

CITY COUNCIL REGULAR SESSION

Ordinance establishing revised sewerage service charges; repealing Ordinance No. 6330; providing for severability; and establishing an effective date.

Nav Ota, Director, 452-2041

Lucy Liu, Assistant Director, 452-4445

Utilities Department

EXECUTIVE SUMMARY

This Ordinance will revise the sewerage service charges to provide sufficient resources to support the annual operating and CIP funding needs of the Sewer Utility, consistent with the proposed 2019-2020 Utilities Department budget.

RECOMMENDATION

Move to adopt Ordinance No. 6441.

If approved, effective date: December 13, 2018.

BACKGROUND/ANALYSIS

The key budget drivers for the Sewer Utility include increases in wholesale sewerage treatment costs, investments to address infrastructure needs, and inflationary increases to operating costs.

This Ordinance will revise the charges to include anticipated increases in King County charges for wholesale sewage treatment in 2019 and 2020, as well as updated assumptions for local program operating and capital expenditures to address the key budget drivers. Consistent with Council-adopted policy, the increased charges in 2019 and 2020 will pass through impacts of the wholesale sewage treatment cost increases and implement a balanced Sewer Utility budget, including funding for local programs and projects proposed in the 2019-2020 Utilities Department budget. Under the existing sewer charge structure, residential customers pay a fixed monthly charge equal to the charge used by King County to bill the City for monthly sewer treatment charges for each residential equivalent unit plus a volume charge for local program costs.

Wholesale

This Ordinance will revise the charges to include anticipated increases in King County wholesale sewage treatment costs in 2019 and 2020. The King County Council adopted a 2019 monthly wholesale sewage treatment charge per residential equivalent unit of \$45.33 per unit, representing an increase from the 2018 rate of \$44.22 per unit. This change is included in the 2019 sewer charges. No additional increase to the wholesale sewage treatment charge is projected in 2020. Consistent with Council-adopted policies, the impact of these changes will be passed through to Bellevue customers, resulting in a rate increase of 1.8 percent in 2019. No rate increase for wholesale costs is anticipated in 2020.

Local Programs

This Ordinance will revise the charges to include updated assumptions for local program operating and capital expenditures and will establish charges needed to finance the 2019 and 2020 budgets, resulting in rate increases of 2.1 percent in 2019 and 2.3 percent in 2020.

The total rate increase is 3.9 percent in 2019 and 2.3 percent in 2020.

The Environmental Services Commission reviewed the proposed Utilities Department operating and capital budget in detail between January 2018 and October 2018 and recommended approval of the proposed rate increases to Council on November 8. The City Council reviewed the proposed Utilities Department budget and rate increases during Council study session on November 19.

POLICY & FISCAL IMPACTS

State Law

State law requires approval of a balanced budget.

City Financial Policies

In accordance with Council-adopted financial policies, sewer service rate increases are needed to maintain, operate, and invest in utility infrastructure to ensure reliable service delivery to sewer customers. The requested charges meet Council-approved rate guidelines which provide for passing through wholesale regional sewerage treatment cost increases and for providing sufficient funds to fulfill Council policy regarding infrastructure replacement reserves.

Fiscal Impact

Changes to the existing sewerage service charges in 2019 and 2020 are needed to provide sufficient resources to support the annual operating and CIP funding needs of the Sewer Utility, consistent with the proposed 2019-2020 Utilities Department budget and the Utility's Six-Year Financial Forecast. The impacts on typical customer monthly bills in 2019 and 2020 from the proposed sewerage service charge increases are shown below:

		<u>Bill</u>	<u>\$ Increase</u>	<u>% Increase</u>
Single Family (7.5 ccf per mo.)	2018	\$80.43	n/a	n/a
	2019	\$83.56	\$3.13	3.9%
	2020	\$85.48	\$1.92	2.3%

		<u>Bill</u>	<u>\$ Increase</u>	<u>% Increase</u>
Multi-family 12 Units (100 ccf per mo.)	2018	\$919.44	n/a	n/a
	2019	\$955.34	\$35.90	3.9%
	2020	\$977.52	\$22.18	2.3%

		<u>Bill</u>	<u>\$ Increase</u>	<u>% Increase</u>
Commercial (1,000 ccf per mo.)	2018	\$10,327.04	n/a	n/a
	2019	\$10,727.89	\$400.85	3.9%
	2020	\$10,970.50	\$242.61	2.3%

OPTIONS

1. Adopt the Ordinance establishing revised sewerage service charges; repealing Ordinance No. 6330; providing for severability; and establishing an effective date.
2. Do not adopt the Ordinance and provide alternative direction to staff.

ATTACHMENTS & AVAILABLE DOCUMENTS

Proposed Ordinance No. 6441

AVAILABLE IN COUNCIL LIBRARY

N/A