City of Buckley Water Rates
Paying for Public drinking water

How do water rates reflect the cost of water?
Ideally, water rates pay for all the costs of providing water from operating the water system and maintaining the facilities to replacing equipment and adding new future facilities. Just like an automobile, a water system starts wearing out the day it is turned on. The City must price water to reflect the true cost of providing safe and reliable drinking water to customers now and in the future. Accurate pricing will also help avoid large rate increases in the future. Customers pay a portion of the cost of water service through the bills they receive from their water system. Other special charges like hook-up fees or development charges also assist in meeting revenue needs. The City through thorough evaluation ensures that rates are fair to customers so that each customer pays their share. Water systems can also use rates to promote water use efficiency.

What do water rates cover?
It is essential for the City to set water system rates so that the full cost of producing and distributing water to customers is recovered. Revenues, including what customers pay for water, must meet or exceed the expenses generated by a water system. Excess revenue is saved for future improvements and unexpected emergencies. Expenses include:

- Water quality monitoring costs
- Chemicals and supplies
- Maintenance and repairs
- Electricity and other utilities
- Improvements and upgrades
- Debt payments
- Planning and engineering
- Operating and emergency reserves
- Salaries and benefits
- Insurance and bonds
- Professional services fees
- Office supplies

What causes rates to increase?
In order to provide customers with a reliable and fairly priced supply of safe drinking water, the City's rate structure must produce enough money to operate in a financially sound manner. Many factors can lead to increasing rates such as:

- Maintenance, repair, and replacement costs that increase with the age of a water system
- New regulatory requirements
- Increased costs for water treatment due to contamination
- Revenues not covering the true cost of water
- Inflation

Why are regular reviews of budget and rates important?
It is critical that the City ensure that their water system revenues cover the true cost of doing business. When rates aren't increased periodically as expenses go up, water systems may need to raise rates dramatically to guarantee they can meet their needs. A significant rate hike is more difficult for customers to afford than small incremental annual increases.

Why are there different rate structures?
The City Council of the City is responsible for setting utility rates and they can use a variety of structures to meet the revenue requirements. Below are examples of rate structures that are considered fair. Creating fair water rates can also promote water use efficiency.

- Increasing block rates.
- High-use surcharges.
- Seasonal rate.

Infrastructure Costs?
A significant factor affecting the overall water system budget is increased construction costs and need within the system for capital improvements. Currently City policy stipulates that at a minimum 15% of all water revenues are to be transferred to the Water System Capital Improvement Fund. For 2007 this amount was $75,184. While this seems like a significant sum in comparison to the actual improvements needed within the system it is barely a drop in the bucket.

For example, the City of Buckley receives its water via a 6.5 mile pipeline that was built in the 1920's that crosses a creek, a canyon, steep slopes prone to slides and wetland areas. The City was told that the pipe had reached the end of its useful life in 1977. Now, the City is facing a $12 million project cost to replace it.

Below is a table identifying water system projects within the City's 6 year improvement plan;

Water Capital Improvement Projects

~ Transfer Water Rights -	$30,000
~ New Well Construction -	$1,300,000
~ Rehabilitate Wells 2 & 4 -	$50,000
~ Replace Transmission Main -	$12,100,000
~ Rehabilitate & Expand Sandfilter -	$1,500,000
~ New 1.0 MG Reservoir -	$1,400,000
~ Construct Inter-tie Booster Station -	$750,000
~ Replace Water Mains (Various Locations) -	TBD
Total	$17,130,000

Water Conservation?
The City is required through State law, RCW 43.20.235 and WAC 246-290-810, to develop rate structures that encourage water conservation and develop and implement a water use efficiency program which includes sufficient cost-effective water use efficiency measures to meet the water use efficiency goals developed under WAC 246-290-830.

Historical Rates and Patterns of Use?
Water sales for 2007 came in significantly lower than anticipated by about 20.64%, and expenditures lower by 7.88%. Revenue was lower than expected because of what we believe is twofold; 2007 experienced more rainfall and

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cooler temperatures than normal decreasing demand; and second higher rate increases passed by the City Council in December, 2005 began to have an impact on consumption inadvertently assisting the City with conservation efforts.

In 2003, the Washington State Legislature passed the Municipal Water Supply – Efficiency Requirements Act, Chapter 5, Laws of 2003, First Special Session, referred to as the Municipal Water Law. It directed the Department of Health (DOH) to develop significant new water use efficiency regulations for municipal water suppliers. The key components of the new requirements are: mandatory provisions for conservation plan; standards for water distribution system leakage; establishment of conservation goals in a public forum; and a conservation performance reporting system to show progress towards meeting conservation goals. The New Water Use Efficiency Rule Went Into Effect January 22, 2007.

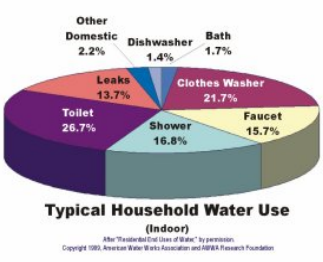
Prior to 2007 water consumption per household (gpd) throughout the City began to creep up from an average of 266 gpd in 2002 to 306 gpd in 2006. Ordinarily a small fluctuation year to year is to be expected, however in this case the trend from one year to the next was consistently higher than the last resulting in an overall increase of 40 gpd per household. This translates into over 20 million gallons of "extra" water per year. This increased demand is directly contrary to State directives to implement appropriate conservation measures that ensure that water is used efficiently.

New Proposed Rates for 2008?
One of the most effective tools for water conservation is the rate structure. As indicated under Municipal Research guidance "rate structures and practices that promote the efficient use of water should be the goal to ensure sufficient resources to meet competing uses." The rate increases imposed by the City Council last year seemed to have an affect and helped to implement this goal. In 2008 the City Council is proposing to implement additional rate measures including tier and seasonal structuring to encourage less wasteful and more efficient use of our resource. The proposed new base rate and seasonal structure for 2008 are listed the Tables attached at the end of this flyer.

What You Can Do?
All citizens can help lessen the effects of the limited water supplies by conserving water. People can use water more efficiently in their homes, businesses and yards.

Home Residents
Water conservation is good practice whether or not there is a drought.

Did you know that landscape watering and toilets use the largest amount of water in your home?



Typical Household Water Use
(Indoor)

During the summer, nearly 40 percent of municipal water is used for outdoor irrigation. During peak summer days, outdoor water consumption can reach as much as 3,000 gallons a day per home.

For useful information on how to save water and use it more wisely, visit:

~ Water - Use it Wisely - 100 Water-saving Tips - www.wateruseitwisely.com
~ Things You Can Do - This EPA site provides a huge list of conservation methods for at home and for commercial/industrial users. The site addresses water conservation at home, pollution prevention, watershed preservation, how to test your water supply and more - www.epa.gov/water/citizen/thingstodo.html
~ Partnership for Water Conservation – Tips - www.bewatersmart.net/conservationtips
~ Ecology's Enviro-Tips - What on Earth can you do- www.ecy.wa.gov/news/envirotips/tips_main
~ Natural Resources Conservation Service - links to Conservation Planning Information - http://www.wcc.nrcs.usda.gov/
~ Washington State Department of Health (DOH)– Guidelines for Consumer Conservation- http://www.doh.wa.gov/ehp/dw/our_main_pages/water_use_efficiency

For more information
City of Buckley – 360-829-1921
City Water Department – 360-829-1631
DOE Southwest Regional Office – Olympia 360-407-6300
Office of Drinking Water web site:
www.doh.wa.gov/ehp/dw/
U.S. Environmental Protection Agency:
www.epa.gov/safewater/dwinfo/wa

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Table 8-A.1: Proposed Base Water Rate Structure

Meter Size	2007 (Current)	2008	2009	2010
	Within City	Within City	Within City	Within City
5/8"	8.29	Eliminate	Eliminate	Eliminate
Up to 3/4"	11.02	13.22	14.55	14.98
1"	13.98	16.78	18.45	19.01
1-1/2"	20.09	24.11	26.52	27.31
2"	27.96	33.55	36.91	38.01
3"	41.52	49.82	54.81	56.45
4"	67.34	80.81	88.89	91.56
6"	129.90	155.88	171.47	176.61
8"	318.26	381.91	420.10	432.71

In addition to the base rate identified in Table 8-A.1 customers will pay a usage charge per CCF (100 cubic feet) of water consumed as illustrated in Table 8-A.2 below;

Table 8-A.2: Proposed Seasonal Rate Structure

Effective Beginning		1/1/2008	1/1/2009	1/1/2010
Winter				
	2 - 7 CCF	1.75	1.80	1.85
Single-family & Multifamily residential	7.01 - 15 CCF	1.93	2.03	2.13
	Over 15 CCF	2.12	2.28	2.45
Commercial/ industrial		1.80	1.85	1.91
Schools		1.70	1.75	1.80

Winter rates will be reflected on bills covering October 1st through May 31st

Summer

	2 - 7 CCF	1.75	1.80	1.85
Single-family & Multifamily residential	7.51 - 15 CCF	2.01	2.16	2.31
	Over 15 CCF	2.31	2.59	2.89
Commercial/ industrial		1.80	1.85	1.91
Schools		1.80	1.85	1.91

Summer rates will be reflected on bills covering June 1st through September 30th