

UTILITIES ANNUAL REPORT 2011



City of Everett Public Works Department

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Cover Photo: *Transmission Line No. 3 on Ebey Island* by Matt Welborn

Spada Lake Reservoir Photo by Joe Dreimiller



Director's Message

Two years ago the City of Everett streamlined functions by combining two departments and appointed me as the Director of Public Works. Since my appointment as director, we continue to focus on our mission to serve the public in a manner that is responsive to public concerns, friendly, dependable, cost effective, timely and is protective of our resources, environment, and infrastructure. Everett's Utilities division is committed to providing the very best water, sewer and surface water services at the lowest cost possible. We provide water service to about 600,000 people and sewer service to about 160,000 people.

Perhaps the largest event to impact us financially during the last year was reduced consumption by Kimberly-Clark Corp. due to the projected closure of their plant. This facility was in operation for more than 80 years and our largest industrial customer. The Everett Kimberly-Clark Corp. facility closed its doors for the final time April 16, 2012.

In 2011 for the first time in recorded history, our peak water use day occurred in September at about 75 million gallons. This is significantly down from our record high peak day of 115 million gallons in 2009. Our average 2011 daily flow was 49 million gallons, about the same as in 2010 and lower than our average daily flow in 2000. Due to efficiency standards in the 1993 state plumbing code, water conservation programs and other factors, regional water use has been steadily declining. Consumers simply use less water today than they did 40 years ago despite population growth.

Public Works Department Service Center Photo by Margaret McLeod

Everett's Utilities division is committed to providing the very best water, sewer and surface water services at the lowest cost possible.

In response to the loss of a major water customer combined with declining regional water use the City has retained an independent third party to evaluate our rates and rate structure. When the study is completed we will be equipped to determine what changes need to be made to our rates and rate structure. Additionally, we are promoting the opportunity for new large customers to replace the Kimberly-Clark Corp. demand.

While we regularly plan for the future needs of our community, we credit much of our success to the leadership and excellent cooperation we receive from Everett Mayor Ray Stephanson and the Everett City Council, the diligence and dedication of our staff and the excellent working relationships we have with our customers. We invite you to read our 2011 Utilities Annual Report and to contact us with any comments you might have.

Sincerely,



Dave Davis

Public Works director



Water Service

Photo by Joe Dreimiller



Photo by Soundview Aerial Photography



Water travels from Spada Lake Reservoir to Lake Chaplain Reservoir before entering the City's drinking water treatment facility.

Photo by Joe Dreimiller



The source of Everett's water, the Upper Sultan River Watershed covers more than 80-square-miles and receives an average of about 165-inches of precipitation annually. To protect the naturally occurring pristine water quality, access to sensitive portions of the area is restricted and activities are limited.

About 30 miles east of Everett, water from rain and melting snow collects in Spada Lake reservoir, which holds more than 50 billion gallons of water. This reservoir was created in 1964 through a partnership between the City of Everett and PUD No. 1 of Snohomish County as part of the Henry M. Jackson Hydroelectric Project.

To begin the treatment process water from Spada Lake reservoir travels through a pipeline to Lake Chaplain reservoir, which holds about 4.5 billion gallons. Next, the water travels through the Everett drinking water treatment facility. The water is treated using coagulation, flocculation, filtration and disinfection.

The Everett drinking water treatment facility has the maximum capacity to filter about 132 million gallons of water each day. After filtration, the water flows into

Average Daily Production of Drinking Water
(Million Gallons Per Day)



The Everett Drinking Water Treatment Plant produced an average of 49 MGD of water in 2011, slightly more than the 48.9 MGD produced in 2010 and a 6.9 percent decrease from the previous four-year average of 52.4 MGD. This can be attributed to fluctuations in annual temperatures and rainfall levels.

Peak Day Demand for Drinking Water
(Million Gallons Per Day)

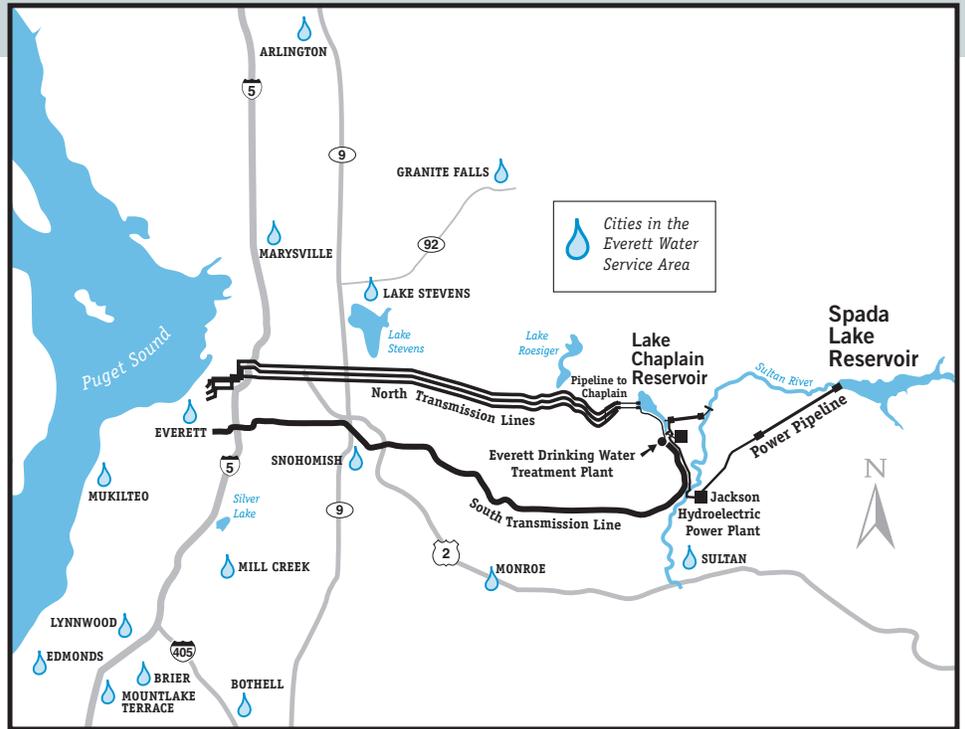


The peak day demand for treated water occurs in the summer months, usually July or August. In 2011 for the first time in recorded history the peak day demand occurred in September at 75 MGD, a 17.4 percent decrease from the 2010 peak day demand of 88 MGD and a 33.2 percent decrease from the 2007 to 2010 average peak day demand of 100 MGD.

a holding reservoir where it is disinfected. Three treatments are added to the water:

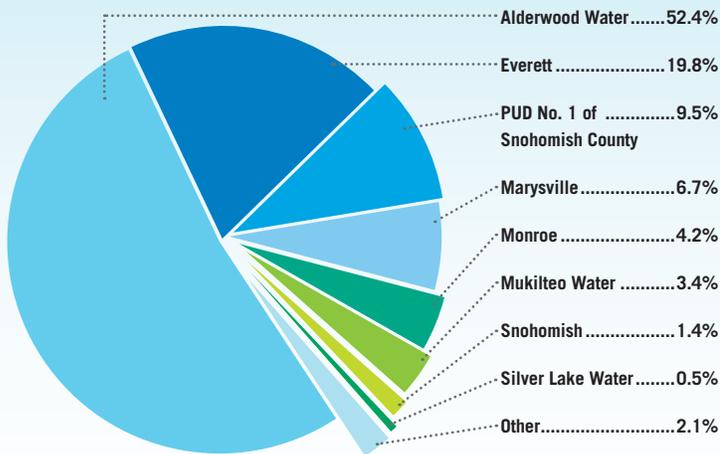
- Sodium Hypochlorite to disinfect the water and eliminate any disease causing microorganisms that weren't removed by the filtering process.
- Fluoride to improve dental health.
- Soda Ash to raise the pH of the water so it is less acidic. Low pH water is corrosive and can damage household plumbing.

Once the water is treated, four large water transmission lines, 48- and 51-inches in diameter, carry water to Everett. From the transmission lines and reservoirs in Everett, water is distributed to wholesale and retail water customers.



We are committed to providing the best drinking water possible.

Drinking Water Distribution (Percent of Demand)



Eight water systems account for about 98 percent of the demand for water: Alderwood Water & Wastewater, Mukilteo Water & Wastewater, Silver Lake Water & Sewer, PUD No.1 of Snohomish County and the cities of Everett, Marysville, Monroe and Snohomish. The remaining 2 percent is used by small water districts and associations.

Kimberly-Clark Corp. Consumption (Million Gallons Per Day)



In 2011, Everett provided an average of 27.7 MGD of untreated water to the Kimberly-Clark Corp., an 8.4 percent decrease compared to the 30 MGD provided in 2010 and a decrease of 1.2 percent compared to the previous 4-year average.

Sewer Service

The Everett sewer system serves about 160,000 customers and consists of about 345 miles of sewer lines, mains, interceptors and laterals, 37 pump stations and 23,500 connections.

Wastewater that arrives at the Everett Water Pollution Control Facility goes through several processes before it is safe to be returned to the environment.

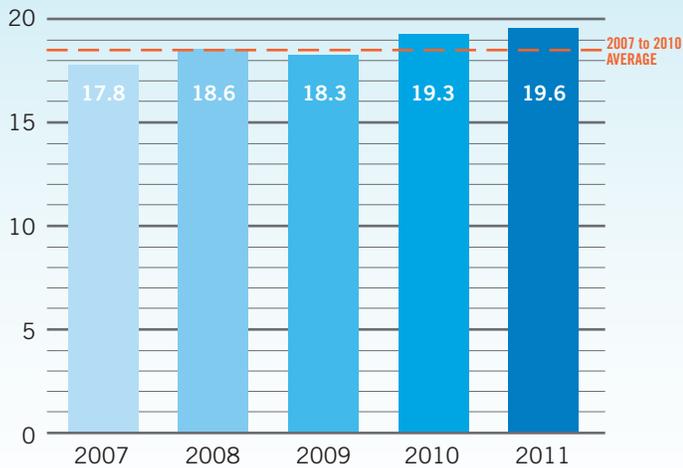
Preliminary and primary treatment processes remove items such as trash, sticks, rocks, leaves and smaller gritty materials such as sand and coffee grounds. Then the processes of settling and skimming remove additional substances. Skimming removes the grease and oil that float to the surface.



Photos by Charles Johnstone

Wastewater Processed

(Million Gallons Per Day)



In 2011, the Everett Water Pollution Control Facility processed an average of 19.6 MGD of wastewater, an increase of 1.3 percent from the 19.3 MGD processed in 2010 and a 5.4 percent increase from the previous four-year average of 18.5 MGD. The lagoon system accounted for about 61 percent and the mechanical system for about 39 percent of the discharge.

Inspections, Cleanings & Repairs

(Feet, Side Sewers, Basins, Cubic Yards)

Sewer mains inspected	108,410 ft
Sewer mains cleaned	219,489 ft
Side sewers inspected	3,407 ft
Side sewers cleaned	4,474 ft
Side sewers repaired	47
Drain lines installed	1,693 ft
Drain lines inspected	7,406 ft
Drain lines cleaned	23,174 ft
Drainage ditches cleaned	3,978 ft
Catch basins cleaned	2,231
Total spoils dumped at Riverside Yard	1,275 cu yds

Maintaining and upgrading the wastewater infrastructure is a high priority for Everett. This is enhanced by responsible maintenance practices. During 2011, more than 70 miles of pipes and drainlines were inspected, cleaned or replaced.

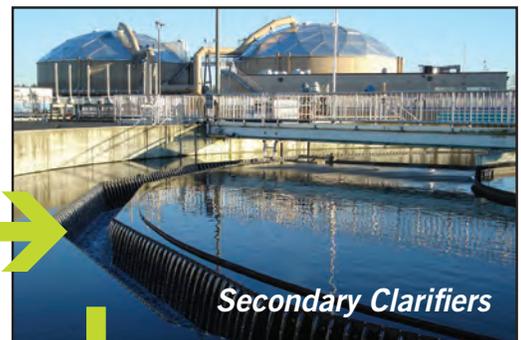
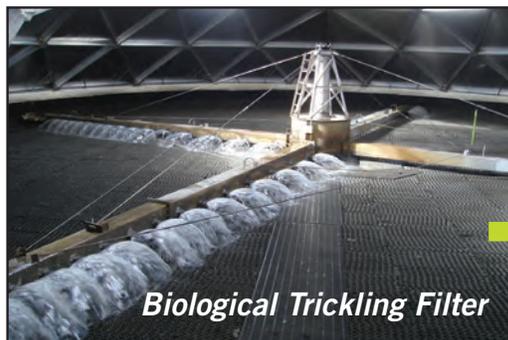
Secondary treatment is a biological process that uses oxygen, bacteria and other microorganisms to breakdown pollutants in the water. Everett has two parallel systems for secondary treatment: a mechanical treatment facility and a pond/lagoon system. The two systems perform identical functions, but the treatment process is different in each system. Wastewater is treated in the mechanical facility using a process called trickling filter/solids contact. This process takes up less space and cleans the wastewater faster than the pond system. In addition to routine wastewater treatment, the pond system contains and treats stormwater surges that would exceed the capacity of the mechanical system.

Once the wastewater has made it through the mechanical facility or the pond/lagoon system, it is disinfected using

sodium hypochlorite to remove any remaining disease causing microorganisms. Most of the sodium hypochlorite dissipates or is neutralized before the treated wastewater is discharged to the river or bay.

Effluent, treated wastewater, is discharged at two outfalls. The mechanical system discharges to a marine deep-water outfall in Port Gardner Bay. The pond/lagoon system discharges the effluent to the Snohomish River.

We monitor at each stage of the treatment process. Samples are taken and tested daily to make sure the facility is operating correctly and meets state and federal standards. Equally important, these tests ensure the treatment process is effective and the effluent leaving the plant is safe to be recycled into the environment.



Photos by Charles Johnstone

Oxidation Pond



Conservation

Conservation helps to ensure that water is used as efficiently as possible. The City operates a regional water conservation program for water systems served by the Everett water system. The conservation goal is to save 1.97 million gallons per day (MGD) in the Everett water service area over the six-year period ending in 2012.

The program, implemented in 2007, includes a variety of activities including youth education, indoor and outdoor water conservation kits, rebates for water efficient clothes washers and toilets, and other things. The City is required to report on the progress of this program annually to the state and the customers we serve.



In 2011, more than 600 water conservation workshops were conducted in classrooms throughout Snohomish County, reaching more than 16,000 students. More than 3,400 clothes washer rebates and 3,200 toilet rebates were issued. Participating water systems also distributed lawn watering calendars, 4,000 indoor conservation kits and 5,500 outdoor conservation kits.

These activities achieved an estimated savings of 0.85 MGD, surpassing the annual savings goal of 0.83 MGD. This brings the cumulative program savings to date to 2.03 MGD, enough water to fill more than 48,000 bathtubs a day. Through efficiency and cost minimization, this has been accomplished for about \$200,000 less than what was planned.



Spada Lake Reservoir Photo by Joe Dreimiller



Surface Water Service

Everett encompasses about 47-square miles of land and water and is comprised of 15 drainage basins. Most of the surface water in north Everett drains to a combined sewer system that conveys the combined sewage and stormwater flows to the Everett Water Pollution Control Facility for treatment. Stormwater from the rest of the city drains to the Puget Sound by way of local tributaries.

Stormwater discharges in Everett are regulated under the Phase II National Pollutant Discharge Elimination System (NPDES) Municipal Stormwater Permit issued by the Washington State Department of Ecology.

2011 saw a number of significant activities relating to stormwater and surface water:

- Completed the study of the first two drainage basins in the Surface Water Comprehensive Plan, which is expected to take three years to complete. The new plan will identify and prioritize flooding concerns and water quality and habitat issues for each drainage basin. Once completed the new plan will position the city to actively pursue grant funding for qualifying projects and establish our future work plan.
- Inspected and maintained city stormwater structures per NPDES requirements.
- Inspected 213 private stormwater facilities for compliance with maintenance requirements.
- Participated in region-wide planning to develop a regional stormwater monitoring program.
- Installed seven rain gardens in north Everett yards in partnership with WSU Cooperative Extension and the Snohomish Conservation District to demonstrate how rain gardens can fit into Everett's urban environment and help reduce stormwater discharges.



North Everett Rain Garden Photo provided by Stewardship Partners



Water Transmission Line No. 3 Replacement Phase 7

The Water Transmission Line No. 3 Replacement Phase 7 project replaced 3,800-feet of elevated pipe sections that were beyond their expected service life and at risk of failure.

The project is located immediately east of the City of Everett on Ebey Island, adjacent to the south side of SR 2 within the Snohomish River valley between the

Snohomish River and Ebey Slough. The new steel pipe has an expected service life of 100 years, is supported on steel pipes driven down to 100-feet deep and is designed to withstand the maximum earthquake event, one that has a 2 percent chance of occurring in 50 years.



*Post-Replacement:
Pile Support System*

*Post-Replacement: Pipe
Photos by Souheil Nasr*



Sewer System Replacement and Capacity Improvements “L”

The Sewer System Replacement and Capacity Improvements “L” project included replacing or installing 8,600-feet of 12-inch to 30-inch diameter combined sewer pipe, 1,600-feet of 8-inch diameter storm drain pipe, more than 150 side sewers and repaving of about 14 blocks of residential streets.

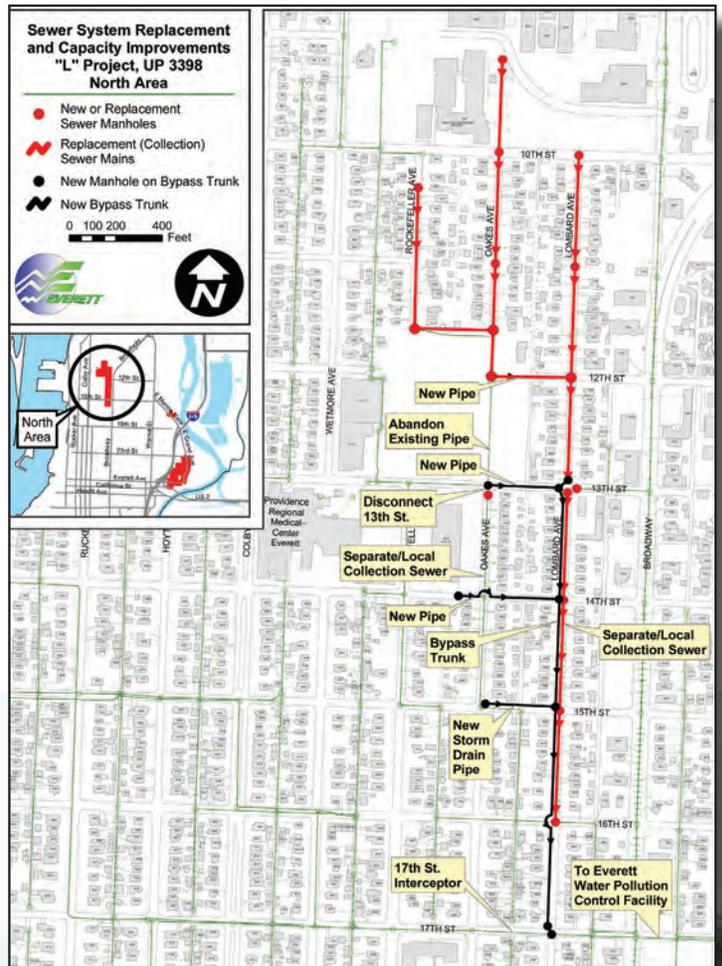
The area of Oakes and Lombard avenues between 13th and 17th streets is one of north Everett’s older neighborhoods with a combined sewer system that was originally constructed about 100 years ago. A combined sewer system means stormwater and sewage is carried together in pipes to the Everett Water Pollution Control Facility.

On June 9, 2010, an unusually intense rainstorm caused significant damage in terms of sewer backups and surface flooding. The June 9 rain event, with nearly one-inch of rain falling in 20 minutes, is considered a once every 400-years event.

The basement flooding problem was addressed by building separate collection storm-water only pipes for the residential area between the 1300 and 1500 blocks

of Oakes and Lombard avenues. Stormwater in this area is now carried away from the neighborhood in a separate storm-water only bypass trunk pipe.

The City measures sewer flows in the system at strategic locations in the project area. Results to date indicate that the improvements reduce and should prevent basement flooding problems in this neighborhood.



Finished overlay at Lombard Avenue and 16th Street looking north.

Photo by Don Veurink

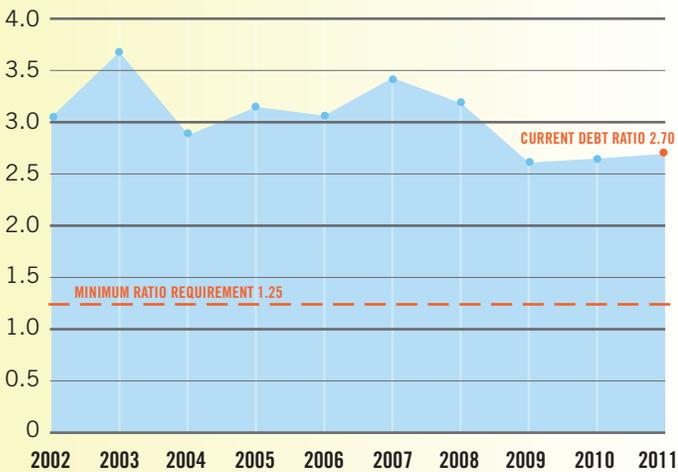


2011 Financial Status

Everett Utilities continues to maintain bond rating stability and a solid financial position. The fundamental financial strengths are based on stable product demand, conservative budget assumptions, adequate reserves and a strong debt service coverage ratio. The Utilities division is committed to providing quality water and sewer service and strives to keep pace with changes in the utility industry.

Operating revenues are primarily derived from wholesale and retail sales of water and charges for sewer services. Other revenues are generated from connection charges, capital contributions, interest earnings on reserve balances and grant proceeds. Total operating revenues increased 6.1 percent from \$57.8 million in 2010 to \$61.2 million in 2011.

Debt Service Coverage: Last 10 Years



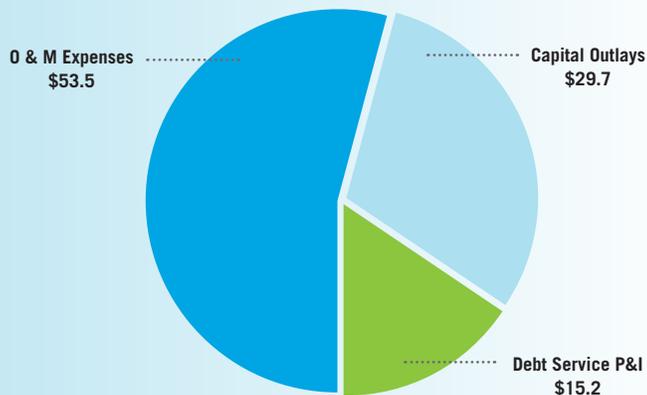
Utilities experienced a 4.6 percent increase in operating revenue in water. A 6 percent water rate increase and 9 percent filtration rate increase in 2011 allowed us to offset an unusually cool summer which significantly reduced water demand. Sewer sales increased to \$31.3 million in 2011 from \$29.1 million in 2010, a 7.6 percent increase. The increase is attributed to a 5 percent sewer rate increase in 2011 and an increase in sewage by Silverlake Water District. Capital contributions increased \$500,000 or 34.8 percent, to \$1.8 million in 2011, primarily credited to private capital development. In 2011, non-operating revenue included timber sale of \$150,000.

Capital and operating expenditures consist of capital improvements, debt service and operations and maintenance (O&M). Capital expenditures totaled \$27.9 million. Debt service totaled \$15.2 million in 2011. Total operating expenses increased by \$2.3 million, or 4.9 percent in 2011. An increase of \$1 million in personnel services, or 5.3 percent, was brought about by the temporary staffing assignments for Phase II Stormwater compliance, administrative transfers and increased medical costs for employees. The City of Everett adopted interest capitalization provision numbers 34 and 62 of the Governmental Accounting Standards Board (GASB) and Financial Accounting Standards Board (FASB).

Overall, Utilities Division senior lien debt service coverage continues to remain strong at 2.70 in 2011, in excess of the 1.25 bond requirements. At this level, we are maximizing the utilization of our capital by retrofitting major infrastructure and improvements needed in our current facilities.

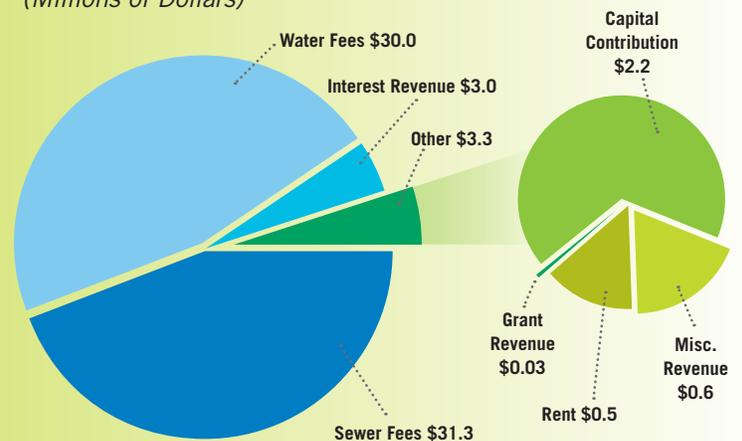
2011 Total Expenses

(Millions of Dollars)



2011 Total Revenues

(Millions of Dollars)



2011 Financial Status

Statement of Operations

	2009	2010	2011*
OPERATING REVENUES			
Charges for Services			
Water	\$ 30,479,725	\$ 28,674,597	\$ 29,982,137
Sewer	28,187,525	29,076,895	31,265,948
Total Charges for Services	58,667,250	57,751,492	61,248,085
OPERATING EXPENSES			
Personnel Services	16,524,046	17,617,553	18,551,314
Supplies	3,924,189	3,789,673	3,682,536
Professional Services	3,748,677	3,580,509	3,737,373
Depreciation/Amortization	10,504,700	10,498,802	11,108,348
Taxes	1,008,822	1,101,850	1,376,056
Outside/Intragovernmental Services	7,472,418	9,485,347	9,896,884
Total Operating Expenses	43,182,852	46,073,734	48,352,511
Operating Income	15,484,398	11,677,758	12,895,574
NON OPERATING REVENUE (EXPENSE)			
Grant Revenue	229,747	479,165	29,395
Interest Revenue	813,780	2,277,423	3,031,842
Rent	601,690	675,200	448,283
Other Non-Operating Rev.	324,595	241,498	455,970
Gain (Loss) on Sale of Assets**	(7,260)	12,604	171,380
Interest Expense	(3,981,716)	(5,841,010)	(5,522,085)
Other Non-Operating Expense	(1,208)	-	-
Total Non-Operating Revenue (Expense)	(2,020,372)	(2,155,120)	(1,385,215)
Income Before Contributions and Transfers	13,464,026	9,522,638	11,510,359
Capital Contributions	1,007,012	1,368,663	2,195,601
Special items	(1,738,006)	-	-
Operating transfers In (Out)	(4,090,902)	(3,629,004)	(3,693,600)
Net Income	8,642,130	7,262,297	10,012,360
Net Equity - Beginning	339,125,242	347,550,872	354,813,169
Prior Period Adjustments	(216,500)	-	(1,432,292)
Net Equity - Ending	\$347,550,872	\$354,813,169	\$363,393,237

* For the Year ended December 31, 2011 (Unaudited)

** Sale of Surplus Property

Balance Sheet

	2009	2010	2011
CURRENT ASSETS			
Cash & Cash Equivalents	\$ 6,709,911	\$ 4,755,690	\$ 17,880,033
Investments	41,311,942	31,236,926	50,673,726
Receivables	14,692,266	7,760,286	9,650,955
Prepayments		94,927	217,000
Inventory	644,318	646,363	586,741
Total Current Assets	63,358,437	44,494,192	79,008,455
RESTRICTED ASSETS			
Cash & Cash Equivalents	1,040,610	3,706,985	6,791,560
Investments	2,353,871	7,282,242	8,215,799
Total Restricted Assets	3,394,481	10,989,227	15,007,359
FIXED ASSETS			
Plant & Equipment - Net	348,379,052	391,263,576	424,928,713
Construction in Progress	100,130,465	69,158,337	52,501,960
Total Fixed Assets	448,509,517	460,421,913	477,430,673
Other Non-Current Assets	3,062,211	2,870,939	3,069,452
Total Assets	\$518,324,646	\$518,776,271	\$574,515,939
LIABILITIES			
Current			
Current Debt	\$ 9,901,616	\$ 9,212,484	\$ 9,518,905
Accounts Payable	2,972,320	2,884,202	3,157,877
Employee Ben. Pay.	1,202,171	1,315,693	1,443,409
Total Current	14,076,107	13,412,379	14,120,191
Non-Current Liabilities			
Long Term Obligations	156,116,748	150,053,897	196,457,928
Other Non-Current Liabilities	575,570	492,757	541,794
Deferred Revenues	5,349	4,069	2,789
Total Long Term Liabilities	156,697,667	150,550,723	197,002,511
Total Liabilities	170,773,774	163,963,102	211,122,702
FUND EQUITY			
Capital assets, net of debt	283,825,746	302,577,062	299,909,578
Retained Earnings			
Reserved-Restricted Assets	11,482,570	11,045,132	15,063,107
Unreserved	52,242,556	41,190,975	48,420,552
Total Retained Earnings	63,725,126	52,236,107	63,483,659
Total Fund Equity	347,550,872	354,813,169	363,393,237
Total Equity / Liabilities	\$518,324,646	\$518,776,271	\$574,515,939

* For the Year ended December 31, 2011 (Unaudited)

2011 Financial Status

Historical Operating Results

	2009	2010	2011*
OPERATING REVENUE			
Charges for Services:			
Water	\$ 30,480	\$ 28,674	\$ 29,982
Sewer	28,188	29,077	31,266
Total Operating Revenues	58,668	57,751	61,248
OPERATING EXPENSES**			
Wages	16,524	17,618	18,551
Supplies	3,924	3,790	3,683
Professional Services	3,749	3,581	3,737
State Taxes	1,009	1,102	1,376
Outside/Intragovernmental Services	7,472	9,485	9,897
Total Operating Expenses	32,678	35,576	37,244
Net Operating Revenue	\$ 25,990	\$ 22,175	\$ 24,004
OTHER REVENUE (EXPENSE)			
Grant Revenue	430	479	29
Investment Income	814	2,277	3,032
Non-Bond Interest	(459)	(601)	(693)
Rent	601	675	448
Other Revenue	324	241	456
Timber Sales	-	-	150
LID/ULID Assessments	-	3	-
Other Non-Operating Expenses	(1)	-	-
Gain (Loss) on Sale of Assets	(7)	13	21
Total Other Revenue	1,702	3,087	3,443
Total Available for Debt Service	\$ 27,692	\$ 25,262	\$ 27,447

DEBT SERVICE REQUIREMENTS

Existing Senior Parity Debt Service	10,597	9,542	10,156
Existing PWTf & SRF Loans**	3,674	4,706	4,686
Total Debt Service	14,271	14,248	14,842
Ratio Required By Covenants	1.25	1.25	1.25
Parity Lien Debt Service Coverage Ratio	2.61	2.65	2.70
Total Debt Service Coverage Ratio ***	1.94	1.77	1.85
Less: Payment in Lieu of Taxes**	3,518	3,629	3,694
Ending Balance Available	\$ 9,903	\$ 7,385	\$ 8,911

* In thousands of dollars for the years ended December 31, 2011 (unaudited).

** Total expenses exclusive of depreciation, payments in lieu of taxes and bond interest.

*** The junior lien debt is the Public Works Trust Fund ("PWTf") and State Revolving Fund (SRF) loans.

NOTES TO FINANCIAL STATEMENTS

Utilities Sustained Bond Rating

The Utilities Division was successful in maintaining its bond rating with Standard and Poor's Rating Services at AA+ in 2011. It noted that Utilities has favorable financial performance, debt coverage and liquidity level, strong financial management, ample water supplies and treatment capacity. Additionally, it is located in the Metropolitan Seattle service area with above-average incomes.

Debt Administration

The City of Everett issues revenue debt and pledges to pay the debt requirements from the sales derived from the Utilities Fund. As of December 31, 2011, the Division had the following outstanding debts (excluding interest): \$159.5 million of water and sewer revenue bonds, \$35.9 million of Public Works Trust Fund and State Revolving Fund, and other loans payable of \$1.9 million. The City has set aside cash reserves of \$4.2 million, deposited with the trustees, as insurance for our outstanding bond issuance and \$2.6 million to finance the redemption funds and annual debt service requirements. Additionally, the City complies with all significant limitations and restrictions as disclosed in the bond covenants. The City is required by its bond covenant to maintain debt service coverage of 1.25.

Annual Debt Service

Senior Parity Bonds

YEAR	PRINCIPAL	INTEREST	ANNUAL REQUIREMENT*
2012	3,425,000	5,156,786	\$8,581,786
2013	3,560,000	5,024,961	\$8,584,961
2014	3,710,000	4,875,861	\$8,585,861
2015	3,890,000	4,695,836	\$8,585,836
2016	5,595,000	6,803,501	\$12,398,501
2017-2021	31,965,000	30,049,431	\$62,014,431
2022-2026	40,545,000	21,467,950	\$62,012,950
2027-2031	45,415,000	10,672,438	\$56,087,438
2032-2033	18,520,000	2,073,713	\$20,593,713
TOTAL	\$ 156,625,000	\$ 90,820,477	\$ 247,445,477

* Outstanding bonds include 2002, 2003, 2005, 2009 and 2011 Bonds.

In March 2011, Utilities issued \$51 million bonds with the related interest rates ranging from 2.5 to 5.0 percent. The funds will be utilized to finance a variety of capital improvement projects.

2011 Financial Status

Public Works Trust Fund Loans, State Revolving Fund Loans and Proprietary Fund Lease

In 2011, the outstanding Public Works Trust Fund Loans and State Revolving Fund Loans of \$37.8 million have interest rates ranging from 0.3 percent to 5 percent. There are other loans payable of \$1.8 million.

YEAR	PRINCIPAL	INTEREST	ANNUAL REQUIREMENT*
2012	4,118,977	460,756	4,579,733
2013	3,474,610	420,652	3,895,262
2014	2,702,981	322,622	3,025,603
2015	2,517,747	294,263	2,812,010
2016	2,489,929	267,756	2,757,685
2017-2021	12,427,477	945,569	13,373,046
2022-2026	9,034,572	355,578	9,390,150
2027-2031	1,018,805	37,246	1,056,051
TOTAL	\$ 37,785,098	\$ 3,104,442	\$ 40,889,540

* Outstanding public trust loans include 1993, 1994, 1995, 1998, 2001, 2003 and 2005 loans.

Outstanding SRF loans include 2004, 2005, 2006, 2007, 2009 and 2010 loans.

Capital Improvement Projects

Utilities spent \$27.9 million on capital improvement projects in 2011. These programs were financed from a combination of capital contributions, revenues from operations, government loans, revenue bonds and grants. The year ended with \$68.6 million in unrestricted cash and investment balances. The issuance of a Utilities revenue bond of \$51 million in March 2011 will finance upcoming water and sewer capital improvement projects. The overall strong financial performance of the Utilities Division ensures future funding for capital projects.

Major capital asset investment included (in millions):

** Jackson Hydroelectric Project FERC Relicensing	\$5.6
Transmission Line No. 3 Replacement Phase 7	\$3.8
Sewer System Capacity Improvement "L"	\$3.7
*** EWPCF Expansion Phase B	\$3.6
Sewer System Replacement Phase F	\$2.3

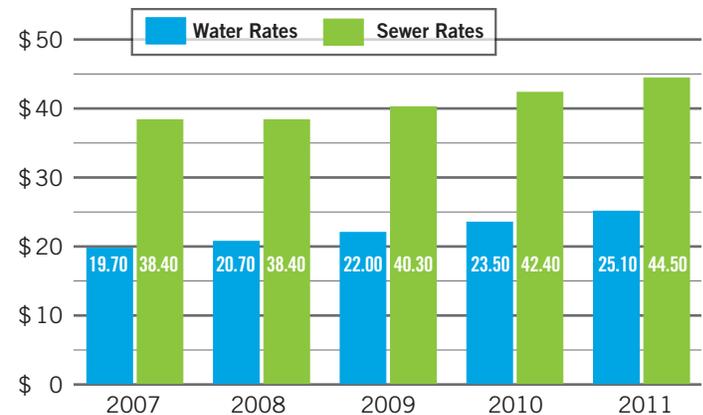
** FERC = Federal Energy Regulatory Commission

*** EWPCF = Everett Water Pollution Control Facility

Historical Rates

For single-family customers, the water flat rate increased by \$1.60 or 6.8 percent, from \$23.50 to \$25.10 per month in 2011 to cover increased water O&M and capital costs.

The sewer flat rate increased by \$2.10 or 5.0 percent from \$42.40 to \$44.50 per month in 2011.



Major Water Customers

The six largest water customers in the Everett Water Service Area accounted for more than 93.8 percent of the 2011 water service revenues (in thousands of dollars):

CUSTOMER	REVENUE
Everett Retail Customers	\$ 13,494
Alderwood Water & Wastewater District	8,698
PUD No. 1 of Snohomish County	1,921
Kimberly-Clark Corporation	1,661
City of Marysville	1,339
Mukilteo Water & Wastewater District	1,003
TOTAL	\$ 28,116

Major Sewer Customers

The Water Pollution Control Facility provided primarily to four service areas in 2011 (in thousands of dollars):

CUSTOMER	REVENUE
City of Everett Customers	\$24,530
Silver Lake Water & Sewer District	4,365
Alderwood Water & Wastewater District	1,617
Mukilteo Water & Wastewater District	676
TOTAL	\$31,188



City of Everett Public Works Department

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