

Lake Forest Park City Council

Agenda Cover Sheet

Meeting Date 11/9/2017 and 11/16/2017

Title Ordinance 1167/Setting the 2018 Sewer Utility Rates

Item Type

- | | |
|---|--|
| <input type="checkbox"/> Work Session | <input checked="" type="checkbox"/> Ordinances & Resolutions |
| <input type="checkbox"/> Proclamation | <input type="checkbox"/> Introduction/Referral |
| <input type="checkbox"/> Special Presentation | <input checked="" type="checkbox"/> Council Discussion |
| <input type="checkbox"/> Public Hearing | <input checked="" type="checkbox"/> Action |
| <input type="checkbox"/> Consent Calendar | <input type="checkbox"/> Council Discussion/Action |
| <input type="checkbox"/> Final Confirmation | |

Originating Department Finance

Contact Person Chris Bothwell

Legislative History

- Budget and Finance Committee, September 21, 2017
- Budget and Finance Committee, October 19, 2017
- City Council, November 9, 2017

Attachments:

1. Ordinance 1167
-

Executive Summary

Ordinance 1167 increases the total 2018 sewer rate by 1.3%. Sewer excise tax rate changes are aligned with increases in the City's portion of the sewer rate. The sewer excise tax rate is scheduled to increase by 5.0% in alignment with the sewer rate increase. The increase is required to respond to the increasing operation and maintenance costs of the sewer system. The last increase for the City's portion of the charges was implemented in 2016.

Background

The sewer rate is made up of two components, the King County treatment charges to pay for the cost of the sewage disposal through the County system and the City's charges to cover the costs of operating and maintaining the sewer system. The charges from the County account for greater than 70% of the Lake Forest Park sewer rates. The two rate components are scheduled to increase in alternating years; 2018 is the year when the City's portion of the charge is scheduled to increase.

Sewer Service Rate

The Lake Forest Park sewer charge will increase the sewer bill \$0.85 per month for single-family residential customers in 2018. The City increase raises the commercial and multi-family rate by \$0.17 per 100 cubic feet (ccf) or 1.8% overall for 2018. These charges are shown in the table below:

Sewer Monthly Service		
Residential	61.31	<u>62.16</u>
Sewer Excise Tax	17.09	<u>17.94</u>
Commercial / Multi-Family Residential (per ccf)	9.04	<u>9.21</u>

Sewer Excise Tax

The City levies an excise tax for the privilege of operating an onsite wastewater system in lieu of connecting to the sewer system. The amount levied changes every other year with increases in the City portion of the sewer utility charges. The rate did not change in 2017, so a change is due for 2018.

This item increases the sewer excise tax rate by \$.85 per month, from \$17.09 per month to \$17.94. The 2018 rate is a 5.0% increase compared to the 2017 rate. The Sewer Excise Tax rate is established with the adoption of the user fee schedule pursuant to LFPMC 13.08.080.G and has been incorporated into the Resolution 1658 adopting the 2018 User Fee Schedule.

The 2018 increases are required to respond to increasing costs associated with the operation and maintenance of the sewer system and to ensure that the future capital needs of the sewer infrastructure are adequately funded.

It should be noted that the increase in the City's portion of the sewer charge is 5%, the change in the total charge (King County Treatment Charge + LFP's Portion) is 1.3%. Sewer Excise Taxpayers are not charged the King County treatment charge, so the increase is 5%. The dollar value of the increase is the same for sewer customers and sewer excise taxpayers.

Fiscal & Policy Implications

These rate increases will generate approximately \$30,000 annually.

Alternatives

Options	Results
<ul style="list-style-type: none">Approve this Ordinance	Maintains the excellent financial health of the sewer system.
<ul style="list-style-type: none">Do not approve this Ordinance	Funds set aside for the capital needs of the system will be diverted for current operations compromising the future of the sewer infrastructure.

Staff Recommendation

Approve this Ordinance.

Legal Review

Type of Document	Title of Document	Date Reviewed by Legal Counsel
<i>Ordinance</i>	<i>Ordinance setting 2018 sewer utility rates</i>	<i>11/02/2017</i>

ATTACHMENT 1

ORDINANCE NO. 1167

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAKE FOREST PARK, WASHINGTON, SETTING 2018 SEWER UTILITY RATES, PROVIDING FOR SERVERABILITY AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the setting of City sewer rates are authorized in Section 13.08.090 of the Lake Forest Park Municipal Code; and

WHEREAS, the City of Lake Forest Park has a sewer rate structure where a portion of the rate is for King County treatment charges and a portion is for the operation and maintenance of the City's sewer infrastructure; and

WHEREAS, in 2004 the City completed a study of the sewer rates for operation, maintenance, and for the long-term replacement of the sewer system infrastructure; and

WHEREAS, the study recommended that the City's portion of the sewer rates be increased and a portion of the revenue be set aside in a new fund for future capital replacement of the City's sewer system; and

WHEREAS, the City's portion of the sewer rate has increased by an average of one percent per year over the last decade; and

WHEREAS, the City has increased its portion of the sewer rate every-other year for over a decade; and

WHEREAS, the City has determined that an increase of five percent of the City's portion of the sewer rate, or approximately a one percent increase in the total charge to customers, is required to keep up with rising operating costs of the sewer system; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAKE FOREST PARK, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Effective January 1, 2018, the following classification of sewer use and schedule of rates and charges for sanitary sewer service are adopted, for properties located within the boundaries of the City of Lake Forest Park as now or hereafter determined:

Class No.	Description	Rate
I.	Residential (single-family and housing units with four or less residential units per building),	\$61.31 \$62.16 per month per unit
II.	Multi-family Residential (housing units with five or more units per building)	\$9.04 \$9.21 per hundred cubic feet (ccf) per month
III.	Commercial	\$9.04 \$9.21 per hundred cubic feet (ccf) per month per unit of business

Section 2. SEVERABILITY. Should any portion of this ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, such decision shall not affect the validity of the remaining portions of this Ordinance or its application to other persons or circumstances.

Section 3. CORRECTIONS. The City Clerk is authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 4. EFFECTIVE DATE. This ordinance shall take effect five (5) days after passage and publication.

APPROVED BY A MAJORITY of the Lake Forest Park City Council this 9th day of November, 2017.

APPROVED:

 Jeff Johnson
 Mayor

ATTEST/AUTHENTICATED:

 Evelyn Jahed
 City Clerk

APPROVED AS TO FORM:

Kim Adams Pratt
City Attorney

Introduced: _____
Adopted: _____
Posted: _____
Published: _____
Effective: _____