

Olympia Utilities: 2018 Budgets and Proposed Rates

Utility Advisory Committee

October 5, 2017



UAC'S ROLE

- Prepare a recommendation letter to Council addressing:
 - Capital Facilities Plan
 - Rates and general facility charges
- Provide staff with initial perspective for sharing with the Council Finance Committee on October 11th
 - Attend the meeting?
- Share recommendations, concerns, suggestions

CAPITAL FACILITY PLAN

- Reviewed by UAC in early summer
 - No concerns noted
- Continuation of 2017 Plan
 - No appreciable new projects or initiatives
- Economic growth is helping with cash flows
- Affordable with existing and expected revenues

PROPOSED 2018 RATE INCREASES

- Storm and Surface Water – 0%
- Wastewater – 0%
- LOTT – 2%
 - Already adopted by the LOTT Board
- Drinking Water – 4.4%
 - Entirely tied to debt service
- Waste ReSources
 - 2% without debt funding ramp-up
 - 6% with ramp-up

PROPOSED GENERAL FACILITY CHARGE INCREASES

- Storm and Surface Water – 0%
- Wastewater – 0%
- LOTT – 4.1% or \$231/single family residence
 - Adopted
- Drinking Water – 6% or \$253
 - Brings the recommended, justified charge up to \$4,433/single family residence

KEY RATE DECISION

Single Family Rates

- Should Waste ReSources rates be increased in 2018 to begin accumulating funding for debt service associated with the proposed Carpenter Road Facility?
- Or defer increases to a future year?

| Rate Increase, % | Monthly Cost | Increase over 2017, \$ |
|------------------|--------------|------------------------|
| 2% | \$23.63 | \$0.47 |
| 6% | \$24.55 | \$1.39 |

TYPICAL RESIDENTIAL BI-MONTHLY UTILITY BILL

| | 2014 | 2015 | 2016 | 2017 | Proposed 2018 | % Increase |
|--|----------|----------|------------------------|------------------------|-----------------------|------------|
| Drinking Water * | \$42.42 | \$44.97 | \$48.25 | \$51.00 | \$53.24 | 4.4% |
| Wastewater** | \$38.57 | \$39.33 | \$25.56 - \$41.30 | \$26.58 - \$42.95 | Same | 0% |
| Waste ReSources *** | \$41.43 | \$43.90 | \$46.31 | \$46.31 | \$49.10 | 6% |
| Storm and Surface Water | \$22.89 | \$23.89 | \$25.16 | \$26.74 | Same | 0% |
| LOTT **** | \$70.02 | \$72.12 | \$74.28 | \$75.76 | \$77.28 | 2% |
| TOTAL: | \$215.33 | \$224.21 | \$219.56 - \$235.30 | \$226.39 - \$242.76 | \$232.94- \$249.31 | |
| % Overall Increase from Previous Year | 4.8% | 4.1% | -1.9% - 5.1% | 3.2% | 2.7% | |
| \$ Total Increase | \$9.82 | \$8.88 | -\$4.32 - \$11.42 | \$6.83 - \$7.46 | \$6.55 | |

GENERAL FACILITY CHARGES

| | 2014 | 2015 | 2016 | 2017 | Proposed 2018 | \$ Increase | % Increase |
|-------------------------|---------------------------------------|---------------------------------------|--|--------------|----------------------|-------------|------------|
| Drinking Water | \$3,456 | \$3,687 | \$3,918 | \$4,180 | \$4,433 | \$253 | 6% |
| Wastewater | \$3,342 | \$3,342 | \$3,442 | Same as 2016 | Same as 2016 | 0 | 0% |
| Storm and Surface Water | \$1,094 plus \$1.80 trip charge | \$1,190 plus \$1.80 trip charge | \$1,190 plus \$4.50 trip charge | Same as 2016 | Same as 2016/2017 | 0 | 0% |
| LOTT CDC | \$4,924 | \$5,136 | \$5,354 | \$5,579 | \$5,810 | \$231 | 4.1% |
| TOTAL: | \$12,816 | \$13,355 | \$13,904 | \$14,391 | \$14,875 | \$484 | 3.7% |

| Utility | Collected in 2016 | 2017 Budgeted | 2017 To-Date |
|-------------------------|-------------------|---------------|--------------|
| Drinking Water | \$1,299,872 | \$753,000 | \$688,571 |
| Wastewater | \$2,092,931 | \$631,000 | \$905,173 |
| Storm and Surface Water | \$230,179 | \$144,000 | \$272,057 |

REGIONAL UTILITY BILL COMPARISON

Comparison of Local Utility Charges (based on 2017 Rates)

Typical Monthly Utility Bill

| City | Water Base Fee | Water Consumption Fee (650 cubic feet of water use) | Sewer | Storm & Surface Water | LOTT | Waste ReSources | | Utility Tax | TOTALS |
|----------|----------------|---|---------|-----------------------|---------|------------------------------|--------------------------------|-------------|-----------------|
| | | | | | | Refuse (65 gallon container) | Organics/yard waste (optional) | | |
| Olympia | \$12.43 | \$11.70 | \$21.47 | \$13.37 | \$37.88 | \$23.15 | \$10.25 | N/A | \$130.25 |
| Lacey | \$15.21 | \$9.08 | \$19.60 | \$10.11 | \$37.88 | \$25.41 | \$7.60 | N/A | \$124.89 |
| Tumwater | \$7.77 | \$14.94 | \$16.48 | \$9.83 | \$37.88 | \$25.41 | \$7.60 | \$2.94 | \$122.85 |