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City Council

Approval of an Ordinance Adopting the 2019 Utility Rates and General Facilities Charges

Agenda Date: 12/18/2018
Agenda Item Number: 4.M
File Number: 18-1069

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

Title

Approval of an Ordinance Adopting the 2019 Utility Rates and General Facilities Charges

Recommended Action

Committee Recommendation:

The proposed rates and charges reflect recommendations from the City Council and the Utility Advisory Committee. City Council reviewed the proposed 2019 utility rates and general facility charges (GFCs) on October 23, 2018, and the City Council held a public hearing on November 13, 2018. Utility rates were further discussed on November 21, 2018. The review considered recommendations forwarded to Council by the Utility Advisory Committee.

City Manager Recommendation:

Move to approve the ordinance adopting the 2019 utility rates and general facilities charges on second reading.

Report

Issue:

Whether to approve an ordinance adopting the 2019 utility rates and general facility charges (GFC). Increases in LOTT Clean Water Alliance rates and capacity development charges are also included in the ordinance.

Staff Contact:

Gary Franks, Director, Public Works Waste ReSources, 360.753.8780

Andy Haub, P.E., Director, Public Works Water Resources, 360.753.8475

Presenter(s):

None - Consent Calendar Item.

Background and Analysis:

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

City of Olympia provides vital utility services to our community. The City has four utilities:

- Drinking Water
- Storm and Surface Water
- Wastewater
- Waste ReSources

For 2019, staff is proposing rate increases for the Storm and Surface Water (5.1%) and Waste ReSources (5.5%) utilities. Staff is not proposing rate increases for either the Drinking Water or Wastewater utilities. Key rate drivers in 2019 include the need for additional funding to counter struggling recycle markets, sea level rise response, and an increased municipal utility tax rate.

A general facility charge (GFC) increase is proposed for the Storm and Surface Water utility. GFCs are charged to new development as a condition of connecting to and using the existing City infrastructure system.

Lacey, Olympia, Tumwater, Thurston County (LOTT) Clean Water Alliance Board of Directors has 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 CDCs for LOTT through the utility billing and development permitting processes.

If approved, the overall increase in rates for a typical residential customer in 2019 will be approximately 2.5 percent or a \$6.38 increase in their bi-monthly bills. City GFCs and LOTT capacity development charges will increase \$358 for a new single family home.

The proposed 2019 utility rates and 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.

Neighborhood/Community Interests (if known):

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

Options:

1. Approve the ordinance adopting the 2019 utility rates and general facility charges.

Implications:

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

2. Modify or decline the proposed 2019 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.

Attachments:

Ordinance