



City Council

Approval of Ordinance Adopting the 2017 Utility Rates and General Facilities Charges

Agenda Date: 12/13/2016
Agenda Item Number: 4.I
File Number: 16-1258

Type: ordinance **Version:** 2 **Status:** Passed

Title

Approval of Ordinance Adopting the 2017 Utility Rates and General Facilities Charges

Recommended Action

Committee Recommendation:

City Council reviewed and discussed the proposed 2017 Utility rates and general facility charges (GFCs) on September 20, 2016, and the City Council held a public hearing on November 15, 2016. The review considered recommendations forwarded to Council by the Utility Advisory Committee. The proposed rates and charges reflect recommendations from the City Council and the Utility Advisory Committee.

City Manager Recommendation:

Move to approve the ordinance adopting the 2017 utility rates and general facilities charges on second reading.

Report

Issue:

Whether to approve an ordinance adopting the 2017 utility rates and general facility charges (GFC). Increases in LOTT Clean Water Alliance rates and capacity development charges are included in budget discussions of the ordinance.

Staff Contact:

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Presenter(s):

None - Consent calendar Item.

Background and Analysis:

Background and analysis have not changed from first to second reading.

The proposed 2017 utility rates and general facility charges (GFCs) are consistent with the Council-adopted utility master plans and the City of Olympia's Comprehensive Plan. The Utilities provide key

public and environmental health services for our community.

For 2017, rate increases are proposed for the utilities of Drinking Water, Wastewater, Storm and Surface Water, and Waste ReSources. GFCs are proposed for the Drinking Water utility. GFCs are charged to new development and the money collected is used to recover the costs of customers that connect to the system.

Lacey, Olympia, Tumwater, Thurston County (LOTT) Clean Water Alliance Board of Directors also approved increases for both monthly wastewater treatment rates and their capital development charge (CDC). The CDC is similar to the City's GFC. The City collects monthly rates and CDC for LOTT through the utility billing and development permitting processes.

If approved, the overall impact of the proposed rates to a typical residential customer for 2017 will be 3.2 percent or a \$6.72 - \$7.35 increase in their bi-monthly bills. City GFCs and LOTT capacity development charges will increase \$487 for a new single family home.

Summaries of proposed rates for each utility and GFCs are as follows:

Drinking Water

5.7 Percent Increase Proposed. Increase GFCs by 6.7 percent.

The rate proposal is consistent with the *2015-2020 Water System Plan* that was adopted by City Council on October 6, 2015.

The proposed rate will result in an increase of \$1.37/month for an average single family resident. Bi-monthly charges for a typical single family residence will be approximately \$51.00. Each customer class (residential, non-residential and irrigation) will see the increase, although actual increases on customer bills vary depending on water usage.

A 6.7 percent increase in general facility charges for drinking water is also proposed. The new GFC will be \$4,180.

Wastewater

4.0 Percent Increase Proposed. No GFC Increase.

The Wastewater utility safely conveys wastewater from our homes and businesses to the LOTT Clean Water Alliance treatment facility in downtown Olympia.

Wastewater rates vary depending upon drinking water consumption. Single family residential rates will increase \$1.02 - \$1.65 per month. Other customer classes will see comparable increases.

Wastewater Treatment Services - LOTT Clean Water Alliance

LOTT Clean Water Alliance rates and capacity development charges are set by the LOTT Board of Directors. Capacity development charges (CDCs) are similar to City GFCs.

LOTT is proposing a 2 percent increase in 2017. The LOTT charges \$75.76 bimonthly. The LOTT CDC is proposed to increase 4.3 percent, to \$5,579, for a new single family home.

Storm and Surface Water

6.3 Percent Increase Proposed. No GFC Increase is Proposed.

The proposed 2017 Storm and Surface Water utility budget maintains current levels of service for flood mitigation, water quality improvement, and aquatic habitat enhancement.

With the rate increase, single family residences will see an increase of \$1.58 bi-monthly (\$0.79 monthly) in their storm and surface water rates. Single family and duplex and surface rates in 2017 will be \$26.74 bi-monthly.

The base general facility charge for stormwater GFCs will stay at \$1,190 for a new single family home.

Waste ReSources

Variable Rate Increases Proposed

The Waste ReSources utility provides a wide range of waste reduction, recycling and disposal services. It implements programs for residential, commercial, drop box, and organics customers. Policy direction is set by the *Towards Zero Waste: Olympia's Waste ReSources Plan 2015-2020*.

Proposed rate increases for 2017 include the following:

- Drop box 3 percent
- Residential 0 percent
- Commercial 0 percent
- Organics 6.5 percent

Neighborhood/Community Interests (if known):

City utilities provide vital public health services for Olympia residents. Utility rates are set to ensure reliable, uninterrupted levels of service.

Options:

- 1: Move to approve the ordinance approving utility rates and charges for 2017.

Implications:

- Supports essential City public and environmental health services.
- Increases rates for customers and charges for new development.

- 2: Modify or decline the proposed 2017 increases.

Implications:

- Avoids, or lessens, additional customer costs.
- Risk failures in fulfilling City public and environmental health responsibilities.

Financial Impact:

The proposed rate and GFC increases will generate revenue to implement Council-adopted utility master plans and ensure financially responsible management of City Utilities.

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Attachments:

2017 Utility Rates Ordinance

Utility Advisory Committee Letter of Support