

SULTAN CITY COUNCIL AGENDA COVER SHEET

ITEM NO: C-3

DATE: April 23, 2009

SUBJECT: Ordinance 1033-09 Establishing Sewer Rates for 2010/ 2011
Ordinance 1041-09 Repealing SMC 13.08.030 (A) to set sewer rates by separate ordinance

CONTACT PERSON: Deborah Knight, City Administrator

ISSUE:

The issue before the City Council is to:

1. Have Second Reading on Ordinance 1033-09 adopting a cost of living adjustment for sewer base rates for 2010 and 2011 (Attachment A).
2. Have Second Reading on Ordinance No. 1041-09 to repealing SMC 13.08.030 (A) to set sewer rates by separate ordinance. (Attachment B).

STAFF RECOMMENDATION:

1. Move to have Second Reading of Ordinance No. 1033-09 adopting sewer rates for 2010 and 2011; providing for severability; and establishing an effective date.
2. Move to have Second Reading of Ordinance No. 1041-09 repealing section 13.08.030(A) (sewer rates) in its entirety and enacting a new section 13.08.030(A) establishing sewer rates by separate ordinance; providing for severability; and establishing an effective date.

Each ordinance will need a separate motion and Council action. Council had First Reading of both ordinances on April 9, 2009 and passed on to Second Reading.

SUMMARY:

There are two companion issues for Council consideration. The first is to adopt sewer rate adjustments for 2010 and 2011. The second is to remove sewer rates from the municipal code and establish the rates by separate ordinance. This is part of the City Council's larger effort to remove rates, fees and charges from the municipal code.

Ordinance No. 1033-09 Adopting Sewer Rates for 2010 and 2011

The City Council adopted a three year schedule of sewer rate adjustments by Ordinance 961-07 (Attachment B) on September 27, 2007. The final approved adjustment is December 1, 2009. There are no other sewer rate adjustments scheduled.

Sewer rate adjustments typically follow an update to the General Sewer Plan and Comprehensive Plan. These Plan updates are scheduled for adoption 2011. Ordinance No. 1033-09 will provide for incremental increases in 2010 and 2011 based on the level of inflation. Following adoption of the General Sewer Plan, the City will undertake a sewer rate study based upon current and anticipated revenue needs to support the sewer system.

On March 26, 2009, the City Council held a public hearing and took comment on adjusting sewer rates in 2010 and 2011 using the Seattle-Tacoma-Bremerton Consumer Price Index (CPI-U) June-June as the basis for the rate adjustment.

The federal Department of Labor uses the Seattle-Tacoma-Bremerton Consumer Price Index as the measure of inflation in northwest Washington. (Attachment C)

Ordinance No. 1033-09 establishes the December 1, 2009 adopted base rates as the “floor” and a five percent increase as the ceiling. Meaning a rate adjustment would never exceed 5% or fall below the December 1, 2009 adopted base rate.

The revised sewer base rates would be determined during the annual budget process and incorporated into the sewer operating fund.

Sewer Rate Schedule

Effective Date	12/01/09	12/01/10		12/01/11	
RESIDENTIAL (flat rate)		Minimum	Maximum	Minimum	Maximum
Single Family	\$64.83	\$64.83	\$68.07	\$64.83	\$71.47
Low-income Senior	\$32.41	\$32.41	\$34.03	\$32.41	\$35.73
Multi-family	\$64.83	\$64.83	\$68.07	\$64.83	\$71.47
Mobile Home Parks	\$64.83	\$64.83	\$68.07	\$64.83	\$71.47
COMMERCIAL (base rate by meter + volume)					
¾" meter	\$64.83	\$64.83	\$68.07	\$64.83	\$71.47
1" meter	\$90.76	\$90.76	\$95.30	\$90.76	\$100.06
1.5" meter	\$116.69	\$116.69	\$122.52	\$116.69	\$128.65
2" meter	\$187.28	\$187.28	\$196.64	\$187.28	\$206.47
3" meter	\$713.10	\$713.10	\$748.76	\$713.10	\$786.20
4" meter	\$907.59	\$907.59	\$952.97	\$907.59	\$1000.62
6" meter	\$1361.38	\$1361.38	\$1429.45	\$1361.38	\$1500.92
8" meter	\$1880.00	\$1880.0	\$1974	\$1880.0	\$2072.70
Volume Rate/100 cf	\$4.61	\$4.61	\$4.84	\$4.61	\$5.08
600 cf Volume included in Base					

Ordinance No. 1041-09 Establish Sewer Rates by Separate Ordinance

Ordinance No. 1041 amends Sultan Municipal Code Section 13.08.030 (A) to set sewer rates by separate ordinance and include the adopting ordinance (No. 1033-09) as an attachment to the annual fee schedule adopted by the City Council.

BACKGROUND:

General Facility Charge

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 with the current General Facility Charge (GFC) and the current rate payer fees. The City of Sultan contracted with Financial Consulting Solution Group (FCS) to complete a Sewer Rate Study.

Through the public process in November, 2006, concluding with the approval of Ordinance 941-06 on December 14, 2006, the City Council approved increasing the GFC to the maximum amount of \$9,106.00 recommended by the 2004 Katy Isaksen Associates Rate Study. The GFC was further increased in 2008 to \$11,282 by Ordinance No. 956-07.

Sewer Base Rate

The City Council adopted a three year schedule of sewer rate adjustments by Ordinance 961-07 (Attachment D) on September 27, 2007.

FCS Group worked with city staff to gather the information needed to complete a comprehensive sewer rate study identifying the needed 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.

Typically utility adjustments are based on a study of capital and operating needs and anticipated revenues. A rate study usually follows an update of the General Sewer Plan (GSP). The GSP update is coordinated with the Comprehensive Plan Update as required under the Growth Management Act. Sultan updated its GSP in 2006 and completed a sewer rate study in 2007. The City will begin reviewing and updating the

General Sewer Plan again in 2010/2011 to coincide with the update of the City's Comprehensive Plan and Water System Plan.

Since the current rate adjustments will expire in 2009, there will be a two to three year "lag" time between completion of the GSP update and the next potential rate study. Without small incremental annual rate adjustments, utility customers are subject to "sticker shock" when a rate adjustment is finally approved. This has been the city's past practice and the City Council has indicated a preference for proactive versus reactive management of revenues and expenditures.

In order to address this timing issue, city staff recommend adopting a cost of living adjustment for sewer base rates in 2010 and 2011. The City Council and community will have an opportunity to review the proposed adjustments during the budget process.

FISCAL IMPACT:

The City is moving forward successfully to fund operations and improvements to the Waste Water Treatment Plant and sewer infrastructure. Unfortunately, the 2009 sewer operating fund has an uncomfortably low ending fund balance of \$2,869.

The low ending fund balance is due in large part to debt service payments made from operating revenues to pay for system renewal and replacement for current customers.

In order to ensure adequate operating revenues to cover expenses, the City should continue to adjust sewer rates annually to keep pace with inflation.

ALTERNATIVES:

1. Have Second Reading of Ordinance No. 1033-09 adopting sewer rates for 2010 and 2011; providing for severability; and establishing an effective date.

This action implies the Council is prepared to adopt a rate schedule for 2010 and 2011.

2. **Do not** Second Reading of Ordinance No. 1033-09 adopting sewer rates for 2010 and 2011; providing for severability; and establishing an effective date.

This action indicates the Council has additional questions or concerns regarding the proposed rate schedule or is not prepared to adopt sewer rates for 2010 and 2011 at this time.

3. Have Second Reading of Ordinance No. 1041-09 amending Sultan Municipal Code section 13.08.030(A) to establish sewer rates by separate ordinance; providing for severability; and establishing an effective date.

4. **Do not** Second Reading of Ordinance No. 1041-09 amending Sultan Municipal Code section 13.08.030(A) to establish sewer rates by separate ordinance; providing for severability; and establishing an effective date.

RECOMMENDED ACTION:

1. Have Second Reading of Ordinance No. 1033-09 adopting sewer rates for 2010 and 2011; providing for severability; and establishing an effective date.
2. Have Second Reading of Ordinance No. 1041-09 repealing section 13.08.030(A) (sewer rates) in its entirety and enacting a new section 13.08.030(A) establishing sewer rates by separate ordinance; providing for severability; and establishing an effective date

Each ordinance will need a separate motion and Council action.

ATTACHMENTS:

- A – Ordinance No. 1033-09
- B – Ordinance No. 1041-09
- C – Cost of Living Adjustment Seattle-Tacoma-Bremerton CPI-U June-June
- D – Ordinance No. 961-07

**CITY OF SULTAN
WASHINGTON
ORDINANCE NO. 1033-09**

**AN ORDINANCE OF THE CITY OF SULTAN,
WASHINGTON, ADOPTING SEWER RATES FOR 2010
AND 2011; PROVIDING FOR SEVERABILITY; AND
ESTABLISHING AN EFFECTIVE DATE.**

WHEREAS, the sewer utility is an enterprise fund and all enterprise funds are required to collect sufficient revenues to cover expenses; and

WHEREAS, the City adopted a General Sewer Plan by Ordinance 897-05 on December 14, 2005; and

WHEREAS, the Council approved Ordinance No. 961-07 adopting a system of annual increases in monthly sewer rates based on the needs identified in the General Sewer Plan; and

WHEREAS, the system of annual increases in monthly sewer rates adopted in 961-07 will expire on December 31, 2009; and

WHEREAS, RCW 36.94.040 requires the City to incorporate the provisions of the General Sewer Plan into its Comprehensive Plan; and

WHEREAS, the Growth Management Act requires the City to update its 2004 Comprehensive Plan by 2011; and

WHEREAS, the City Council will not complete the update to the General Sewer Plan and conduct a rate study based upon the revised Plan until after the system of annual increases in monthly sewer rates adopted in 961-07 will expire; and

WHEREAS, the City Council wants to ensure the sewer utility collects sufficient revenues to cover expenses in 2010 and 2011 until a rate study can be conducted based on the updated General Sewer Plan; and

WHEREAS, the City Council wants to minimize the impact on sewer rate payers of delaying rate adjustments until after the required updates to the Comprehensive Plan and General Sewer Plan are adopted; and

WHEREAS, the City Council proposed adjusting sewer rates consistent with the Seattle-Tacoma-Bremerton CPI-U (June to June) with the 2009 adopted sewer rates as the minimum rate and a five (5) percent increase as the maximum rate adjustment; and

WHEREAS, the City of Sultan held a public hearing on March 26, 2009 and received public comment on the proposed system of annual adjustments based on the Seattle-Tacoma-Bremerton CPI-U (June to June) for 2010 and 2011;

WHEREAS, the City of Sultan held first reading of the system of annual adjustments for 2010 and 2011 on April 9, 2009.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SULTAN, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Establishment of fees and charges for sewer service as follows:

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

1. The Seattle-Tacoma-Bremerton CPI-U June-June is the basis for adjusting sewer base rates in 2010 and 2011. The revised sewer base rates will be effective on December 1, 2010 and December 1, 2011.
2. If the Seattle-Tacoma-Bremerton CPI-U June to June is less than zero, the sewer rates effective as of December 1, 2009 are the minimum base rates. If the Seattle-Tacoma-Bremerton CPI-U June to June is greater than five (5) percent, the maximum rate increase will be five (5) percent.

SEWER RATE SCHEDULE

Effective Date	12/01/09		12/01/10		12/01/11	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
RESIDENTIAL (flat rate)						
Single Family	\$64.83	\$68.07	\$64.83	\$68.07	\$64.83	\$71.47
Low-income Senior	\$32.41	\$34.03	\$32.41	\$34.03	\$32.41	\$35.73
Multi-family	\$64.83	\$68.07	\$64.83	\$68.07	\$64.83	\$71.47
Mobile Home Parks	\$64.83	\$68.07	\$64.83	\$68.07	\$64.83	\$71.47
COMMERCIAL (base rate by meter + volume)						
¾" meter	\$64.83	\$68.07	\$64.83	\$68.07	\$64.83	\$71.47
1" meter	\$90.76	\$95.30	\$90.76	\$95.30	\$90.76	\$100.06
1.5" meter	\$116.69	\$122.52	\$116.69	\$122.52	\$116.69	\$128.65
2" meter	\$187.28	\$196.64	\$187.28	\$196.64	\$187.28	\$206.47
3" meter	\$713.10	\$748.76	\$713.10	\$748.76	\$713.10	\$786.20
4" meter	\$907.59	\$952.97	\$907.59	\$952.97	\$907.59	\$1000.62
6" meter	\$1361.38	\$1429.45	\$1361.38	\$1429.45	\$1361.38	\$1500.92
8" meter	\$1880.00	\$1974	\$1880.00	\$1974	\$1880.00	\$2072.70
Volume Rate/100 cf	\$4.61	\$4.84	\$4.61	\$4.84	\$4.61	\$5.08
600 cf Volume included in Base						

Rate equals monthly base rate plus for commercial - a volume rate for each additional 100 cubic feet.

“Monthly base rate” is the rate tabulated in the sewer rate schedule.

“Volume rate for each additional 100 cubic feet” refers to the rate for each additional 100 cubic fee or fraction thereof of water usage over the first 600 cubic feet for the customer’s unit.

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

Section 2. Severability. Should any section, paragraph, sentence, clause or phrase of this Ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this Ordinance be pre-empted by state or federal law or regulation, such decision or pre-emption shall not affect the validity of the remaining portions of this Ordinance or its application to other persons or circumstances.

Section 3. Effective Date. This Ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force on December 1, 2010

ADOPTED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON
THE _____ DAY OF _____, 2009.

CITY OF SULTAN

Carolyn Eslick, Mayor

ATTEST/AUTHENTICATED:

Laura Koenig, City Clerk

Approved as to form:

Margaret J. King, City Attorney

Ordinance: 1033-09

Passed by the City Council:

Date of Publication:

Effective Date:

CITY OF SULTAN

WASHINGTON

ORDINANCE NO. 1041-09

**AN ORDINANCE OF THE CITY OF SULTAN, WASHINGTON,
REPEALING SECTION 13.08.030(A) (SEWER RATES) IN ITS
ENTIRETY AND ENACTING A NEW SECTION 13.08.030(A)
ESTABLISHING SEWER RATES BY SEPARATE
ORDINANCE; PROVIDING FOR SEVERABILITY; AND
ESTABLISHING AN EFFECTIVE DATE**

WHEREAS, the City Council has determined to remove specific rates and charges from the Sultan Municipal Code and establish rates and charges by separate ordinance; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SULTAN, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Repealer. The existing SMC Section 13.08.030(A) “Sewer Rates” is hereby repealed in its entirety.

Section 2. A new section 13.08.030(A) is hereby enacted to read as follows:
13.08.030(A). Sewer Rates. Sewer rates shall be set by separate ordinance and included as an attachment to the annual fee schedule adopted by the City Council.

Section 3. Severability. Should any section, paragraph, sentence, clause or phrase of this Ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this Ordinance be pre-empted by state or federal law or regulation, such decision or pre-emption shall not affect the validity of the remaining portions of this Ordinance or its application to other persons or circumstances.

Section 4. Effective Date. This Ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force five (5) days after the date of publication.

ADOPTED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE _____
_____ DAY OF _____, 2009.

CITY OF SULTAN

Carolyn Eslick, Mayor

ATTEST/AUTHENTICATED:

Laura Koenig, City Clerk

Approved as to form:

Margaret J. King, City Attorney

Ordinance: 1041-09

Passed by the City Council:

Date of Publication:

Effective Date:

Cost of Living Adjustment Seattle-Tacoma-Bremerton CPI-U June-June

COLA Seattle CPI-U June to June

U.S. DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS
 Western Information Office, 90 7th St., Suite 14-100, San Francisco, CA 94103
 Information Staff (415) 625-2270 / Fax (415) 625-2351

SEATTLE-TACOMA-BREMERTON													SEMIANNUAL		
Consumer Price Index, All Items, 1982-84=100 for All Urban Consumers (CPI-U)													1ST	2ND	ANNUAL
01/16/09	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	HALF	HALF	AVERAGE
1989													116.7	119.6	118.1
1990													124.2	129.4	126.8
1991													133.0	135.2	134.1
1992													137.8	140.2	139.0
1993													141.9	143.9	142.9
1994													148.4	149.2	147.8
1995													151.2	153.3	152.3
1996													155.6	159.4	157.5
1997												165.0	161.9	164.1	163.0
1998		166.5		166.4		167.5		166.5		169.3		169.4	168.6	168.9	167.7
1999		170.8		172.2		172.7		173.4		174.7		174.4	171.6	174.0	172.8
2000		176.1(R)		177.8(R)		179.2(R)		180.3(R)		182.1		181.5	177.3(R)	181.1	179.2
2001		184.0		184.2		186.3		186.8		187.9		186.1	184.4	186.9	185.7
2002		187.6		188.8		189.4		190.3		190.9		180.0	188.3	190.3	189.3
2003		191.3		192.3		191.7		194.4		193.7		191.0	191.6	193.1	192.3
2004		193.5		194.3		195.3		194.6		196.5		195.1	194.0	195.4	194.7
2005		197.6		201.3		199.8		199.9		203.3		200.9	199.2	201.3	200.2
2006		203.6		207.4		208.2		209.6		209.8		209.3	205.8	209.5	207.6
2007		211.704		215.767		215.510		215.978		218.427		218.966	213.810	217.502	215.656
2008		221.728		223.196		228.068		227.745		225.915		222.580	223.569	225.869	224.719

Table of over-the-year percent increases. An entry for Feb. 2000 indicates the percentage increase from Feb. 1999 to Feb. 2000 (in this example 3.2 percent).

1990													6.4	8.2	7.4
1991													7.1	4.5	5.8
1992													3.6	3.7	3.7
1993													3.0	2.6	2.8
1994													3.2	3.7	3.4
1995													3.3	2.7	3.0
1996													2.9	4.0	3.4
1997													4.0	2.9	3.5
1998												2.7	2.9	2.9	2.9
1999		2.5		3.5		3.1		2.9		3.2		3.0	3.0	3.0	3.0
2000		3.2		3.3(R)		3.8(R)		4.0(R)		4.2		4.1	3.3	4.1	3.7
2001		4.5		3.6		4.0		3.6		3.2		2.5	4.0	3.2	3.6
2002		2.0		2.5		1.7		1.9		1.6		2.1	2.1	1.8	1.9
2003		2.0		1.9		1.2		2.2		1.5		0.5	1.8	1.5	1.6
2004		1.2		1.0		1.9		0.1		1.4		2.1	1.3	1.2	1.2
2005		2.1		3.6		2.3		2.7		3.5		3.0	2.7	3.0	2.8
2006		3.0		3.0		4.2		4.9		3.2		4.2	3.3	4.1	3.7
2007		4.0		4.0		3.5		3.0		4.1		4.6	3.9	3.8	3.9
2008		4.7		3.4		5.8		5.4		3.4		1.7	4.8	3.8	4.2

R: Revised

**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		
<u>RESIDENTIAL (Flat rate)</u>					
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		
<u>COMMERCIAL (Base + Volume)</u>					
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.)

*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 27th day of September 2007.

CITY OF SULTAN

By _____
BEN TOLSON, Mayor

ATTEST:

By _____
LAURA KOENIG, City Clerk

Approved as to form:

By _____
THOM H. GRAAFSTRA, City Attorney