

December 13, 2018

Dear City of Harrington Utility Customer,

As we go through the annual budgeting process for the City, we are quickly realizing that as a small town, we have limited financial resources to support the basic ongoing maintenance & operations, as well as adequately put away money for any type of reserve funding for our aging and oft-failing infrastructure—mainly our water and wastewater systems. As seen in many local newspapers as of late, several cities and towns within Lincoln County are facing similar dilemmas—several have had to make the tough decision to increase utility rates and/or tax their outside utilities (electricity and/ or natural gas). As you might recall, in 2015, the City implemented a \$6.00 (total) special assessment on our sewer bills, increasing it from \$65 to \$70, plus the extra \$1 for the Utility Tax; overall, that amounted to a roughly 9.2% increase for the sewer assessment. This was sun-setted after three years, as it was originally proposed, and ended in December 2017.

2018 has been a challenging year for our city too; we've recently had to replace a 2-year old pump at our Wastewater Treatment Plant (WWTP) due in large part to those (non)Flushable Wipes down our toilets. Our WWTP facility cannot handle these, even though they are widely marketed to consumers as "totally safe to flush down your toilet". As I've quickly learned in my short time in office as the Appointed Mayor, pumps for Wastewater Treatment Plants should last longer than two years under normal circumstances, and when they break, they are very expensive to replace!! Another somewhat unexpected financial hit was the need to update our 20-year old Operations & Maintenance (O & M) Manual for the WWTP facility; this is a requirement of our permit that we have with the Washington State Department of Ecology—this too is a costly endeavor. On top of these items, in September 2019, we have to submit an "engineering report for evaluation of biological nutrient removal" to the Department of Ecology with regards to the operation of our treatment plant—yep, you guessed it...that is also going to be an expensive budget line item that we haven't previously set aside any funding for.

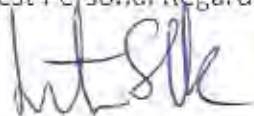
Needless to say, as we prepared the 2019 City Budget, we had to look at increased oversight for the treatment plant with the need to hire a Group II Contract Operator with the sufficient qualifications for a treatment plant such as ours. We also budgeted dollars to start getting our streets mapped in 2019 with GIS Mapping so that we can track all of the various typed of piping that is underneath the streets—sewer, water, as well as natural gas, and anything else that may be under some of that very aged pavement. In the long run, this is a great thing for our city as it will hopefully alleviate issues with broken or frozen pipes and in the time of need, will allow us to act quicker when such a crisis presents itself. We were also recently informed that the Lincoln County Transfer Station, where our solid waste (garbage) is hauled to is raising their tipping fee rates by 5% in 2019, effective January 1<sup>st</sup>. On top of that, our garbage hauler is also increasing their annual rates by 2.42%, plus the potential for a fuel surcharge (that is yet to be determined, but will be on/ around January 1, 2019). So we are getting hit with essentially a "double-whammy" with the amount of recycling products that Lincoln County will no longer accept (due to geo-political issues far outside of Lincoln County, less and less "recyclable" products are being accepted), which ultimately means that it will end up in our trash bins and we'll have to pay more, since we our trash bins will be fuller and heavier.

Our city has received a decent amount of funding from various WA-State Agencies over the years, but in looking at the past figures, as well as the State's future projections for funding, the amount of dollars we will receive is quickly diminishing each year. Practically at every line item entry that we went through, costs are increasing each year; whether it be liability insurance for the City, health insurance premiums, unemployment insurance, workers' comp rates, fuel rates, electricity rates, etc., each of these things that we have very limited control over, seemingly just keep getting higher and higher—very similar to costs that we experience in our own personal lives. Unfortunately, what this means for us, is that the cost of providing these basic services is not being fully covered by the revenues that we are bringing in, especially with regards to these utility line items: water, sewer, and garbage. Again, Harrington is not alone here; several Lincoln County cities and towns are in this same situation and are facing the same fate.

In preparing the 2019 City Budget, we've worked diligently to pare back where possible, but we still came up short. As a result, and with trepidation, utility rates for 2019 will be increasing. After consideration and discussion, the proposal that was the easiest to swallow, is base rate increases of 5% to each the base water and garbage rates, and a 9% increase to the sewer rates; overall this amounts to a 7.3% increase on our monthly bills or \$9.84/ month. For those with "inactive" water and sewer accounts, these same rates apply: 5% to the base water rate and 9% to the base sewer rate; this amounts to an overall monthly increase of \$4.38. Again, I cannot stress enough the discussions that ensued amongst the Council, as we as a body, aren't raising utility rates to "just raise rates". This increase will allow us to better serve and cover the very basic needs of being a City as well as allow us to better plan for future grant funding opportunities by having some (a limited amount) of matching funds needed in the current "grant funding" environment.

As citizens of Harrington, we too are subject to these same rate increases, and realize that it may be challenging for some of our citizens, but unfortunately, to be able to continue to operate and meet basic needs and requirements of being such a small incorporated city, this level was the minimum necessary to be able to fulfill those obligations. I'm sure that this will raise many questions, so please feel free to attend a City Council meeting or reach out to myself or one of the members of the City Council to look ahead at ways we can continue to operate a sufficient level of meeting the City's basic needs.

Best Personal Regards,



Justin Slack

Mayor (Appointed) | City of Harrington