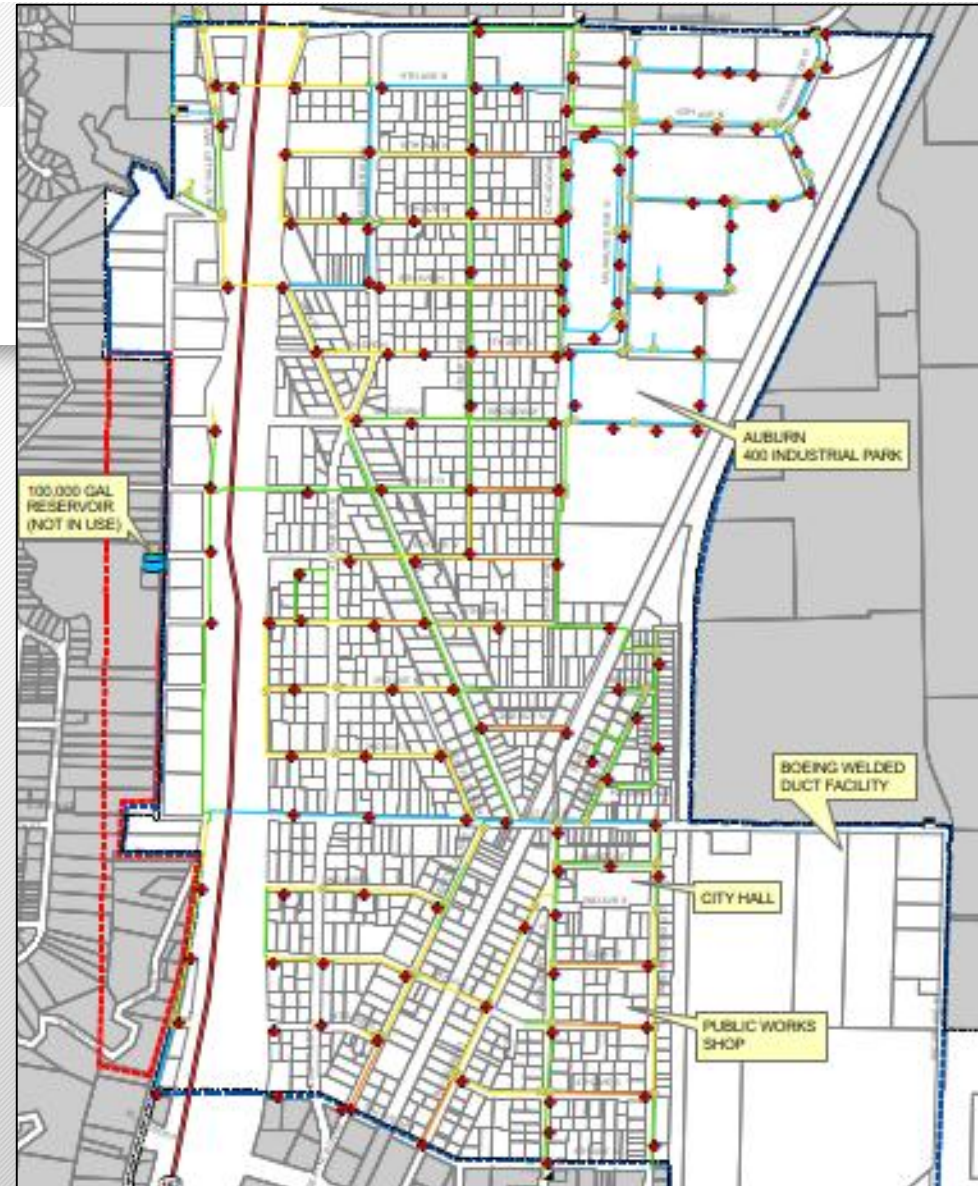


Algona Water Rates

September 7, 2022

Background

- Draft Water System Plan available
(sent to DOH, Auburn)
 - Inventory of water system
 - Existing/Projected Population
 - Analyzes current system (source of water, water quality, distribution system) for both today and tomorrow
- Plan recommends water related projects
 - To meet fire flow demands
 - To upgrade smaller/older asbestos cement (AC) pipes to 8-inch ductile iron
- To pay for the projects, the plan recommends increase in water rates



Existing Water Revenue

Revenue is collected from:

- 1) Water System Development Fee (*Developer*)
- 2) Installation Fees (*Developer; ~\$200 to \$1,000+ per service*)
- 3) Water Rates (*All water users*)

Water System Development Fees⁽¹⁾

Customer Type	System Development Fees
Single Family Residential and Mobile Homes	\$3,000
Multiple Dwelling Units	\$545 per living unit
All other properties except City properties; the rate shall be based upon the total daily use divided by 800 gallons per ERU	\$940 per ERU

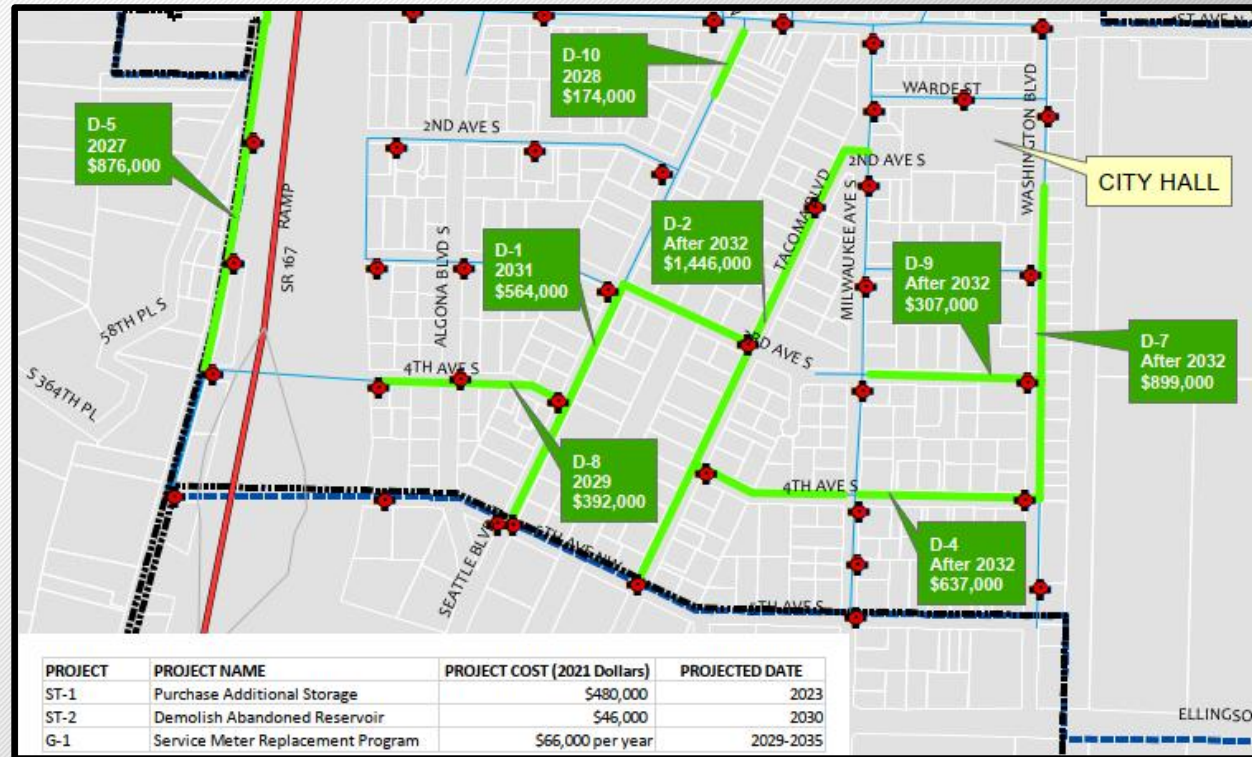
(1) City of Algona Ordinance No. 1141 Section 17.

Existing Water Revenue

Current Water Rates:

2022 Water Rate Schedule					
Size of Service	Quantity Allowed Per Month	Monthly Service Charge	Excess Use Rates (per CCF)		
3/4-inch Single-Family Residential	4 CCF	\$34.79	<u>4.01-10</u> CCF:	<u>10.01-15</u> CCF:	<u>15.01+</u> CCF:
Multiple -Family Residential	4 CCF	\$34.79 per unit			
Disconnected Residential Units (Section 13.02.200 of Algona Municipal Code)	0 CCF	\$20.56	\$3.32	\$3.6776	\$4.20
Metered Bulk Rate	—	\$63.24	\$3.32		
Commercial/Industrial < 1-inch meter	4 CCF	\$36.10	\$4.10		
Commercial/Industrial 1-inch meter	4 CCF	\$40.57			
Commercial/Industrial 2-inch meter	4 CCF	\$45.31			
Commercial/Industrial 3-inch meter	4 CCF	\$49.34			
Commercial/Industrial 4-inch meter	4 CCF	\$52.77			

Proposed Capital Improvement Projects



PROJECT	PROJECT NAME	PROJECT COST (2021 Dollars)	PROJECTED DATE
ST-1	Purchase Additional Storage	\$480,000	2023
ST-2	Demolish Abandoned Reservoir	\$46,000	2030
G-1	Service Meter Replacement Program	\$66,000 per year	2029-2035

Proposed Capital Improvement Projects

- \$365,000 to \$1.2 Million in projects per year

Capital Improvement Fund 404 Schedule of Expenses⁽¹⁾⁽²⁾

Projects	Project Description	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
D-1	Seattle Boulevard South (Southern Portion)									\$802,700	
D-3	West Valley Highway, 9 th Avenue North to Broadway Street			\$1,279,000							
D-5	West Valley Highway, 1 st Avenue North to 4 th Avenue South					\$1,065,800					
D-8	4 th Avenue South, State Route 167 to Seattle Boulevard South							\$515,800			
D-10	Seattle Boulevard South (Northern Portion)						\$220,200				
D-11	Replace AC Water Mains		\$364,500		\$394,200		\$426,400		\$461,200		\$498,800
G-1	Water Meter Replacement Program							\$86,900	\$90,300	\$93,900	\$97,700
ST-1	Purchase Additional Storage	\$499,200						\$60,500			
ST-2	Demolish Abandoned Reservoir								\$63,000		
Total		\$499,200	\$364,500	\$1,279,000	\$394,200	\$1,065,800	\$646,600	\$663,200	\$614,500	\$896,600	\$596,500

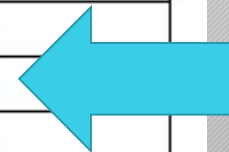
(1) Reflect project schedule established in Table 6-1.

(2) 4.0 percent annual inflation applied to costs summarized in Table 6-1.

Forecasting Assumptions

Summary of Projection Development Factors

Factors	Annual Percentage Increase
Salary and Benefits	4.00%
Inflation	4.00%
State Water Excise Tax	5.03%
City Growth Rate	0.84%
Rate Increase	4.25%
Wholesale Water Cost	3.50%



Forecasted Revenues and Operating Expenses

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Operating Revenue (Fund No. 402)											
Water Services ⁽¹⁾	\$854,000	\$897,800	\$943,800	\$992,200	\$1,043,100	\$1,096,600	\$1,152,800	\$1,211,900	\$1,274,000	\$1,339,300	\$1,407,900
Interest and Miscellaneous ⁽²⁾	\$158,300	\$164,600	\$171,200	\$178,000	\$185,100	\$192,500	\$200,200	\$208,200	\$216,500	\$225,200	\$234,200
O&M Revenue	\$1,012,300	\$1,062,400	\$1,115,000	\$1,170,200	\$1,228,200	\$1,289,100	\$1,353,000	\$1,420,100	\$1,490,500	\$1,564,500	\$1,642,100
Operating Expenses (Fund No. 402)											
Salaries and Benefits ⁽³⁾	\$164,700	\$171,300	\$178,200	\$185,300	\$192,700	\$200,400	\$208,400	\$216,700	\$225,400	\$234,400	\$243,800
Utilities ⁽²⁾	\$3,900	\$4,100	\$4,300	\$4,500	\$4,700	\$4,900	\$5,100	\$5,300	\$5,500	\$5,700	\$5,900
Repair and Maintenance ⁽²⁾	\$13,200	\$13,700	\$14,200	\$14,800	\$15,400	\$16,000	\$16,600	\$17,300	\$18,000	\$18,700	\$19,400
Supplies ⁽²⁾	\$13,900	\$14,500	\$15,100	\$15,700	\$16,300	\$17,000	\$17,700	\$18,400	\$19,100	\$19,900	\$20,700
Rentals ⁽²⁾	\$2,800	\$2,900	\$3,000	\$3,100	\$3,200	\$3,300	\$3,400	\$3,500	\$3,600	\$3,700	\$3,800
Insurance ⁽²⁾	\$8,785	\$9,100	\$9,500	\$9,900	\$10,300	\$10,700	\$11,100	\$11,500	\$12,000	\$12,500	\$13,000
Taxes ⁽⁴⁾	\$37,850	\$39,800	\$41,800	\$43,900	\$46,100	\$48,400	\$50,800	\$53,400	\$56,100	\$58,900	\$61,900
Professional Services ⁽⁴⁾	\$18,020	\$18,700	\$19,400	\$20,200	\$21,000	\$21,800	\$22,700	\$23,600	\$24,500	\$25,500	\$26,500
Wholesale Water Purchase ⁽⁵⁾	\$399,600	\$417,100	\$435,300	\$454,300	\$474,200	\$494,900	\$516,500	\$539,100	\$562,700	\$587,300	\$613,000
WLCAP ⁽⁶⁾	\$30,000	\$31,200	\$32,400	\$33,700	\$35,000	\$36,400	\$37,900	\$39,400	\$41,000	\$42,600	\$44,300
Inter-Fund Transfer	0	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000
Miscellaneous ⁽⁷⁾	\$11,245	\$11,700	\$12,200	\$12,700	\$13,200	\$13,700	\$14,200	\$14,800	\$15,400	\$16,000	\$16,600
Total O&M Expenses	\$703,999	\$1,334,100	\$1,365,400	\$1,398,100	\$1,432,100	\$1,467,500	\$1,504,400	\$1,543,000	\$1,583,300	\$1,625,200	\$1,668,900
Starting/Year End Balance (Fund No. 402)											
Starting Balance	\$2,318,335	\$2,626,635	\$2,354,935	\$2,104,535	\$1,876,635	\$1,672,735	\$1,494,335	\$1,342,935	\$1,220,035	\$1,127,235	\$1,066,535
Year End Balance	\$2,626,635	\$2,354,935	\$2,104,535	\$1,876,635	\$1,672,735	\$1,494,335	\$1,342,935	\$1,220,035	\$1,127,235	\$1,066,535	\$1,039,735

Forecasted Capital Improvement Fund

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Operating Revenue (Fund No. 404)											
Water System Development	\$73,100	\$76,200	\$79,400	\$82,800	\$86,300	\$90,000	\$93,800	\$97,800	\$102,000	\$106,300	\$110,800
Investment Interest	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200
Inter-Fund Transfer	-	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000
Total Capital Revenue	\$75,300	\$678,400	\$681,600	\$685,000	\$688,500	\$692,200	\$696,000	\$700,000	\$704,200	\$708,500	\$713,000
Operating Expenses (Fund No. 404)											
Capital Improvement Projects	\$0	\$499,200	\$364,500	\$1,279,000	\$394,200	\$1,065,800	\$646,600	\$663,200	\$614,500	\$896,600	\$596,500
Starting/Year End Balance (Fund No. 404)											
Starting Balance	\$512,605	\$587,905	\$767,105	\$1,084,205	\$490,205	\$784,505	\$410,905	\$460,305	\$497,105	\$586,805	\$398,705
End Balance	\$587,905	\$767,105	\$1,084,205	\$490,205	\$784,505	\$410,905	\$460,305	\$497,105	\$586,805	\$398,705	\$515,205

Rate Increase Impact

Single Family / Multi-Family Residential Base Monthly Charge *(4.25% annual increase)*

2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
\$34.79	\$36.27	\$37.81	\$39.42	\$41.09	\$42.84	\$44.66	\$46.56	\$48.54	\$50.60	\$52.75

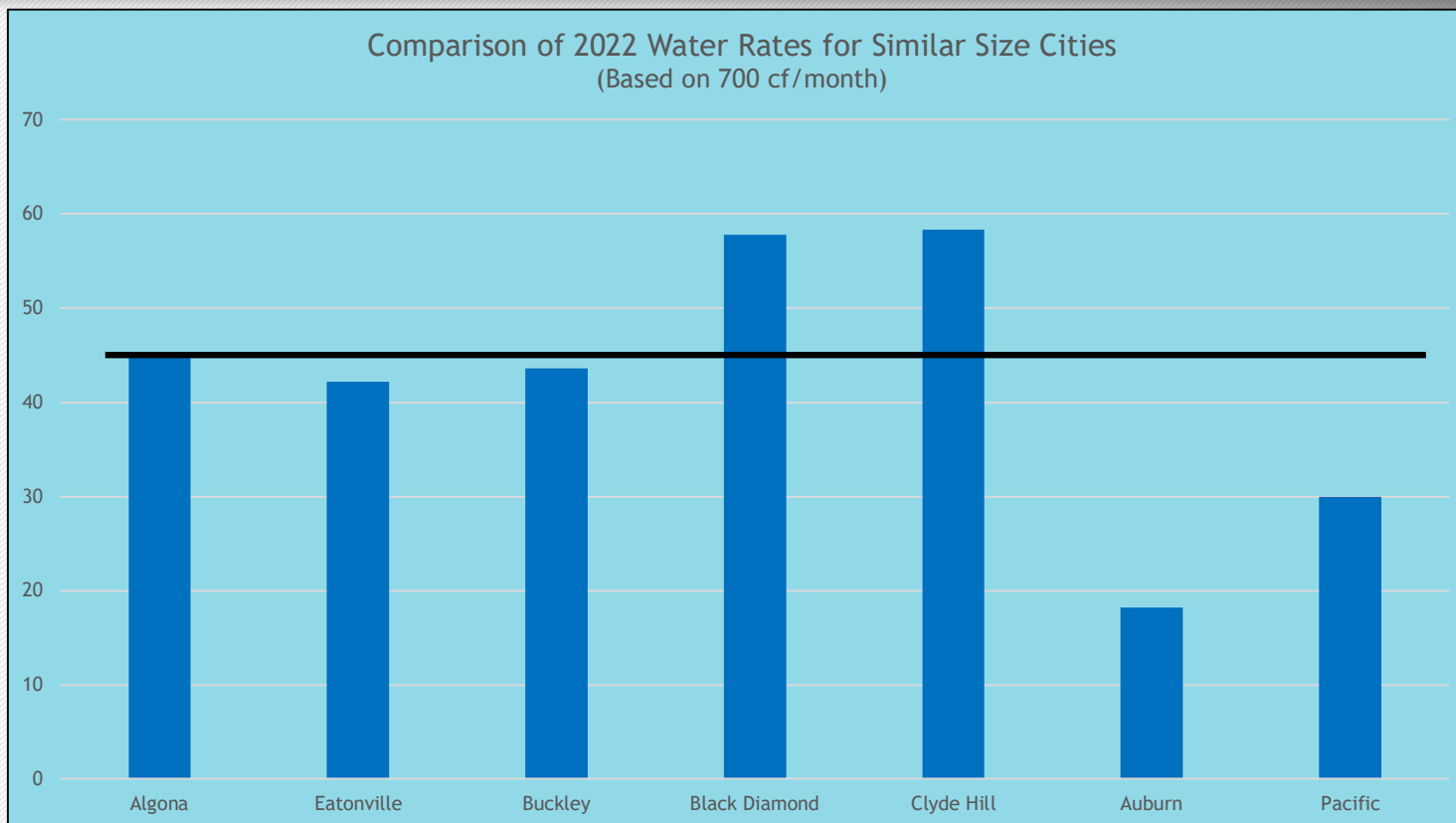
- 5-Years: Increases by \$8/month or \$96/yr from 2022
- 10-Years: Increase \$18/month or \$215/yr from 2022

Commercial / Industrial Base Monthly Charge (2" Meter) *(4.25% annual increase)*

2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
\$45.31	\$47.24	\$49.24	\$51.34	\$53.52	\$55.79	\$58.16	\$60.64	\$63.21	\$65.90	\$68.70

- 5-Years: Increases by \$10/month or \$125/yr from 2022
- 10-Years: Increase \$24/month or \$280/yr from 2022

Comparative Rates



Discussion

