

SEWER UTILITY

November 17, 2008



What we do

The mission of the Sewer Utility is to provide customers with high quality, cost effective sanitary sewer services by collecting and treating all wastewater generated from County service areas and in accordance with applicable Local, State, and Federal permit requirements.

MAINTENANCE

ROUTINE ACTIVITIES SUCH AS REPAIRING OR CLEANING ASSETS DURING THEIR USEFUL LIFE

M

651 miles of pipe
95 pump stations
Chambers Creek
Regional WWTP

- Inspection and smoke testing of pipes
- Clean sewer lines, pump stations, and the treatment plant
- Repair of lines, pumps, generators, valves, and other parts of the sewer system



OPERATIONS

ACTIVITIES THAT KEEP AN ASSET WORKING AT ITS BEST

O

18.6 million
gallons/day

- Full time monitoring of treatment plant operations
- Chemical and biological lab testing
- Cost of utilities including power, gas, water, and communications
- Regular reporting to the Department of Ecology
- Sewer billing and customer service



PRESERVATION

REPLACING OR RESTORING AN ASSET AFTER IT HAS REACHED ITS USEFUL LIFE

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- Replacing sewer lines
- Replacing pump and mechanical elements of the wastewater treatment plant and sewerlines



IMPROVEMENT

ADDING NEW FUNCTION OR CAPACITY TO AN ASSET

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- Construction of larger sewer lines to serve a larger area
- Construction of Fertilizer Manufacturing Facility
- Wastewater Treatment Plant expansion
- Design and construction of a reclaimed water system
- Review of sewer system expansion by new development



ADMINISTRATION

MANAGEMENT, PLANNING, BUDGETING, AND COORDINATION OF THE OVERALL ASSET

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- Management of staff
- Long range planning and coordination
- Prioritizing and programming capital projects
- Annual budgeting
- Insurance
- Indirect costs



History

The Chambers Creek Regional Wastewater Treatment Plant began operations in November of 1984 with a rated treatment capacity of 12 million gallons per day (MGD). Plant capacities have since been expanded to the present 28.7 MGD.

Today the Plant occupies 49 acres within the 930-acre Chambers Creek Properties and currently serves more than 168,000 customers with an average daily flow of 18.6 MGD. A Facility Plan and Engineering Report is currently under way (to be completed in 2008). This Report assesses future plant expansion and capacity requirements that will allow Pierce County to continue to serve its growing residential, commercial, and industrial customer needs.

Funding

The sewer system is funded and expanded from three primary sources:

Monthly Sewer Bills for Service (Fund 402)

The monthly sewer bills fund the maintenance, operation, preservation, and administration of the existing system.

Development Extensions

Extension of the sewer collections system is paid for by developers of new residential and commercial projects.

Development Connection Charges (Fund 403)

New development pays both facility and capacity charges to connect to the sewer system.

Facility Charge—Pays for the capacity they will use in the existing sewer transmission pipelines.

Capacity Charge—Pays for the capacity they will use in the treatment plant. Treatment plant capacity is built in advance and sold to new users as they need it.

Enterprise Fund

The Sewer Utility is a self-supporting entity within Pierce County government and does not receive financial support from the General Fund. The individual residential, commercial, and industrial ratepayers are the Utility's primary stakeholders.

The Sewer Utility budgets include the Sewer Utility and Water Utility, and the Chambers Creek Properties.

As the property owner, the Sewer Utility is responsible for funding and implementation of the approved Department of Natural Resources reclamation plan. The Chambers Creek Properties MasterSitePlanUpdate, approved by the Council in February 2007, is the DNR Reclamation Program for the site.



Utility Costs

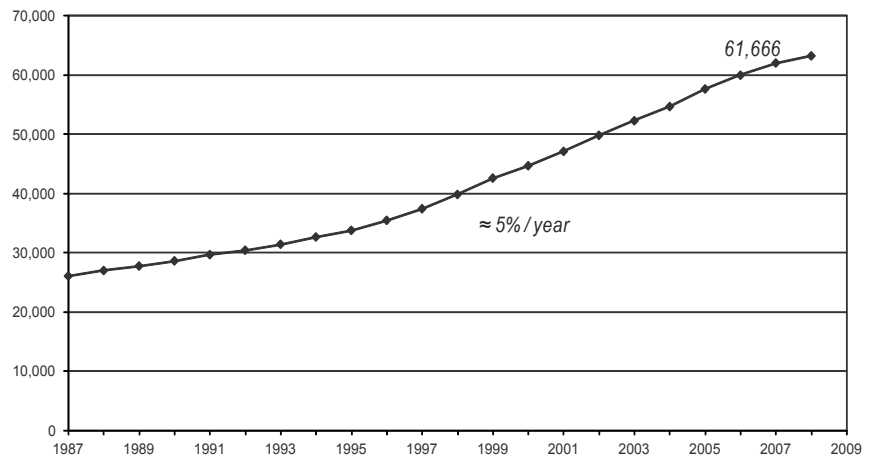
Maintenance, Operations, and Administration

The Sewer Utility customer base is increasing at an average rate of over 5% per year (see chart at right). Should this trend continue, our maintenance and operations budgets will continue to rise as shown below. In the year 2013 the maintenance budget would approach 9.75 million dollars and the operations budget 4.9 million dollars.

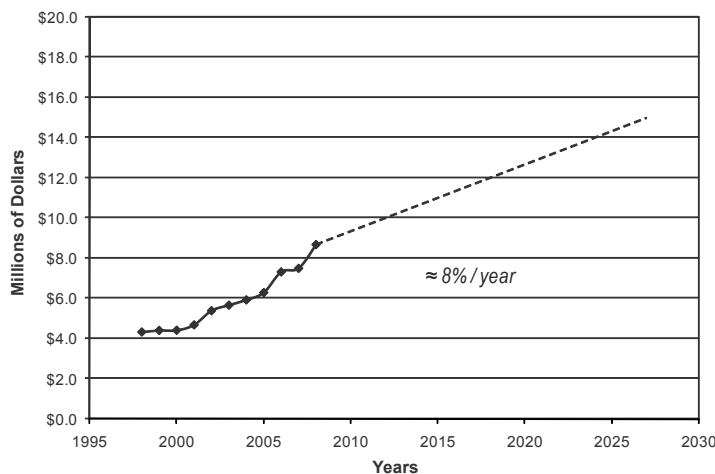
In 20 years the projected budget expenses would be 15 million dollars for maintenance and 6.4 million dollars for operations annually.

Administration costs are 4% of total annual budget costs.

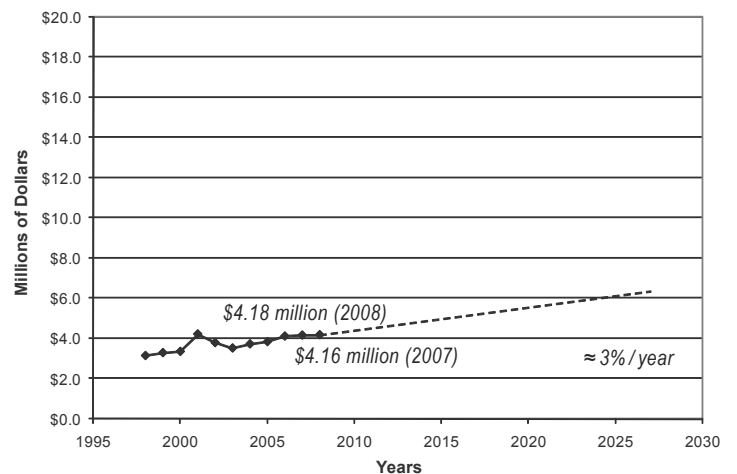
Total Side Sewer Permits Issued



Maintenance Costs



Operating Expenses



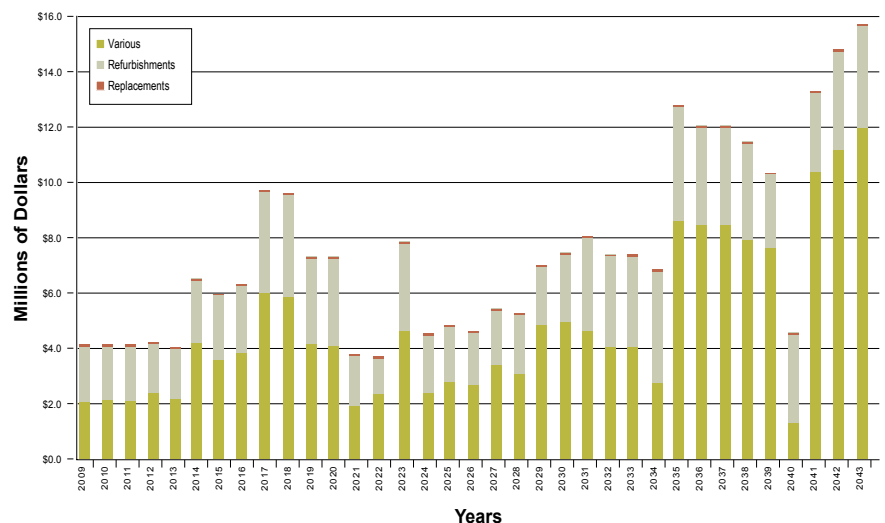
Preservation

The Sewer Utility began working on an Asset Management Program in 2005. This Program assists the Utility in improving service reliability, lowering life-cycle costs, reducing risk exposure, and improving overall service levels to our customers.

A large component of this program is to determine the best method and timing to repair, replace, and rehabilitate the current infrastructure including collection system pumps and pipes, and wastewater treatment facilities as necessary.

Based upon initial analysis of the existing system (see chart at right), the Utility will have expenditures exceeding 300 million dollars over the next 30 years to keep the current system operational.

Estimated Annual Preservation Costs (includes inflation)



Utility Costs (cont):

Improvements

The County currently has 61,666 service connections and a customer population of 168,000 which equates to treatment of 18 million gallons of effluent flow on an average day.

Given the projected rate of connection to the system of 5% annually, in 20 years the Utility will be treating an average of 45 million gallons per day. Improvements in both the Utility's collection (pumps and pipes), and wastewater treatment (new capacity expansions) will be necessary.



2009 Proposal

The proposed single family residential rate increase of \$1.17 per month covers maintenance and operations inflation only.

Staffing

Staff to maintain developer funded additions

Development review and design engineers to design the Improvement and Preservation projects

Construction engineers and technicians to build future Preservation and Improvement projects

Public Development Division Event Coordination for new Department-owned facilities (CMF & North and Central Meadows)

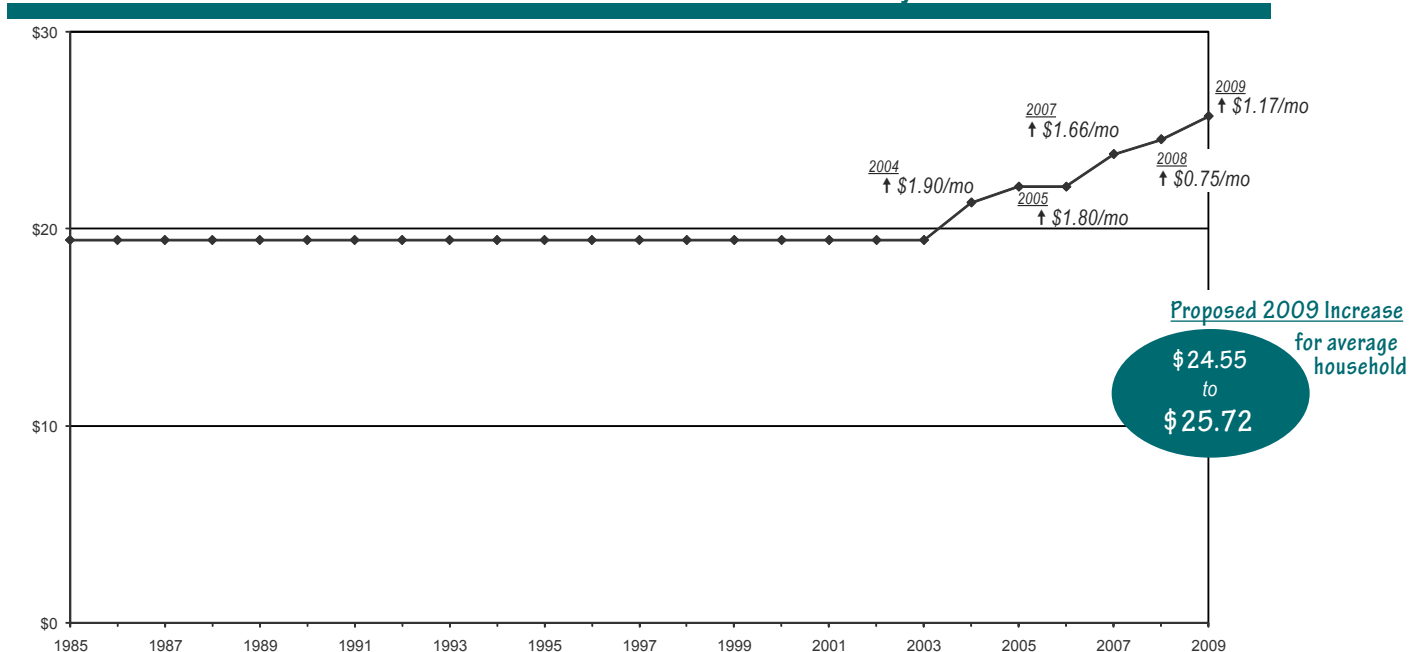
Sewer Information Technology support



Rates:

Recent rate increases have been sufficient to fund only Maintenance and Operations expenses. From 1985 through 2003, the monthly service rate for residential customers was held constant at \$19.45. The chart below shows the history of all rate increases since 1985.

Sewer Utility Residential Rates 1985-2009



Substantial future rate increases will be required to fund growing Preservation and Improvement costs.