



Utility Advisory Committee

2020 Preliminary Utility Rates and Operating Budgets

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Title

2020 Preliminary Utility Rates and Operating Budgets

Recommended Action/UAC Deliverable:

Continue review of staff's recommended rates and GFCs for 2020.

Recommend Chair Buffo write a letter with budget and rate recommendations and concerns to the City Council on behalf of the Utility Advisory Committee. Council's Finance Committee plans to review Utility rates on October 16, 2019.

Report

Issue:

Review 2020 preliminary utility rates and operating budget, including Capital Facilities Plan and General Facility Charges (GFC). UAC will draft a recommendation letter to City Council Finance Committee's review on October 16, 2019. UAC will also forward their recommendations to the City Council their budget deliberations in December.

Staff Contact:

Gary Franks, Public Works Waste ReSources Director, 360.753.8780

Eric Christensen, Public Works Water Resources Director, 360.570.3741

Presenters:

Same as above

Background and Analysis:

The Utility Advisory Committee reviews City utility finances, capital investments, and rates annually. Staff briefed the UAC in June 2019 with a review of the draft Capital Facility Plan (CFP) and reviewed proposed 2020 budgets and rates on August 22nd and September 5th. City staff will continue the briefing on the 2020 budget and rate analysis at the UAC meeting on October 3, 2019.

As discussed in September, the proposed 2020 budgets generate rate changes for single family residences as follows:

Drinking Water	5.25%
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Wastewater	-2.00%
Storm and Surface	2.51%
Waste ReSources	2.30% (Option 2 presented in September)
LOTT	3.00%
Combined	2.48% or \$6.42/month/single family account

Rates for non-single family accounts would be raised proportional to their current bills. These proposed rate changes are preliminary and could be changed by the City Council.

Key discretionary financial drivers for the proposed rate increase include:

- Increased funding for capital project construction (Drinking Water)
- One new employee, a sweeper operator (Storm and Surface Water)
- Shift funding of 1.25 FTE from Storm and Surface Water to Wastewater to correct an inequity in funding.
- Using cash reserves to buy down Waste ReSources residential rates.
- Distributing Waste ReSources rate increases amongst all rate categories.

Additionally, utility-related development charges are proposed to increase \$318 (2.2%) per new single family residence as follows:

- Storm and Surface Water general facility charge (GFC) is proposed to increase 10% to \$1,440 plus \$6.60 per vehicle trip. *Note that this is a correction from information provided in September.*
- The LOTT Clean Water Alliance capacity development charge (CDC) is proposed to increase 3% to \$6,231.

Options:

1. Support staff recommendations for the 2020 GFC's and utility rates as proposed above.
2. Propose alternative rate recommendations.

This meeting will be the UAC's last review the 2020 utility rates and operating budget before making a recommendation. The UAC will draft a letter with their recommendations to the City Council. The City Council Finance Committee reviews the City's budget and utility rates on October 16th.

Staff is providing attachments as requested by the UAC at the September 5th meeting.

Neighborhood/Community Interests:

City utilities provide essential public health services to Olympia residents.

Attachments:

Utility financial information for:

- Drinking Water, Wastewater, and Storm & Surface Water Capital Projects List and Cashflow
- Actual revenues vs. expenses for all utilities
- *Updated* General Facilities Charges History and Forecasts