



## Utility Advisory Committee

### 2023 Preliminary Utility Rates and Operating Budgets

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#### **Title**

2023 Preliminary Utility Rates and Operating Budgets

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

Review staff's briefing on preliminary utility rates and budget for 2023.

#### **Issue:**

Review 2023 preliminary utility rates (including LOTT), operating budgets and General Facility Charges (GFC, including LOTT). Forward UAC recommendations to City Council for review on October 18, 2023. 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, 360.570.3741  
Mike Vessey, Public Works Interim Drinking Water Director, 360.753.8318

#### **Presenters:**

Same as above

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

The Utility Advisory Committee reviews City utility finances, rates and general facilities charges annually. Staff will brief the UAC on the preliminary 2023 budgets, proposed rates, and general facility charges the Drinking Water, Wastewater, Storm and Surface Water, and Waste ReSources utilities.

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 wastewater to the LOTT treatment facility, solid waste is managed for reuse or properly disposed, flooding is minimized, and our urban natural resources are protected. As municipal utilities, we must meet the needs of our community while maintaining 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 are diverted to the capital budget.

### **Potential 2023 Rate Increases**

As outlined in the attached budget overviews, staff is proposing modest rate increases for 2023 broken down as follows:

- Drinking Water 6.60%
- Wastewater 9.82%
- Waste ReSources 4.00%
- Storm and Surface Water 9.88%
- LOTT Clean Water Alliance 3.00%

### **General Facilities Charges**

Consistent with rate consultant financial analyses, staff is proposing increases in general facility charges (GFCs) for Drinking Water (5.6%), Wastewater (6.6%) and Storm and Surface Water (13.6%) in 2023. 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 3.5% increase in the CDC for 2023. A summary historical and proposed residential GFCs and CDCs is attached.

### **Recommendation**

The UAC will be asked to provide a letter of recommendation to City Council on the Utilities' operating budgets, rates, general facility charges, and capital facilities plans.

### **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:**

- Summary/History of Bi-Monthly Utility Rates (2020 - 2023)
- GFCs and CDCs (2018 - 2023)
- Drinking Water CFP
- Wastewater CFP
- Storm and Surface Water CFP
- Draft letter of recommendation from UAC to City Council