

MONTESANO TO STUDY COMPARABLE CITIES SERVICES

The City of Montesano received very disappointing bids for its 2008 Timber Sale. Two bids were received for hemlock volume on the sale: Sierra Pacific (\$66.98/mbf) and Hampton Tree Farms (\$97.35/mbf). The average stumpage for all species in the Hampton Tree Farm bid price is \$179.43/mbf.

Last years 2007 Timber Sale purchased by Sierra Pacific sold for an average of \$315.61/mbf. At prices almost 50% below last years sale, the city could be forced to increase water and sewer rates.

City Forest revenues have heavily subsidized water and sewer rates for Montesano citizens. The money is used for annual maintenance and operations expenses such as pipe, valve and tank replacement as well as supplies and staff salaries.

The city has been in the process of developing a study to compare city operations and rates to other small western Washington cities. With the unexpected decrease in timber revenue and recent reductions in the city cumulative reserve fund, an examination of how services are funded is essential.

Comparable cities included in the Montesano study include Sultan, Granite Falls, Buckley, Eatonville, Raymond, Elma, Hoquiam and Westport. The study of other small cities should provide information regarding comparable utility rates, staffing levels and services typical when there is no timber subsidy present. The study results will be presented in July. The City Council will encourage public input on the study and any utility rate increase proposal at that time.