



## City Council

### Approval of an Ordinance Adopting 2020 Utility Rates and General Facilities Charges

**Agenda Date:** 12/17/2019  
**Agenda Item Number:** 4.J  
**File Number:** 19-1069

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

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#### Title

Approval of an Ordinance Adopting 2020 Utility Rates and General Facilities Charges

#### Recommended Action

##### Committee Recommendation:

The proposed rates and charges reflect recommendations from the City Council, Finance Committee and the Utility Advisory Committee. City Council held a public hearing on November 19, 2019. The review considered recommendations forwarded to Council by the Utility Advisory Committee.

##### City Manager Recommendation:

Move to approve the ordinance adopting the 2020 utility rates and general facilities charges on second reading.

#### Report

##### Issue:

Whether to approve an ordinance adopting the 2020 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 Contacts:

Gary Franks, Waste ReSources Director, Public Works Department, 360.753.8780  
Eric Christensen, Water Resources Director, Public Works Department, 360.570.3741

##### Presenters:

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. For 2020, staff is proposing rate increases (rounded) as follows:

- Drinking Water 6.3%

- Storm and Surface Water   3.5%
- Wastewater   0.2%
- Waste ReSources   3.3%
- LOTT   3.0%
- Combined   3.4% or \$8.78 bi-monthly/single family account

Key financial drivers for the proposed 2020 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.
- One percent increase in the municipal utility tax.

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

- Storm and Surface Water general facility charge (GFC) is proposed to increase 10 percent to \$1,440 plus \$6.60 per vehicle trip (\$137 total).

#### LOTT Clean Water Alliance Rate

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.

- The LOTT Clean Water Alliance capacity development charge (CDC) is proposed to increase 3 percent (\$181) to \$6,231.

#### **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 2020 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 2020 increases.  
Implications:
  - Avoids, or lessens additional customer costs.
  - Risk failures in fulfilling City public and environmental health responsibilities.

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**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.

**Attachment:**

Ordinance