

**SULTAN CITY COUNCIL MEETING
AGENDA COVER SHEET**

ITEM NO: A - 5

DATE: September 13, 2007

SUBJECT: Sewer Rate Increase
Ordinance 961-07, first reading

CONTACT PERSON: Public Works Director Connie Dunn 

ISSUE:

The issue before the City Council is the first reading of Ordinance 961-07 establishing the increase of monthly Sewer Base Rates.

Attachment-A is Ordinance 961-07 using the Sewer Rate Study written by Financial Consulting Solutions Group, (FCS). Public Outreach and Public Hearing(s) documentation is attached to the materials provided under the "Presentations" section of tonight's agenda

PLANNING BOARD RECOMMENDATION:

The Planning Board conducted the Public Hearing regarding Sewer Rate increases on July 31, 2007, receiving comments and approved to pass as written to Sultan City Council for Public Hearing on August 9, 2007.

RECOMMENDED ACTION:

Staff recommends setting the Monthly Sewer Rate with Ordinance 961-07 with increases being effective in the following steps:

The effective date will be December 1 of the prior year this provides the billing on January 1 to be calculated on the new annual rate.

The scheduled rate increases including dates are as follows is:

SEWER RATE SCHEDULE				
Effective Date:	12/01/07	12/01/08	12/01/09	
RESIDENTIAL (Flat rate)				
Single Family	\$56.70	\$61.74	64.83	
Low-Income Senior	30.25	30.87	32.41	
Multi-family	56.70	61.74	64.83	
Mobile Home Parks	56.70	61.74	64.83	
COMMERCIAL (Base + Volume)				
Base Rate by Meter				
3/4" Meter	\$56.70	61.74	64.83	
1" Meter	79.38	86.44	90.76	
1.5" Meter	102.06	111.13	116.69	
2" Meter	163.80	178.36	187.28	
3" Meter	623.70	679.15	713.10	
4" Meter	793.80	864.37	907.59	
6" Meter	1190.70	1296.55	1361.38	
8" Meter	1644.30	1790.48	1880.00	
Volume Rate/100 cf	\$4.04	4.40	4.61	
Volume included in Base	600 cf	600 cf	600 cf	

(100 cubic feet = 748 gallons.)

BACKGROUND:

On completion of the 2006 Wastewater Treatment Plant Upgrade Engineering Report, the City realized it would be unable to fund the Wastewater Treatment Plant upgrade and needed system infrastructure improvements to service existing customers. The City of Sultan contracted with Financial Consulting Solution Group (FCS) to complete a Sewer Rate Study to determine the monthly rate necessary to maintain current level of service to the existing customers. The projects on the capital facilities plan include pump station upgrades, WWTP upgrades, mainline rehabilitation, Sultan River crossing, and Inflow and Infiltration study and projects.

The August 9, 2007 Public Meeting Presentation contains a more complete list of capital improvement project and costs in a summary of 2007-2013 capital projects.

- ☉ Twenty-nine percent (29%) of the future wastewater improvements costs are related to existing system renewal and replacement for existing customers.
- ☉ Currently all funds collected over \$41.00 per month per customers goes to pay debt service, or approximately 24% (\$12.48) of the monthly rates are used to pay debt service, existing and incurred,
- ☉ Staff is recommending continuing the 24% of the monthly base rate to be used to pay debt service (\$13.60) this is discussed and recommended by the staff to the Mayor and Council during the budget process.

The Public Outreach for the Sewer Utility Rate Study that FCS Group was contracted to complete for the City of Sultan has been as follows:

- ✓ Several Months in 2007 On the back of the monthly Utility Bills
- ✓ March 13, 2007 2007 Comprehensive Plan Update
- ✓ April 15, 2007 Open House
- ✓ May 10, 2007 Sewer Rate Study presentation by FCS Group to the City of Sultan Council
- ✓ May 15, 2007 Sewer Rate Study was presented at the Open House
- ✓ July 17, 2007 Sewer Rate Increase set the Public Hearing before the Planning Board for July 31, 2007 at 7 pm.
- ✓ July 26, 2007 City Council set the Public Hearing for August 9, 2007, 6 pm
- ✓ July 31, 2007 Sultan Planning Board presided over the Public Hearing and during the Planning Board meeting voted to pass the Sewer Rate Study as presented onto the City Council for the Public Hearing on August 9, 2007.
- ✓ August 9, 2007 The City Council conducted a Public Hearing regarding the Sewer Rate Study with the proposed rate increase in monthly and general facility charges.

FCS Group worked with City Staff gathering information needed to complete a comprehensive study identifying the needed improvements and funding to meet the goals set in the 2004 City of Sultan Comprehensive Plan.

2004 Comprehensive Plan 2.11 Utilities Goal:

- Maintain and enhance the development and operation of an effective, efficient wastewater treatment plant and collection system that will meet the needs of Sultan's present and future urban service area.
- Sewer Capacity: Increase wastewater treatment plant and collection line capacity allocations to meet the need of the Sultan future urban area. Increase capacity allocations to reflect increased usage trends caused by Sultan's continued urban intensification and economic development.

DISCUSSION:

The City of Sultan has a current General Sewer Plan, Engineering Report for Upgrade to the WWTP, and Capital Improvement Plan that lists the needed improvements the City is required to plan for, asking FCS Group to review and provide the City of Sultan with a financial method in which to accomplish the improvements listed in the adopted plans.

Approving Ordinance 961-07 provides funding for operation and maintenance of the WWTP and supporting infrastructure. A portion of the monthly fee is designated for payment of debt service; this is a shared cost by all customers using the system capacity to replace the system as it becomes obsolete. Ordinance 961-07 is the recommendation of staff to provide the vehicle to accomplish the needed tasks.

ALTERNATIVES:

- 1) Do not conduct the first reading of the Ordinance Number 961-07 and direct staff to areas of concern.
 - ☉ Not approving the rate increase as listed in Ordinance 961.07 would reduce the funding necessary to adequately staff the WWTP, complete capital improvements, and cover operation and maintenance costs necessary to serve existing customers.

- 2) Approve Ordinance 961-07:
 - ☉ Approving the rate increases are required to meet the financial needs of the sewer system, additional costs for WWTP operation and maintenance and capital improvements.

RECOMMENDED COUNCIL MOTION:

Approve first reading of Ordinance 961-07 setting the Sewer monthly Sewer Rates at the increased recommended rates, passing to second reading at the September 27 2007 Council meeting approving the rate increases to become effective December 1, 2007, December 1, 2008 and December 1, 2009 as listed in Ordinance 965-07.

COUNCIL ACTION:

DATE: September 13, 2007

ATTACHMENTS:
Attachment A Ordinance 961-07

**CITY OF SULTAN
ORDINANCE NO. 961-07**

AN ORDINANCE OF THE CITY OF SULTAN, WASHINGTON PERTAINING TO SEWER RATES AMENDING SUBSECTION SMC 13.08.030 A SETTING INCREASED SEWER SERVICE RATES

WHEREAS, pursuant to RCW 35.92.020 and 35.92.025 the City through its legislative authority has the power and authority to establish rates for sewerage ;

WHEREAS, the City has conducted an investigation of the reasonable rates required to provide sewerage service now and in the future;

WHEREAS, the City wishes to establish rates that are reasonable but necessary to operate the system;

NOW, THEREFORE, it is ordained by the City Council of the City of Sultan, Washington as follows:

Section 1. Sultan Municipal Code Subsection 13.08.030 A is hereby amended to impose rates for sewer service rendered by the City of Sultan from and after the effective date as designated in the following subsection A:

- A. Sewer Rates. Sewer rates are hereby established for the following categories of service beginning on the effective date as indicated as follows:

SEWER RATE SCHEDULE					
Effective Date:	12/01/07	12/01/08	12/01/09		
RESIDENTIAL (Flat rate)					
Single Family	\$56.70	\$61.74	64.83		
Low-Income Senior	30.25	30.87	32.41		
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(100 cubic feet = 748 gallons.)

*Space occupancy and units are determined on January 1st and June 1st semi-annually for determination of number of units.

rate = monthly base rate + for commercial a volume rate for each additional 100 cf

"Monthly base rate" is the rate tabulated in the Sewer Rate Schedule below.

"Volume Rate for additional 100 cf" refers to the rate for each additional 100 cubic feet or fraction thereof of water usage over the first 600 cubic feet for the customer's unit.

All rates are per dwelling or commercial unit. An accessory dwelling unit is considered a dwelling unit.

Section 2 Severability: This ordinance is severable and if any portion of it shall be declared invalid or unconstitutional, the remaining portion shall remain valid and enforceable.

Section 3 Effective Date. This ordinance shall become effective: December 1, 2007.

PASSED by the City Council and APPROVED by the Mayor this day of 2007.

CITY OF SULTAN

By _____
BEN TOLSON, Mayor

ATTEST:

By _____
LAURA KOENIG, City Clerk

Approved as to form:

By _____
THOM H. GRAAFSTRA, City Attorney