

Frequently Asked Questions – Water Rate & Reserve Study

1. What will my estimated monthly cost be?
 - a. It varies dependent upon usage. It is important to first note that the maintenance assessment of \$10/month is your HOA fee and is separate from the water rates. Any special assessment is also separate from your water rates. The current special assessment of \$18.28/month or \$438.72 in total will remain on your bill until it is paid in full. There is no longer a separate replacement reserve fee, the necessary contributions to reserve accounts are captured in the new base rate. Your charges for water are dependent upon your usage reflected in the rate structure. If you use 0-700 cubic feet you will be paying \$75 for water. You can contact the office to obtain your last year usage history which will identify your average monthly cubic foot usage.
2. Why didn't the entire membership vote on the new rate structure?
 - a. The Scott Lake Maintenance Company is made up of its members, the members being those who legally own the lots within the platted Scott Lake area. The members have the right each year to elect representatives to the Board of Trustees from the candidates that have volunteered to serve. The Board of Trustees is elected to serve as the governing body of the corporation and is responsible for hiring the executive staff person to manage the day-to-day operations. The Board of Trustees is tasked with making business decisions in the best interest of the membership.
3. Is there a conflict of interest having Northwest Water Systems complete the water rate and reserve study?
 - a. No. Northwest Water Systems is the satellite management agency which holds the required waterworks operator certification, as well as provides the third-party billing services. Additionally, NWS offers other contractual services such as water system plan updating and rate and reserve studies. The water system is owned by Scott Lake Maintenance Company. There is not a conflict of interest in utilizing the professional services and expertise of a contracted company. Northwest Water Systems has no decision-making authority and does not receive any benefit as a result of changes in the water rates established by the SLMC Board of Trustees. Northwest Water Systems does not perform the large maintenance work on the system and does not perform the repairs. We work with local contractors who perform most of the work on the system.
4. Will rates continue to increase?
 - a. Water rates should and will be reviewed on an annual basis. It is best practice, and imperative, that water rates are set at an adequate level to sufficiently cover annual operation and maintenance expenses, financing of capital expenditures, maintenance of working capital and required reserves. Rates should be adjusted annually to at the very least keep up with inflation costs.
5. Is the water quality bad?
 - a. No. There are many factors which contribute to the quality of drinking water. Scott Lake Maintenance Company is required to produce an annual water quality report otherwise known as a consumer confidence report. Those reports are available on our website. Our sampling reports are also available through the Department of Health website/Sentry database. The water provided by Scott Lake Maintenance Company meets the U.S Environmental Protection Agency and Washington State drinking water health standards.

6. Why is the cubic foot structure lower than it was before?
 - a. Because water use varies seasonally, most of the water rate should come from the base rate to ensure consistent revenue throughout the year. Tiered usage charges are necessary to recoup costs associated with customers who use larger amounts of water and provide incentive for water conservation which can be considered part of a Water Use Efficiency Program. The 2020 service meter records from Scott Lake customers indicate average use of 150 gallons per day, approximately 600 cubic feet per month. The new usage tier structure is also similar to other surrounding municipal water systems.

7. Why is the increase not being spread out over multiple years?
 - a. The Scott Lake water system rates have not been increased in at least 15 years and have not kept up with the cost of doing business, or the cost of inflation. Water rates should be analyzed annually and adjusted accordingly. The new rate structure results in the minimum level of revenue that will build adequate reserves for infrastructure replacement costs on the estimated timeline of useful life. Anything less than the adopted rates would require additional funding from special assessments and/or rate spikes in the future. The adopted water rates are in line with Washington State Department of Health guidance for water affordability. Setting appropriate rates now will allow for consistent and stable increases into the future.

8. Why can't we just get loans or grants for infrastructure replacement?
 - a. The American Water Works Association identifies that the public can best be provided water services by self-sustaining enterprises adequately supported by cost-of-service rates and charges based on sound utility accounting, management, and financial principles. Undoubtedly, the best method is internal funding. There is an extremely competitive market for infrastructure loans and grants with very few funding resources available at the state and federal levels. Loans and grants impose additional requirements on projects and processes which can delay project completion and result in higher costs. In order to be eligible for loans and grants, you must be able to show that you have adequate funds to repay the loans, and that you have been diligent in rate setting and increases with supporting financial planning. Ultimately, significant rate increases would be necessary to meet repayment requirements. Loan and grant funding is not a feasible option for the Scott Lake water system.