



TO: T.C. Broadnax, City Manager
FROM: Michael P. Slevin III, P.E., Director, Environmental Services
Dan Thompson, Ph.D., Division Manager, Business Operations
COPY: City Council and City Clerk
SUBJECT: Request for Ordinance Amending Chapter 12.08 of the Municipal Code related to Wastewater and Surface Water Rates for the years 2017 and 2018 – November 15, 2016
DATE: October 27, 2016

M.P.S.C.

SUMMARY:

An ordinance amending Chapter 12.08 of the Municipal Code, relating to the Wastewater and Surface Water Management – Regulation and Rates, to adjust rates and charges for services provided by the wastewater and surface water utilities for the years 2017 and 2018.

STRATEGIC POLICY PRIORITY:

- Strengthen and support a safe city with healthy residents.
- Assure outstanding stewardship of the natural and built environment.
- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

The proper operation and adequate funding of these utilities produce direct benefits in cleaner water discharges to Commencement Bay. The utilities provide infrastructure and services to manage wastewater and surface water for the protection of health, property, and quality of life for all residents; promote the growth and development of a vibrant economy; and help sustain a healthy environment.

BACKGROUND:

The Environmental Services Department, working with the Environmental Services Commission (ESC), has updated its multi-year rate plan and developed proposed general revenue increases for the 2017-2018 biennium for wastewater and surface water customers. Consistent with the recommendation from the ESC, increases of 5.5 percent in 2017 and 4.5 percent in 2018 are proposed for wastewater; and an increase of 5.5 percent, including 0.5 percent dedicated for Open Space in each year, is proposed for surface water. These rate increases are driven primarily by increased labor costs and increased investment in infrastructure.

The Low income elderly/low income disabled discount has been maintained at 30 percent.

The Environmental Services Department delivered presentations to the Neighborhood Councils, the Government Performance and Finance Committee, and to the City Council at the October 18, 2016 study session.

ISSUE:

Adequate funding is necessary to provide important and reliable wastewater collection and treatment and storm water management in order to protect the health and safety of the residents, property, and environment.



ALTERNATIVES:

The alternative of not increasing revenue would be to reduce capital investment in the City's waste and storm collection and treatment systems which would result in more costly emergency construction repairs, legal disputes and damage claims, permit violations, reduced operational and maintenance activities, and potential bond covenant violations and financial problems.

RECOMMENDATION:

An ordinance amending Chapter 12.08 of the Municipal Code, relating to the Wastewater and Surface Water Management – Regulation and Rates, to adjust rates and charges for services provided by the wastewater and surface water utilities for the years 2017 and 2018.

FISCAL IMPACT:

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
TOTAL			

* General Fund: Include Department

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
4300	523900	Various	\$8,400,000
4301	521900	Various	\$6,500,000
TOTAL			

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: None

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes