



SPANAWAY WATER COMPANY

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2024 ANNUAL COMPANY REPORT

November 20, 2024

This report provides members with information about the past year’s activities and future planning efforts. It is posted along with our annual accountant’s report on our website, spanaway-water.org. As a non-profit mutual Spanaway Water Company (SWC) is owned by its members, who in turn elect the seven Board of Directors that govern the operations of the Company under our Articles of Incorporation and By-laws. One Board of Director position is up for election at this meeting.

Water System Business:

Rate and Membership Fee Study:

Spanaway Water Company contracted with FCS Group in 2024 to perform a ‘Water Utility Rate Study’ and a ‘Water Membership Fee Study’. The previous study by FCS Group was performed in 2021. The analysis included operations, maintenance, and proposed capital improvement projects. The SWC Board has approved and adopted recommendations that came from the rate study. Recommendations will be put in place starting January 1, 2025. We will re-engage with FCS Group to perform an updated study as needed. SWC management and Board of Directors carefully consider all recommendations and options resulting from the rate and membership fee studies.

Water Rates:

Per the FCS Group’s analysis 2025 will see a 22% increase in water rates in January. The average two-month bill is anticipated to increase from approximately \$82.48 to \$100.63 or \$18.15 per bill.

For 2025 the water rates will increase as follows:	2024:	2025:
Base Rate:	\$ 59.53	\$ 72.64
(includes treatment, capital projects, etc.)		
Water Use Charges:		
0 — 500 cubic feet	\$ 1.26	\$ 1.54
501 — 1,500 cubic feet	\$ 1.37	\$ 1.68
1,501 — 2,500 cubic feet	\$ 1.83	\$ 2.24
2,501 — 4,000 cubic feet	\$ 2.58	\$ 3.15
4,001 — 7,500 cubic feet	\$ 3.38	\$ 4.13
7,501+ cubic feet	\$ 4.01	\$ 4.90

The following shows 2024 and 2025 bi-monthly water rates at different usage levels based on typical bi-monthly water use by season:

	2024:	2025:
Winter: 1,500 cubic feet (11,220 gallons)	\$ 79.54	\$ 97.14
Summer: 3,500 cubic feet (26,180 gallons)	\$ 123.63	\$ 151.04
High Usage: 7,500 cubic feet (56,100 gallons)	\$ 254.86	\$ 311.34

(One CCF = 100 cubic feet = 748 gallons)

Lakewood Water District Wholesale Agreement:

Due to the ongoing challenges and the inability to obtain additional water rights from the Department of Ecology, SWC entered into an agreement to purchase two million gallons per day of wholesale water from the Lakewood Water District. We have connected to Lakewood's existing wholesale water transmission main that also provides water to Summit Water & Supply, Firgrove Mutual Water and Washington Water Services (previously Rainier View Water).

2020-25 Water Use Efficiency Goal:

Washington Department of Health requires "municipal" water suppliers to develop and implement a Water Use Efficiency Program and Goal every six years. Metered water consumption for fiscal year 2023 was 238.3 gallons per unit per day (GPU). The six-year planning period's prior years use were as follows 2022=221.6, 2021=249, 2020=238, 2019=208, 2018=221, 2017=211. Since water use efficiency goal setting was established beginning in 2008 customer water use has ranged from 251 GPU in 2007 to 208 GPU in 2019.

Conservation measures include a tiered water rates schedule, a previous usage graph on water bills, availability of toilet dye tabs, a one-time leak repair bill adjustment, and conservation verbiage provided within our CCR. Spanaway Water Company also generates and makes available the following brochures to help educate customers regarding conservation;

- Irrigation System Requirements (outdoor use conservation)
- Water Leak Tips & Tricks (residential in-home leak detection)
- Water Conservation Benefits Everyone (outdoor use conservation)

Leak Detection and Repairs:

Spanaway Water has historically hired leak detection services from an outside company every three years. We identified that water loss was increasing. The Field staff recommended, and the SWC Board approved, the purchase of our own leak detection equipment. We are now identifying and repairing more leaks, saving money, and have less unaccounted for water. Since implementing the on-going in-house leak detection program, we have found that the equipment has already paid for itself. The goal is to survey one-third of the system each year and repair leaks as they are found. Since implementation in May of 2023 we have identified and repaired over 200 leaks, saving an estimated 1,600 gpm (2.3 million gallons) from being wasted. This has proven to be a very practical and successful effort coordinated and implemented by the SWC field staff.

Proposed Capital Projects and System Maintenance:

For fiscal year 2025 the Company plans to invest \$1.0 million back into the water system primarily as operation and maintenance work and system upgrades. This work has been performed in the past without loans and the additional costs of loan interest payments. The Company continues to work to fully fund infrastructure repair and replacement without adding the costs of loan interest.

Main Replacement Program:

The ongoing Renewal and Replacement (R&R) is our infrastructure replacement program. The focus is on the 48 miles of aging asbestos cement (A/C) water mains. These projects effectively rebuild the water system, block by block, and include water mains, service lines, valves, fittings and fire hydrants. Currently these projects are focused on areas with on-going leak issues as we work our way through all of the existing A/C water mains. When possible R&R projects are coordinated with Pierce County road or sewer projects. The 2024 R&R #6 project replaced approximately 4,000 lf of main in the area west

of Pacific Avenue from 169th Street South to 171st Street South. The cost for this main replacement project was approximately \$1.1 million.

Future Spanaway Water Company proposed plans include;

- Coordinate engineering and construction for the next AC main replacement project
- Coordinate engineering and construction for the recoating of Tank #3
- Begin preliminary engineering and permitting for an additional main zone storage tank, Tank #4, approximately 3 MG of storage

Regulatory Up-Dates:

Unregulated Contaminant Monitoring Rule V (UCMR 5):

Sampling under UCMR 5 involves two sets of samples taken five to seven months apart. This fifth round of testing includes 30 unregulated contaminants, one metal and twenty-nine per- and polyfluoroalkyl substances (PFAS). Our first round was taken in August of this year, the second round will be taken in February of 2025.

PFAS Per- and Polyfluoroalkyl Substances:

PFAS and PFOA continue to have extensive reporting in the media, and active regulatory consideration at both the State and Federal levels. PFAS are a large family of man-made chemicals. They have been in use since the 1950's to make a wide variety of stain-resistant, water-resistant, and non-stick consumer products. Some examples include food packaging, cleaning products, grease-resistant paper, personal care products, outdoor clothing, and non-stick pans. PFAS also have many industrial uses because of their special properties. In Washington State, PFAS have been used in certain types of firefighting foams utilized by the U.S. military, local fire departments, and airports. PFAS are referred to as "forever chemicals" because they do not break down in the environment. Long-term exposure to them has been linked to cancer, impacts to the heart and liver, and other health risks, especially during critical life stages such as pregnancy and early childhood.

The State Department of Health has developed rules for five PFAS compounds. Spanaway Water sampled for PFOS and PFOA as part of the UCMR 3 testing in 2014 with no detections for the testing levels required at that time. Those testing levels have changed. The latest round of UCMR 5 sampling showed PFAS detections in four of the nine well sites sampled. All sample detection levels are below the current State Action Levels (SAL). Per current State regulations, sampling results will be shared with SWC customers after the second round of UCMR 5 sampling. Results will be provided within the annual Consumer Confidence Report to be distributed in July of 2025.

Lead Service Line Inventory:

In July of 2023, the Environmental Protection Agency (EPA) required all community water systems to develop an initial inventory of service lines that meets the 2021 Lead and Copper Rule Revisions (LCRR) requirements. The inventory submittal deadline was October 16 of 2024. This included service line materials for both the public and private portions of every water service line installed prior to 1986. Spanaway Water Company has never used lead lines or lead fittings, they have never been part of our construction standards, and we have never encountered lead lines or lead fittings during any leak repair or water main replacement project. Staff worked hard to meet the criteria to generate a credible study for the EPA. Our 'Lead Service Line Inventory' report was submitted to the State Department of Health in August 2024.

General Water Items:

Local Water Organizations:

Spanaway Water Company remains actively involved within the American Water Works Association (AWWA) through;

- Pacific Northwest Section of AWWA (Washington, Oregon, Idaho). This organization is a valuable resource that provides training to maintain Department of Health operator certifications and a forum for information sharing.
- The PNWS also oversees the Washington Water Utility Council (WWUC) to continue activities on the statewide level representing public water systems before the legislature, state agencies, and the courts.
- South Sound Subsection of the PNWS serves the southern sound area and is active in providing continuing education classes and support of the AWWA.

Spanaway Water is also a member of the Regional Water Cooperative of Pierce County (RWCPC). The RWCPC has 26 members and is unique in the state. This organization represents public water interests at state and local governmental levels, shared equipment, water quality and technical coordination, group purchases, and information sharing.

Your Employees at Work:

The management team would like to acknowledge the hard work of the Company employees who provide safe, reliable drinking water. The office staff processed bi-monthly billing for over 12,000 accounts, coordinated 1,188 move ins and outs and 1,086 additional work orders. They also responded to a wide variety of customer calls. The field crew flushed over 350 water main blow-off assemblies each spring and fall. They repaired leaks, performed development construction inspection, and installed 103 new water service connections. On alternating years, they either test and perform maintenance on over 1,000 fire hydrants, or test and perform maintenance on over 3,700 isolation valves. The water quality department performed daily well source inspections, on-going preventative maintenance, weekly equipment calibrations, and collected over 400 water quality samples from throughout the distribution system.

In Conclusion:

The Spanaway Water Company staff works hard to provide safe reliable drinking water and water for fire protection at as low a cost as possible. We strive to meet the responsibilities to our members, and the requirements of the Pierce County Fire Prevention Bureau, Pierce County Planning and Public Works, Washington State Department of Health, Washington State Department of Ecology, and the federal Environmental Protection Agency. Thank you for your interest and support of your Water Company.