



## City Council

### Approval of a Resolution Setting a Billing Rate for Wholesale Water Provided to the Thurston Public Utility District

**Agenda Date:** 9/28/2021  
**Agenda Item Number:** 4.D  
**File Number:**21-0924

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**Type:** resolution **Version:** 1 **Status:** Passed

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#### **Title**

Approval of a Resolution Setting a Billing Rate for Wholesale Water Provided to the Thurston Public Utility District

#### **Recommended Action**

##### **Committee Recommendation:**

Not referred to a committee.

##### **City Manager Recommendation:**

Move to approve a Resolution setting a billing rate for wholesale water provided to the Thurston Public Utility District.

#### **Report**

##### **Issue:**

Whether to approve a Resolution setting a billing rate for wholesale water provided to the Thurston Public Utility District.

##### **Staff Contact:**

Eric Christensen, Water Resources Director, Public Works, (360) 570-3741

##### **Presenter(s):**

None - Consent Calendar Item.

#### **Background and Analysis:**

On July 21, 2021, the Public Utility District No. 1 of Thurston County (Thurston PUD) had a pump failure in one of their water supply wells and requested emergency water supply from the City of Olympia (City). Consistent with a Mutual Aid Agreement dated August 18, 2015, the City supplied the Thurston PUD with water through August 9, 2021 when the problem was remedied.

The Mutual Aid Agreement does not identify a rate of reimbursement, but states “the Requesting Agency shall be billed for the actual cost incurred (e.g., pumping, chemical and staffing costs, etc.) to provide water based on a methodology from the Responding Agency”.

With no fixed rate or procedure for establishing a rate, staff proposes basing a wholesale rate for supplying water to the Thurston PUD on a September 2008 cost of service rate study prepared by FCS Group, the Utility's financial rate consultant. The study established the allocation of costs (wholesale rate) for supplying the Thurston PUD with water at \$4,734 per month and \$1.08 per one hundred cubic feet of water consumed.

Staff proposes inflating those rates consistent with the Seattle Consumer Price Index (CPI). Between September 2008 and July 2021, the Seattle CPI increased 30 percent. Inflated rates for July 2021 are \$6,164.69 per month (pro-rated) and \$1.41 per one hundred cubic feet of water consumed. To avoid the need for future rate resolution(s), until such time as a new cost of service rate study is completed, staff also requests the authority to establish future rates for water supplied to the Thurston PUD, pursuant to the Mutual Aid Agreement, based on the September 2008 cost of service rate study inflated per the Seattle CPI.

**Neighborhood/Community Interests (if known):**

None known at this time.

**Options:**

1. Approve a Resolution setting a billing rate for wholesale water provided to the Thurston Public Utility District. This option provides the Drinking Water utility with compensation based on the best available information for actual costs of supplying water to the Thurston PUD.
2. Modify the Resolution. This option provides City Council to modify the rate charged to the Thurston PUD, based on information unforeseen by staff.
3. Do not approve the Resolution. This option may lead to the Drinking Water utility not receiving compensation for water supplied in accordance with the 2015 Mutual Aid Agreement.

**Financial Impact:**

Based on the pro-rated monthly rate and water consumption, equitable total compensation to the Drinking Water utility for water consumed by the Thurston PUD is estimated to be approximately \$8,021.

**Attachments:**

Resolution