



City Council

Amendment to Olympia Municipal Code Relating to Accessory Dwelling Units

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Title

Amendment to Olympia Municipal Code Relating to Accessory Dwelling Units

Issue:

The Olympia Municipal Code treats accessory dwelling units (ADU) as distinct residences subject to City utility charges. Based on an analysis of drinking water consumption and wastewater and stormwater generation, these charges may not be warranted.

Committee Recommendation:

The Utility Advisory Committee considered financial as well as equity implications of the current OMC. The Committee supports the City Manager's recommendation.

City Manager's Recommendation:

Move to approve on first reading and forward to second reading the proposed ordinance amending the Olympia Municipal Code to eliminate separate utility accounts for accessory dwelling units.

Staff Contact:

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Presenter(s):

None

Background and Analysis:

As defined by the Olympia Municipal Code (OMC), ADUs refer to dwelling units that have been added to, created within, or separated from a single-family detached dwelling for use as a complete independent living unit with provisions for cooking, eating, sanitation, and sleeping. ADUs are commonly small houses in the back yard of existing homes.

Several recent inquiries by residences with ADUs have prompted staff and the City's Utility Advisory Committee to reconsider policies and codes for ADU utility charges.

The unusual nature of ADUs creates potential equity issues relative to utility charges as well as administrative challenges for the City. ADUs may be occupied by family members, renters, businesses, or not at all. They could help families support other family members in need or they could be revenue-

generating apartments. Unique to this type of housing, ADUs can be readily decommissioned and converted to other uses by the removal of cooking appliances. We are aware of approximately 80 ADUs in the City.

Currently, the OMC allows for ADUs to be served by the main residence's water main and meter. With this relationship, water consumed by the ADU residents is accounted for by the main residence's meter and subsequently charged through both ready-to-serve and consumption-based water rates. However, some ADUs have separate drinking water accounts.

Utility charges for wastewater and stormwater are often times segregated into separate accounts for the main residence and ADU. These charges can be substantial and may not reflect the actual level of City services used by the ADU residents. Waste Resources charges the main residence by refuse container number and size, regardless of the presence or not of an ADU.

Single-family residences with ADUs consume only modestly higher quantities (16%-27%) of drinking water than do traditional single-family accounts. In all cases, water consumption by single-family/ADU accounts fall within common ranges of water use by single-family residences. The water consumed by the ADU can be charged on a cubic foot of volume basis through the main residence's meter and account.

Unlike drinking water, wastewater utility charges for residential users are flat rates rather than consumption based. Given that drinking water consumption by single-family/ADU accounts is still within the normal range of consumption by traditional single-family residences, a separate wastewater charge for the ADU may not be warranted. Similarly, stormwater utility charges are a flat rate per single-family residence and need not account for the impervious surface associated with an ADU.

In summary, ADUs have not been shown to generate City utility costs above and beyond what can be recovered through the main residence's account. Based on an evaluation of utility services, staff and the UAC recommend that single-family residences with an ADU can be charged utility rates similarly to traditional single-family accounts. Separate accounts and charges for ADUs can be eliminated.

Additionally, the UAC and staff plan to investigate the feasibility of tiered wastewater rates. Tiered rates would acknowledge that like drinking water, wastewater generation varies widely among single-family residences. Under a tiered rate structure, residences that consume minimal drinking water would be charged a lower rate for wastewater.

Neighborhood/Community Interests (if known):

The issue and subsequent analysis was prompted by several residences with ADUs who recently converted from onsite sewage systems to municipal sewer.

Options:

1. Move to approve on first reading and forward to second reading the proposed ordinance amending the Olympia Municipal Code to eliminate separate utility accounts for accessory dwelling units.
2. Maintain current OMC language regarding ADUs.

Financial Impact:

Ordinance changes would result in drinking water consumption being billed through the main residence's account. Modest reductions (+/- \$9,000) in wastewater and stormwater utility revenue

would occur.