



## Utility Advisory Committee

### 2021 Preliminary Utility Rates and Operating Budgets

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#### **Title**

2021 Preliminary Utility Rates and Operating Budgets

#### **Recommended Action/UAC Deliverable:**

Review staff's briefing on preliminary utility rates and budget for 2021.

#### **Issue:**

Review 2021 preliminary utility rates and operating budget, including LOTT, Capital Facilities Plan and General Facility Charges (GFC). Forward UAC recommendations to City Council's Finance Committee review on October 21, 2020. UAC will also forward their recommendations to the City Council for review during their budget deliberations.

#### **Staff Contact:**

Gary Franks, Public Works Waste ReSources Director, 360.753.8780  
Eric Christensen, Public Works Water Resources Director, 360.753.8475

#### **Presenters:**

Same as above

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

The Utility Advisory Committee reviews City utility finances, capital investments, and rates annually. Staff will brief the UAC on the draft Capital Facility Plan (CFP) and the preliminary 2021 budget and rate analysis. Staff will also discuss general facility charges, LOTT Clean Water Alliance rates as well as utility trends, challenges and proposed enhancements.

City Utilities are expected to provide uninterrupted public health services for our community. Our responsibilities include ensuring that drinking water is healthy, sewer infrastructure safely conveys waste to the LOTT treatment facility, solid waste is managed for reuse or disposed of, flooding is minimized, and our urban natural resources are protected. As a municipal utility, we must meet the needs of our community while maintain and upgrading our increasingly aging infrastructure. Utility staff focus on effectiveness and efficiency in the delivery of these services.

The City Utilities are municipal enterprise funds. They are financially self-supporting without the input of general tax funds. Conversely, Utility revenue does not support tax-based City programs. However,

the Utilities pay a fair share of various City overhead costs (e.g., building mortgage, legal and executive services). Annual savings remain in the Utilities and carry-over to the following year or are diverted to the capital budget.

### **Potential 2021 Rate Increases**

As outlined in the attached budget overviews, staff is proposing modest rate increases for 2021 broken down as follows:

- Drinking Water 0.0%
- Wastewater 0.0%
- Waste ReSources 0.0%
- Storm and Surface Water 7.5%
- LOTT Clean Water Alliance 3.0%
- **Total 1.73% to 1.85%**

A summary of historical and proposed bi-monthly residential utility rates is attached.

Staff does not propose increases in general facility charges (GFCs) in 2021. GFCs are a one-time charge collected from new development. The charges reflect the financial value of the existing Utility infrastructure and the benefits the system provides to new development. Each of the water-related Utilities collects a unique GFC. The LOTT Clean Water Alliance (LOTT) collects a similar fee called a capacity development charge (CDC). LOTT proposes a 3.0% increase in the CDC for 2021. A summary historical and proposed residential GFCs and CDCs is attached.

### **Neighborhood/Community Interests:**

City utilities provide essential public health services to Olympia residents.

### **Financial Impact:**

None at this time. However, utility rates impact our community by the utility rates that customers pay.

### **Attachments:**

- Water Resources CFP tables
- Budget overviews for Drinking Water, Wastewater, Storm and Surface Water, and Waste ReSources
- Proposed enhancements for Drinking Water and Storm and Surface Water
- Summary/history of Bi-Monthly Utility Bills
- GFCs and CDCs 2017 - 2021
- Preliminary 2021 Utility Rates