

SULTAN CITY COUNCIL AGENDA ITEM

ITEM NO: Discussion 4 B

DATE: April 8, 2010

SUBJECT: Sewer Excess Charges

CONTACT PERSON: Laura Koenig, Clerk/Deputy Finance Director

ISSUE:

The issue to discuss is the difference between charges for excess water and excess sewer for commercial utility customers. The Sub-committee reviewed the issue at the meeting on March 25, 2010.

STAFF RECOMMENDATION:

Up until 2007, the charges for excess water and excess sewer were always the same. The reason the charges were the same for commercial customers was based on the theory that the water going in was used and processed out to the sewer. City staff believes the increased excess sewer charge is a Scribner's error but want to confirm that with the financial consultant, FCS Group.

SUMMARY:

The rates were adopted in 2007 after several workshops and public hearings. The focus of those meetings was the general facility charge and the percentage increase of monthly charges. The amount of the charge for excess was not discussed in detail by the Planning Board or Council. The Council increased the base rate by 5% per year.

In February the Sub-committee reviewed requests from commercial customers for relief of excess charges due to water leaks. It was noted by the committee that the charges for excess sewer were considerably more than for excess water. The following chart shows the difference:

Year	Sewer Excess	Water Excess	Difference
2004	1.75	1.75	0.00
2005	1.90	1.90	0.00
2006	2.05	2.05	0.00
2007	4.04	2.20	1.84
2008	4.40	2.28	2.12
2009	4.61	2.54	2.07
2010	4.61	2.83	1.78
2011	4.61	3.15	1.46

The charges are based on an allowance of 600 cf of water usage and excess is charge on each 100 cf or portion thereof over the base. The following chart shows the charges an account would incur today if they had 1500 cf of excess usage ((2100- 600 = 1500):

Excess usage of 1500 CF			
Year	Sewer	Water	Difference
2004	26.25	26.25	0.00
2005	28.50	28.50	0.00
2006	30.75	30.75	0.00
2007	60.60	33.00	27.60
2008	66.00	34.20	31.80
2009	69.15	38.10	31.05
2010	69.15	42.45	26.70
2011	69.15	47.25	21.90

FISCAL IMPACT:

The fiscal impact of changing the rates has not been calculated. Staff is seeking further direction from the Council before a fiscal analysis is completed.

The policy questions for the Council are:

1. Does the Council want to review and consider a change to the charge for sewer excess?
2. If the Council wants further review, would they like the staff to do the work or would they like to request FCS (consultant for the study) provide input on the different rates?
3. The current ordinance provides for step increases through 2011 based on the CPI, does the Council want to reconsider excess charges as part of the 2011 budget process?

RECOMMENDATION:

The Sub-committee and Staff recommend the rates be reviewed as part of the Sewer General Facility Plan update and 2011 budget process.