

2015-2020 Water System Plan and Reclaimed Water Revenues

Utility Advisory Committee

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2015-2020 Water System Plan

The Plan addresses:

- New sources of water supply
- Groundwater protection
- Water conservation
- Use of reclaimed water
- Capital projects to improve system infrastructure
- Operations and maintenance
- Water quality and treatment
- Financial strategies



[illegible]



Presentation Overview – Reclaimed Water

Remaining Presentation will cover ...

- Overview of RW generation and use
- History of RW revenues
- 2010-2012 UAC input on revenue and incentives
- 2014 – New rates, fees, and charges
- Considerations for revisiting RW revenues as part of 2015 Water System Plan update



Reclaimed Water – Generation

Generation – LOTT Clean Water Alliance

- Beneficial uses; not as drinking water
- Environmental drivers – regional water resources
- Budd Inlet Treatment Plant
 - Expensive to generate and distribute; no cost estimate
 - LOTT revenues include rates/charges, loans, and bonds
- Specified volumes distributed to LOTT partners
- Olympia pays \$1 per year for 460,000 gallons/day
 - Use less than 5% (9-year average is ~ 24,500 gpd)



Reclaimed Water – Revenue & Costs

City of Olympia – RW Purveyor

2005–2013 customer use and revenue

- ~ 60 million gallons used (9 years)
- ~ \$245,000 revenue collected (6 years)
- ~ \$41,000 per year average revenue
- ~ \$60,000 per year is cost of RW program staffing and operating budget (66% recouped)

Subsidized by LOTT wastewater revenues

Incentivized by City drinking water charges



Reclaimed Water – Revenue History

Olympia's RW Revenue History

	<u>2005-08</u>	<u>2009-13</u>	<u>2014</u>
Ready-to-Serve (meter)	-	-	100%
Irrigation (seasonal)	-	70%	70%
Indoor use (tiers)	-	-	70%
General Facility Charge	-	-	-
Engineering Fees	-	-	100%
Building Code Fees	-	-	100%
Land Use Fees	-	-	100%
Violations/Fines	-	-	100%



Reclaimed Water – Prior UAC Input

2009 – Utility explores amending OMC 13.24

2010-2011 – UAC questioned subsidizing RW

2012 – UAC's position on funding RW

- Charge 100% of water rates (not 70%)
- Collect a General Facility Charge
- Support a low-interest loan program
- LOTT should help bear the cost of advancing RW
- Create wastewater volume-based rates



Reclaimed Water – Initial Rate

Early Use and Revenue

- Users – Port of Olympia, Department of Enterprise Services, City Parks Department
- Uses – outdoor irrigation (industrial uses by LOTT)
- Use Areas – Port of Olympia Marina, Heritage Park, Marathon Park, Percival Landing
- Revenue – 70% of water utility irrigation rate



Reclaimed Water Advancements

Advancements since 2011

- Existing Users are using more – Port, LOTT, City
- New Uses – outdoor water feature, dust control; indoor toilets, cooling
- New Use Areas – Weyerhaeuser, East Bay Public Plaza, Hands On Children's Museum
- Potential new User – proposed building downtown



Reclaimed Water OMC Amendments

2014 Amendments to OMC 13.24 RW

- Closed regulatory gaps
- Relaxed use requirements (within state standards)
- No loans; no rebate program; no help with high cost
- Added new rates, fees, and charges (consistent with other City utilities)



Reclaimed Water – 2014 Fees

2014 OMC - New Fees

The following RW fees are 100% of other utilities' fees:

- Engineering Fees – OMC 4.04
- Building Code Review & Permit Fees – OMC 4.36
- Land Use Application Review Fees – OMC 4.40
- Fees and Fines – OMC 4.24



Reclaimed Water – 2014 Rates & Charges

2014 – New Rates and Charges

- Ready-to-Serve (meter) charge – monthly; 100%
- Consumption charges – volumetric; 70%
 - New charge – 70% of tiered structure for indoor use
 - Retained charge – 70% of outdoor/irrigation rates
- General Facility Charges - not collected for RW



Reclaimed Water – Revisit Revenues

**2015 Water System Plan update
provides opportunity to revisit
RW revenues and financial structure.**



Reclaimed Water – Paying for it...

Rate Structure Design Options

- Fully funded by City, developer, or other User
- City shares cost - after securing grants, loans, bonds
- Those who benefit, pay - drinking water customers; wastewater customers; new customers; developers
- Determined by market analysis; cost-of-service estimate; percentage of potable rates
- Reflect utility policies, goals and objectives



Reclaimed Water – Staff Input

Staff Suggestions/Questions

- Calculate annual revenue at 100% of water consumption charges and GFC
- Compare our rate structure with peer cities
 - Adjust our monthly meter or volume charges?
- Other (all; some; combination?)
 - Metered (\$/gallon) and Unmetered (\$/acre)?
 - Fixed rate depending on Use or User?
 - Inverted Rate Structure – “Use more, pay less”?



Reclaimed Water – UAC Input

Should RW rate structure be revisited?

- Stay at 70% incentive with no GFC?
See effects of new rates, fees, charges?
- Contract financial consultant to identify options?

UAC Recommendations/Questions?

- Staff will share with financial consultant for analysis
- Anticipate receiving analysis results late in 2014



2015 Water System Plan & Reclaimed Water Revenues

Questions and Discussion

Thank You

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Reclaimed Water System in Olympia

