

SULTAN CITY COUNCIL AGENDA ITEM COVER SHEET

ITEM NO: C-4

DATE: June 25, 2009

SUBJECT: Second Reading Ordinance No. 1043-09 Adopting a Water Rate Schedule and Increasing the General Facilities Charge
Second Reading Ordinance No. 1044-09 Amending SMC 13.12

CONTACT PERSON: Deborah Knight, City Administrator

ISSUE:

The issue before the City Council to have Second Reading of two companion ordinances:

1. Ordinance No. 1043-09 adopts a five (5) year water rate structure for single-family, multi-family and commercial customers. New rates would be effective December 1, 2009; and increases the general facility charge (GFC) from \$5,254 to \$6,209 paid by new development to connect to the City's water system. The new charge would be effective December 1, 2009.
2. Ordinance No. 1044-09 amends Sultan Municipal Code Chapter 13.12 "Water" to make housekeeping changes; and remove rates, fees and charges to Ordinance 1043-09.

STAFF RECOMMENDATION:

The ordinances must be read separately.

1. Have Second Reading of Ordinance No. 1043-09 adopting a five year water rate schedule and a new increased general facilities charge; providing for severability; and establishing an effective date.
2. Have Second Reading of Ordinance No. 1044-09:
 - Amending section 13.12.010 (c) "payment of bill enforcement";
 - Amending section 13.12.020 "shut-off charges";
 - Amending section 13.12.050(b) "payment responsibility";
 - Amending section 13.12.060 "rights of entry";
 - Amending section 13.12.070 "unlawful interference or tampering";
 - Repealing section 13.12.080(a) "water rates";
 - Repealing section 13.12.080(b) "water general facilities charge";
 - Enacting new sections updating position titles, establishing fees by separate resolution; increasing fines and penalties; and establishing water rates and water general facilities charge by separate ordinance;

SUMMARY:

The City Council first reviewed the water rate study findings and rate options at the Council retreat on March 21, 2009 and the Council meeting on April 9, 2009. The City Council held a public hearing and took public comment at the Council meeting on April 23, 2009. At the Council meeting on May 14, 2009 the Council directed staff to set a special meeting on June 9, 2009 to continue discussion of the proposed rates.

The City Council discussed the options for water rates at the Special Meeting on June 9, 2009. The Council directed staff to prepare an ordinance for First Reading on June 11, 2009 that kept the water “allowance” for single family residential units (including duplexes) and businesses at 600 cubic feet per month and lowered the water “allowance” for multi-family and mobile home parks from 600 cubic feet per month to 300 cubic feet per month. This direction is based on the finding that multi-family and mobile home parks use less water. Lowering the “allowance” decreases the base rate paid by the customer.

The City Council had First Reading of Ordinance No. 1043-09 and 1044-09 on June 11, 2009. Following First Reading the Council noted during council member comments that most of the discussion and deliberation was regarding the rate structure. There was very little discussion of the general facility charge increase.

City staff recommend having second reading and adopt the new rates and general facility charge on June 25, 2009. Since the general facility charge won't go into effect until December 1, 2009 the City Council can direct staff to bring back the general facility charge for further discussion in July.

Ordinance 1043-09 (Attachment A) provides for the following scheduled increase

	2010	2011	2012	2013	2014
Rate Increases	11.25%	11.25%	11.25%	4.00%	4.00%

Customer Type	Monthly Water “allowance” included in base rate	Base Rate Effective 12/01/08	Base Rate Effective 12/01/2009
Single Family (includes duplex)	600 cubic feet	\$25.25 city \$37.88 county	\$28.09 city \$42.14 county
Multi-family >2 units	Reduce from 600 cf to 300 cubic feet	\$25.25 city	\$24.52 city
Mobile home parks		\$37.88 county	\$36.78 county
Commercial	600 cubic feet	\$27.25 city	\$30.32 city
	¾ inch meter	\$40.88 county	\$45.48 county

The General Facility Charge (GFC) increases from \$5,254 to \$6,209

- The GFC may be adjusted annually to capture capital costs from 6-year Capital Improvement Plan (CIP) and changes in the Engineering News Record Construction Cost Index.
- The charge may be adjusted according to AWWA flow factor equivalencies (Attachment D).
- The charge per equivalent residential unit will be \$5,254, if paid before the city's close of business on November 30, 2009. After November 30, 2009 the charge per equivalent residential unit will be \$6,209.

New water rates and general facilities charge is effective December 1, 2009:

- Delays repair and replacement revenues until 2010. Debt service payments out of capital funds reducing ending fund balance and delaying improvements to serve future growth.
- Delays impacts on rate payers.

Ordinance 1044-09 (Attachment B) adopts changes to Sultan Municipal Code Chapter 13.12 "Water"

- Makes housekeeping changes to update job titles and departments (e.g. replaces city clerk/treasurer with finance director)
- Removes, charges, fees, rates and penalties to Ordinance No. 1043-09.
- Increases fines and penalties established in 1976 from a minimum of \$25 and maximum of \$250 to a minimum of \$250 and a maximum of \$1,000 to reflect 33 years of cost of living increases.

DISCUSSION:

Why is a rate increase needed at this time?

The last water rate study was completed in 2004. Ordinance No. 864-04 was effective December 1, 2004 and set \$2/year increases in the base water rates for five years. The last rate increase took effect December 1, 2008. The current base rate is \$25.25. The base rate includes 600 cubic feet of water per month (6ccf) for all residential (single family and multi-family) and commercial users.

The City Council approved a water rate study in 2008 in part because water revenues were not adequate to cover operating expenses in the 2008 budget. Since the water utility is an enterprise fund, the user fees and revenues collected must cover expenses.

The need to increase water rates is driven by four primary factors:

1. Operation and maintenance costs increase each year. The City anticipates operating and maintenance costs will increase an average of about 3.5 percent

per year. Water rates represent about 82 percent of the water system's annual revenues. Non-rate revenues are relatively static and are not expected to increase with increased costs. There is no grant funding for operations and maintenance. A 3.5% increase is necessary to fund on-going operations.

2. Current rates do not support an ongoing repair and replacement program. The water fund does not include funding to repair and/or replace existing infrastructure to serve current users. The water fund does not have an emergency reserve.
3. Current revenues do not support debt service or ongoing capital improvements. Rate increases are needed to fund the debt service and capital improvements to serve current customers.

During high growth years, 70% of the general facility charge paid by new customers was covering debt service payments for plant improvements used to serve current customers.

With the downturn in the economy and few new connections, debt service payments for previous plant improvements must come out of the operating or capital fund. Debt service payments for 2009 are \$50,000 for water revenue bonds and \$152,000 for the Everett water connection and second storage tank (Attachment C).

4. Due to water conservation efforts, water demands are expected to decline each year (assuming normal weather patterns and economic conditions). Increased costs will need to be spread over decreased water sales, necessitating a rate increase just to maintain stable revenues.

In short, it is not realistic to expect that water rate increases can be limited to the general rate of inflation. In order to meet both ongoing operating as well as capital program needs, rate increases ranging from 11.25 to 4.0 percent per year are required during the next five years.

Without the proposed rate increase there is a "net deficiency" in the utility fund. The net deficiency increases to \$419,503 in 2014.

Revenue Requirements	2009	2010	2011	2012	2013	2014
Revenues						
Rate Revenues Under Existing Rates	\$ 759,442	\$ 778,428	\$ 797,888	\$ 817,836	\$ 838,281	\$ 859,238
Non-Rate Revenues	177,795	97,788	95,838	95,275	94,989	95,090
Total Revenues	\$ 937,237	\$ 876,215	\$ 893,726	\$ 913,110	\$ 933,270	\$ 954,328
Expenses						
Cash Operating Expenses	\$ 656,490	\$ 709,105	\$ 747,508	\$ 788,342	\$ 831,786	\$ 878,037
Existing Debt Service	214,529	210,961	207,212	203,301	201,638	197,219
New Debt Service	-	-	73,576	73,576	73,576	73,576
Additions to meet Min. Op. Fund Balance	-	-	-	-	-	-
Rate Funded System Reinvestment	100,000	125,000	150,000	175,000	200,000	225,000
Total Expenses	\$ 971,019	\$ 1,045,066	\$ 1,178,295	\$ 1,240,219	\$ 1,307,000	\$ 1,373,832
Net Surplus (Deficiency)	\$ (33,782)	\$ (168,850)	\$ (284,569)	\$ (327,108)	\$ (373,730)	\$ (419,503)
% of Rate Revenue	4.45%	21.69%	35.67%	40.00%	44.58%	48.82%
Additions To Meet Coverage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Surplus (Deficiency)	\$ (33,782)	\$ (168,850)	\$ (284,569)	\$ (327,108)	\$ (373,730)	\$ (419,503)
% of Rate Revenue	4.45%	21.69%	35.67%	40.00%	44.58%	48.82%
Annual Rate Adjustment	11.25%	11.25%	11.25%	4.00%	4.00%	4.00%
Rate Revenues After Rate Increase	\$ 802,160	\$ 963,426	\$ 1,098,607	\$ 1,171,115	\$ 1,248,408	\$ 1,330,803
Additional Taxes from Rate Increase	\$ 2,148	\$ 9,304	\$ 15,123	\$ 17,766	\$ 20,625	\$ 23,715
Net Cash Flow After Rate Increase	6,788	6,844	1,026	8,404	15,772	28,346
Coverage After Rate Increases	2.75	4.25	2.63	2.86	3.05	3.32
Average SF Monthly Bill (using 8 ccf per month)	\$ 33.16	\$ 36.89	\$ 41.05	\$ 42.69	\$ 44.39	\$ 46.17
Monthly Increase	\$ 3.35	\$ 3.73	\$ 4.15	\$ 1.64	\$ 1.71	\$ 1.78

As shown below, increasing the rates annually provides a small net cash flow - \$6,788 in 2009 and \$28,346 in 2014. An 11.25% increase translates into a \$3.35 increase in the base rate in 2009 and a 4.0% (\$1.78) increase in 2014.

Generally, the balance in the Water Fund should exceed the target levels for reserves (the amount in excess is available for general water utility purposes). As the balance of the Water Fund declines operating reserves and capital reserves are used.

Why can't the city reduce costs?

As described previously, the City's water utility has a financial deficit. Current rates are not sufficient to cover operating costs and debt service for capital improvements. There are two ways to correct this situation. One is to reduce annual costs and the second is to increase revenues.

Reduce Annual Costs. The City already closely scrutinizes the operating budget. Eliminating a large part of the capital improvement program (e.g. electronic water meters and plant improvements) will not reduce annual costs and eliminate the current deficit in the capital budget. Capital investments are necessary to maintain and extend the useful life of water system infrastructure and meet the demands brought by new growth.

Deferring capital projects (such as annual pipeline replacements) is at best a temporary stopgap measure. It would not solve the financial situation in the long-term and could have negative consequences.

One way or another, the City will need to increase water system revenues. While connection fees paid by new development and other miscellaneous water system revenues contribute to the financial resources of the utility, total non-rate revenues represent only a small percent of total water system revenue and non-rate revenues are expected to decline over the planning period.

Ultimately, the City will need to increase water rates to address the financial situation and meet ongoing operating and capital program costs. The following pages describe and present four options for increasing water rates over the next five years to meet the financial needs of the water system.

What happens if the City delays the increase until the economy recovers?

No one is sure when the economy may recover. The city is using the capital budget to pay debt service. The debt service payment is \$152,000 per year, there is approximately \$350,000 in the capital budget. The city's capital reserves needed to pay for improvements to serve future growth will be exhausted in two years. At which point water rates will need to be increased to pay debt service **and** rebuild the capital budget.

The city is currently updating its aging and failing mechanical water meters. Purchase of additional electronic water meters was removed to balance the 2009 budget. Electronic meters ensure the city is accurately recording water used. Electronic meters can be "read" by a single worker in one-day rather than taking several workers several days to manually read mechanical meters.

The city is not setting aside any money to repair and replace existing water service lines or water plant and equipment. There are no funds available for emergency repair and replacement. Last year the city had two sewer line failures costing more than \$40,000.

What is the current rate structure?

Under the existing system, the majority of the City's water revenues come from the base rate rather than from the volume of water used. The base rate should not include the "variable" cost of consumed water.

The base rate is the "fixed" charge and is intended to cover the "fixed" costs of operating the water system:

- 24/7/365 staff coverage of the water system
- Maintaining the watershed that produces the city's water
- Piping water from the watershed to the water plant
- Processing water at the water plant to state standards
- Daily water testing and reporting as required by state law (unfunded mandate)
- Properly storing water for delivery to customers on demand

- Maintenance, repair, replacement, and enhancement to the existing water system.
- Ensuring adequate fire flow and hydrant testing
- Managing the state’s back-flow device program (unfunded mandate)
- Meeting state water use efficiency requirements – water conservation program (unfunded mandate)

Over time, the City and its residential customers will be best served by changing this formula so the majority of revenues are based on **residential use** rather than the base rate.

Approximately 80% of the City’s water revenues come from residential users. Residential use changes from season to season. During the dry summer months, water use increases as a result of residential use from an average of 15 million gallons per day to 18.5 million gallons per day a 15% increase.

- The current base rate is \$25.25/month
- The base rate includes 600 cubic feet of water per month (6ccf) for residential and commercial users. This is a “variable” cost and should not be included in the base rate to operate the plant.
- It appears on average residential user are consuming between 400ccf and 800ccf of water each month.
- The majority of the City’s water revenues come from the base rate rather than from the volume of water used.
- The majority of “usage” is not billed because it’s in the fixed base rate (\$25.25/month).
- Seniors receive a 50% discount on their monthly base fee
- Multi-family/mobile homes charged per unit at the single family rate

Monthly Base Rate		
Meter	Single Family	Commercial
5/8"	\$ 25.25	
3/4"		27.25
1"		38.15
1.5"		49.05
2"		79.03
Volume Rate per 100 cf		
Over 600 cf	\$2.28	\$2.28

What alternatives does the City have?

When setting rates, the City needs to identify the objectives it wants to achieve. City staff have prepared the following rate setting objectives to guide the Council’s discussion:

- Adequately fill all the short and longer-term needs of the water system including operating costs, capital costs, debt service and contingency funds.
- Continue to protect the affordability of basic water use, even as water rates increase
- Treat ratepayers fairly

- Encourage conservation
- Adjust rates annual to keep pace with costs and avoid large rate increases to make up deficiencies.
- Minimize volatility in the fund.

The City Council considered four options and accepted public comment on the alternatives during the public hearing:

1. Fixed annual increase for all customers
 - The base rate would increase by a fixed percentage (10% or 11.25%) each year for the next five years.
 - No change in the 6ccf monthly allowance.
 - Fixed service charges are a disproportionately large portion of bills for low volume users. Low volume users are “underwriting” high volume users
 - No price signal to encourage conservation
2. No allowance (eliminate the 6ccf/month), reduce the fixed charge, annual percentage increase
 - 6ccf per month allowance is eliminated
 - Fixed charge of \$25.25 per month is reduced to \$16.95/month (10%) or \$17.13 (11.25%) because no allowance.
 - In order to collect overall 10% or 11.25% increase, users above 5ccf pay 15.24%-26.86%
 - Lease equitable approach for single family residential because the median user is between 6ccf-12ccf/month. More equitable for multi-family median user is less than 4 ccf. Multi-family is not paying to support single-family household use.
3. Inverted block structure - residential customers only
4. Reduce allowance from 6ccf to 3 ccf.
 - 6ccf per month is reduced to 3 ccf per month
 - Fixed charge of \$25.25 per month is reduced to \$23.65 in 2010 because reduced allowance.
 - Low end users are not paying for water they don't use and to support high-end users.

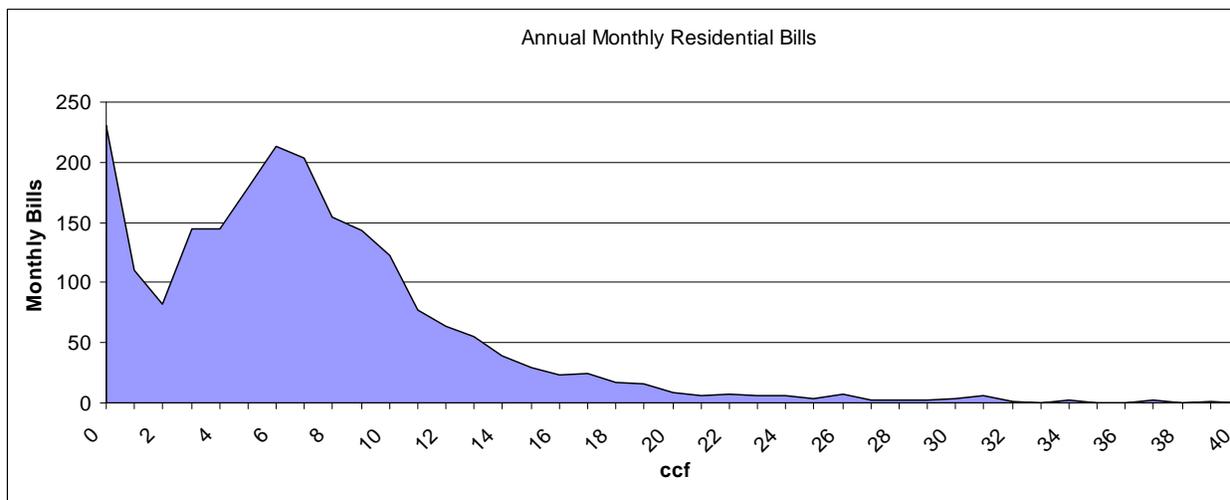
How much water do customers use?

The City Council is considering a proposal to revise the water rate structure by lowering the base rate charged for water from \$25.25 to \$23.38. The amount of water included in the base rate would decrease from 600 cubic feet of water (6ccf) per month to 300 cubic feet (3ccf) of water per month.

At the public hearing on April 23, 2009, Councilmember Blair asked for the break out of monthly water use by cubic feet. The table below shows the residential customer and volume distribution based on usage assuming no conservation.

Table 1 - Residential Use

Residential	Options					
	Existing Rate	1 - 11.25% Increase 600ccf/mo	2 - 11.25% increase no allowance	3 - 11.25% inverted block	4 - 11.25% increase 300ccf/mo	
0	10.71%	\$25.25	\$28.09	\$17.13	\$18.65	\$23.65
1	15.83%	\$25.25	\$28.09	\$19.67	\$20.68	\$23.65
2	19.65%	\$25.25	\$28.09	\$22.21	\$22.71	\$23.65
3	26.40%	\$25.25	\$28.09	\$24.75	\$24.74	\$23.65
4	33.10%	\$25.25	\$28.09	\$27.29	\$26.77	\$26.19
5	41.43%	\$25.25	\$28.09	\$29.83	\$28.80	\$28.73
6	51.35%	\$25.25	\$28.09	\$32.37	\$30.83	\$31.27
7	60.80%	\$27.53	\$30.63	\$34.91	\$37.76	\$33.81
8	68.02%	\$29.81	\$33.17	\$37.45	\$40.49	\$36.35
9	74.67%	\$32.09	\$35.71	\$39.99	\$43.22	\$38.89
10	80.35%	\$34.37	\$38.25	\$42.53	\$45.95	\$41.43
11	83.94%	\$36.65	\$40.79	\$45.07	\$48.68	\$43.97
12	86.92%	\$38.93	\$43.33	\$47.61	\$51.41	\$46.51

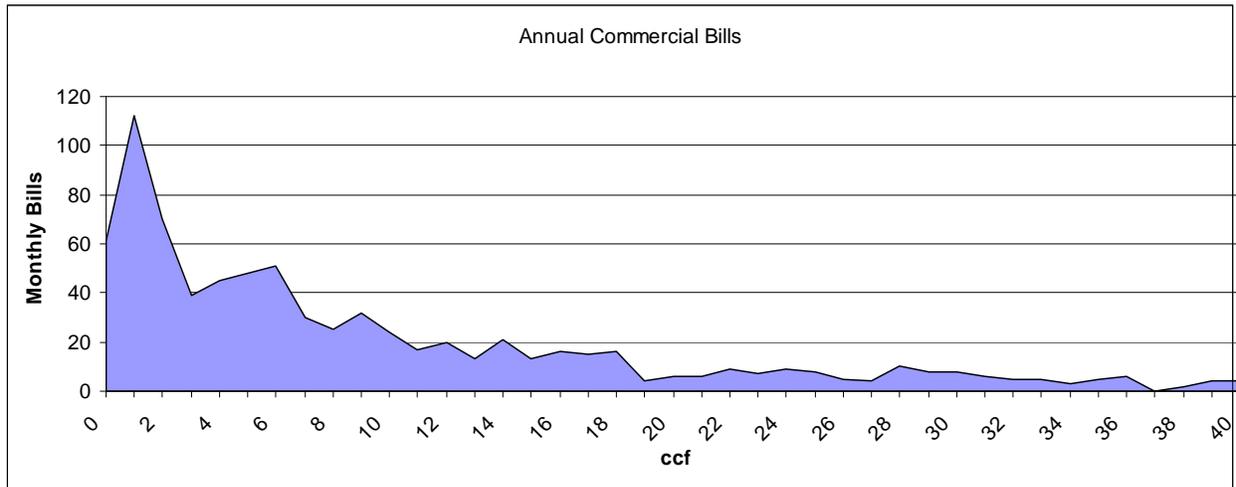


Although the data is slightly skewed because of weather related readings (i.e. no readings were made in December due to snow conditions). The chart clearly shows the majority of customers use between 400 cf and 800 cf. A quick analysis of April 2009 shows only 6% of users (approximately 87 customers) used less than 300 cf and 30 % of customers (436.5) use between 300 cf and 600 cf.

Table 2 – Commercial Use

Commercial 3/4" meter 1 unit

Monthly Usage (ccf)		Existing Rate	Option 1 - Across the Board	Option 2 - No Allowance
0	6.27%	\$ 27.25	\$ 30.32	\$ 16.74
1	17.78%	\$ 27.25	\$ 30.32	\$ 19.28
2	24.97%	\$ 27.25	\$ 30.32	\$ 21.82
3	28.98%	\$ 27.25	\$ 30.32	\$ 24.36
4	33.61%	\$ 27.25	\$ 30.32	\$ 26.90
5	38.54%	\$ 27.25	\$ 30.32	\$ 29.44
6	43.78%	\$ 27.25	\$ 30.32	\$ 31.98
7	46.87%	\$ 29.53	\$ 32.86	\$ 34.52
8	49.43%	\$ 31.81	\$ 35.40	\$ 37.06
9	52.72%	\$ 34.09	\$ 37.94	\$ 39.60
10	55.19%	\$ 36.37	\$ 40.48	\$ 42.14
11	56.94%	\$ 38.65	\$ 43.02	\$ 44.68
12	58.99%	\$ 40.93	\$ 45.56	\$ 47.22



ALTERNATIVES:

1. Direct staff to return to have Second Reading of Ordinance No. 1043-09 adopting a five year water rate schedule and a new increased general facilities charge; providing for severability; and establishing an effective date; and have Second Reading of Ordinance No. 1044-09.

This action implies the City Council is comfortable with the changes to the water rates and general facilities charge as outlined in the proposed ordinances and is prepared to have Second Reading to adopt.

2. Direct staff to make changes to the either of the ordinances during the meeting on June 25, 2009 and/or return to Council on July 9, 2009 for Second Reading.

This action implies the City Council would like to make specific changes prior to Second Reading and adoption. The changes approved by the City Council could be incorporated into the either of the ordinances as an action from the floor during the Council meeting or postponed until a future meeting.

RECOMMENDED MOTION:

STAFF RECOMMENDATION:

The ordinances must be read separately.

1. Have Second Reading of Ordinance No. 1043-09 adopting a five year water rate schedule and a new increased general facilities charge; providing for severability; and establishing an effective date.
2. Have Second Reading of Ordinance No. 1044-09:
 - Amending section 13.12.010 (c) "payment of bill enforcement";
 - Amending section 13.12.020 "shut-off charges";
 - Amending section 13.12.050(b) "payment responsibility";
 - Amending section 13.12.060 "rights of entry";
 - Amending section 13.12.070 "unlawful interference or tampering";
 - Repealing section 13.12.080(a) "water rates";
 - Repealing section 13.12.080(b) "water general facilities charge";
 - Enacting new sections updating position titles, establishing fees by separate resolution; increasing fines and penalties; and establishing water rates and water general facilities charge by separate ordinance;

ATTACHMENTS

A – Ordinance No. 1043-09 Adopting Water Rates and General Facilities Charge

B – Ordinance No. 1044-09 Amending SMC 13.12 Water

**CITY OF SULTAN
WASHINGTON
ORDINANCE NO. 1043-09**

**AN ORDINANCE OF THE CITY OF SULTAN,
WASHINGTON, ADOPTING A FIVE YEAR WATER RATE
SCHEDULE AND A NEW INCREASED GENERAL
FACILITIES CHARGE; PROVIDING FOR
SEVERABILITY; AND ESTABLISHING AN EFFECTIVE
DATE.**

WHEREAS, pursuant to RCW 35.92.010 and RCW 35.92.025 the City through its legislative authority has the power and authority to establish rates for water service and also to establish a reasonable connection charge as a condition to granting the right to connect to the City's water system; and

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

WHEREAS, the City has conducted an investigation of the historic costs of its water system and of interest and other factors influencing that cost for the purpose of determining an appropriate connection charge; and

WHEREAS, the City wishes to establish rates that are reasonable but necessary to operate its water system and wishes to establish charges that reflect the equitable share of the cost of the system for connection to the system; and

WHEREAS, the City of Sultan held a public hearing on April 23, 2009 and received public comment on adopting a five year water rate schedule for single-family, multi-family and commercial customers and increasing the general facilities charge to connect to the City's water system from \$5,254 to \$6,209; and

WHEREAS, the City of Sultan held first reading on May 14, 2009 to adopt a five year water rate schedule and increase the general facilities charge; and

WHEREAS, the City Council decided to further study the proposed water rates and rate structures at a special meeting on June 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 water service. Water rates are hereby established for the following categories of service beginning on December 1, 2009 as follows:

1. The words and phrases set out in this section are defined as follows:
 - A. "Base rate" means the minimum monthly charge for water service.
 - B. "Low income senior citizen" means persons 62 years of age or older, on or before January 31st of the year of the filing for the discount. Low income is based on 125 percent of the federal poverty guidelines.
 - C. "Monthly base rate" is the rate tabulated in the two water rate schedules below. The rates differ for service within the city's corporate limits and without the city's corporate limits.
 - D. "Rate" equals monthly base rate plus volume rate for each additional 100 cubic feet.
 - E. "Volume rate for each additional 100 cubic feet" refers to the applicable rate whether within the city's corporate limits or without for each additional 100 cubic feet or fraction thereof of water usage over the allowance set by the city council for the customer's unit.

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

WATER CONNECTIONS LOCATED WITHIN THE CITY'S CORPORATE LIMITS						
Effective Date:	12/1/2008	12/1/2009	12/1/2010	12/1/2011	12/1/2012	12/1/2013
Single-Family (includes duplex)						
Base Rate	\$25.25	\$28.09	\$31.25	\$34.77	\$36.16	\$37.61
Volume Rate/100 cf > 600ccf "allowance"	\$2.28	\$2.54	\$2.83	\$3.15	\$3.28	\$3.41
Low-Income Senior						
Base Rate	\$12.63	\$14.05	\$15.63	\$17.39	\$18.09	\$18.81
Volume Rate/100 cf > 600ccf "allowance"	\$2.28	\$2.54	\$2.83	\$3.15	\$3.28	\$3.41
Multifamily > 2 units						
Base Rate/Unit	25.25	\$24.52	\$27.28	\$30.35	\$31.56	\$32.82
Volume Rate/100 cf > 300ccf "allowance"	\$2.28	\$2.54	\$2.83	\$3.15	\$3.28	\$3.41
Mobile Home Parks						
Base Rate/Unit	25.25	\$24.52	\$27.28	\$30.35	\$31.56	\$32.82
Volume Rate/100 cf > 300ccf "allowance"	\$2.28	\$2.54	\$2.83	\$3.15	\$3.28	\$3.41

WATER CONNECTIONS LOCATED WITHIN THE CITY'S CORPORATE LIMITS						
Effective Date:	12/1/2008	12/1/2009	12/1/2010	12/1/2011	12/1/2012	12/1/2013
Commercial						
Base Rate by Meter						
3/4" Meter	\$27.25	\$30.32	\$33.73	\$37.52	\$39.02	\$40.58
1" Meter	\$38.15	\$42.44	\$47.21	\$52.52	\$54.62	\$56.80
1.5" Meter	\$49.05	\$54.57	\$60.71	\$67.54	\$70.24	\$73.05
2" Meter	\$79.03	\$87.92	\$97.81	\$108.81	\$113.16	\$117.69
3" Meter	\$299.75	\$333.47	\$370.99	\$412.73	\$429.24	\$446.41
4" Meter	\$381.50	\$424.42	\$472.17	\$525.29	\$546.30	\$568.15
6" Meter	\$572.25	\$636.63	\$708.25	\$787.93	\$819.45	\$852.23
8" Meter	\$790.25	\$879.15	\$978.05	\$1,088.08	\$1,131.60	\$1,176.86
Volume Rate/100 cf > 600ccf "allowance"	\$2.28	\$2.54	\$2.83	\$3.15	\$3.28	\$3.41

3. For service outside the city limits, the charges shall be one hundred fifty percent (150%) of the standard in-city rate as established by the city council. "Outside of the city limits" shall mean any property that qualifies for one or more of the following:

- A. A majority of the property is situated outside of city limits
- B. A majority of fixtures on the property are outside of city limits; or
- C. A majority of the value of improvements is outside city limits

WATER CONNECTIONS LOCATED OUTSIDE THE CITY'S CORPORATE LIMITS						
Effective Date:	12/1/2008	12/1/2009	12/1/2010	12/1/2011	12/1/2012	12/1/2013
Single-Family (includes duplex)						
Base Rate	\$37.88	\$42.14	\$46.88	\$52.15	\$54.24	\$56.41
Volume Rate/100 cf > 600ccf "allowance"	\$3.42	\$3.80	\$4.23	\$4.71	\$4.90	\$5.10
Low-Income Senior						
Base Rate	\$18.95	\$21.08	\$23.45	\$26.09	\$27.13	\$28.22
Volume Rate/100 cf > 600ccf "allowance"	\$3.42	\$3.80	\$4.23	\$4.71	\$4.90	\$5.10

WATER CONNECTIONS LOCATED OUTSIDE THE CITY'S CORPORATE LIMITS						
Effective Date:	12/1/2008	12/1/2009	12/1/2010	12/1/2011	12/1/2012	12/1/2013
Multifamily > 2 units						
Base Rate/Unit	37.88	\$36.78	\$40.92	\$45.52	\$47.34	\$49.23
Volume Rate/100 cf > 300ccf "allowance"	\$3.42	\$3.80	\$4.23	\$4.71	\$4.90	\$5.10
Mobile Home Parks						
Base Rate/Unit	37.88	\$36.78	\$40.92	\$45.52	\$47.34	\$49.23
Volume Rate/100 cf > 300ccf "allowance"	\$3.42	\$3.80	\$4.23	\$4.71	\$4.90	\$5.10
Commercial						
Base Rate by Meter						
3/4" Meter	\$40.88	\$45.48	\$50.60	\$56.29	\$58.54	\$60.88
1" Meter	\$57.23	\$63.67	\$70.83	\$78.80	\$81.95	\$85.23
1.5" Meter	\$73.58	\$81.86	\$91.07	\$101.32	\$105.37	\$109.58
2" Meter	\$118.55	\$131.89	\$146.73	\$163.24	\$169.77	\$176.56
3" Meter	\$449.63	\$500.21	\$556.48	\$619.08	\$643.84	\$669.59
4" Meter	\$572.25	\$636.63	\$708.25	\$787.93	\$819.45	\$852.23
6" Meter	\$858.38	\$954.95	\$1,062.38	\$1,181.90	\$1,229.18	\$1,278.35
8" Meter	\$1,185.38	\$1,318.74	\$1,467.10	\$1,632.15	\$1,697.44	\$1,765.34
Volume Rate/100 cf > 600ccf "allowance"	\$3.42	\$3.80	\$4.23	\$4.71	\$4.90	\$5.10

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

Section 2. Establishment of General Facilities Charge. The General Facilities Charge is hereby imposed on all parties seeking to connect to the water system a water general facilities charge as follows:

1. The charge per equivalent residential unit shall be, if paid before the city's close of business on November 30, 2009, \$5,254. If paid thereafter, the charge per equivalent residential unit shall be \$6,209.
2. The GFC may be adjusted annually during the budget process to capture capital costs from the 6-year Capital Improvement Plan (CIP) and changes in the Engineering News Record Construction Cost Index
3. A \$1,000 additional charge shall be assessed for water meter, installation and inspection for units not within an approved development or plat.

4. A \$300.00 additional charge shall be assessed for water meter, installation and inspection for units within an approved development or plat.
5. The charges imposed by this subsection shall be in addition to any charges due under an approved latecomer or cost recovery contract.

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 3. 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, but no sooner than December 1, 2009.

**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: 1043-09

Passed by the City Council:

Date of Publication:

Effective Date:

**CITY OF SULTAN
WASHINGTON**

ORDINANCE NO. 1044-09

AN ORDINANCE OF THE CITY OF SULTAN, WASHINGTON, AMENDING SECTION 13.12.010 (C) “PAYMENT OF BILL ENFORCEMENT”; SECTION 13.12.020 “SHUT-OFF CHARGES”; SECTION 13.12.050(B) “PAYMENT RESPONSIBILITY”; SECTION 13.12.060 “RIGHTS OF ENTRY”; SECTION 13.12.070 “UNLAWFUL INTERFERENCE OR TAMPERING; REPEALING AND REPLACING SECTION 13.12.080(A) “WATER RATES AND SECTION 13.12.080(B) “WATER GENERAL FACILITIES CHARGE”; BY UPDATING POSITION TITLES, ESTABLISHING FEES BY SEPRATE RESOLUTION; INCREASING FINES AND PENALTIES; AND ESTABLISHING WATER RATES AND WATER GENERAL FACILITIES CHARGE BY SEPARATE ORDINANCE; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, Sultan Municipal Code Sections 13.12.010 and 13.12.020 refer to the position of city clerk/treasurer and utility superintendant; and

WHEREAS, the City Council has replaced the positions of city clerk/treasurer and utility superintendent with the positions of finance director and public works director; and

WHEREAS, the City Council has determined property owners are ultimately responsible for water utility payments even in cases where the property owner is leasing the premises to a tenant; and

WHEREAS, the City Council has determined to update the fines for tampering with the water system to reflect inflationary adjustments in the cost of living since the fines were established in 1976; and

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;

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

Section 1. Sultan Municipal Code 13.12.010 (C). The existing SMC Section 13.12.010(C) “Payment of bill – Enforcement” is hereby amended to read as follows:

(C) If payments are not made within thirty (30) days after mailing of the bills, the ~~finance director~~~~city clerk/treasurer~~ or representative, upon giving ten (10) days' written notice to the owner and/or occupant of the premises, shall notify the ~~utility department~~~~public works department~~ to shut off the water service to the premises until such time as all delinquent bills and service charges have been paid in full.

Section 2. Sultan Municipal Code 13.12.020 Shut-off charges -Conditions for turning on again, is hereby amended to read as follows:

- (A) In the event that the ~~utility superintendent~~~~public works director~~ or representative shuts off water service by reason of a delinquent account, a shut-off charge ~~of \$10.00~~ shall be assessed and shall become a lien against the premises.
- (B) If the customer requests that service be turned on again, an additional charge ~~of \$10.00~~ shall be assessed.
- (C) No water service shall be turned on until such time as all delinquent bills and assessments provided for herein have been paid in full or satisfactory arrangements, at the discretion of the ~~city clerk/treasurer~~~~finance director~~ or representative, have been made. No service shall be reconnected after normal working hours of the public works department except in the case of emergency.

(D) All shut-off and related charges shall be established by resolution.

Section 3. Sultan Municipal Code 13.12.050(B), Payment responsibility, is hereby amended to read as follows

- (B) The city will bill all accounts to the owner of the property to which utility services are being provided unless one of the following arrangements is made for the tenant to be billed for utility services: (1) the landlord ~~may~~ shall sign a contract with the city which makes the landlord responsible for the utility charges and the property subject to the utility charge lien if the tenant allows that account to become delinquent; (2) the landlord may request that the account be billed to the tenant provided that all charges to date have been paid and that the account is kept current by the tenant. No tenants of multiple-dwelling units will be billed separately.

Section 4. Sultan Municipal Code 13.12.060, Rights of entry, is hereby amended to read as follows:

The ~~utility superintendent~~~~public works director~~ or representative shall have free access at all reasonable hours to building premises to which water service is rendered for the purpose of inspecting the same and also for the purpose of exercising the right of water shutoff, either personally or by other employees or contractors of the city, in the event such account becomes delinquent.

Section 5. Sultan Municipal Code 13.12.070, Unlawful interference or tampering with system unlawful – Penalty, is hereby amended to read as follows:

Every person who willfully damages, interferes or tampers with the water system of the city, or who makes an unauthorized connection thereto, or who turns water service on or off from a premises without permission from the ~~utility superintendent~~ public works director or representative shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine of not less than ~~\$25.00~~ \$250 nor more than ~~\$250.00~~ \$1,000.00 in addition to all outstanding water service charges.

Section 6. Repeal 13.12.080(A) “Water Rates”. The existing SMC Section 13.12.080(A) “Water Rates” is hereby repealed in its entirety and replaced with the following.

Water rates shall be set by separate ordinance and included as an attachment to the annual fee schedule adopted by the City Council.

Section 7. Repeal 13.12.080 (B) “General Facilities Charge”. The existing SMC Section 13.12.080(B) “General Facilities Charge” is hereby repealed in its entirety and replaced with the following.

1. A water general facilities charge shall be assessed at time of application for a new connection to the Sultan water system or at time of expansion or change of use of a facility when the water usage is expected to increase.

2. A general facilities charge shall be as established by the city council by separate ordinance. The amount set by such ordinance shall be the amount paid per equivalent residential unit (ERU).

- a. Single-family residences will be charged for one ERU.
- b. Accessory Dwelling Unit (ADU).
 - i. Attached Unit. No separate charge and included in the residential per unit cost of the principal use.
 - ii. Detached Unit. Fifty percent of an equivalent residential unit.
- c. ERUs for new multi-family and commercial customers shall be based on the size of water meter needed to supply the customer's calculated peak demand.
- d. ERU's for Public and Private Parks, Recreational and Open Space Areas or Facilities. Based upon the size of the water meter needed to supply the facility's peak calculated water demand.
- e. Nonprofit Social Service Agencies. Exempt from all or a portion of the commercial connection charge as determined by the public works director to reflect the mission of the agency to provide assistance to the poor, elderly, or disabled.

f. In no case shall the ERU amount be less than one.

Meter Size	ERU
5/8 x 3/4 inch	1
1 inch	1.5
1-1/2 inches	2
2 inches	2.5
3 inches	4
4 inches	5.5
6 inches	8
8 inches	10.5

Section 8. 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 9. 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: 1044-09

Passed by the City Council:

Date of Publication:

Effective Date: