



Rate Study Update



CITY OF SNOQUALMIE

FEBRUARY 24, 2025

Updated Analysis
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Presentation Overview

- Background
- Rate setting overview
- Scenario review
- Question / discussion



Background

- Performed fiscal health review November 2023
 - » Modified 2024 rate implementation due to higher than anticipated inflation
- Comprehensive rate study commenced in 2024
 - » Introduction and revenue requirement meetings
 - June 24th, 2024: City Council – Rate Setting Fundamentals
 - July 2nd, 2024: P&PW Committee – Revenue Requirement
 - July 8th, 2024: City Council – Revenue Requirement
 - » Cost of service meetings
 - October 22nd, 2024: P&PW Committee – Cost of Service
 - November 5th, 2024: P&PW Committee – Cost of Service Update
 - November 12th, 2024: City Council – Cost of Service



Background (continued)

- » Rate design meetings
 - November 19th, 2024: P&PW Committee – Introduction to Rate Design
 - December 3rd, 2024: P&PW Committee – Rate Design
 - December 9th, 2024: City Council – Rate Design
- » Direction / discussion meetings
 - January 7th, 2025: P&PW – Rate Study Summary
 - January 13th, 2025: City Council – Rate Study Summary
 - January 22nd, 2025: P&PW – Updated Revenue Requirement
 - February 4th, 2025: P&PW – CIP Discussion
 - February 19th, 2025: City Council – Rate Study Summary
- Today's focus – review updated scenarios



Overview of Rate Setting Process

Fiscal Policies – Set the Management Foundation

Step 1:
Revenue Requirement
(defining overall needs)

Revenue

Debt

Reserves

O&M

Capital

Step 2:
Cost of Service
(equity evaluation)

Define Customer Classes

Allocate Costs

Step 3:
Design Rates
(collect target revenue)

Fixed Charge

Variable Charge



Updated Analysis

- Changes based on direction from Jan 7th P&PW & Jan 13th Council meetings
 - » Revisit the capital improvement program and identify high priority projects
 - Adjust revised timing of moderate to low priority projects
 - » Maximize assumed debt borrowing to reduce rate pressure
 - Individual utilities may fall below 1.50x total debt coverage target
 - Combined utilities projected to remain above target



Scenario Summary

- Ordinance scenario represents baseline scenario
- Two additional scenarios prepared

Description	Scenarios		
	Ordiance	Reduced Coverage	Aggressive Rate Reduction
Capital Deferments (\$M)	\$-	\$-	\$3.9
New Debt Proceeds (\$M)	\$33.5	\$34.2	\$40.9
Sewer Loan Terms	20-yrs	20-yrs	30-yrs
Debt Interest & Issuance Costs	\$18.9	\$19.4	\$24.8
2025 Combined Debt Coverage	1.75x	1.64x	1.53x
Sewer Coverage	1.59x	1.39x	1.31x



Revenue Requirement Summary

Ordinance Scenario

Combined Utilities	Existing	2025	2026	2027	2028	2029	2030	Total
Avg. Residential Monthly Bill	\$ 177.46	\$ 199.38	\$ 212.14	\$ 221.97	\$ 232.31	\$ 242.60	\$ 253.42	
\$ Monthly Difference		21.92	12.76	9.83	10.34	10.29	10.82	
Overall Increase		12.35%	6.40%	4.63%	4.66%	4.43%	4.46%	
New Debt Proceeds		\$ 10,960,000	\$ -	\$ 9,800,000	\$ -	\$ 12,700,000	\$ -	\$ 33,460,000
Interest & Issuance Costs		3,687,370	-	6,623,246	-	8,583,186	-	18,893,802

Reduced Coverage Scenario

Combined Utilities	Existing	2025	2026	2027	2028	2029	2030	Total
Avg. Residential Monthly Bill	\$ 177.46	\$ 195.57	\$ 208.08	\$ 217.79	\$ 228.01	\$ 238.17	\$ 248.85	
\$ Monthly Difference		18.11	12.51	9.71	10.22	10.16	10.68	
Overall Increase		10.21%	6.40%	4.67%	4.69%	4.46%	4.48%	
New Debt Proceeds		\$ 11,260,000	\$ -	\$ 10,200,000	\$ -	\$ 12,700,000	\$ -	\$ 34,160,000
Interest & Issuance Costs		3,890,122	-	6,893,583	-	8,583,186	-	19,366,891

Aggressive Rate Reduction Scenario

Combined Utilities	Existing	2025	2026	2027	2028	2029	2030	Total
Avg. Residential Monthly Bill	\$ 177.46	\$ 189.92	\$ 196.88	\$ 204.12	\$ 211.62	\$ 219.42	\$ 227.51	
\$ Monthly Difference		12.46	6.96	7.24	7.50	7.80	8.09	
Overall Increase		7.02%	3.66%	3.68%	3.67%	3.69%	3.69%	
New Debt Proceeds		\$ 11,160,000	\$ -	\$ 14,900,000	\$ -	\$ 14,800,000	\$ -	\$ 40,860,000
Interest & Issuance Costs		4,759,214	-	10,070,037	-	10,002,453	-	24,831,704



Cost of Service Summary

- Phase-in under aggressive rate reduction scenario
 - » Similar proportional impacts as discussed with Council under ordinance scenario

Class	Full 2025 COSA	WATER - Annual Rate Adjustments					
		2025	2026	2027	2028	2029	2030
Residential	-0.01%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Multi Family	-37.90%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Commercial	7.14%	4.75%	4.60%	4.47%	4.33%	4.20%	4.07%
Irrigation	82.06%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%
System Total	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

Class	Full 2025 COSA	SEWER - Annual Rate Adjustments					
		2025	2026	2027	2028	2029	2030
Residential	-4.80%	9.50%	2.25%	2.25%	2.25%	2.25%	2.25%
Multi Family	-15.29%	2.00%	1.00%	0.00%	0.00%	0.00%	0.00%
Commercial Low	4.51%	11.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Commercial High	94.79%	16.24%	7.08%	7.43%	7.20%	6.99%	6.81%
Reclaimed Water	16.64%	12.00%	4.00%	4.00%	4.00%	4.00%	4.00%
System Total	10.00%	10.00%	3.00%	3.00%	3.00%	3.00%	3.00%



Rate Design – Residential Impacts

Residential	Existing	2025	2026	2027	2028	2029	2030
Ordinance							
Avg. Residential Monthly Bill	\$ 177.46	\$ 198.95	\$ 211.18	\$ 220.45	\$ 230.20	\$ 239.88	\$ 250.03
\$ Change		21.49	12.23	9.27	9.76	9.67	10.16
<i>Overall Increase</i>		12.11%	6.15%	4.39%	4.43%	4.20%	4.23%
Reduced Coverage							
Avg. Residential Monthly Bill	\$ 177.46	\$ 195.15	\$ 207.14	\$ 216.33	\$ 225.97	\$ 235.53	\$ 245.56
\$ Change		17.69	11.99	9.19	9.64	9.56	10.03
<i>Overall Increase</i>		9.97%	6.14%	4.44%	4.46%	4.23%	4.26%
Aggressive Rate Reduction							
Avg. Residential Monthly Bill	\$ 177.46	\$ 189.48	\$ 195.74	\$ 202.23	\$ 208.98	\$ 215.94	\$ 223.18
\$ Change		12.02	6.26	6.49	6.75	6.96	7.24
<i>Overall Increase</i>		6.77%	3.30%	3.32%	3.34%	3.33%	3.35%

Note: 7 ccf per month of water use.



Rate Design – Multi-Family Impacts

Multi-Family	Existing	2025	2026	2027	2028	2029	2030
Ordinance							
Avg. Multi-Family Monthly Bill	\$ 719.19	\$ 752.16	\$ 767.18	\$ 774.61	\$ 782.60	\$ 791.18	\$ 800.41
\$ Change		32.97	15.02	7.43	7.99	8.58	9.23
<i>Overall Increase</i>		4.58%	2.00%	0.97%	1.03%	1.10%	1.17%
Reduced Coverage							
Avg. Multi-Family Monthly Bill	\$ 719.19	\$ 743.61	\$ 758.43	\$ 765.87	\$ 773.85	\$ 782.43	\$ 791.67
\$ Change		24.42	14.82	7.44	7.98	8.58	9.24
<i>Overall Increase</i>		3.40%	1.99%	0.98%	1.04%	1.11%	1.18%
Aggressive Rate Reduction							
Avg. Multi-Family Monthly Bill	\$ 719.19	\$ 731.04	\$ 739.38	\$ 744.12	\$ 749.07	\$ 754.29	\$ 759.75
\$ Change		11.85	8.34	4.74	4.95	5.22	5.46
<i>Overall Increase</i>		1.65%	1.14%	0.64%	0.67%	0.70%	0.72%

Note: 6 units | 24 ccf per month of water use | 3 ESUs.



Rate Design – Commercial Low Impacts

Commercial Low	Existing	2025	2026	2027	2028	2029	2030
Ordinance							
Avg. Com. Low Monthly Bill	\$ 438.21	\$ 493.71	\$ 527.59	\$ 554.47	\$ 582.60	\$ 610.58	\$ 639.84
\$ Change		55.50	33.88	26.88	28.13	27.97	29.26
Overall Increase		12.67%	6.86%	5.09%	5.07%	4.80%	4.79%
Reduced Coverage							
Avg. Com. Low Monthly Bill	\$ 438.21	\$ 485.03	\$ 518.27	\$ 544.93	\$ 572.75	\$ 600.49	\$ 629.46
\$ Change		46.82	33.24	26.66	27.82	27.74	28.97
Overall Increase		10.68%	6.85%	5.14%	5.11%	4.84%	4.82%
Aggressive Rate Reduction							
Avg. Com. Low Monthly Bill	\$ 438.21	\$ 470.11	\$ 489.29	\$ 509.11	\$ 529.52	\$ 550.62	\$ 572.41
\$ Change		31.90	19.18	19.82	20.41	21.10	21.79
Overall Increase		7.28%	4.08%	4.05%	4.01%	3.98%	3.96%

Note: 1" meter | 15 ccf per month of water / sewer use | 5 ESUs.



Rate Design – Commercial High Impacts

Commercial High	Existing	2025	2026	2027	2028	2029	2030
Ordinance							
Avg. Com. High Monthly Bill	\$ 2,643.56	\$ 3,137.95	\$ 3,429.51	\$ 3,657.93	\$ 3,895.40	\$ 4,132.31	\$ 4,378.17
\$ Change	494.39	291.56	228.42	237.46	236.91	245.86	
<i>Overall Increase</i>		18.70%	9.29%	6.66%	6.49%	6.08%	5.95%
Reduced Coverage							
Avg. Com. High Monthly Bill	\$ 2,643.56	\$ 3,052.35	\$ 3,335.91	\$ 3,559.43	\$ 3,790.91	\$ 4,021.98	\$ 4,261.20
\$ Change	408.79	283.56	223.52	231.48	231.07	239.22	
<i>Overall Increase</i>		15.46%	9.29%	6.70%	6.50%	6.10%	5.95%
Aggressive Rate Reduction							
Avg. Com. High Monthly Bill	\$ 2,643.56	\$ 2,946.32	\$ 3,128.36	\$ 3,327.27	\$ 3,532.84	\$ 3,745.27	\$ 3,965.85
\$ Change	302.76	182.04	198.91	205.57	212.43	220.58	
<i>Overall Increase</i>		11.45%	6.18%	6.36%	6.18%	6.01%	5.89%

Note: 3" meter | 138 ccf per month of water / sewer use | 10 ESUs.



Next Steps

- Direction / feedback
 - » Select scenario
 - Aggressive rate reduction
 - Reduced coverage
 - Ordinance
 - Alternative?
- Next steps
 - » Bring rate ordinance to full Council
 - » Update General Facilities Charges (GFCs)

Thank you! Questions?

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Cost of Service Summary

- Phase-in under ordinance scenario

Class	Full 2025 COSA	WATER - Phase-In					
		2025	2026	2027	2028	2029	2030
Residential	1.67%	5.75%	5.75%	5.75%	5.75%	5.00%	5.00%
Multi Family	-36.85%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Commercial	8.96%	6.95%	6.67%	6.40%	6.14%	4.96%	4.77%
Irrigation	85.13%	9.50%	9.50%	9.50%	9.50%	8.50%	8.50%
System Total	5.75%	5.75%	5.75%	5.75%	5.75%	5.00%	5.00%

Class	Full 2025 COSA	SEWER - Phase-In					
		2025	2026	2027	2028	2029	2030
Residential	2.89%	18.50%	6.00%	2.50%	2.50%	2.50%	2.50%
Multi Family	-8.33%	7.00%	2.00%	0.00%	0.00%	0.00%	0.00%
Commercial Low	13.07%	20.96%	6.52%	2.50%	2.50%	2.50%	2.50%
Commercial High	110.87%	27.00%	10.74%	6.65%	6.49%	6.34%	6.21%
Reclaimed Water	27.10%	21.96%	7.52%	3.50%	3.50%	3.50%	3.50%
System Total	19.00%	19.00%	6.50%	3.00%	3.00%	3.00%	3.00%



Cost of Service Summary

- Phase-in under reduced coverage scenario
 - » Similar proportional impacts as discussed with Council under ordinance scenario

Class	Full 2025 COSA	WATER - Phase-In					
		2025	2026	2027	2028	2029	2030
Residential	1.67%	5.75%	5.75%	5.75%	5.75%	5.00%	5.00%
Multi Family	-36.85%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Commercial	8.96%	6.95%	6.67%	6.40%	6.14%	4.96%	4.77%
Irrigation	85.13%	9.50%	9.50%	9.50%	9.50%	8.50%	8.50%
System Total	5.75%	5.75%	5.75%	5.75%	5.75%	5.00%	5.00%

Class	Full 2025 COSA	SEWER - Phase-In					
		2025	2026	2027	2028	2029	2030
Residential	-0.96%	14.00%	6.00%	2.50%	2.50%	2.50%	2.50%
Multi Family	-11.81%	4.75%	2.00%	0.00%	0.00%	0.00%	0.00%
Commercial Low	8.79%	16.00%	6.50%	2.50%	2.50%	2.50%	2.50%
Commercial High	102.83%	21.44%	10.82%	6.69%	6.53%	6.38%	6.24%
Reclaimed Water	21.88%	17.00%	7.50%	3.50%	3.50%	3.50%	3.50%
System Total	14.50%	14.50%	6.50%	3.00%	3.00%	3.00%	3.00%



Past Avg. Rate Increases – Residential & Multi-Family

Residential - Avg. Mo. Bill	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Water	\$ 38.90	\$ 38.90	\$ 40.70	\$ 43.47	\$ 46.37	\$ 48.69	\$ 51.12	\$ 53.66	\$ 56.34	\$ 56.34	\$ 58.41	\$ 60.60	\$ 64.27
Sewer	39.60	39.60	42.16	45.20	48.51	56.22	65.16	75.52	78.99	78.99	80.57	82.16	84.62
Storm	11.85	11.85	13.96	16.44	19.36	20.45	21.61	22.83	24.12	24.12	25.35	26.64	28.57
Total	\$ 90.35	\$ 90.35	\$ 96.82	\$ 105.11	\$ 114.24	\$ 125.36	\$ 137.89	\$ 152.01	\$ 159.45	\$ 159.45	\$ 164.33	\$ 169.40	\$ 177.46

Residential - Avg. Mo. Bill % Difference	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Water	0.00%	4.63%	6.81%	6.67%	5.00%	4.99%	4.97%	4.99%	0.00%	3.67%	3.75%	6.06%	
Sewer	0.00%	6.46%	7.21%	7.32%	15.89%	15.90%	15.90%	4.59%	0.00%	2.00%	1.97%	2.99%	
Storm	0.00%	17.81%	17.77%	17.76%	5.63%	5.67%	5.65%	5.65%	0.00%	5.10%	5.09%	7.24%	
Total	0.00%	7.16%	8.56%	8.69%	9.73%	10.00%	10.24%	4.89%	0.00%	3.06%	3.09%	4.76%	

Multifamily - Avg. Mo. Bill	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Water	\$ 213.80	\$ 213.80	\$ 195.66	\$ 208.86	\$ 202.14	\$ 212.22	\$ 222.90	\$ 234.00	\$ 245.76	\$ 245.76	\$ 242.88	\$ 239.88	\$ 254.34
Sewer	237.60	237.60	231.66	231.66	231.66	268.50	311.16	360.66	377.22	377.22	372.78	368.10	379.14
Storm	35.55	35.55	41.88	49.32	58.08	61.35	64.83	68.49	72.36	72.36	76.05	79.92	85.71
Total	\$ 486.95	\$ 486.95	\$ 469.20	\$ 489.84	\$ 491.88	\$ 542.07	\$ 598.89	\$ 663.15	\$ 695.34	\$ 695.34	\$ 691.71	\$ 687.90	\$ 719.19

Multifamily - Avg. Mo. Bill % Difference	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Water	0.00%	-8.48%	6.75%	-3.22%	4.99%	5.03%	4.98%	5.03%	0.00%	-1.17%	-1.24%	6.03%	
Sewer	0.00%	-2.50%	0.00%	0.00%	15.90%	15.89%	15.91%	4.59%	0.00%	-1.18%	-1.26%	3.00%	
Storm	0.00%	17.81%	17.77%	17.76%	5.63%	5.67%	5.65%	5.65%	0.00%	5.10%	5.09%	7.24%	
Total	0.00%	-3.65%	4.40%	0.42%	10.20%	10.48%	10.73%	4.85%	0.00%	-0.52%	-0.55%	4.55%	



Past Avg. Rate Increases – Commercial Low & High

Commercial Low - Avg. Mo. Bill	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Water	\$ 65.00	\$ 65.00	\$ 75.46	\$ 80.55	\$ 85.97	\$ 90.22	\$ 94.72	\$ 99.49	\$ 104.52	\$ 104.52	\$ 109.86	\$ 115.24	\$ 122.14
Sewer	65.25	65.25	74.73	85.92	98.76	114.47	132.69	153.74	161.73	161.73	164.95	168.18	173.22
Storm	59.25	59.25	69.80	82.20	96.80	102.25	108.05	114.15	120.60	120.60	126.75	133.20	142.85
Total	\$ 189.50	\$ 189.50	\$ 219.99	\$ 248.67	\$ 281.53	\$ 306.94	\$ 335.46	\$ 367.38	\$ 386.85	\$ 386.85	\$ 401.56	\$ 416.62	\$ 438.21

Commercial Low - Avg. Mo. Bill % Difference	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Water	0.00%	16.09%	6.75%	6.73%	4.94%	4.99%	5.04%	5.06%	0.00%	5.11%	4.90%	5.99%	
Sewer	0.00%	14.53%	14.97%	14.94%	15.91%	15.92%	15.86%	5.20%	0.00%	1.99%	1.96%	3.00%	
Storm	0.00%	17.81%	17.77%	17.76%	5.63%	5.67%	5.65%	5.65%	0.00%	5.10%	5.09%	7.24%	
Total	0.00%	16.09%	13.04%	13.21%	9.03%	9.29%	9.52%	5.30%	0.00%	3.80%	3.75%	5.18%	

Commercial High - Avg. Mo. Bill	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Water	\$ 467.05	\$ 467.05	\$ 504.13	\$ 538.14	\$ 574.25	\$ 602.48	\$ 632.53	\$ 664.44	\$ 698.21	\$ 698.21	\$ 734.01	\$ 769.98	\$ 816.04
Sewer	415.80	415.80	478.17	549.63	631.35	798.06	1,003.04	1,253.46	1,394.20	1,394.20	1,444.87	1,496.98	1,541.82
Storm	118.50	118.50	139.60	164.40	193.60	204.50	216.10	228.30	241.20	241.20	253.50	266.40	285.70
Total	\$ 1,001.35	\$ 1,001.35	\$ 1,121.90	\$ 1,252.17	\$ 1,399.20	\$ 1,605.04	\$ 1,851.67	\$ 2,146.20	\$ 2,333.61	\$ 2,333.61	\$ 2,432.38	\$ 2,533.36	\$ 2,643.56

Commercial High - Avg. Mo. Bill % Difference	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Water	0.00%	7.94%	6.75%	6.71%	4.92%	4.99%	5.04%	5.08%	0.00%	5.13%	4.90%	5.98%	
Sewer	0.00%	15.00%	14.94%	14.87%	26.41%	25.68%	24.97%	11.23%	0.00%	3.63%	3.61%	3.00%	
Storm	0.00%	17.81%	17.77%	17.76%	5.63%	5.67%	5.65%	5.65%	0.00%	5.10%	5.09%	7.24%	
Total	0.00%	12.04%	11.61%	11.74%	14.71%	15.37%	15.91%	8.73%	0.00%	4.23%	4.15%	4.35%	