

SULTAN CITY COUNCIL AGENDA ITEM COVER SHEET

ITEM NO: Action A 3
DATE: March 25, 2010
SUBJECT: Ordinance 1080-10 Sewer Excess Charges
CONTACT PERSON: Laura Koenig, Clerk/Deputy Finance Director

ISSUE:

The issue to be before the Council is the introduction of Ordinance 1080-10 to correct a staff error in Ordinance 961-07 that double excess sewer charges for commercial utility customers. The issue was discussed at the April 22, 2010 council meeting. Staff was directed to do further research on the rate increase.

STAFF RECOMMENDATION:

Staff recommends the Council introduce Ordinance 1080-10 to reduce the amount charged for excess sewer (volume rate) for commercial customers to match the rate for excess water (\$2.54/100cf through 12/2010). The effective date of the Ordinance would be July 1, 2010.

SUMMARY:

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
12/2004	1.75	1.75	0.00
12/2005	1.90	1.90	0.00
12/2006	2.05	2.05	0.00
12/2007	4.04	2.20	1.84
12/2008	4.40	2.28	2.12
12/2009	4.61	2.54	2.07
12/2010	4.61	2.83	1.78
12/2011	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 rates were adopted by Ordinance 961-07 in 2007 to provide for step increases of approximately 9% per year for 2007-2009. In 2009, the council adopted Ordinance 1033-09 that tied the monthly rate increase to the CPI. The incorrect excess sewer rates were carried forward in Ordinance 1033-09.

The charge for excess sewer (volume charge) was not based on a percentage increase in Ordinance 961-07. A formula was incorrectly used to calculate the monthly volume rate which double the charge for excess sewer. The correct charge for volume use should be the same as the water excess charge for water.

ANALYSIS:

The City conducted a rate study to determine the base fee needed to fund the operations of the Sewer Department. The study was based using the same excess rate for water and sewer.

The budget is based on the total number of customers x monthly base x 12 months. Excess commercial usage is averaged from the prior year to estimate the amount of additional income the city may receive. As this amount may fluctuate based on weather or types of commercial uses, it is not a reliable revenue stream. For the 2011 budget, the council may want to consider showing the anticipated excess revenues for water and sewer as separate line items.

The major impact that has occurred is to the commercial accounts. Based on the difference rates between water and sewer excess, accounts are paying from \$0 to \$642 extra for sewer per month. Due to the current economic conditions, this creates a hardship for the business community.

RECOMMENDATION:

Introduction of Ordinance 1080-10 to correct charges for excess sewer use (volume rate) for a first reading and pass it on to a second reading.

Attachments: A. Ordinance 1081-10

**CITY OF SULTAN
WASHINGTON**

ORDINANCE NO. 1080-10

**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 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 expired on December 31, 2009 and the Council adopted Ordinance 1033-09 to extend the rates to December 2011; and

WHEREAS, Ordinance 961-07 and Ordinance 1033-09 increased the volume rate for excess usage for sewer in an amount higher than the volume rate for excess usage for water; 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;

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	
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	\$1880.00	\$1974	\$1880.00	\$2072.70
Volume Rate/100 cf	\$2.54	\$2.83	\$2.83	\$3.15	\$3.15
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 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. 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 July 1, 2010.

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

SIGNATURE BLOCKS DELETED TO SAVE PAPER