

**SULTAN CITY COUNCIL
AGENDA ITEM COVER SHEET**

ITEM NO: A-7
DATE: November 18, 2010
SUBJECT: FCS Group Contract – WSP/GSP Financial Analyses
CONTACT PERSON: Deborah Knight, City Administrator

ISSUE:

The issue before the city council is to authorize the Mayor to sign a contract (Attachment A) with FCS Group not to exceed \$30,100 to conduct the financial analyses and rate forecasts for the Water System Plan (WSP) and General Sewer Plan (GSP) updates.

STAFF RECOMMENDATION:

Authorize the Mayor to sign a contract with FCS Group not to exceed \$30,100.

SUMMARY:

Background

The city council approved a contract with RH2 in December 2009 to update the city's WSP and GSP. The initial proposal from RH2 included a sub-contract with FCS Group to complete the financial analyses and rate forecasts that are a required part of the updates. A financial analysis and rate forecast is needed to ensure adequate revenues to address the capital facilities needs identified in each of the plans.

In December 2009, the city council made the decision to contract separately with FCS Group rather than contract with FCS Group through RH2. The council's decision will save the city from having to pay RH2 to manage the contract with FCS Group. City staff will oversee the work of FCS Group.

The WSP and GSP are at the point where the financial analyses and rate forecasts are needed to complete the updates. The 2011 water and sewer operating budgets include \$15,000 each for the contract with FCS Group.

Proposed Scope of Work

The scope of work includes the following tasks:

1. Review and validate financial and operational documents needed for the financial analysis.
2. Review and document the financial operations of the water and sewer utilities.
3. Review the city's current fiscal policies to incorporate into the capital financing plan and the revenue needs assessment
4. Calculate the maximum allowable general facilities charge (connection fee) and develop a schedule of connection fees for the water and sewer utilities.
5. Develop a capital financing plan for the six-year and 20-year capital improvement program.
6. Forecast on-going operating and maintenance costs, debt service, and other financial obligations over the six-year and 20-year study period.
7. Develop and operating cash flow over the six-year and 20-year study periods. Compare anticipated revenues against anticipated expenses.
8. Apply annual rate adjustments (from task 7) using the city's existing rate structures and develop a rate forecast for the six-year and 20-year study periods.
9. Attend up to three meetings with city staff and/or RH2 to review draft and/or final results.
10. Craft the draft and final financial chapters for the WSP and GSP.

Under the proposed contract, FCS Group will apply annual rate adjustments based on a revenue needs assessment and develop a rate forecast for the six-year and 20-year study periods. **The scope of work does not include changes to the city's existing water and sewer rate structures.**

Optional Rate Design Alternatives

The city council has previously indicated an interest in revisiting the water and sewer rate designs adopted in December 2009 (Attachment B) and November 2007 (Attachment C). For an additional \$18,040 – approximately \$9,000 for each utility, FCS Group can prepare alternative rate designs for the city council's consideration.

The optional proposal assumes two alternatives for water, such as elimination of the base allowance and a tiered (block) rate structure. Current sewer rates bill a flat rate for service. Alternative sewer rates could include both a fixed and volume based charge. The optional rate design work includes one on-site meeting for review of rate designs and up to two meetings with city staff via the internet to finalize the rate designs for council consideration.

FISCAL IMPACT:

The 2011 budget includes \$15,000 in the water operating budget and \$15,000 in the sewer operating budget for the WSP and GSP financial analyses and rate forecasts. Analysis of alternative rate structures would add an additional \$18,000 to the contract.

Since the sewer operating budget has already been reduced to the minimum necessary for normal operations, to cover the cost of debt service, one alternative would be to focus on alternative rates for the water system only. The water system has more flexibility in the 2011 proposed operating budget. Some city council members have expressed concerns with the current rate structure, which includes a base allowance of 600 cubic feet for single family residences and 300 cubic feet for multi-family residences.

ALTERNATIVES:

1. No Rate Structure Analysis. Authorize the Mayor to sign the contract with FCS Group **not to exceed \$30,100**. This action implies the city council is prepared to move forward with the financial analyses for the water system plan and general sewer plan.

This action also implies the city council is prepared to keep the current rate structure and not explore alternatives at this time.

The city council finished a water rate study in 2009. The city council explored a number of different rate structures including eliminating the base allowance and a tiered (block) rate structure. Given the fiscal condition of the water and sewer funds, it seems prudent to retain the \$9,000 in the operating budgets and postpone looking at optional rate design alternatives until the next rate study in 2014.

2. Water Rate Structure Analysis Only. Authorize the Mayor to sign a contract with FCS Group **not to exceed \$38,705**. This action also implies the city council is prepared to evaluate alternative water rate structures only. Sewer rate structure alternatives would be postponed until a later date.

Under this alternative, city staff will need to make changes to the water utility operating and/or reserve budgets prior to First Reading of the 2011 budget on December 2, 2010.

3. Water and Sewer Rate Structure Analyses. Authorize the Mayor to sign a contract with FCS Group **not to exceed \$48,130**. This action implies the city council is prepared to evaluate alternative water and sewer rate structures.

Under this alternative, city staff will need to make changes to the water and sewer utility operating and/or reserve budgets prior to First Reading of the 2011 budget on December 2, 2010.

4. Do Nothing. Do not authorize the Mayor to sign a contract with FSC Group and direct staff to areas of concern. This alternative implies the council has questions or concerns regarding the contract and/or may need additional information before making a decision.

RECOMMENDED ACTION:

Authorize the Mayor to sign a contract with FCS Group not to exceed \$30,100.

ATTACHMENTS:

- A – Contract with FSC Group
- B – Ordinance No. 1043-09 Water Rates
- C – Ordinance No. 961-07 Sewer Rates

**AGREEMENT FOR SERVICES
BETWEEN THE CITY OF SULTAN AND
FCS GROUP**

THIS AGREEMENT, is made this 18th day of November 2010, by and between the City of Sultan (hereinafter referred to as "City"), a Washington Municipal Corporation, and FCS Group (hereinafter referred to as "Service Provider"), doing business at Redmond Town Center 7525 166th Ave NE, Suite D-215, Redmond, WA 98052.

WHEREAS, Service Provider is in the business of providing certain services specified herein; and

WHEREAS, the City desires to contract with Service Provider for the provision of the financial programs (Financial Chapters) of the City of Sultan's Water and Sewer System Plans, and Service Provider agrees to contract with the City for same;

NOW, THEREFORE, in consideration of the mutual promises set forth herein, it is agreed by and between the parties as follows:

TERMS

1. **Description of Work.** Service Provider shall perform work as described in Exhibit A, Scope of Work, which is attached hereto and incorporated herein by this reference, according to the existing standard of care for such services. Service Provider shall not perform any additional services without the expressed written permission of the City Council.

2. **Payment.**
 - A. The City shall pay Service Provider at the hourly rate set forth in Exhibit B, but not more than a total of thirty thousand one-hundred dollars (\$30,100) for the services described in this Agreement. This is the maximum amount to be paid under this Agreement, and shall not be exceeded without prior written authorization from the City Council in the form of a negotiated and executed supplemental agreement.

 - B. Service Provider shall submit monthly payment invoices to the City after such services have been performed, and the City shall make payment within four (4) weeks after the submittal of each approved invoice. Such invoice shall detail the hours worked, a description of the tasks performed, and shall separate all charges for clerical work and reimbursable expenses.

 - C. If the City objects to all or any portion of any invoice, it shall so notify Service Provider of the same within five (5) days from the date of receipt and shall pay that portion of the invoice not in dispute. The parties shall immediately make every effort to settle the disputed portion.

3. **Relationship of Parties.** The parties intend that an independent contractor - client relationship will be created by this Agreement. As Service Provider is customarily engaged in an independently established trade which encompasses the specific service provided to the City hereunder, no agent, employee, representative or subcontractor of Service Provider shall be or shall be deemed to be the

employee, agent, representative or subcontractor of the City. None of the benefits provided by the City to its employees, including, but not limited to, compensation, insurance and unemployment insurance, are available from the City to the Service Provider or his employees, agents, representatives or subcontractors. Service Provider will be solely and entirely responsible for his acts and for the acts of Service Provider's agents, employees, representatives and subcontractors during the performance of this Agreement. The City may, during the term of this Agreement, engage other independent contractors to perform the same or similar work that Service Provider performs hereunder.

4. **Project Name.** City of Sultan Water and Sewer System Plans – Financial Programs
5. **Duration of Work.** Service Provider shall complete the work described in Attachment A on or before June 30, 2011.
6. **Termination.**
 - A. Termination Upon the City's Option. The City shall have the option to terminate this Agreement at any time. Termination shall be effective upon ten (10) days written notice to the Service Provider.
 - B. Termination for Cause. If Service Provider refuses or fails to complete the tasks described in Attachment A, or to complete such work in a manner unsatisfactory to the City, then the City may, by written notice to Service Provider, give notice of its intention to terminate this Agreement. After such notice, Service Provider shall have ten (10) days to cure, to the satisfaction of the City or its representative. If Service Provider fails to cure to the satisfaction of the City, the City shall send Service Provider a written termination letter which shall be effective upon deposit in the United States mail to Service Provider's address as stated below.
 - C. Rights upon Termination. In the event of termination, the City shall only be responsible to pay for all services satisfactorily performed by Service Provider to the effective date of termination, as described in the final invoice to the City. The City Manager shall make the final determination about what services have been satisfactorily performed.
7. **Nondiscrimination.** In the hiring of employees for the performance of work under this Agreement or any subcontract hereunder, Service Provider, its subcontractors or any person acting on behalf of Service Provider shall not, by reason of race, religion, color, sex, marital status, national origin or the presence of any sensory, mental, or physical disability, discriminate against any person who is qualified and available to perform the work to which the employment relates.
8. **Indemnification / Hold Harmless.** The Service Provider shall defend, indemnify and hold the City, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of or in connection with the performance of this Agreement, except for injuries and damages caused by the sole negligence of the City.

Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily

injury to persons or damages to property caused by or resulting from the concurrent negligence of the Service Provider and the City, its officers, officials, employees, and volunteers, the Service Provider's liability hereunder shall be only to the extent of the Service Provider's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes the Service Provider's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the parties. The provisions of this section shall survive the expiration or termination of this Agreement.

9. Insurance. The Service Provider shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Service Provider, their agents, representatives, employees or subcontractors.

A. **Minimum Scope of Insurance.** Service Provider shall obtain insurance of the types described below:

1. Automobile Liability insurance covering all owned, non-owned, hired and leased vehicles. Coverage shall be written on Insurance Services Office (ISO) form CA 00 01 or a substitute form providing equivalent liability coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage.
2. Commercial General Liability insurance shall be written on ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal injury and advertising injury, and liability assumed under an insured contract. The City shall be named as an insured under the Service Provider's Commercial General Liability insurance policy with respect to the work performed for the City using ISO additional insured endorsement GC 20 10 10 01 and GC 20 37 10 01 or substitute endorsements providing equivalent coverage.
3. Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington.

B. **Minimum Amounts of Insurance.** Service Provider shall maintain the following insurance limits:

1. Automobile Liability insurance with a minimum combined single limit for bodily injury and property damage of \$1,000,000 per accident.
2. Commercial General Liability insurance shall be written with limits no less than \$1,000,000 each occurrence, \$2,000,000 general aggregate and \$2,000,000 products-completed operations aggregate limit.

- C. **Other Insurance Provisions.** The insurance policies are to contain, or be endorsed to contain, the following provisions for Automobile Liability and Commercial General Liability insurance:
1. The Service Provider's insurance coverage shall be primary insurance as respect to the City. Any insurance, self-insurance, or insurance pool coverage maintained by the City shall be excess of the Service Provider's insurance and shall not contribute with it.
 2. The Service Provider's insurance shall be endorsed to state that coverage shall not be cancelled by either party, except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City.
- D. **Acceptability of Insurers.** Insurance is to be placed with insurers with a current A.M. Best rating of not less than A:VII.
- E. **Verification of Coverage.** Service Provider shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements of the Service Provider before commencement of the work.
- F. **Subcontractors.** Service Provider shall include each subcontractor as insured under its policies or shall furnish separate certifications and endorsements for each subcontractor. All coverage shall be subject to all of the same insurance requirements as stated herein for the Service Provider.
- 10. Entire Agreement.** The written provisions and terms of this Agreement, together with all documents attached hereto, shall supersede all prior verbal statements of any officer or other representative of the City, and such statements shall not be effective or be construed as entering into or forming a part of, or altering in any manner whatsoever, this Agreement.
- 11. City's Right of Supervision, Limitation of Work Performed by Service Provider.** Even though Service Provider works as an independent contractor in the performance of his duties under this Agreement, the work must meet the approval of the City and be subject to the City's general right of inspection and supervision to secure the satisfactory completion thereof. In the performance of work under this Agreement, Service Provider shall comply with all federal, state and municipal laws, ordinances, rules and regulations that are applicable to Service Provider's business, equipment, and personnel engaged in operations covered by this Agreement or accruing out of the performance of such operations.
- 12. Work Performed at Service Provider's Risk.** Service Provider shall be responsible for the safety of its employees, agents and subcontractors in the performance of the work hereunder and shall take all protections reasonably necessary for that purpose. All work shall be done at Service Provider's own risk, and Service Provider shall be responsible for any loss of or damage to materials, tools, or other articles used or held for use in connection with the work.
- 13. Ownership of Products and Premises Security.**

- A. All reports, plans, specifications, data maps, and documents produced by the Service Provider in the performance of services under this Agreement, whether in draft or final form and whether written, computerized, or in other form, shall be the property of the City.
 - B. While working on the City's premises, the Service Provider agrees to observe and support the City's rules and policies relating to maintaining physical security of the City's premises.
- 14. Modification.** No waiver, alteration or modification of any of the provisions of this Agreement shall be binding unless in writing and signed by a duly authorized representative of the City and Service Provider.
- 15. Assignment.** Any assignment of this Agreement by Service Provider without the written consent of the City shall be void.
- 16. Written Notice.** All communications regarding this Agreement shall be sent to the parties at the addresses listed below, unless notified to the contrary. Any written notice hereunder shall become effective as of the date of mailing by registered or certified mail, and shall be deemed sufficiently given if sent to the addressee at the address stated in this Agreement or such other address as may be hereafter specified in writing.
- 17. Non-Waiver of Breach.** The failure of the City to insist upon strict performance of any of the covenants and agreements contained herein, or to exercise any option herein conferred in one or more instances shall not be construed to be a waiver or relinquishment of said covenants, agreements or options, and the same shall be and remain in full force and effect.
- 18. Resolution of Disputes, Governing Law.** Should any dispute, misunderstanding or conflict arise as to the terms and conditions contained in this Agreement, the matter shall be referred to the City Manager, whose decision shall be final. In the event of any litigation arising out of this Agreement, the prevailing party shall be reimbursed for its reasonable attorney fees from the other party. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington.

IN WITNESS WHEREOF, **the parties have executed this Agreement on the day and year above written.**

CITY OF SULTAN

By: _____
Carolyn Eslick, Mayor

SERVICE PROVIDER

By: _____
Title: _____
Taxpayer ID #: _____

CITY CONTACT

City of Sultan
319 Main Street, Suite 200
Sultan, WA 98294
Phone: 360-793-2231
Fax: 360-793-3344

SERVICE PROVIDER CONTACT

Phone: _____
Fax: _____

ATTEST/AUTHENTICATED

By: _____
City Clerk

APPROVED AS TO FORM

By: _____
Office of the City Attorney

Exhibit A
Scope of Services
City of Sultan Water and Sewer System Plans
Financial Program

FCS GROUP will develop the financial program (Financial Chapter) for the City of Sultan's Water and Sewer System Plans. The financial program will be based on the information provided by RH2 Engineering (RH2). The tasks performed for the financial program will include the following:

Task 1: Data Collection / Review

Prepare an initial data request identifying financial and operational documents pertinent to the performance of the study. (RH2 will provide the Capital Improvement Program, including annual replacement needs, and relevant draft water and sewer system plan chapters. Review, analyze, and validate data as necessary for use in formulating the technical analyses. Follow up with requests for any additional items or explanations as necessary.

Task 2: Historical Financial Performance Review

Review and document the financial operations (revenue and expenses) and financial condition (assets and liabilities) of the water and sewer utilities for the previous six-year period. Noteworthy financial trends will be summarized.

Task 3: Fiscal Policy Review

Review the City's current fiscal policies for operating and capital reserves, system reinvestment funding, debt management, and debt service coverage. Recommend revised policies, as warranted, for incorporation into the capital financing plan (Task 5) and the revenue needs assessment (Task 7).

Task 4: General Facility Charge (GFC) Update

Following industry guidelines and legal precedence, conduct the technical analysis to incorporate current system assets, eligible capital projects (or portions thereof) from the Capital Improvement Program, and system capacity estimates provided in the system plans. Work closely with RH2 to determine the appropriate allocation of each capital project to the categories of (a) repair & replacements and (b) upgrades and expansions. Calculate the maximum allowable GFC per customer equivalent and develop a schedule of GFCs for the water and sewer utilities.

Task 5: Capital Financing Plan

Evaluate capital funding options, and develop a capital financing plan for the six-year and 20-year Capital Improvement Program (CIP). The analysis will include a forecast of capital funding needs, borrowing requirements, and associated cash flows and cash balances over the study period. Evaluate and recommend an appropriate balance of funding from cash, capital connection charges, bonds, and other available revenue sources. Depending upon preliminary results of customer impacts, FCS GROUP will work closely with RH2 to perform sensitivity analyses for alternative scheduling of capital projects in order to smooth customer rate impacts. The budget provides for up to three (3) scenarios. It is anticipated that at least one scenario will assume the current level of capital facilities charges and at least one scenario will assume the proposed level of general facilities charges determined in Task 4.

Task 6: Operating Forecast

The City's current water and sewer operating budgets will be used as the baseline for forecasting ongoing operating and maintenance (O&M) costs, debt service, and other financial obligations of the water and sewer utilities over the six-year and 20-year study period. Incorporate engineering planning growth forecasts and establish economic factors for cost escalation. Integrate additional

Exhibit A
Scope of Services
City of Sultan Water and Sewer System Plans
Financial Program

O&M expenses, if any, resulting from the CIP and any other known changes in operational requirements.

Task 7: Revenue Needs Assessment

Integrate fiscal policies, capital financing impacts and the operating forecast, and develop an operating cash flow over the six-year and 20-year study periods. Compare forecasted financial requirements against forecasted revenue under existing rates to determine annual and cumulative revenue adjustments needed to ensure financial sustainability over time. The budget provides for up to three (3) scenarios.

Task 8: Rate Forecast & Affordability Test

Apply annual rate adjustments (from Task 7) “across-the-board” to the City’s existing water and sewer rate structures and develop a rate forecast for the six-year and 20-year study periods. Note: this scope does not include changes to the City’s existing water and sewer rate structure. The Financial Chapter will include narrative discussion of potential rate structure enhancements (e.g conservation rates, bill sewer flow, etc.), if necessary.

Perform an affordability test as an indication of a residential customer’s ability to pay the existing and forecasted rates. This includes a median household income index analysis and comparison of the water and sewer system’s existing and forecasted average residential bills to 1.5% of the median household income. This test will be conducted for the six-year and 20-year study periods.

Task 9: Meetings

Attend one (1) meeting with City staff and/or RH2 to review draft and/or final results, if desired, before finalizing the Financial Chapter.

Task 10: Documentation

Craft the draft Financial Chapter for RH2 and City staff review. Work with RH2 to provide the Chapter in a format generally consistent with other system plan chapters (to the extent practical). An electronic copy of the draft Financial Chapter, and Excel-based tables will be provided to RH2 if separate formatting is necessary. Incorporate requested changes, as appropriate, and submit the final version of the Financial Chapter.

Schedule

The schedule for the Financial Chapter will be coordinated with RH2 and the City. Approximately 60 days are needed to complete this analysis, with a minimum of 30 days from receipt of the final CIP. We will begin work on data collection, historical review, operating forecast, etc., in advance of receipt of the final CIP. However, since most of the analysis and evaluation requires the CIP, it is the critical component to meeting the schedule.

Exhibit B

FCS GROUP will charge \$15,000 per utility for the water and sewer financial chapters, not to exceed \$30,000 for the Scope of Work described in Exhibit A. Hourly rates billed under this contract are as follows:

Principal	Standard Rate	\$195
Project Consultant	Standard Rate	\$140
Senior Analyst	Standard Rate	\$120
Analyst	Standard Rate	\$105

Exhibit B
 Fee Schedule
 City of Sultan Water and Sewer System Plans
 Financial Program

FCS GROUP will charge \$15,000 per utility for the standard water and sewer financial chapters, not to exceed \$30,090 for the Scope of Work described in Exhibit A.

The optional rate design task will increase the water scope of work to \$23,660 and the sewer scope of work to \$24,470. The total proposed budget is \$48,130 for both the water and sewer financial programs and alternative rate designs. A separate budget detail by utility, task and consultant is provided.

Water System Plan	Study Manager Sanchez	Senior Analyst Various	Admin. Support	Total Estimated Hours	Labor Budget
Hourly Billing Rates:	\$195	\$135	\$65		
Financial Chapter					
Task 1: Data Collection	-	4	-	4	\$540
Task 2: Historical Financial Performance Review	1	3	-	4	\$600
Task 3: Fiscal Policy Review	1	2	-	3	\$465
Task 4: General Facility Charge Update	8	16	-	24	\$3,720
Task 5: Capital Financing Plan	2	4	-	6	\$930
Task 6: Operating Forecast	5	24	-	29	\$4,215
Task 7: Revenue Needs Assessment	1	2	-	3	\$465
Task 8: Rate Forecast and Affordability Test	2	4	-	6	\$930
Task 9: Meeting	4	-	-	4	\$780
Task 10: Documentation	2	12	6	20	\$2,400
Subtotal Financial Chapter	26	71	6	103	\$15,045
Optional Services					
Rate Design:					
Customer Statistics (water)	-	20	-	20	\$2,700
Water Rates: Zero Allowance,Tiered	8	24	-	32	\$4,800
Additional Meetings (1)	4	2	1	7	\$1,115
Total All	38	117	7	162	\$23,660

Exhibit B
 Fee Schedule
 City of Sultan Water and Sewer System Plans
 Financial Program

Sewer System Plan					
Task	Study Manager Sanchez	Senior Analyst Various	Admin. Support	Total Estimated Hours	Labor Budget
Hourly Billing Rates:	\$195	\$135	\$65		
Financial Chapter					
Task 1: Data Collection	-	4	-	4	\$540
Task 2: Historical Financial Performance Review	1	3	-	4	\$600
Task 3: Fiscal Policy Review	1	2	-	3	\$465
Task 4: General Facility Charge Update	8	16	-	24	\$3,720
Task 5: Capital Financing Plan	2	4	-	6	\$930
Task 6: Operating Forecast	5	24	-	29	\$4,215
Task 7: Revenue Needs Assessment	1	2	-	3	\$465
Task 8: Rate Forecast and Affordability Test	2	4	-	6	\$930
Task 9: Meeting	4	-	-	4	\$780
Task 10: Documentation	2	12	6	20	\$2,400
Subtotal Financial Chapter	26	71	6	103	\$15,045
Optional Services					
Rate Design:					
Customer Statistics (sewer)	-	20	-	20	\$2,700
Sewer Rates: Volume Based Rates	8	30	-	38	\$5,610
Additional Meetings (1)	4	2	1	7	\$1,115
Total All	38	123	7	168	\$24,470

**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;

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. "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.
- B. "Base rate" means the minimum monthly charge for water service.
- C. "Rate" equals monthly base rate plus volume rate for each additional 100 cubic feet.
- D. "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.
- 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						
Base Rate	\$25.25	\$23.65	\$26.31	\$29.27	\$30.44	\$31.66
Volume Rate/100 cf > 300ccf "allowance"	\$2.28	\$2.54	\$2.83	\$3.15	\$3.28	\$3.41
Low-Income Senior						
Base Rate	\$12.63	\$11.83	\$13.16	\$14.64	\$15.22	\$15.83
Volume Rate/100 cf > 300ccf "allowance"	\$2.28	\$2.54	\$2.83	\$3.15	\$3.28	\$3.41
Multifamily						
Base Rate/Unit	25.25	\$15.78	\$17.56	\$19.54	\$20.32	\$21.13
Volume Rate/100 cf no "allowance"	\$2.28	\$2.54	\$2.83	\$3.15	\$3.28	\$3.41
Mobile Home Parks						
Base Rate/Unit	25.25	\$15.78	\$17.56	\$19.54	\$20.32	\$21.13
Volume Rate/100 cf no "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	\$16.74	\$18.62	\$20.71	\$21.54	\$22.40
1" Meter	\$38.15	\$27.96	\$31.11	\$34.61	\$35.99	\$37.43
1.5" Meter	\$49.05	\$55.74	\$62.01	\$68.99	\$71.75	\$74.62
2" Meter	\$79.03	\$89.22	\$99.26	\$110.43	\$114.85	\$119.44
3" Meter	\$299.75	\$333.47	\$370.99	\$385.83	\$401.26	\$417.31
4" Meter	\$381.50	\$424.42	\$472.17	\$491.05	\$510.69	\$531.12
6" Meter	\$572.25	\$636.63	\$708.25	\$736.58	\$766.04	\$796.68
8" Meter	\$790.25	\$879.15	\$978.06	\$1,017.18	\$1,057.87	\$1,100.18
Volume Rate/100 cf no "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						
Base Rate	\$37.88	\$35.48	\$39.47	\$43.91	\$45.66	\$47.49
Volume Rate/100 cf > 300ccf "allowance"	\$3.42	\$3.81	\$2.83	\$3.15	\$3.28	\$3.41
Low-Income Senior						
Base Rate	\$18.95	\$17.75	\$19.73	\$21.95	\$22.83	\$23.75
Volume Rate/100 cf > 300ccf "allowance"	\$3.42	\$3.81	\$2.83	\$3.15	\$3.28	\$3.41

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						
Base Rate/Unit	37.88	\$23.67	\$26.34	\$29.31	\$30.48	\$31.70
Volume Rate/100 cf no "allowance"	\$3.42	\$3.81	\$4.25	\$4.73	\$4.92	\$5.12
Mobile Home Parks						
Base Rate/Unit	37.88	\$23.67	\$26.34	\$29.31	\$30.48	\$31.70
Volume Rate/100 cf no "allowance"	\$3.42	\$3.81	\$4.25	\$4.73	\$4.92	\$5.12
Commercial						
Base Rate by Meter						
3/4" Meter	\$40.88	\$25.11	\$27.93	\$29.05	\$30.21	\$31.42
1" Meter	\$57.23	\$41.94	\$46.66	\$48.52	\$50.47	\$52.48
1.5" Meter	\$73.58	\$83.61	\$93.02	\$96.74	\$100.61	\$104.63
2" Meter	\$118.55	\$133.83	\$148.89	\$154.84	\$161.03	\$167.48
3" Meter	\$449.63	\$750.31	\$834.72	\$868.11	\$902.84	\$938.95
4" Meter	\$572.25	\$954.94	\$1,062.37	\$1,104.87	\$1,149.06	\$1,195.03
6" Meter	\$858.38	\$1,432.41	\$1,593.56	\$1,657.30	\$1,723.59	\$1,792.54
8" Meter	\$1,185.38	\$1,978.09	\$2,200.63	\$2,288.66	\$2,380.20	\$2,475.41
Volume Rate/100 cf no "allowance"	\$3.42	\$3.81	\$4.25	\$4.73	\$4.92	\$5.12

*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
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		
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.)

*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.

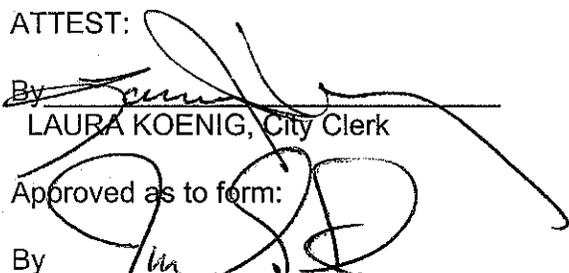
Section 3 Effective Date. This ordinance shall become effective: December 1, 2007.

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

Published: 11/21/07

**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
RESIDENTIAL (flat rate)					
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	\$4.61	\$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: