

Subject: Ordinance #1495 – Increasing City Sanitary Sewer Rates for the purposes of passing through Tacoma sewer rate increases (Amending RMC 21.02.010)

Proposed Council Action:

This is scheduled for Second Reading and Adoption.

Dept. Origin: Mayor/Utilities Department

Prepared by: Jennifer Robertson
City Attorney

For Agenda of: May 16, 2017

Exhibits: Ordinance #1495

Concurred by Mayor:	_____	Initial & Date
Approved/form by City Atty:	<u>JSR/4-21-17</u>	
Approved by _____ Director:	_____	
Approved by Department Head:	_____	

INFORMATION / BACKGROUND

Under State law,¹ the City is authorized to provide sanitary sewer services to properties within the City. As a sanitary sewer utility provider, the City may establish charges for sanitary sewer service.² The City of Tacoma accepts the flow from Ruston sanitary sewers for the purpose of sewage treatment. The City of Ruston pays Tacoma for this service. The City of Tacoma instituted a sewer rate increase. The increase took effect on January 1, 2017. Another Tacoma increase was also passed which is scheduled to take effect on January 1, 2018. The City of Ruston only received notice of the 2017 increase in April 2017. The average of the rate increases between 2016 and 2017 across all rate increases was 4.7 percent. The average for 2018 was 5.1 percent. To ensure equality among rates, the same percentage increase has been added to establish the new two-step rate increases in Ruston.

As is the City's practice for utilities, rate increases are passed through to its rate-payers to ensure continued financial viability of the sanitary sewer utility. Both the 2017 and 2018 rate increases are included as a two-step increase in the ordinance so that the City only needs to amend the Code once to effectuate both steps. The rate increases are outlined below, including a look back at 2016 rates.

Rate Type	2016	Increase	6/2017	Increase	10/2017
Fixed Rate - RES	\$ 61.50	\$ 3.14	\$ 64.64	\$ 3.03	67.67
Flow Charge - RES	\$ 4.30	\$ 0.22	\$ 4.52	\$ 0.21	4.73
Fixed Rate - COM - Categorized	\$ 50.53	\$ 2.58	\$ 53.11	\$ 2.49	\$55.60

¹ See RCW 35A.11.020, 35A.21.150, and Chapter 35.67 RCW.

² RCW 35.67.020; 35.67.190.

Flow Charge - COM by Category					
1	\$ 5.73	\$ 0.29	\$ 6.02	\$ 0.29	\$ 6.31
2	\$ 6.07	\$ 0.31	\$ 6.38	\$ 0.30	\$ 6.68
3	\$ 7.64	\$ 0.39	\$ 8.03	\$ 0.38	\$ 8.41
4	\$ 9.39	\$ 0.48	\$ 9.87	\$ 0.46	\$ 10.33
5	\$ 9.39	\$ 0.48	\$ 9.87	\$ 0.46	\$ 10.33
6	\$ 11.15	\$ 0.57	\$ 11.72	\$ 0.55	\$ 12.27
7	\$ 12.66	\$ 0.65	\$ 13.31	\$ 0.62	\$ 13.93
8	\$ 13.10	\$ 0.67	\$ 13.77	\$ 0.65	\$ 14.42
Fixed Rate - COM - Not Categorized	\$ 60.85	\$ 3.10	\$ 63.95	\$ 3.01	66.96
Flow Charge - COM - Not Categorized	\$ 4.30	\$ 0.22	\$ 4.52	\$ 0.21	\$ 4.73

The City Council held a Public Hearing on this Ordinance during First Reading on May 2, 2017.

FISCAL CONSIDERATION

By increasing the base sanitary sewer base rates to pass through the Tacoma sanitary sewer rate increases, the City will ensure that its sanitary sewer utility is self-sustaining and that these increased costs are born by the rate-payers rather than the general public. By putting in the 2018 rate increase in October of 2017, the City will recoup the loss that occurred during the first three months of 2017 when Tacoma was charging Ruston a higher rate, but Ruston was not recovering that increase from its customers.

RECOMMENDATION / MOTION

This matter is scheduled for Second Reading and Adoption.

MOTION: I moved to Adopt Ordinance NO. 1495, relating to charges for sanitary sewer services within the City of Ruston, amending Section 21.02.010 of the Ruston Municipal Code to increase all sanitary sewer fixed monthly rates and consumption rates in two increments as follows: the first increase of 5.1% taking effect on June 21, 2017 and a second increase of 4.7% taking effect on October 21, 2017.

ORDINANCE NO. 1495

AN ORDINANCE OF THE CITY OF RUSTON, WASHINGTON, RELATING TO CHARGES FOR SANITARY SEWER SERVICES WITHIN THE CITY OF RUSTON, AMENDING SECTION 21.02.010 OF THE RUSTON MUNICIPAL CODE TO INCREASE SANITARY SEWER FIXED MONTHLY RATES IN TWO INCREMENTS AS FOLLOWS: ON JUNE 21, 2017 BY \$3.14 PER MONTH PER HOUSEHOLD FOR BOTH SINGLE-FAMILY AND MULTI-FAMILY HOMES AND A SECOND INCREASE OF \$3.03 PER MONTH STARTING ON OCTOBER 21, 2017, INCREASING RATES BASED ON CONSUMPTION BY \$0.22 PER 100 CUBIC FEET OF WATER CONSUMPTION PER MONTH IN JUNE 2017 AND BY \$0.21 PER 100 CUBIC FEET IN OCTOBER 2017, INCREASING THE FIXED MONTHLY RATE FOR EACH COMMERCIAL/INDUSTRIAL USER BY \$2.58 PER MONTH IN JUNE 2017 AND \$2.49 IN OCTOBER 2017, INCREASING COMMERCIAL RATES BASED ON CONSUMPTION PER 100 CUBIC FEET OF WATER CONSUMPTION PER MONTH BY USER TYPE IN THE FOLLOWING AMOUNTS \$0.29 (JUNE 2017) \$0.29 (OCTOBER) (CATEGORY 1), \$0.31 (JUNE 2017) \$0.30 (OCTOBER) (CATEGORY 2); \$0.39 (JUNE 2017), \$0.38 (OCTOBER) (CATEGORY 3), \$0.48 (JUNE 2017) \$0.46 (OCTOBER) (CATEGORIES 4 & 5), \$0.57 (JUNE 2017) \$0.55 (OCTOBER) (CATEGORY 6), \$0.65 (JUNE 2017) \$0.62 (OCTOBER) (CATEGORY 7), \$0.67 (JUNE 2017) \$0.65 (OCTOBER) (CATEGORY 8), \$0.22 (JUNE 2017) \$0.21 (OCTOBER) FOR UNCATEGORIZED COMMERCIAL USERS, SUCH INCREASES ARE IMPOSED FOR THE PURPOSES OF PASSING THROUGH INCREASES FOR SEWER SERVICES CHARGED BY THE CITY OF TACOMA, AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, in accordance with RCW 35A.11.020, 35A.21.150, and Chapter 35.67 RCW, the City is authorized to provide sanitary sewer services to properties within the City; and

WHEREAS, in accordance with RCW 35.67.020, the City has the authority to establish charges for the sanitary sewer facilities; and

WHEREAS, in accordance with RCW 35.67.190, the City has the authority to fix the rates for sanitary sewer services; and

WHEREAS, the City is charged for sanitary sewer services from the City of Tacoma; and

WHEREAS, the City of Tacoma raised its sanitary sewer rates effective January 1, 2017 by raising its monthly residential fixed rate by 4.8 percent and monthly commercial fixed rate by 5.2 percent, with an additional 4.5 percent increase to residential and 4.6 percent increase to commercial fixed rates to take effect on January 1, 2018; and

WHEREAS, each of the fixed rate increases described above were accompanied by flow rate increase for each type of uses in both 2017 and 2018; and

WHEREAS, the average increase for both fixed rate and flow rate for 2017 is 4.7 percent and for 2018 is 5.1 percent; and

WHEREAS, the City of Ruston's prior rates for the water consumption portion of the sanitary sewer rates were based on Tacoma's rates for January 2015 and January 2016; and

WHEREAS, in November 2016, Tacoma has adopted a two-step increase which takes effect on January 1, 2017 and again on January 1, 2018; and

WHEREAS, in order to pass through these increases and be consistent with Tacoma's consumption rates, Ruston should increase both its fixed and its consumption rate by 4.7 percent for 2017 (starting June 21, 2017) and 5.1 percent for 2018 (starting October 21, 2017); and

WHEREAS, in order to ensure that the City's sanitary sewer services are born by the rate-payers, these increased rates must be passed through to the Ruston rate-payers; and

WHEREAS, Ruston has been paying the higher rates since January 1, 2017 and is not passing these rates through to its customers until June 21, 2017 which results in Ruston not recouping the total increased expense; and

WHEREAS, in order to recover the six months of not recouping the higher Tacoma rates, Ruston will take the second step increase on October 21, 2017; and

WHEREAS, on May 2, 2017, the City Council held the first reading of this Ordinance and held a public hearing on these rate increases; and

WHEREAS, on May 16, 2017, the City Council adopted this Ordinance at Second Reading during its regular meeting; **NOW, THEREFORE,**

THE CITY COUNCIL OF THE CITY OF RUSTON HEREBY ORDAINS AS FOLLOWS:

Section 1. Section 21.02.010 of the Ruston Municipal Code is hereby amended to read as follows:

21.02.010 Rate schedule.

Pursuant to the provisions of RCW 35.67.190, charges shall be made for the discharge of and the availability of the discharge of all sanitary sewage into the Ruston Municipal Sanitary Sewer System. Unless otherwise determined by the City, no allowances will be made for vacancies or remodeling. Sewer charges shall be based upon highest class of sanitary sewer use when there is more than one type of user per premises. The charges shall be as follows:

- (a) Each single-family residence (including those instances where more than one family residence is served through one water meter) shall be charged a monthly charge computed as follows:
 - (1) Effective Date: ~~March 21, 2015~~ June 21, 2017, a fixed charge of ~~\$60.21~~ \$64.64 plus a flow charge calculated at ~~\$4.05~~ \$4.52 per hundred cubic feet (ccf) of water consumption. Effective ~~October 21, 2015~~ October 21, 2017, a fixed charge of ~~\$61.50~~ \$67.67 plus a flow charge calculated at ~~\$4.30~~ \$4.73 per hundred cubic feet (ccf) of water consumption.

The water consumption for the flow charge shall be the average monthly use as measured during the most recent months of December, January, February, and March. If the average consumption results in a fractional part of a ccf, the number used for calculating the flow charge shall be the next highest whole number.

- (b) Multiple-family residences (two or more units) served through one water meter shall pay a monthly charge per living unit as above, except that the water consumed during the winter months shall be divided by the total number of living units served by the account to determine the per living unit flow volume. If the average consumption per unit results in a fraction, the number used for calculating the flow charge shall be the next highest whole number.

It shall be the duty of every person in possession, charge, or control of the entire premises consisting of two or more units, served by the sanitary sewer system, or to which such service is available, to be accountable for payment of each unit.

Where units in multiple-unit residences are separately metered, each unit shall be charged the appropriate single-family residence rate as set forth in subsection (a) of this section. Rate for user generating most sanitary sewage will be used for billing purposes.

- (c) In all cases other than residential charges hereinabove set forth, the sewer charge shall be computed and paid as follows:
- (1) Metered Water Supply. When charges and fees are based upon the water usage, such charges and fees shall be applied against the total amount of water used from all sources unless, in the opinion of the Director of the City of Tacoma Public Works, significant portions of water received are not discharged to a sanitary sewer. The total amount of water used from public and private sources will be determined by means of public meters or private meters, installed and maintained at the expense of the user and approved by the Director of the City of Tacoma Public Works. Where more than one commercial/industrial facility is served by one water meter, the user group shall be determined by the activities of the largest water consumption used.
- (d) The charge for commercial/industrial sanitary sewer user groups shall be as follows:
- (1) Effective Date: ~~March 21, 2015~~June 21, 2017, a fixed charge of ~~\$53.11~~ 49.92.
Effective October 21, ~~2015~~2017, a fixed charge of ~~\$55.60~~ 50.53.

Each commercial/industrial user shall be placed in a user group and shall pay the appropriate flow rate per 100 cubic feet (ccf) as listed below. In addition, all restaurants and taverns shall be placed in the Category II group unless the customer provides documentation that they have an approved grease retention device conforming to current uniform plumbing code and City of Tacoma Public Works guidelines, and that the customer has an adequate ongoing maintenance program in place for that device. The customer will remain in the Category I group as long as those conditions are continually met. In the event those conditions are not continually met, the customer will be placed back into the Category II group.

Category I: ~~\$6.025.40~~/ccf (effective ~~March 21, 2015~~June 21, 2017) and ~~\$6.315.73~~/ccf (effective October 21, ~~2015~~2017)
(BOD 0-250 mg/l) (SS 0-150)

User Group Names:

- Nursing Homes
- Photo Finish Laboratories
- Taverns - No Food Preparation
- Commercial Printers
- Business Form Printers

- Laundromats
- Photo Studios
- Car Washes
- Lime Manufacturers

Category II: ~~\$6.38~~ ~~5.72~~/ccf (effective ~~March 21, 2015~~ June 21, 2017) and ~~\$6.68~~ ~~6.07~~/ccf (effective October 21, ~~2015~~ 2017) (BOD 200-300 mg/l) (SS 150-400)

User Group Names:

- Hotels and Motels - No Restaurant
- Hospitals
- Auto Dealers
- Top and Body Repair Shops
- Repair and Paint Shops
- Auto Repair Shops
- Asphalt Felts and Coating
- Domestic Strength
- Chemical Processors
- Coating and Engraving
- Concrete Ready Mix Suppliers
- Funeral Services - No Embalming
- Manufacturers
- Meat Distributors
- Meat and Fish Markets
- Paint Manufacturers
- Platers
- Soft Drink Beverage
- Vehicle Parts Manufacturers

Category III: ~~\$8.03~~ 7.20/ccf (effective ~~March 21, 2015~~ June 21, 2017) and ~~\$8.41~~ 7.64 (effective October 21, ~~2015~~ 2017)
(BOD 301-500 mg/l) (SS 0-400)

User Group Names:

- Canned and Cured Fish
- Fresh or Frozen Fish
- Grocery Stores - Others
- Bowling Alleys - No Restaurant

Category IV: ~~\$9.87~~ 8.85/ccf (effective ~~March 21, 2015~~ June 21, 2017) and ~~\$10.33~~ 9.39/ccf (effective October 21, ~~2015~~ 2017)
(BOD 301-500 mg/l) (SS 450 mg/l)

User Group Names:

- Hotels and Motels - With Restaurant

Category V: ~~\$9.87~~ 8.85/ccf (effective ~~March 21, 2015~~ June 21, 2017) and ~~\$10.33~~ 9.39/ccf (effective October 21, ~~2015~~ 2017)
(BOD 501-700 mg/l)

User Group Names:

- Commercial Laundries
- Bakeries (Manufacturers)

Category VI: ~~\$11.72~~ 10.51/ccf (effective ~~March 21, 2015~~ June 21, 2017) and ~~\$12.27~~ 11.15/ccf (effective October 21, ~~2015~~ 2017)
(BOD 701-900 mg/l) (SS 400 mg/l)

User Group Names:

- Bakery Stores - On-Site Baking
- Restaurants (Category I)
- Taverns - With Food Preparation (Category I)
- Bowling Alleys - With Restaurant (Category I)

Category VII: ~~\$13.31~~ 11.94/ccf (effective ~~March 21, 2015~~ June 21, 2017) and ~~\$13.93~~ 12.66/ccf (effective October 21, ~~2015~~ 2017)
(BOD 701-900 mg/l) (SS 700 mg/l)

User Group Names:

- Grocery Stores - Full Service
- Funeral Services - With Embalming

Category VIII: ~~\$13.77~~ ~~12.35~~/ccf (effective ~~March 21, 2015~~ June 21, 2017) and ~~\$14.42~~ ~~13.10~~ (effective October 21, ~~2015~~ 2017) (BOD 901+ mg/l)

User Group Names:

- Restaurants (Category II)
- Taverns - With Food Preparation (Category II)
- Bowling Alleys - With Food Preparation (Category II)

Commercial/industrial users not identified above will be billed at domestic strength.

(e) Every premises to which sanitary sewerage is furnished by sanitary sewers, and every premises to which there is availability for such service shall be charged for such service in accordance with the rates and charges herein placed in effect; provided, however, that in no event shall any such charge be less than as provided below:

(1) Effective Date: ~~March 21, 2015~~ June 21, 2017—a fixed charge of ~~\$63.95~~ ~~59.02~~ plus a flow charge calculated at ~~\$4.52~~ ~~3.82~~ per hundred cubic feet (ccf) of water consumption and effective October 21, 2017 – a fixed charge of \$66.96 plus a flow charge calculated at \$4.73 per hundred cubic feet (ccf) of water consumption.

(f) The City will not charge for sanitary sewer for property in the City that is vacant or unimproved when such land is not connected to the sanitary sewer system.

Section 2. Severability. If any section, sentence, clause or phrase of this Ordinance should be held to be unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this Ordinance.

Section 3. Publication. This Ordinance shall be published by an approved summary consisting of the title.

Section 4. Effective Date. This Ordinance shall be effective five days after publication as provided by law. The rates adopted herein shall be effective on the dates contained in Section 1 of this Ordinance.

ADOPTED by the City Council of the City of Ruston and attested by the City Clerk in authentication of such passage on this 16th day of May, 2017.

APPROVED by the Mayor this 16th day of May, 2017.

Bruce Hopkins, Mayor

ATTEST/AUTHENTICATED:

Judy Grams, City Clerk

APPROVED AS TO FORM:



Office of the City Attorney

FILED WITH THE CITY CLERK: 4-20-2017

PASSED BY THE CITY COUNCIL: _____

PUBLISHED: _____

EFFECTIVE DATE: _____

ORDINANCE NO: 1495