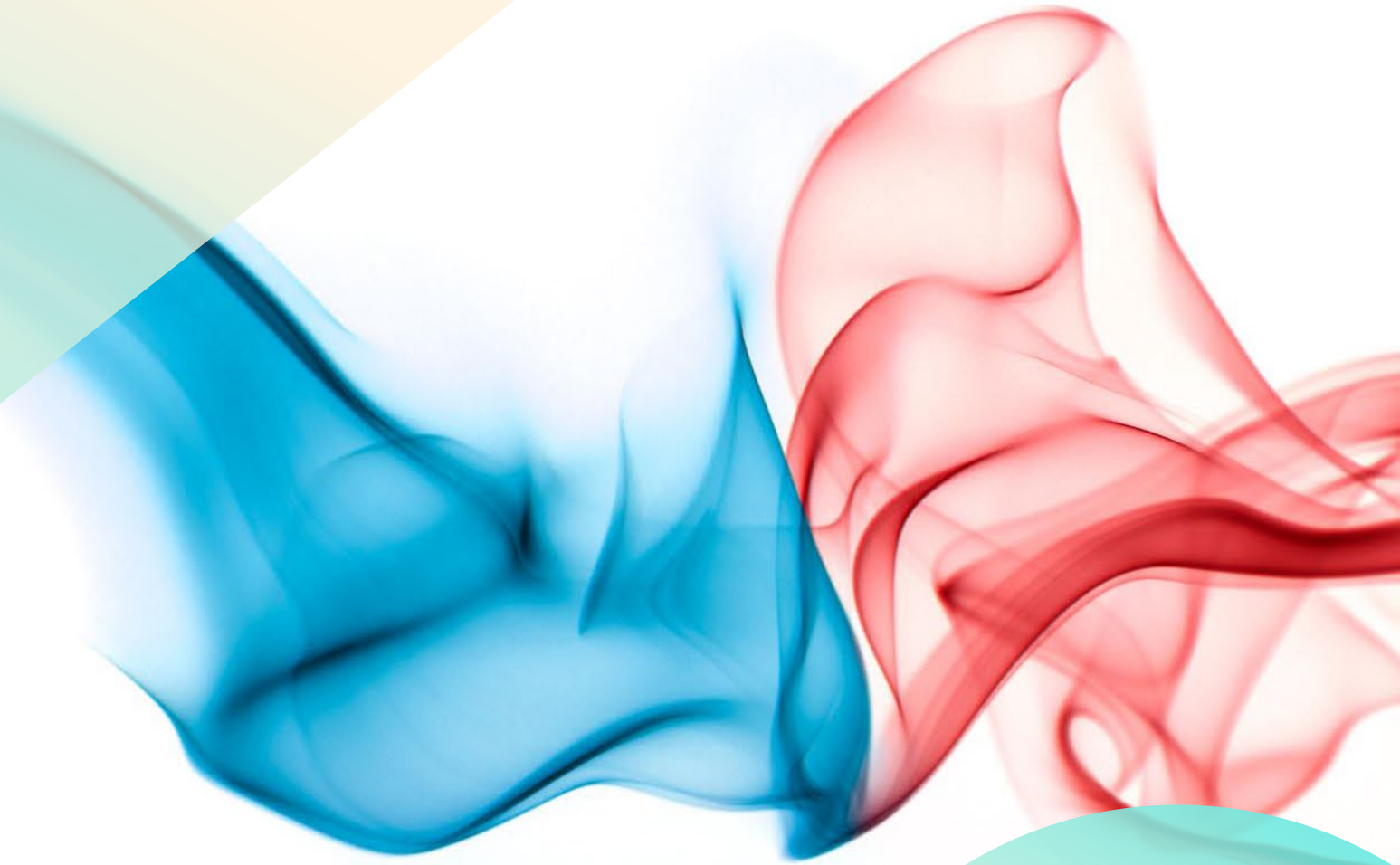


2026 Proposed Rate Increases

4/23/26 Scheduled
Public Hearing



Purchased Services - Water



Wholesale from Clearview Water Supply Agency (CWSA)



Wholesale from Alderwood Water/Wastewater District (AWWD)



Some wholesale from City of Everett



Governed by Interlocal Agreements

Purchased Services - Water



AWWD and City of Everett are still negotiating rates (which effects our wholesale rate) – ongoing since 2024



District's wholesale rate consists of two factors – AWWD's charges and the Everett pass through charges



No increase in Everett pass through 2024 or 2025 charges while AWWD and Everett continue negotiations



Received notice in 2025 our City of Everett portion of the wholesale rates may increase about 125% over 2023 rates. The 2026 notice would increase the Everett portion an additional 18% (143% since 2023)

Purchased Services - Water



Received notice AWWD's portion of the wholesale rate will increase 3% over 2025's rate – Everett's portion still unknown



City of Everett increased rates to its direct billed customers effective January 1, 2026



Again, AWWD is still negotiating the 2025 and 2026 Everett wholesale water rates

Purchased Services - Sewer

Alderwood basin provided by AWWD through their partnership with King County

Received notice Alderwood basin rates to increase about 7.66%; 2025's increase was about 6%

Everett basin provided by City of Everett

Received 2026 notice that rates would increase 21.6%; 2025 notice has Everett basin rates increasing about 12.8%

District is still negotiating the 2025 rate increase per our interlocal agreement and will most likely be negotiating the 2026 rate increase as well



Other Considerations

- City of Everett is proposing replacing it's 6% PILOT with a 12% utility tax effective July 1, 2026
- Snohomish County is proposing administrative changes on how franchise fees will be assessed; any changes would not affect the district until 2027
- District operational expenses continue to increase due to macro economic factors such as fuel costs, construction costs, etc.
- Internal cost pressures include market labor cost adjustments and increased professional services (ERP, replacement of aging IT infrastructure, statutorily required comprehensive planning)



Other Considerations

- City of Mill Creek enacted a 5% utility tax effective June 1, 2026
- Utility taxes are not an “add on” tax but a tax on the District’s gross receipts
- To accommodate the Mill Creek tax, Mill Creek rates should be adjusted an additional 5.25% over the overall rate adjustments

Utility Tax Adjustment to Rates

	If treated like an add on	If treated like gross receipts
Rate collected	\$100.00	\$105.25
Add on 5%	\$5.00	N/A
Total collected	<u>\$105.00</u>	<u>\$105.25</u>
Actual tax due (Total collected x 5%)	<u>\$5.25</u>	<u>\$5.26</u>
Amount short between due and tax collected	<u>(\$0.25)</u>	<u>(\$0.01)*</u>
*penny difference can result from rounding		

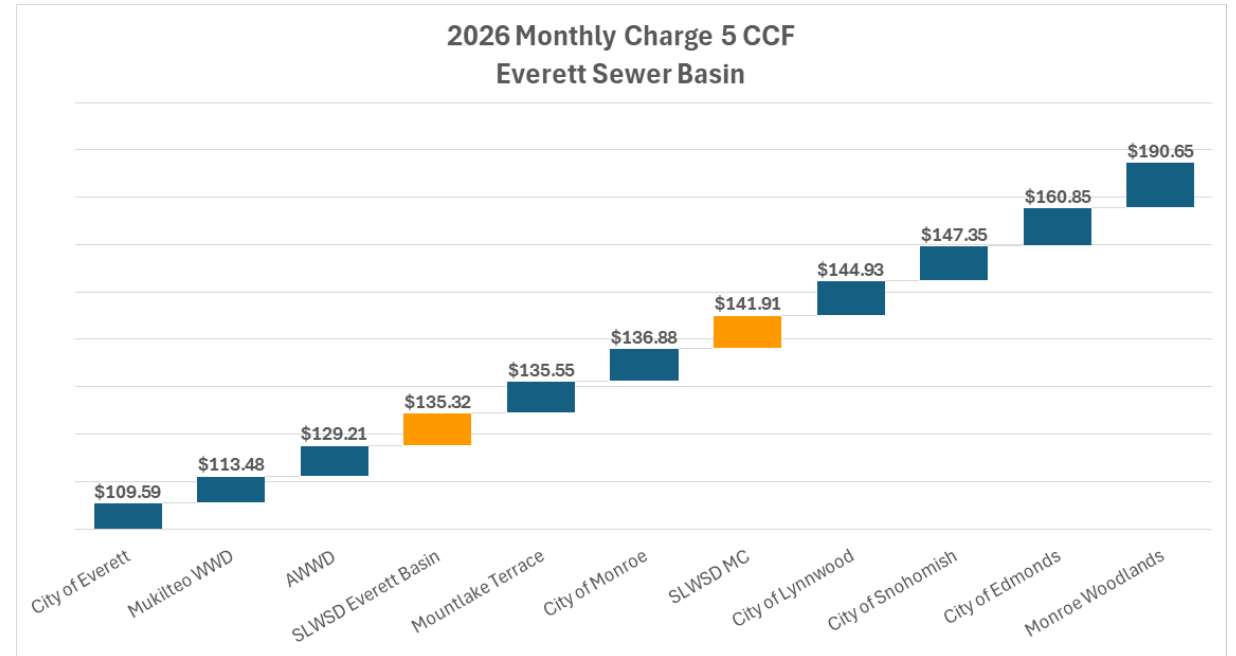
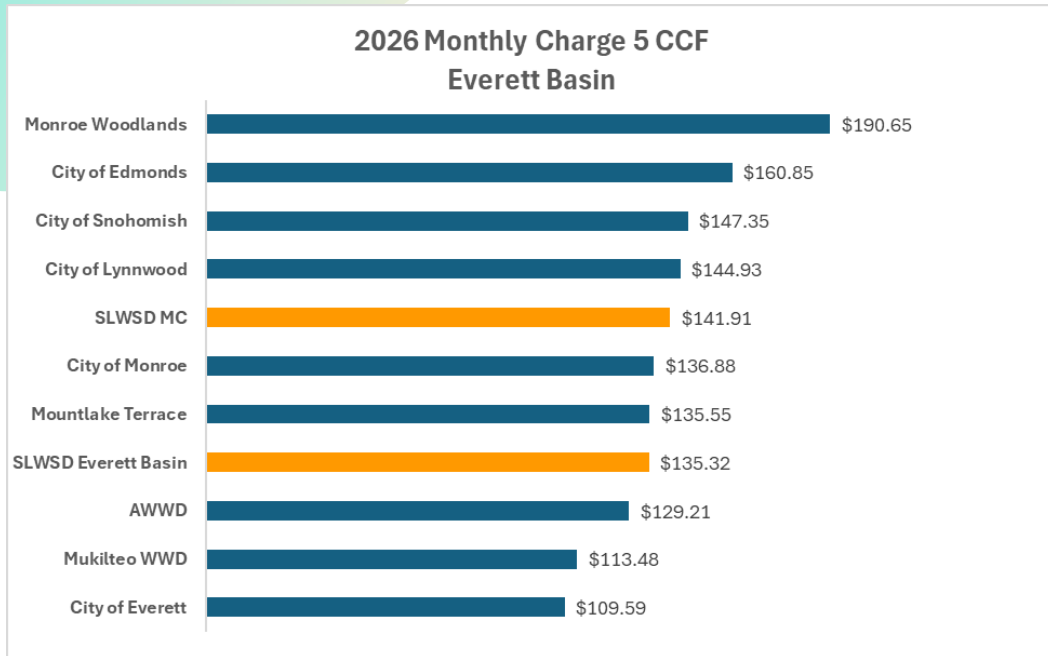
Proposed Rate Increases

- Recommending 7.5% increase for both water and sewer rates
- Adopt separate rates for Mill Creek services at 12.75%
- Outside of rates, adopt a “Mill Creek” surcharge of 5.25% (to be assess on fees generated from any work done in Mill Creek such as time and materials recoupment, connection and permit fees sold within Mill Creek city limits, etc.)

Proposed Rate Increases - Everett Basin (summer rates)

Single Family Residential (5CCF/mo)	Current rate	Proposed rate (not MC)	Proposed Mill Creek Rate
Water Base Rate	\$18.69	\$20.09	\$21.07
5 CCFs per month	\$23.00	\$24.75	\$25.95
Sewer – Everett Basin	<u>\$84.16</u>	<u>\$90.48</u>	<u>\$94.89</u>
Subtotal monthly bill	<u>\$125.86</u>	<u>\$135.32</u>	<u>\$141.91</u>
Subtotal bi-monthly bill	<u>\$251.70</u>	<u>\$270.64</u>	<u>\$283.82</u>
Difference (bi-monthly)		<u>\$18.94</u>	<u>\$32.12</u>
% Difference		7.52%	12.76%

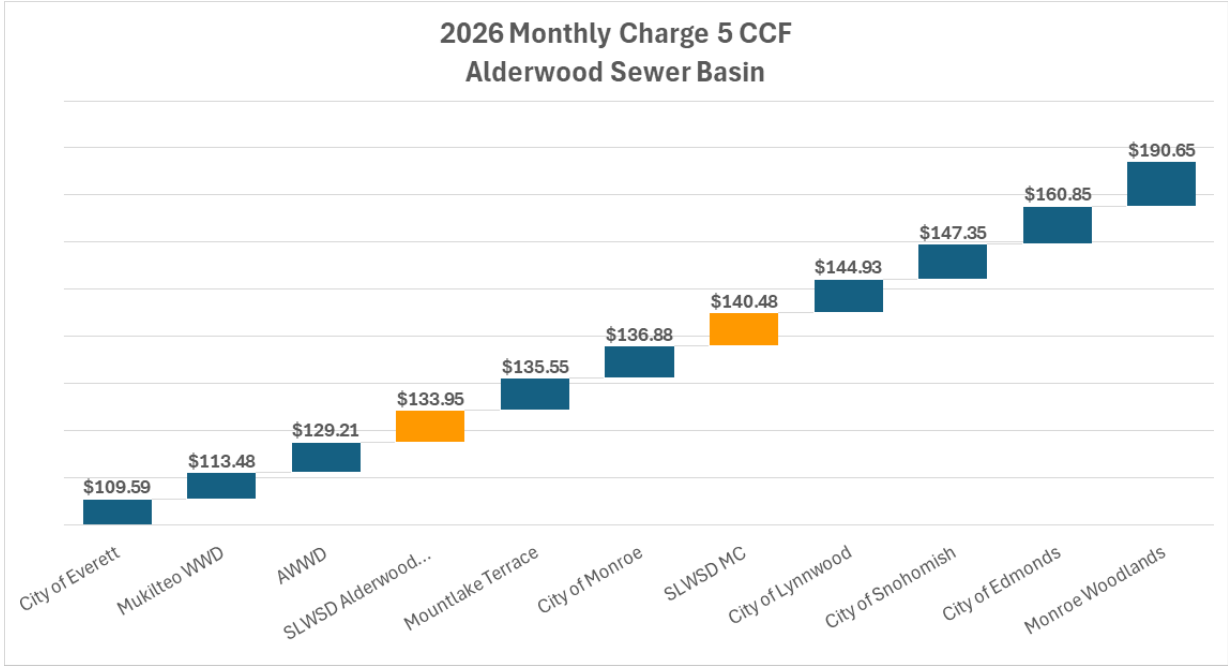
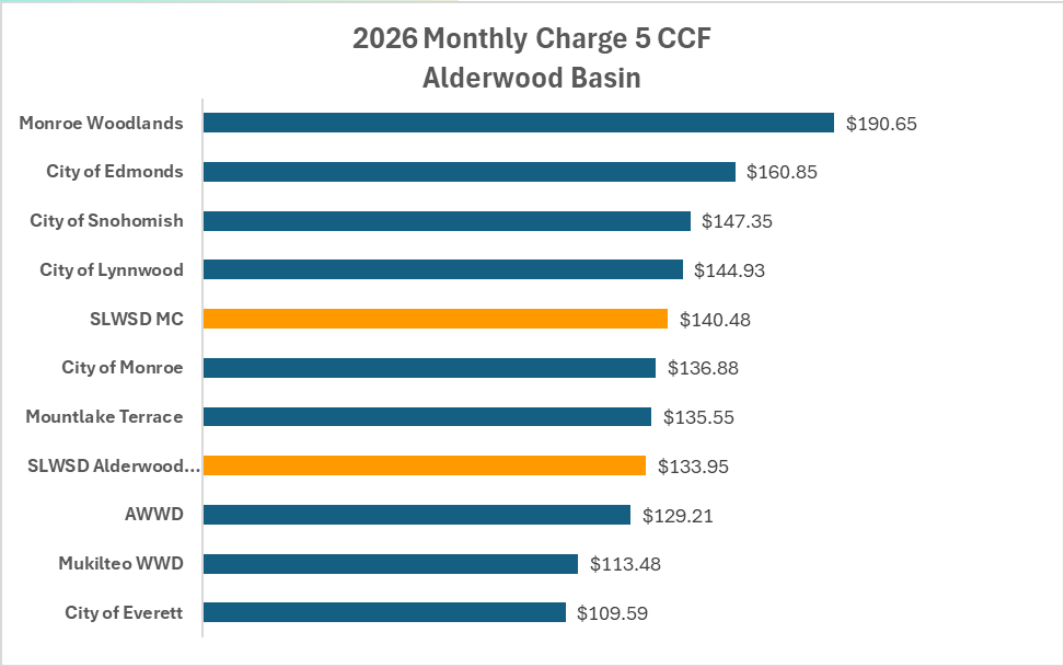
Proposed Rate Increases - Everett Basin (summer rates)



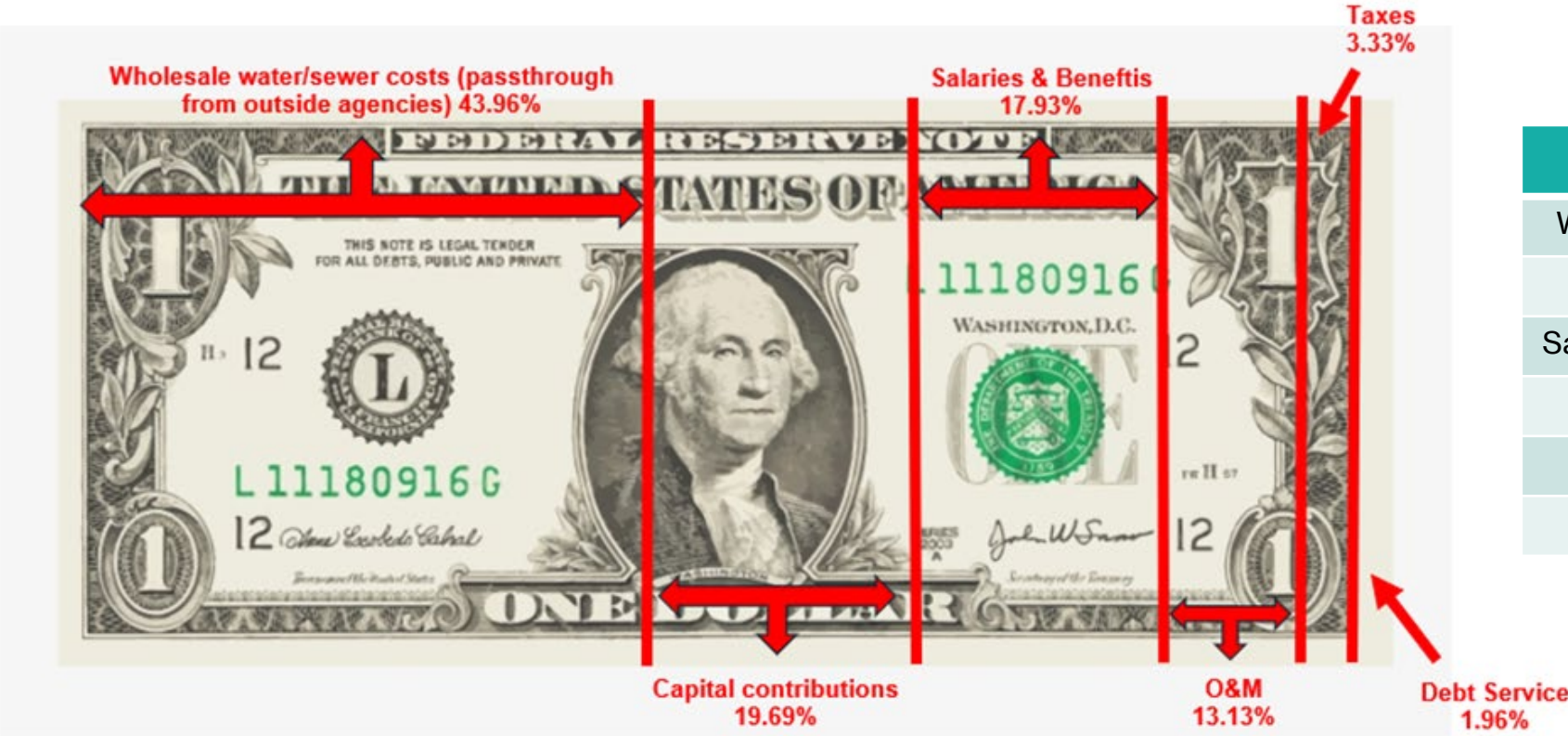
Proposed Rate Increases - Alderwood Basin (summer rates)

Single Family Residential (5CCF/mo)	Current rate	Proposed rate (not MC)	Proposed Mill Creek Rate
Water Base Rate	\$18.69	\$20.09	\$21.07
5 CCFs per month	\$23.00	\$24.75	\$25.95
Sewer – Alderwood Basin	<u>\$82.89</u>	<u>\$89.11</u>	<u>\$93.46</u>
Subtotal monthly bill	<u>\$124.58</u>	<u>\$133.95</u>	<u>\$140.48</u>
Subtotal bi-monthly bill	<u>\$249.16</u>	<u>\$267.90</u>	<u>\$280.96</u>
Difference (bi-monthly)		<u>\$18.74</u>	<u>\$31.80</u>
% Difference		7.52%	12.76%

Proposed Rate Increases - Alderwood Basin (summer rates)



How Rate Revenue is Used



Category	Percent
Wholesale Costs	43.96%
Capital	19.69%
Salaries & Benefits	17.93%
O&M	13.13%
Taxes	3.33%
Debt	1.96%

Next Steps

- Schedule Public Hearing for Thursday, April 23, 2026 (has been scheduled)
- Adopt Resolution increasing rates 7.5% (12.75% for accounts within the City of Mill Creek)
- After rate adoption, review other service fees and charges for any potential inflationary/market adjustments, ensuring cost recovery

Questions

Silver Lake Water & Sewer

www.slwsd.com

Silver Lake Customer Assistance

www.slwsd.com/customer-assistance-programs

Silver Lake Customer Service

425-337-3647 or service@slwsd.com

City of Mill Creek (re: Utility Tax)

425-745-1891