



## Finance Committee

### Utility Budgets and Rates Briefing

**Agenda Date:** 9/15/2021  
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#### **Title**

Utility Budgets and Rates Briefing

#### **Recommended Action**

##### **Committee Recommendation:**

Briefing only. No action requested. The Utility Advisory Committee (UAC) is making recommendations on the 2022 utility operating budgets, utility rates and general facility charges (GFC) at their October 7, 2021, meeting.

##### **City Manager Recommendation:**

Review and discuss the utility 2022 operating budgets, recommended utility rates and general facility charges.

#### **Report**

##### **Issue:**

Whether to discuss the 2022 utility operating budgets, recommended utility rate and general facility charges. Action will be taken in mid-December as part of the budget approval process.

##### **Staff Contact:**

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

##### **Presenters:**

Eric Christensen, Water Resources Director  
Gary Franks, Waste ReSources Director

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

The 2021 preliminary operating and capital budgets assume revenue and expenses from utility rates and GFC. Staff will present information on these topics and take questions from the Committee for future budget discussion meetings.

On September 2, the UAC discussed proposed changes to the 2022 operating budgets, rates and GFC for the four utilities - Drinking Water, Wastewater, Storm and Surface Water, and Waste ReSources. The UAC will make a recommendation on the budgets, rates, and GFC following their October 7 meeting. This recommendation will be shared with the full Council on October 19. The

attached utility budget overviews provide information on key budget drivers, and utility trends, challenges and proposed enhancements.

#### Proposed 2022 Rate Increases

As outlined in the attached budget overviews, staff is proposing modest rate increases for 2022 broken down as follows:

- Drinking Water 1.0%
- Wastewater 6.0%
- Waste ReSources 0.0%
- Storm and Surface Water 5.0%
- LOTT Clean Water Alliance 3.0%
- Total 1.96% to 2.21%

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

#### General Facilities Charges

Consistent with rate consultant financial analyses, staff is proposing increases in GFC for Wastewater (2%) and Storm and Surface Water (20%) in 2022. GFC 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 charges (CDC). LOTT proposes a 3.0% increase in the CDC for 2022. A historical summary and proposed residential GFC and CDC are attached.

#### **Neighborhood/Community Interests (if known):**

City utilities provide essential public health services to Olympia residents. A public hearing is scheduled for November 16 on the operating and capital budgets. Council can hear testimony on the proposed changes at that time.

#### **Options:**

1. Receive the briefing.
2. Do not receive the briefing.
3. Receive the briefing at another time.

#### **Financial Impact:**

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

#### **Attachments:**

2022 Budget - Drinking Water Overview  
2022 Budget - Wastewater Overview  
2022 Budget - Storm Water Overview  
2022 Budget - Waste Resources Overview  
2022 Residential Rates Summary  
2022 General Facilities Charges and Capacity Development Charges