



City Council

Approval of an Ordinance Relating to Utility Fees and Charges and Amending Section 4.24.010 of the Olympia Municipal Code

Agenda Date: 12/13/2022
Agenda Item Number: 4.M
File Number:22-1157

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

Title

Approval of an Ordinance Relating to Utility Fees and Charges and Amending Section 4.24.010 of the Olympia Municipal Code

Recommended Action

Committee Recommendation:

The proposed rates and charges reflect recommendations from the Finance Committee and the Utility Advisory Committee.

City Manager Recommendation:

Move to approve the ordinance adopting the 2023 utility rates and general facilities charges on second reading.

Report

Issue:

Whether to approve an ordinance adopting the 2023 utility rates and general facility charges. Also included in the ordinance are increases to LOTT Clean Water Alliance rates and capacity development charges.

Staff Contact:

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

Presenter(s):

None - Consent Calendar Item.

Background and Analysis:

Background and Analysis has changed from first to second reading.

There are two changes located on the bottom half of page 4 in OMC 4.24.010(B)(2)(c) and (d), changing \$25.79 per ERU to \$25.78 per ERU. Updated Ordinance that reflects that change has been attached.

Utility Rates

City of Olympia provides vital utility services to our community. For 2023, staff is proposing revenue increases (rounded) as follows:

- Drinking Water 6.60%
- Storm and Surface Water 9.88%
- Wastewater 9.82%
- Waste ReSources 4.00%
- LOTT 3.0%
- Combined 5.89% or \$16.53 bi-monthly/single family account

Key financial drivers for the proposed 2023 rate increase include:

- A 5% to 5.5% cost of living adjustment.
- Fixed interfund transfers (administration, utility billing, financial services, rent, insurance, computer services, etc.).
- Inflationary increases (9%) in capital funding for the Wastewater, and Storm and Surface Water utilities.
- Use of cash reserves to buy down Waste ReSources rates.

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.

LOTT Clean Water Alliance Rate

Lacey, Olympia, Tumwater, Thurston County (LOTT) Clean Water Alliance Board of Directors approved increases for both monthly wastewater treatment rates and their capacity 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 3.5% (\$231) to \$6,841.49.

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. City Council held a public hearing regarding utility rates on October 18, 2022.

Options:

1. Move to approve the ordinance adopting the 2023 utility rates and general facilities charges on second reading. Implications: Supports essential City public and environmental health services; Increases rates for customers and charges for new development.
2. Modify the proposed 2023 revenue increases and general facility charges. Implications: Avoids or lessens additional customer costs; Risk failures in fulfilling City public and environmental health responsibilities.
3. Decline the proposed 2023 revenue increases and general facility charges. Implications: Avoids or lessens additional customer costs; Risk failures in fulfilling City public and environmental health responsibilities.

Financial Impact:

The proposed rates and GFCs will generate revenue to implement Council-adopted utility master plans and ensure financially responsible management of City utilities.

Attachment:

Ordinance