



July 9, 2013

Olympia City Council
PO Box 1967
Olympia, WA 98507-1967

Dear Councilmembers:

SUBJECT: Draft 2013-2018 Wastewater Management Plan

This letter provides recommendations from the City's Utility Advisory Committee to City Council regarding the Draft 2013-2018 Wastewater Management Plan.

The City's Utility Advisory Committee (UAC) work plan for this year tasks the Committee with review of the Draft 2013 Wastewater Management Plan and providing subsequent recommendations to City Council.

The UAC participated in the scoping of the Wastewater Plan in 2012. Emerging wastewater issues were discussed and incorporated into the outline for the Plan. During the winter and spring of 2013, the UAC reviewed an in-house draft of the Plan and provided City staff with comments and suggestions. Key topics of discussion included potential policy and financial needs of the Utility.

The UAC agrees with staff regarding the overall status of the Wastewater Utility. The City's Wastewater Utility is in good shape after recently completing a six year effort of program and capital development. The draft Plan presents no surprises. Rather, it takes advantage of the strong position of the Utility to suggest long-term refinements in the delivery of its services. The UAC's suggestions for the Utility have been incorporated into the document. In its evaluation, the UAC focused on policy and financial considerations.

Wastewater Policies

The draft Plan recommends changes to Olympia's strict restrictions on the permitting of new onsite septic systems, STEP systems and grinder pumps. Only a small number of additional systems would be allowed by the changes, and the UAC supports this approach. With Council adoption of the Plan's policies, the UAC will work with City staff to develop the specifics of the new policies and return to Council with regulatory changes in 2014/2015.

Financial Considerations

The financial analysis associated with the draft Plan confirms that the Utility is financially stable.

UAC supports the creation of tiered wastewater utility rates. The rates could be based on winter drinking water usage thereby eliminating water used for irrigation from the calculations. Water use for irrigation can be substantial, but does not affect wastewater infrastructure. The tiered rates could be structured to provide a low rate for very modest generators of wastewater as well as provide a second rate tier that will encourage conversation among typical customers. We will be evaluating and recommending specific rate structures and proposals to City Council as part of our annual utility rate review in September of this year. We encourage City Council to support application of tiered wastewater rates to the City and LOTT portions of the total wastewater utility bill.

The financial evaluation investigated both 6 and 20-year capital facility plans. These capital plans anticipate proactively implementing infrastructure needs at a rate that is consistent with current expenditures. Our committee reviewed the draft 2014-2019 CFP for utilities at our June meeting and will be making recommendations through a separate letter to the Olympia Planning Commission and City Council in August.

Wastewater general facility charges (GFCs) were also evaluated, considering a 20-year horizon for planning purposes. A specific recommendation on GFC rates for the Wastewater Utility will come forward as part of our rate discussions in September.

Recommendations to City Council

The UAC supports the draft 2013-2018 Wastewater Plan. We encourage the City Council to proceed with public distribution of the draft Plan and schedule a public hearing for soliciting community input.

Thank you for the opportunity to comment. Please let me or Barbara Day, UAC Vice Chair, know if you have any questions.

Sincerely,



THAD CURTZ

Chair

Utility Advisory Committee

TC/lmm