water purchases from the Clearview Water Supply Agency, the City of Everett, and AWWD vary in costs and units of water purchased. The District will continue to blend the net costs of water units between the three agencies to determine the amount of a “net” water rate increase. The Table below outlines the historic and forecast net cost of water the District purchases between the three agencies.

Historic and Forecasted Blended Water Rates

	Actual	Forecast				
	2018	2019	2020	2021	2022	2023
Clearview Costs - Water Only	\$ 1,472,787	\$ 1,547,310	\$ 1,625,604	\$ 1,707,860	\$ 1,794,277	\$ 1,875,917
AWWD Costs	\$ 364,140	\$ 380,429	\$ 403,445	\$ 427,853	\$ 453,738	\$ 469,733
Everett Costs	\$ 265,196	\$ 325,000	\$ 339,295	\$ 370,750	\$ 387,213	\$ 404,436
Total Cost of Water	\$ 2,102,124	\$ 2,252,739	\$ 2,368,344	\$ 2,506,463	\$ 2,635,228	\$ 2,750,085
Clearview Units	1,502,844	1,532,901	1,563,559	1,594,830	1,626,727	1,659,261
AWWD Units	289,184	292,076	294,997	297,947	300,926	303,935
Everett Units	107,979	125,000	125,000	125,000	125,000	125,000
Total Water Units Purch	1,900,007	1,949,977	1,983,555	2,017,777	2,052,653	2,088,197
Blended Water Rate	\$ 1.11	\$ 1.16	\$ 1.19	\$ 1.24	\$ 1.28	\$ 1.32
Total Increase	19.4%	4.4%	3.4%	4.0%	3.4%	2.6%

Blended Water Rate Calculation

Agency	2018	2019	Increase
CWSA	\$ 0.9800	\$ 1.0094	\$ 0.0294
AWWD	\$ 1.2592	\$ 1.3025	\$ 0.0433
City of Everett	\$ 2.4560	\$ 2.6000	\$ 0.1440
Blended	\$ 1.1064	\$ 1.1553	\$ 0.0489

20. The District has the ability to draw water directly from the City of Everett from two master meters to meet peak demands, fire flow, and emergencies.

21. The District has sufficient water capacity from the Clearview Water Supply Agency and the City of Everett to meet the District’s needs past 2020, even if no Everett annexations occur.
22. As of October 31, 2018, the District has an inventory of 17 residential lots ready for construction, under a Developer Extension Agreement. In 2014, the District had 231 residential lots ready for construction.
23. The District is forecasting less single family home construction and multi-family unit construction for 2019. Overall, the forecast includes 55 new water connections with 50 multifamily and 61 new sewer connections with 50 multifamily units. The District expects seven new sewer only connections within the Cross Valley Water District. While there is construction in the new AWWD Sewer Inter-tie, the District does not have an estimate to when these connections will be made.
24. The District adopted Resolution No. 674 regarding a new General Facility Fee for both water and sewer connections that included both the District’s historic and future costs. The Table below outlines the District’s General Facility Fee Revenues from 2010 to 2018 (Nov.) and the projected 2019 revenues. The 2019 General Facility Fees estimate is based on the District’s current fee; however, the adoption of the 2019 Water and Sewer Comprehensive Plan could include an updated rate based on the District’s future water and sewer capital costs.

General Facility Fees

Actual 2010 - 2018(Nov) and Forecasted 2019

Year	Water	Sewer	Total
2010	512,124	636,498	1,148,622
2011	618,601	1,075,601	1,694,202
2012	1,063,040	1,272,290	2,335,330
2013	1,633,680	1,480,435	3,114,115
2014	2,045,365	2,102,230	4,147,595
2015	1,407,080	1,390,940	2,798,020
2016	1,309,110	1,240,228	2,549,338
2017	1,738,755	2,188,320	3,927,075
2018 (Nov) *	244,360	1,180,457	1,424,817
2019	324,175	449,775	773,950

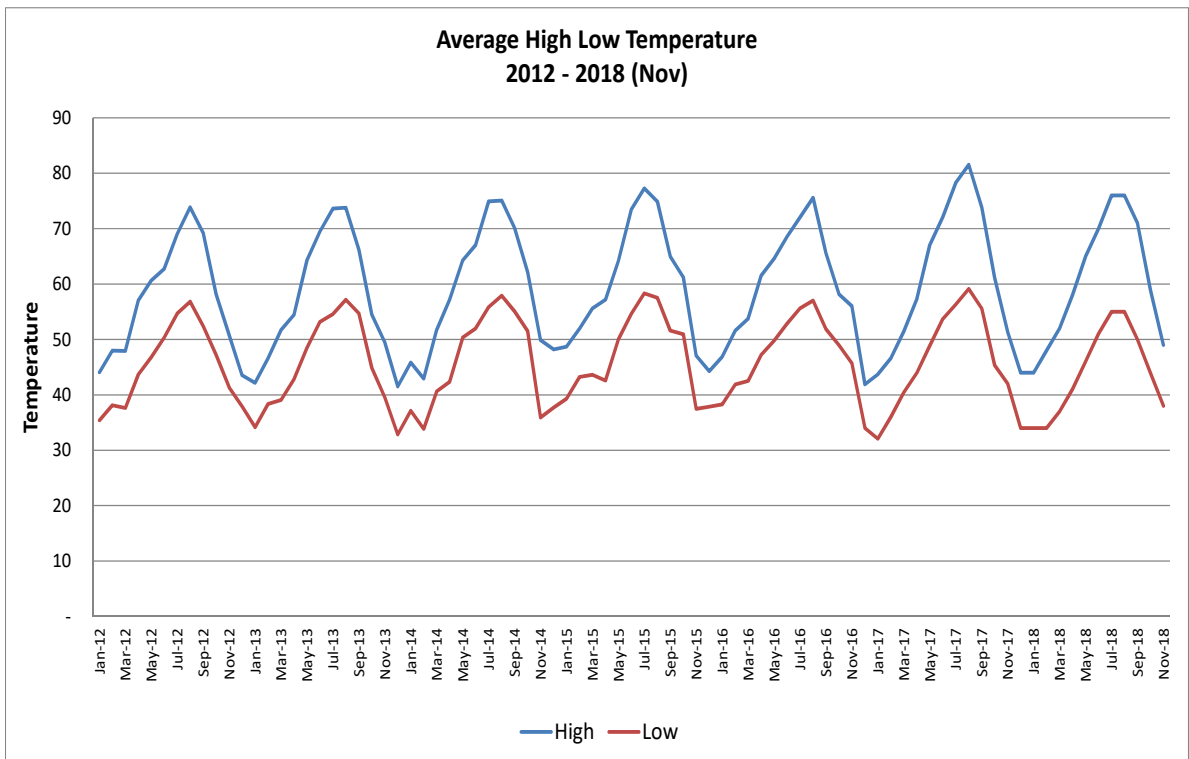
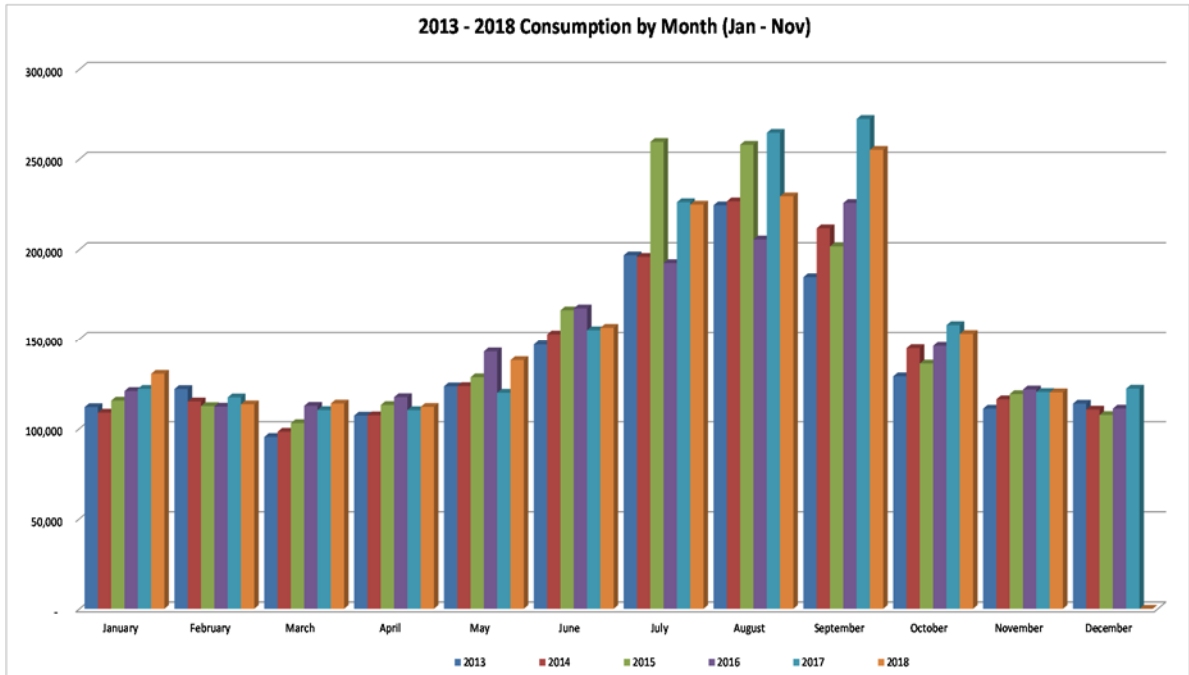
* Note - 2018 Includes \$821,898.24 of New Sewer Connection Fees for the AWWD Sewer Intertie.

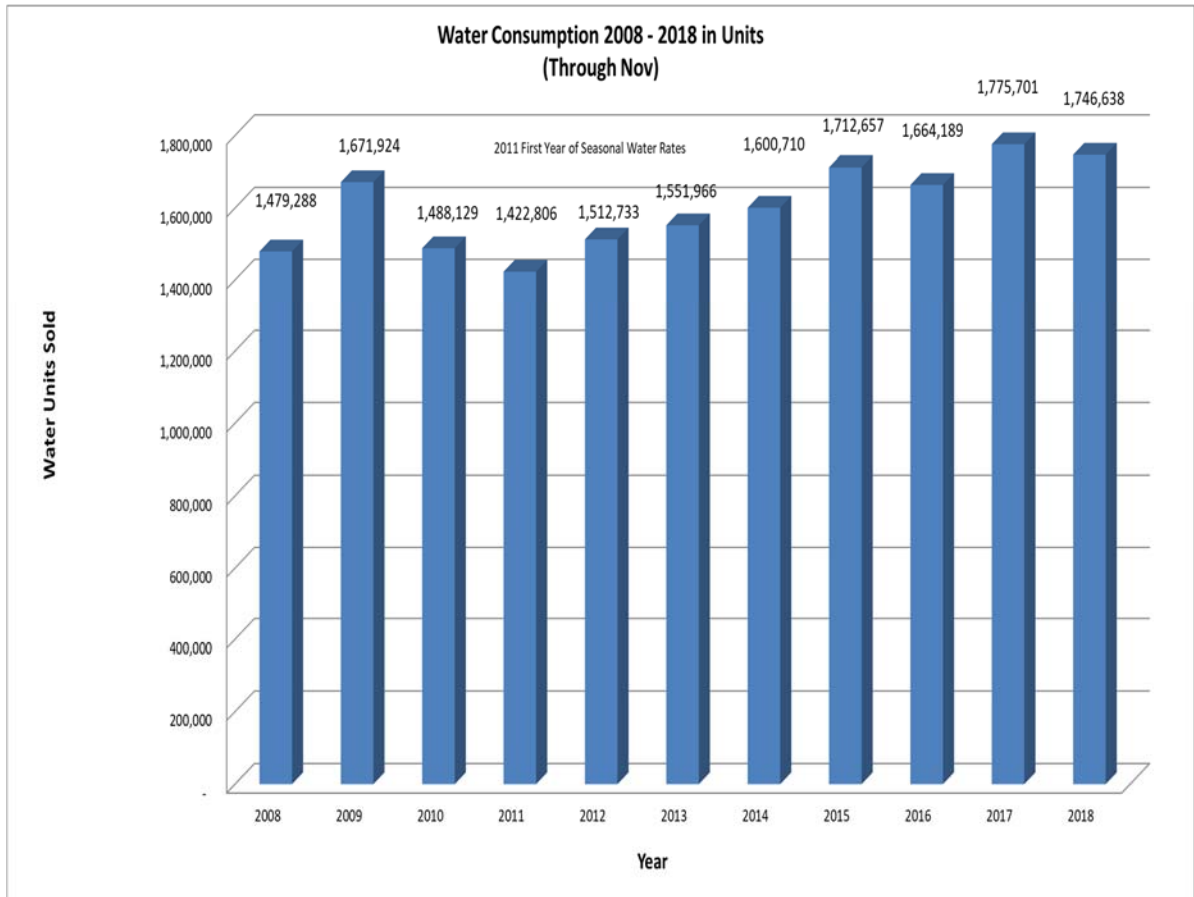
25. The District requires the ownership of new water and sewer infrastructure built by developers to be transferred to the District. The Table below outlines the District's historic and forecasted Developer Contributions. The Board of Commissioners review and accept developer Bills of Sale every quarter. For 2019, staff expects a slight decrease in Developer Contributions as large tracts of buildable land becomes scarcer.

**Total Water and Sewer Developer Contributions
Actual 2003 - 2018 (Sept) and Forecasted 2019**

Year	Dollar	Percentage Change	
		Previous Year	From 2003
2003	\$ 10,571,008	N/A	N/A
2004	\$ 11,325,919	107%	107%
2005	\$ 9,655,106	85%	91%
2006	\$ 6,353,407	66%	60%
2007	\$ 4,898,677	77%	46%
2008	\$ 3,890,731	79%	37%
2009	\$ 3,780,735	97%	36%
2010	\$ 770,917	20%	7%
2011	\$ 1,380,025	179%	13%
2012	\$ 1,642,432	119%	16%
2013	\$ 3,907,448	238%	37%
2014	\$ 3,856,126	99%	36%
2015	\$ 1,919,309	50%	18%
2016	\$ 2,071,713	108%	20%
2017	\$ 2,242,245	108%	21%
2018 (Sept)	\$ 629,410	28%	6%
2019 (Forecasted)	\$ 750,000	119%	7%

26. During the Commissioner's 2010 Utility Rate Forecast discussions, the Board of Commissioners adopted a Seasonal Water Conservation Rate. The rate methodology selected by the Commissioners charges a higher per-unit water rate in the summer months. Water Revenue Forecasts include the seasonal rate for 2019.





27. During the Commissioner’s review of the 2010 Utility Rate Forecast, the Board of Commissioners directed staff to return with a Fixed Asset Policy that would increase the useful life of pipes and mains based on new engineering studies. This accounting methodology change is estimated to lower costs over \$1.2 million per year. The District’s new depreciation costs are reflected in the 2019 Utility Rate Forecast.
28. The District provides a Low Income Senior/Disabled Rate to qualifying customers. The age threshold for senior customers is 62 years or older. Disabled status is determined by qualification for Federal, State, or Private insurance payments for a permanent disability. Income levels mirror the income requirements for Snohomish County’s Low Income Property Tax Exemption, and are adjusted annually. Currently, the District has 148 qualifying water customers and 136 qualifying sewer customers. The Table below outlines the District’s annualized subsidiary costs for the program, which calculates at \$29,420.

Cost of Low Income Senior/Disabled Rate Program

Low Income Senior/Disabled	Number of Customers	Base Monthly Rate		Annual Cost
		Low Income	Regular	
Water Customers	148	3.75	7.60	6,837.60
Sewer Customers - Everett Basin	119	41.65	55.45	19,706.40
Sewer Customers - AWWD Basin	17	42.35	56.45	2,876.40
Total Cost				<u>\$ 29,420.40</u>

Water Service Revenues

The Table on the following page provides a forecast for water service revenues across customer classes and meter size for 2019. The District is forecasting a per-water-unit consumption increase for 2019 of \$.05 per water unit. The total 2019 Water Service Revenues for 2019 are forecasted to be \$6,236,320. Of these revenues, \$2,032,410 comes from the base meter charge, and \$4,203,910 comes from the consumption (per unit) charge of water. The water consumption forecast is very conservative and is based on 2017-2018 consumption patterns. The Table on the following page also outlines the customer connections per customer classification, consumption, and water service rates.

Customer Type - Meter Size	Number of		Base Rate		Winter Consumption		Summer Consumption		Revenue			
	Connections	Units	Starting	Ending	Annual Total	Avg Per Month	Annual Total	Avg Per Month	Base	Winter	Summer	Total
Single Family	16,772	16,786	\$ 7.60	\$ 7.60	820,899	6.11	645,403	9.61	1,530,883.20	1,662,320.48	1,613,507.50	4,806,711.18
Senior/Handicapped	148	148	\$ 3.80	\$ 3.80	5,725	4.84	4,355	7.36	6,748.80	11,593.13	10,887.50	29,229.43
Multi-Family/Duplex	436	3,413	\$ 7.60	\$ 7.60	102,584	3.76	52,804	3.87	311,265.60	207,732.60	132,010.00	651,008.20
AWWD SF	39	39	\$ 9.50	\$ 9.50	1,854	5.94	1,464	9.38	4,446.00	3,754.35	3,660.00	11,860.35
Schools	13	13	\$ 7.60	\$ 7.60	7,678	73.83	3,014	57.96	1,185.60	15,547.95	7,535.00	24,268.55
Commercial 5/8-1"	436	436	\$ 7.60	\$ 7.60	34,097	9.78	52,594	30.16	39,763.20	69,046.43	131,485.00	240,294.63
Commercial 1.5"	95	97	\$ 22.30	\$ 22.30	23,200	29.90	33,305	85.84	25,957.20	46,980.00	83,262.50	156,199.70
Commercial 2"	66	66	\$ 33.70	\$ 33.70	27,284	51.67	31,495	119.30	26,690.40	55,250.10	78,737.50	160,678.00
Commercial 3-6"	7	7	\$ 69.70	\$ 69.70	12,209	218.02	12,703	453.68	5,854.80	24,723.23	31,757.50	62,335.53
Commercial 8"	-	-	\$ 307.10	\$ 307.10	-	-	-	-	-	-	-	-
Master Meter	1	1	\$ 107.60	\$ 107.60	580	72.50	189	47.25	1,291.20	1,174.50	472.50	2,938.20
Fire Meter 5/8-1"	96	96	\$ 5.20	\$ 5.20	47	0.06	90	0.23	5,990.40	95.18	225.00	6,310.58
Fire Meter 1.5"	30	30	\$ 15.35	\$ 15.35	1	0.00	1	0.01	5,526.00	2.03	2.50	5,530.53
Fire Meter 2"	60	60	\$ 23.15	\$ 23.15	-	-	4	0.02	16,668.00	-	10.00	16,678.00
Fire Meter 3-6"	49	49	\$ 47.60	\$ 47.60	1	0.00	4	0.02	27,988.80	2.03	10.00	28,000.83
Fire Meter 8"	4	4	\$ 210.60	\$ 210.60	-	-	-	-	10,108.80	-	-	10,108.80
Total Existing Customers	18,252	21,245			1,036,159	6.10	837,425	9.85	2,020,368.00	2,098,222.01	2,093,562.50	6,212,152.51
Hydram 1"	24	24	\$ 7.60	\$ 7.60	1,192	6.21	2,285	23.80	2,188.80	2,413.80	5,712.50	10,315.10
2019 New Connections												
5/8" Single Family	50	50	\$ 7.60	\$ 7.60	815	4	320	3	4,560.00	1,650.50	801.02	7,011.52
Multi-Family	1	50	\$ 7.60	\$ 7.60	501	3	129	1	4,560.00	1,014.42	322.32	5,896.74
Duplex	2	4	\$ 7.60	\$ 7.60	40	3	10	1	364.80	81.15	25.79	471.74
5/8" Commercial	-	-	\$ 7.60	\$ 7.60	-	-	-	-	-	-	-	-
1" Commercial	1	1	\$ 7.60	\$ 7.60	26	7	20	10	91.20	52.79	50.26	194.25
1.5" Commercial	-	-	\$ 22.30	\$ 22.30	-	-	-	-	-	-	-	-
2" Commercial	-	-	\$ 33.70	\$ 33.70	-	-	-	-	-	-	-	-
Fire Meter 2"	1	1	\$ 23.15	\$ 23.15	-	-	-	-	277.80	-	-	277.80
Fire Meter 6"	-	-	\$ 47.60	\$ 47.60	-	-	-	-	-	-	-	-
Total New Connections	55	106			1,382	1.63	480	1.13	9,853.80	2,798.86	1,199.39	13,852.05
Total 2018 Revenue Forecast	18,307	21,351			1,037,541		837,905		2,032,410.60	2,103,434.67	2,100,474.39	6,236,319.66

The 2019 Forecast estimates 55 new water connections. The 2019 new customer connection revenues are based on six months of service, using their class's average consumption. New customers are forecast to provide \$13,852 of new water service revenues in 2019. New or upsized customer connections also require payment of General Facility Charges, which are typically based on meter size. The 55 new water connections are forecast to provide \$324,715 in Water General Facility Charges.

Forecast New Water Connections - 2019

Customer Type - Meter Size	Number of		GFC	Revenue
	Connections	Units	Charge	Base
5/8" Single Family	50	50	3,540	\$ 177,000
Multi Family	1	50	2,480	\$ 124,000
Duplex	2	4	3,010	\$ 12,040
5/8" Commercial	-	-	3,540	\$ -
1" Commercial	1	1	11,490	\$ 11,490
1.5" Commercial	-	-	17,700	\$ -
2" Commercial	-	-	28,320	\$ -
Fire Meter 2"	1	1	185	\$ 185
Fire Meter 6"	-	-	185	\$ -
Total New Con.	55	106		\$ 324,715

Sewer Service Revenues

The Table below provides a forecast for sewer service revenues across customer classes for 2019. The District expects to collect \$14,405,161 in 2019. Of these revenues, \$13,521,657 comes from the Base Meter Charge and \$883,504 comes from the Consumption (per-water-unit) Charge for sewer. Residential customers are billed a base rate for each dwelling unit. Commercial, schools, and industrial customers are billed a Base Rate and a Consumption Charge.

Staff is forecasting a Sewer Pass-through Rate increase of \$1.75 per ERU for the Everett Sewer Basin and \$1.20 per ERU for the AWWD Sewer Basin. The Forecast also estimates 61 new sewer connections. The 2019 New Customer Connection Revenues are based on six months of service using their class's average consumption. New customers are forecast to provide \$66,663 of new sewer service revenue in 2019. The Table on the following page also outlines the customer connections per customer classification, consumption, and sewer service rates.

2019 Sewer Revenue Forecast

Customer Information			Sewer Rates				Sewer Revenues				Total
Customer Class	Connections	Dwellings	Number of	Consumption	Jan - Jun Base Per Unit	Jul - Dec Base Per Unit	Jan - Jun Base Per Unit	Jul - Dec Base Per Unit	Revenue	Revenue	
Everett - Single Family	13,262	13,262	1,153,577	55.45	-	57.20	-	4,412,267.40	-	4,551,518.40	8,963,785.80
Everett - Senior	119	119	8,488	41.65	-	43.40	-	29,738.10	-	30,987.60	60,725.70
Everett - Multi Family	411	1,823	85,361	54.35	-	56.10	-	594,480.30	-	613,621.80	1,208,102.10
Everett - Commercial	109	114	47,699	55.45	7.40	57.20	7.60	37,927.80	138,524.30	39,124.80	142,268.20
Everett - Industrial	1	1	5,695	58.80	7.85	60.55	8.10	352.80	164,997.19	363.30	170,251.88
Everett - Schools	13	13	7,785	55.45	7.40	57.20	7.60	4,325.10	24,475.50	4,461.60	25,137.00
Total Everett Basin	13,915	15,332	1,308,605					5,079,091.50	337,996.99	5,240,077.50	10,984,823.06
A/W/D - Single Family	2,186	2,186	192,024	56.45	-	57.65	-	740,398.20	-	756,137.40	1,496,535.60
A/W/D - Inside A/W/D SF	39	39	3,318	70.55	-	71.75	-	16,508.70	-	16,789.50	33,298.20
A/W/D - Senior	17	17	1,552	42.35	-	43.55	-	4,319.70	-	4,442.10	8,761.80
A/W/D - Multi Family	150	1,675	75,370	52.20	-	53.40	-	524,610.00	-	536,670.00	1,061,280.00
A/W/D - Commercial	46	46	29,969	56.45	7.55	57.65	7.70	15,580.20	97,504.48	15,911.40	99,441.65
A/W/D - Schools	4	4	3,047	56.45	7.55	57.65	7.70	1,354.80	10,143.43	1,383.60	10,344.95
A/W/D - Inertic	1	607		2.82	-	2.88	-	10,270.44	-	10,488.96	20,759.40
Total A/W/D Basin	2,443	4,574	305,280					1,313,042.04	107,647.90	1,341,822.96	2,872,299.50
Cross Valley Single Family	634	634	N/A	64.88	-	66.92	-	246,790.21	-	254,578.90	501,369.10
Cross Valley Multi-Family	1	10	N/A	63.99	-	65.80	-	3,815.37	-	3,948.00	7,763.37
Total Cross Valley	635	644						250,605.58	-	258,526.90	509,132.47
Total Existing Customers	16,993	20,550	1,613,885					6,642,739.12	435,644.89	6,840,427.36	14,366,255.03
Everett - Single Family	50	50	4,349	55.45	-	57.20	-	-	-	17,160.00	17,160.00
Everett - Multifamily	1	50	2,341	55.45	-	56.10	-	-	-	16,830.00	16,830.00
Everett - Duplex	2	4	187	55.45	-	56.10	-	-	-	1,346.40	1,346.40
Everett - 1 st Commercial	1	1	418	55.45	7.40	57.20	7.60	-	-	343.20	415.99
Everett - 1 st Commercial	-	-	-	55.45	7.40	57.20	7.60	-	-	-	-
Everett - 2 nd Commercial	-	-	-	55.45	7.40	57.20	7.60	-	-	-	-
A/W/D - Single Family	-	-	-	56.45	-	57.65	-	-	-	-	-
Cross Valley Single Family	7	7	N/A	64.88	-	66.92	-	-	-	2,810.81	2,810.81
Total New Connections	61	112	7,296					-	-	38,490.41	415.99
Total 2016 Forecast	17,054	20,662	1,621,181					\$ 6,642,739.12	\$ 435,644.89	\$ 6,878,917.76	\$ 14,405,161.43

The 2019 Forecast estimates 61 new sewer connections. The 2019 new customer connection revenues are based on six months of service, using their class's average consumption. New customers are forecast to provide \$205,267 of new sewer service revenues in 2019. New or upsized customer sewer connections also require payment of General Facility Charges, which are typically based on meter size or equivalent unit. The 216 new sewer connections are forecast to provide \$449,775 in Sewer General Facility Charges.

Forecast New Sewer Connections - 2019

Customer Type - Meter Size	Number of		GFC	Revenue
	Connections	Units	Charge	Base
Everett - Single Family	50	50	4,595	\$ 229,750
Everett - Multifamily	1	50	3,215	\$ 160,750
Everett - Duplex	2	4	3,905	\$ 15,620
Everett - 1" Commercial	1	1	11,490	\$ 11,490
Everett - 1.5" Commercial	-	-	22,975	\$ -
Everett - 2" Commercial	-	-	36,760	\$ -
AWWD - Single Family	-	-	2,190	\$ -
Cross Valley Single Family	7	7	4,595	\$ 32,165
Total New Connections	61	112		\$ 449,775

The Table below outlines the projected water and sewer rates for 2019. The Table on the following page outlines the expected peer agency rates for 2019.

2019 Utility Rate Forecast					
Single Family Water and Sewer Rates	Current	2019		Forecast	%
	Rate	Pass Through	District	Rate	Increase
Water Base Rate	\$ 7.60	\$ -	\$ -	\$ 7.60	0.00%
Water Per Unit Rate - Winter	\$ 2.00	\$ 0.05	\$ -	\$ 2.05	2.50%
Water Per Unit Rate - Summer	\$ 2.45	\$ 0.05	\$ -	\$ 2.50	2.04%
Everett - Sewer Rate	\$ 55.45	\$ 1.75	\$ -	\$ 57.20	3.16%
AWWD Sewer Rate	\$ 56.45	\$ 1.20	\$ -	\$ 57.65	2.13%
<i>Pass Through Rate Increases Would Roll Into Effect Starting May 2019</i>					

**2019 Forecast Peer Agency Water and Sewer Rates
Ranked from Highest to Lowest**

Single Family Monthly Water Rate (based on consumption of 1,000 cubic feet)

<u>Agency</u>		<u>2019</u>	<u>2018</u>
Woodinville Water District	Summer Rate	\$ 72.52	\$ 70.50
City of Snohomish	Standard Rate	\$ 65.68	\$ 64.29
Woodinville Water District	Winter Rate	\$ 62.47	\$ 60.74
1 Cross Valley Water District	4 - Tier System	\$ 53.85	\$ 50.78
City of Arlington	3 - Tiered Rate	\$ 52.73	\$ 52.73
City of Everett	Flat Rate	\$ 45.64	\$ 44.02
City of Everett	Metered Rate	\$ 45.63	\$ 44.02
Olympic View Water & Sewer District	Summer Rate	\$ 45.28	\$ 43.20
Olympic View Water & Sewer District	Winter Rate	\$ 42.78	\$ 36.66
2 Alderwood Water & Wastewater District	3 - Tiered Rate	\$ 42.17	\$ 41.34
Mukilteo Water and Wastewater District	Standard Rate	\$ 40.57	\$ 38.10
<i>Silver Lake Water & Sewer District</i>	<i>Summer Rate</i>	<i>\$ 32.60</i>	<i>\$ 32.10</i>
<i>Silver Lake Water & Sewer District</i>	<i>Winter Rate</i>	<i>\$ 28.10</i>	<i>\$ 27.60</i>
Average Month Water Rate		\$ 48.46	\$ 46.98
Average w/o High and Low		\$ 48.13	\$ 46.60
Median Monthly Water Rate		\$ 45.63	\$ 44.02
<i>Silver Lake Water & Sewer District</i>	<i>Summer Rate</i>	<i>\$ 32.60</i>	<i>\$ 32.10</i>
<i>Silver Lake Water & Sewer District</i>	<i>Winter Rate</i>	<i>\$ 28.10</i>	<i>\$ 27.60</i>

Single Family Monthly Sewer Rate (based on consumption of 1,000 cubic feet)

<u>Agency</u>		<u>2019</u>	<u>2018</u>
3 Cross Valley Water District	ERU/Com/Ind	\$ 112.83	\$ 92.07
City of Snohomish	Per Unit	\$ 97.32	\$ 101.48
Woodinville Water District	Flat	\$ 72.48	\$ 71.37
City of Arlington	Flat	\$ 70.15	\$ 70.15
4 Cross Valley Water District	Flat	\$ 66.92	\$ 64.88
Mukilteo Water and Wastewater District - Westside	Flat	\$ 65.21	\$ 66.35
5 Alderwood Water & Wastewater District	Flat 3 Tier System	\$ 62.65	\$ 60.55
<i>Silver Lake Water & Sewer District (AWWD)</i>	<i>Flat</i>	<i>\$ 57.65</i>	<i>\$ 56.45</i>
<i>Silver Lake Water & Sewer District (Everett)</i>	<i>Flat</i>	<i>\$ 57.20</i>	<i>\$ 55.45</i>
City of Everett	Flat	\$ 49.44	\$ 47.09
Olympic View Water & Sewer District	Flat	\$ 39.05	\$ 39.05
Average Sewer Rate		\$ 68.26	\$ 65.90
Average w/o High and Low		\$ 66.56	\$ 64.93
Median Monthly Sewer Rate		\$ 65.21	\$ 64.88
<i>Silver Lake Water & Sewer District (AWWD)</i>		<i>\$ 57.65</i>	<i>\$ 56.45</i>
<i>Silver Lake Water & Sewer District (Everett)</i>		<i>\$ 57.20</i>	<i>\$ 55.45</i>

1 Cross Valley Changed Water Rate Methodology to Included Units March 2016.

2 Alderwood Water Changed to a 3 - Tier System in October 2013.

3 Cross Valley Sewer - ERU/Com only serves Commercial and Industrial Customers in the Maltby Basin.

4 Cross Valley Sewer - Flat - Estimated based on SLWSD Sewer Rate charge.

5 Alderwood Sewer Changed to a 3 - Flat Tier System for 2017.

Based on current assumptions, the District’s 2019 Forecasted Operating Statement is forecast to provide \$23,976,315 of total revenues, with \$17,279,120 of operating expenses, and \$3,400,000 in depreciation. Staff anticipates the District’s New Connection Revenues to decrease by \$604,603. Overall, Net Operating Income would be estimated to be around \$6,517,195, which would be sufficient to meet a future bond issue’s coverage ratio.

**Silver Lake Water & Sewer District
Forecasted 2019 Operating Statement**

	2017 Actual	2018 Forecast	2018 YE Est.	2019 Forecast	2018 - 2019 Var
Income					
Water Sales	5,935,228	5,970,403	6,216,817	6,236,320	265,917
Sewer Sales	13,347,640	13,997,870	13,985,110	14,405,161	407,291
Other Incomes	678,346	850,000	695,680	525,000	(325,000)
New Connection Revenues	6,169,320	3,231,005	2,129,093	1,524,490	(1,706,515)
Interest Income	425,333	315,000	807,075	1,105,344	790,344
Total Income	\$ 26,555,867	\$ 24,364,278	\$ 23,833,775	\$ 23,796,315	\$ (567,963)
Expenses					
Labor Expenses	3,753,589	3,990,279	4,006,770	4,243,855	253,576
Water and Sewer Treatment Expenses	9,665,354	10,397,667	10,009,224	10,460,265	62,598
Reservoirs and Lift Stations	701,431	675,000	601,970	675,000	-
Vehicles, Equipment, Facilities	316,152	300,000	346,870	300,000	-
Maintenance and Operations	97,072	100,000	89,990	100,000	-
Administration	1,463,367	1,500,000	1,300,000	1,500,000	-
Total Expenses	\$ 15,996,965	\$ 16,962,946	\$ 16,354,824	\$ 17,279,120	\$ 316,174
Net Income Before Depreciation	10,558,902	7,401,332	7,478,951	6,517,195	(884,137)
Total Depreciation	3,286,370	3,650,000	3,350,000	3,400,000	(250,000)
Net Income After Depreciation	\$ 7,272,532	\$ 3,751,332	\$ 4,128,951	\$ 3,117,195	\$ (634,137)

<i>The Actual Financial Results for December 31, 2017</i>	<i>Original Forecast for 2018</i>	<i>The Estimate for 2018 YE</i>	<i>The Forecast for 2019</i>	<i>The Difference between the 2018 and 2019 Forecast</i>
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