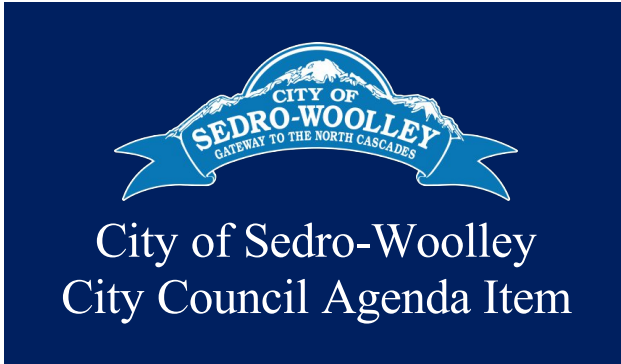


Next Ord: 2025-22
Next Res: 1110-22

**CITY COUNCIL UTILITIES COMMITTEE STUDY SESSION
AGENDA
October 26, 2022
5:00 PM
City Council Chambers**

1. Utility Rate Increase Discussion

Next Meeting: November 2nd, 2022 Council Study Session



Agenda Item No.	
Date:	November 23, 2021
Subject:	Public Hearing and 2nd Read: Utility Rate Ordinances for 2022

FROM:

Debbie Burton, Finance Director

RECOMMENDED ACTION:

Hold a Public Hearing and following the Hearing take action to Approve Ordinances No. 1997-21, 1998-21, and 1999-21 for 2022 utility rates.

ISSUE:

To balance the 2022 utility budgets, to fund the City Council's priorities, and to meet the City's Capital Facilities Plan requirements, the City Council needs to consider the City's utility rates for sewer, storm water and garbage and recycling services, effective January 1, 2022.

BACKGROUND/SUMMARY INFORMATION:

After considerable work by all the departments and discussion by Council at the November 3, 2021 Study Session and the November 10, 2021 council meeting, the 2022 Rate Ordinances are a reflection of the level of service demands and the related market conditions of our three utilities. In a general sense, city utilities are run as Enterprise Funds, meaning they have to operate almost as competitive businesses as they have the same market pressures and business environments as private companies. The differences are that our utility funds operate as 'break even' entities — we do not generate profit margins or excess surpluses of cash. Accordingly, where private companies may have relatively larger reserves to tap into to flex with market conditions, municipal utilities may not have that same level of flexibility. Rate adjustments are required to ensure that we keep our businesses solvent and able to provide a proper level of service to our customers.

What this means, though, is that our businesses will be more sensitive to changes in the economy and require rate adjustments to remain solvent. The rate adjustments we do on an annual basis are primarily for: 1) the costs of inflation on goods and services (CPI-U increased Sedro-Woolley 5.5%), 2) the cost of increased regulation by State Agencies, and 3) the cost to replace equipment and infrastructure that deteriorates over time. The proposed rate adjustment for 2022 is a utility rate increase of 2.3% which is the same increase approved in 2021 and amount included in the 2021-2022 Approved Budget.

This agenda item is to hold a Public Hearing to receive public testimony and take action on the proposed Ordinances.

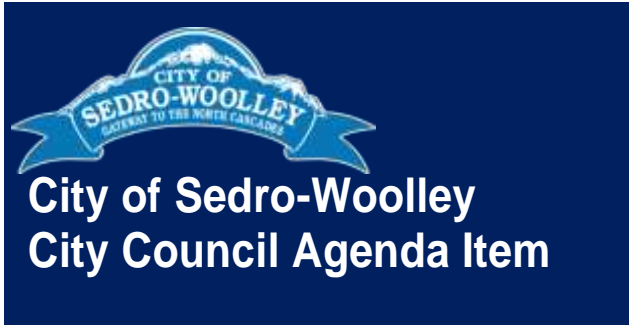
FISCAL IMPACT, IF APPROPRIATE:

Fund 401 Sanitary Sewer Est. Rate Revenue Increase \$89,300
Fund 412 Solid Waste Est. Rate revenue increase \$37,330
Fund 425 Stormwater Est Rate revenue increase \$19,627

Total Revenue Increase \$146,257

ATTACHMENTS:

1. 11/3/21 Council Workshop Memo re Utility Rate Adjustments
2. 2022 Sewer Rate Ordinance No. 1997-21
3. 2022 Storm Rate Ordinance 1998-21
4. 2022 Solid Waste Rate Ordinance 1999-21



Agenda Item No. _____

Date: November 3, 2020

Subject: Work Session
2022 Utility Rate Ordinances

Work Session

FROM: Mark A. Freiburger, PE, Director of Public Works

RECOMMENDED ACTION: FIRST READING 11/10/2021 – NO ACTION REQUIRED

1. A motion to adopt Ordinance No. ____-21 increasing the 2022 Fees and Charges for the use of the City of Sedro-Woolley Sanitary Sewer System
2. A motion to adopt Ordinance No. ____-21 amending Section 8.04.075 of the Sedro-Woolley Municipal Code to Increase 2022 Solid Waste Utility Rates and Charges
3. A motion to adopt Ordinance No. ____-21 amending the 2022 Fees and Charges for the use of the City of Sedro-Woolley Storm and Surface Water Utility System

ISSUE:

Shall Council adopt ordinances amending the Fees and Charges for use of the Sedro-Woolley Sewer, Solid Waste and Stormwater Utilities?

BACKGROUND / SUMMARY INFORMATION:

Staff annually reviews the Sanitary Sewer, Solid Waste and Storm Water Utility rates to determine the need for rate adjustments to reflect inflation, increased operation and maintenance costs and capital improvement costs. The ordinances amending the 2021 Fees and Charges for use of the Sedro-Woolley Sewer, Storm Water and Solid Waste Utilities each provide for annual adjustment of the charges and fees based on the Consumer Price Index – Urban for Seattle,-Tacoma-Bellevue. The rates were last amended under Ordinance 1965-20 Sanitary Sewer System adopted November 12, 2020, and Ordinance 1966-20 Solid Waste and 1967-20 Storm and Surface Water Utility System, each adopted November 24, 2020. All three ordinances were effective on January 1, 2021. The 2021 increases for all three utilities were 2.3%.

Following are comments general to all three funds, followed by specific notes on the individual utilities.

GENERAL COMMENTS

Consumer Price Index – Urban (CPI-U)

Annual rate adjustment in recent years have used the Consumer Price Index – Urban for Seattle/Tacoma/Bremerton as reference. Following is a breakdown of the past three years. A more detailed chart is also attached. Recent Covid-19 impacts to the supply chain have resulted in an ongoing spike in CPI-U.

TIMELINE

June 2018 – June 2019

CPI-U

2.3%

SW Adopted

2.3%

June 2019 - June 2020	0.95%	2.3%
June 2020 – June 2021	5.5%	2.3%

While the most recent rate is 5.5%, the previous year actual was 0.95%. The two year average would be 3.2%. The recent spike is ongoing as of September 2021, and likely to continue into 2022.

What the Utility Rate Structure supports

The utility rate structure is designed to support ongoing operations and maintenance (OM) of each utility, support the Equipment Repair and Replacement Fund (ERR), and support for the city’s planned Capital Improvements (CIP) related to each utility. Each of these functions is addressed in turn.

Operations and Maintenance. OM includes the annual increases in salaries and benefits. Salaries have increased on average 2% per year in recent years, driven by our AFSCME collective bargaining agreement. The AFSCME agreement is currently under negotiation, and an increase beyond the 2% level is in discussion. Benefits have also increased 7-8% due to ongoing health care premium increases from our provider. General operating expenses are also subject to ongoing price inflation for services, fuel, materials and equipment to support the utility.

Equipment Repair and Replacement. Equipment replacement costs continue to increase at levels near or exceeding the CPI. Staff adjusts the ERR on an annual basis to reflect the actual cost on new equipment, and adjusts deposits from each fund to the fund 501 ERR account accordingly. It should be noted that the general fund departments are experiencing this same level of inflation. Police and Fire in particular have seen recent increases on new vehicles and apparatus on the order of 5% to 6% per year. The ERR was adjusted in 2020 to reflect the higher Public Safety inflation rates.

Capital Improvement Program. Utility rate revenue funds support required infrastructure improvements to maintain our existing Wastewater, Solid Waste and Stormwater infrastructure. Expansion of the system to support growth is handled primarily through the sewer General Facilities Charges (GFC) or Impact Fees paid by new development. The Sewer Fund includes GFC collection to address growth impacts to the system. The Stormwater and Solid Waste Utilities currently does not include a GFC or Impact Fee. The Sewer Utility GFC was last adjusted by 2.3% in conjunction with the 2021 rate adjustment.

City Council adopted Comprehensive Financial Management Policies. Council has adopted the GFOA best practices recommendation for Ending Fund Balances at 16.67% of Cash Balance plus Revenues. This is reflected in the comments below. Finance plans to review this practice later in the year.

FUND 401 SEWER UTILITY

Council adopted the 2021 rate and General Facilities Charge (GFC) adjustment on 11/12/2020 under Ordinance 1965-20 effective 1/1/ 2021. The 2021 adjustment was 2.3% for both monthly rates and GFC.

This utility is regulated under a WA Department of Ecology Wastewater Permit. The system includes the Wastewater Treatment Plant, 12 Pump Stations and 262,540 LF of collection piping. Seven field Full Time Employees (FTE) maintain this system.

2021 Revenue is budgeted at \$4,327,316, excluding a \$2,000,000 transfer from Fund 410 for CIP. 2021 Operating Expenses (including debt, transfers and \$2,804,000 CIP Projects) are budgeted at \$4,768,216. 2021 Ending Fund Balance target is \$1,888,439, which meets the target EFB of \$1,109,664. Fund 410 Sewer Reserve 2021 EFB is \$3,552,718, well in excess of the target of \$1,000,000. These numbers assume that most of the recently awarded WWTP Lab/Ops Building Project construction will happen in 2022.

The **General Sewer System Plan Update** was adopted by council on 12/9/2020 and approved by Ecology on 7/9/2021. The Plan reviews Capital Improvements (CIP) planned over the next ten years to maintain and improve the Wastewater Treatment Plant and the sewer collection system. These projects include an anticipated WWTP upgrade near the end of the study period estimated at a cost of over \$20,000,000. Collection system rehabilitation projects average \$400,000 per year over this period.

As noted in the Sewer Comprehensive Plan and the related **2021 Sewer Outlook** incorporated in the Plan, annual adjustments to the Sewer utility rate are vital to the support of both OM and the CIP. The Plan recommends 2.3% annual rate increases for both rates and GFC throughout the planning horizon. With this assumption, the Sewer Utility can construct CIP prior to the WWTP expansion without new debt, and pay off the remaining PWTF loans used to reconstruct the trunk sewer system incurred between 2006 and 2009. New debt will be required when the WWTP expansion is built (estimated for 2026-2027); but with the assumption of continuing annual rate increases, and retirement of the PWTF loan, major rate increases are avoided. Conversely reduction in the recommended annual rate increases would only result in significantly larger required increases in future years.

Katy Isaksen (KIA) has updated the 2021 Sewer Outlook to reflect actual 2020 revenues and costs, and to reflect the recent CPI-U costs on the expenditure side of the utility. The attached 10/21/21 version is the result. Katy will be present at the work session via videoconference to review the updated Outlook.

As noted above, the June 2020-June 2021 CPI-U for Seattle-Tacoma-Bellevue is estimated at approximately 5.5%. Revisions made in late 2020 to the methodology for charging the utility for indirect cost allocations (IDCA) will lower the 2021 costs to the utility by approximately \$468,486 for 2021 (14.4% of budgeted revenue). This cushion would allow the utility to absorb the 2021 CPI-U difference (approx. \$104,800), while improving the Ending Fund Balance for the utility. This adjustment results in the utility (both Fund 401 and 410) remaining within planned ending fund balances through the ten year planning window.

With these factors considered, staff recommends remaining with the 2.3% escalator for 2022 for both the Sewer monthly charge and GFC.

FUND 412 SOLID WASTE UTILITY

The 2021 adjustment for Solid Waste was adopted by council 11/24/20 under Ordinance 1966-20 effective 1/1/2021. The Solid Waste container rates were increased by 2.3% with the 2021 adjustment.

Seven field FTE operate this system.

2021 Revenue is budgeted at \$3,079,179. 2021 Operating Expenses (including transfers) are budgeted at \$3,118,133. 2021 Ending Fund Balance budget is \$78,402, which is below the recommended EFB of \$532,862. Fund 413 Solid Waste Reserve 2021 EFB is \$531,078.

It is expected that operating costs and county tipping fees will increase in 2022 in conjunction with the effects of Covid-19 and normal inflation as evidenced by the CPI –U changes. This utility generally runs pretty close to budget, and has a minimal budgeted ending fund balance. As with the Sewer utility, there is a onetime indirect cost allocation revision in 2021 with an estimated savings of \$91,237 (5.6% of budgeted rate revenue). This cushion would allow the utility to absorb the 2021 CPI-U difference (approx. \$51,800), while slightly improving the Ending Fund Balance for the utility.

With these factors considered, staff recommends remaining with the 2.3% escalator for 2022 for both the Solid Waste utility charges.

FUND 425 STORMWATER UTILITY

The 2021 adjustment for Stormwater was adopted by council 11/24/20 under Ordinance 1967-20 effective 1/1/2021. Stormwater utility rates were increased by 2.3% with the 2021 adjustment.

This system is regulated under a WA Ecology Stormwater Permit similar to the Sewer system. The system includes two pump stations, 26 flow control or water quality systems and 216,820 LF of collection pipe and culverts, and 37,950 LF of ditch and 4.5 miles of Brickyard Creek. For comparison purposes, the Stormwater System has approximately the same footage of collection system piping as the Sanitary Sewer system. The Stormwater utility does not include a centralized treatment system like the WWTP but relies rather a system of regional treatment ponds, detention pipes and infiltration. Two field FTE maintain this system.

2021 Revenue is budgeted at \$950,831. 2021 Operating Expenses (including transfers) are budgeted at \$1,201,011. 2021 Ending Fund Balance budget is \$335,439, above the recommended EFB of \$256,126. Fund 426 Stormwater Reserve 2021 targeted EFB is \$269,815.

This utility also generally runs close to budget. It will also be subject to the one-time indirect cost allocation revision noted for Sewer, with an estimated savings of \$248,396 for 2021 (34.1% of rate revenue). This cushion would allow the utility to absorb the 2021 CPI-U difference (approx. \$23,000), while still improving the Ending Fund Balance / Reserve Fund for the utility.

It should also be noted that there is a need to fund and perform an update of the **1997 Stormwater Management Plan Update**, estimated at \$150,000. This plan update has been deferred for budget and staffing purposes over the past few years. It can be expected that the plan update will include a recommendation to add a general facilities charge to fund Capital Improvement Projects identified in the Plan. The GFC would provide funding for stormwater facility improvements that are needed to provide regional stormwater treatment and retention functions related to growth and infill. The current utility does not collect GFC charges.

With these factors considered, staff recommends remaining with the 2.3% escalator for 2022 for the Stormwater utility fees.

FISCAL IMPACT, IF APPROPRIATE:

Fund 401 Sanitary Sewer Est. Rate Revenue Increase	\$89,300
Fund 412 Solid Waste Est. Rate revenue increase	\$37,330
Fund 425 Stormwater Est Rate revenue increase	\$19,627
Total	\$146,257

ATTACHMENTS:

1. 2021 Sewer Outlook (10/21/2021 Version)
2. Consumer Price Index, Seattle Area - August 2021
3. Draft Ordinance No. ____-21 amending sanitary sewer rates (council meeting only)
4. Draft Ordinance No. ____-21 amending solid waste rates (council meeting only)
5. Draft Ordinance No. ____-21 amending storm water rates (council meeting only)

SEDRO-WOOLLEY SEWER 2021 UPDATED OUTLOOK	Actual 2019	Actual 2020	Budget 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029
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2021 Sedro-Woolley Sewer Outlook

Prepared by Katy Isaksen & Assoc.

Discussion Packet for Utilities Committee, 11/3/21
2021 Sewer Update DRAFT 10/27/21



2021 KEY ASSUMPTION UPDATES:

1. Updated ERU projections, 100/year in 2021-2024, then 50/year (increased revenue)
2. Reduced Indirect Cost Allocation (reduced cost, more reserves available to WWTP, less to borrow)
3. Assumed GFC & Rates continue to increase at planned 2.3% per year (less than actual CPI cost escalation)
4. Increased CPI cost escalation on operating expenses - from 2.3% to 5.0% in 2022, 4.0% in 2023, 3.0% in 2024+ (increased cost)
5. Updated known capital project estimates, did not change construction cost escalator from 4.0%

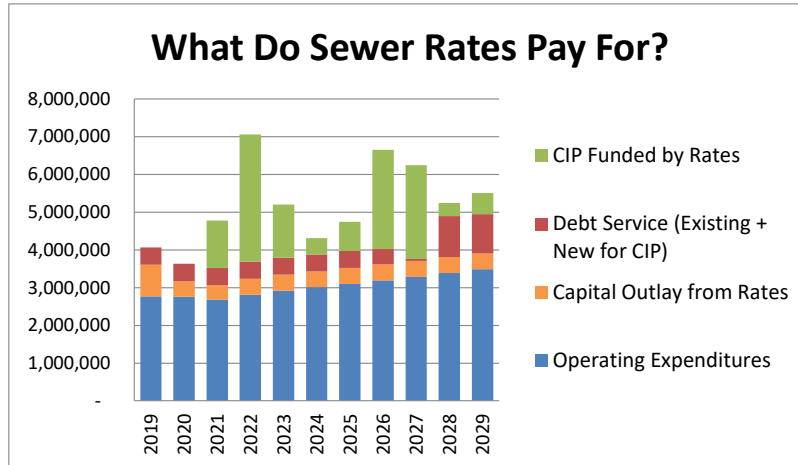
2021 CONCLUSION:

Plan of 2.3% annual increases in GFC & Rates still works, primarily due to reduction in indirect cost methodology.

Must continue to monitor impacts of sharing City costs, actual cost escalation factors, and impacts on construction due to pandemic & other industry factors.

SEDRO-WOOLLEY SEWER OUTLOOK

What Do Sewer Rates Pay For?	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Operating Expenditures	2,767,732	2,765,701	2,681,628	2,814,726	2,926,528	3,013,734	3,103,556	3,196,072	3,291,364	3,389,515	3,490,611
Capital Outlay from Rates	840,316	404,250	387,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000
Debt Service (Existing + New for CIP)	464,356	464,360	459,900	456,946	453,996	451,045	448,093	406,863	54,103	1,090,092	1,037,000
CIP Funded by Rates	-	-	1,253,926	3,368,315	1,403,268	425,829	771,845	2,630,548	2,486,857	350,000	560,344
Total	4,072,403	3,634,311	4,782,454	7,059,987	5,203,792	4,310,607	4,743,493	6,653,483	6,252,324	5,249,607	5,507,955



2021 OUTLOOK 10-21

SEDRO-WOOLLEY SEWER 2021 UPDATED OUTLOOK	Actual 2019	Actual 2020	Budget 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029
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2021 UPDATED OUTLOOK SUMMARY - increase in ERU's 2021-24, reduce indirect expense

SCEN 21-1: Keep GFC conn. fee & rate increases at 2.3% per year, adjust for higher inflation on the expense side (5% 2022, 4% 2023, 3% 2024+)

OUTLOOK SUMMARY 10/20/21	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
ASSUMPTIONS:											
New Connections (ERU's)	89	51	100	100	100	100	50	50	50	50	50
Monthly Rate Increase - by year		\$1.46	\$1.50	\$1.53	\$1.57	\$1.60	\$1.64	\$1.68	\$1.72	\$1.76	\$1.80
Single Family Monthly Rate	\$63.45	\$65.08	\$66.58	\$68.11	\$69.68	\$71.28	\$72.92	\$74.60	\$76.32	\$78.08	\$79.88
Connection Fee (GFC)	\$6,995	\$8,495	\$8,690	\$8,890	\$9,094	\$9,303	\$9,517	\$9,736	\$9,960	\$10,189	\$10,423
Sewer Service Charges	3,678,370	3,792,423	3,912,497	4,036,774	4,165,901	4,299,416	4,416,113	4,536,549	4,660,783	4,788,869	4,920,864
Utility Tax Collected	345,910	400,420	409,910	422,930	436,459	450,447	462,674	475,292	488,307	501,727	515,556
Other Revenue & Charges	81,282	39,539	34,800	34,800	34,800	34,800	34,800	34,800	34,800	34,800	34,800
Transfer from Reserve 410	-	-	-	1,700,000	600,000	-	-	1,630,000	1,100,000	-	100,000
Total Operating Revenue - 401	4,105,562	4,232,382	4,357,207	6,194,504	5,237,160	4,784,664	4,913,586	6,676,641	6,283,890	5,325,396	5,571,220
Operating Expenditures	3,608,047	3,169,951	3,068,628	3,234,726	3,346,528	3,433,734	3,523,556	3,616,072	3,711,364	3,809,515	3,910,611
Existing Debt Service	464,356	464,360	459,900	456,946	453,996	451,045	448,093	406,863	54,103	53,092	-
Sewer Capital Improvements (CIP)											
CIP Funded by Rates	-	-	1,253,926	3,368,315	1,403,268	425,829	771,845	2,630,548	2,486,857	350,000	560,344
New Debt for CIP	-	-	-	-	-	-	-	-	-	1,037,000	1,037,000
Total Expenditures - 401	4,072,403	3,634,311	4,782,454	7,059,987	5,203,792	4,310,607	4,743,493	6,653,483	6,252,324	5,249,607	5,507,955
Annual Surplus (Deficit)	34,713	1,418,265	(425,248)	(865,482)	33,368	474,056	170,093	23,158	31,566	75,789	63,265

WW Facilities Reserve Activity

General Facilities Charges from new connections are deposited into the WW Facilities Reserve Fund 410 and will be used as part of the "Transfer from Reserve 410" to fund the CIP and New Debt for CIP. It is anticipated that available funds will be used to reduce the necessary borrowing for the next WWTP upgrade and maintain the target minimum balance of \$2,000,000.

Use of Reserves toward WWTP									(2,000,000)		
Est. WW Facilities Reserve 410								\$4,255,284	\$1,561,284	\$1,951,734	\$2,392,384
Includes Minimum Target Reserve								\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Estimated WWTP Debt Payment 2029											\$1,037,000

Key Assumptions:

- Estimated # of new connections: 100/year in 2021-24 and 50/year 2025+
- Assumed that \$350,000/year from Other Improvements with manhole improvements was covered by CIP
- Minimum WW Reserve Fund Balance is \$1,000,000

SEDRO-WOOLLEY SEWER 2021 UPDATED OUTLOOK	Actual 2019	Actual 2020	Budget 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029
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SCEN 21-1: Keep GFC conn. fee & rate increases at 2.3% per year, adjust for higher inflation on the expense side

- Assume cost escalation is 5.0% in 2022, 4.0% in 2023, 3.0% in 2024+
- No longer eligible for Precon Hardship, so do not plan to borrow 50% of WWTP Upgrade design in 2026.
- Borrow for WWTP Upgrade construction less \$2M in 2027 (\$14.7M)
- Ending Balance in WWTP Reserve Fund \$2.4M in 2029 (including \$1M emergency reserve) after WWTP contribution

SCEN: Bump GFC, then by inflation	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
ASSUMPTIONS:											
New Connections (ERU's)	89	51	100	100	100	100	50	50	50	50	50
Monthly Rate Increase - by year			\$1.50	\$1.53	\$1.57	\$1.60	\$1.64	\$1.68	\$1.72	\$1.76	\$1.80
Connection Fee (GFC)	\$6,995	\$8,495	\$8,690	\$8,890	\$9,094	\$9,303	\$9,517	\$9,736	\$9,960	\$10,189	\$10,423
Single Family Monthly Rate	\$63.45	\$65.08	\$66.58	\$68.11	\$69.68	\$71.28	\$72.92	\$74.60	\$76.32	\$78.08	\$79.88
Use of Reserves toward WWTP								-	(2,000,000)	-	
Est. WW Facilities Reserve 410								\$4,285,284	\$1,591,584	\$1,982,334	\$2,423,284
Includes Minimum Target Reserve								\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Estimated WWTP Debt Payment 2029											\$1,037,000

This scenario provides an estimated savings of \$147,000 per year in annual debt payments

Est. annual debt in plan \$1,184,000
 Est. annual debt savings (\$147,000)

2021 OUTLOOK 10-21

SEDRO-WOOLLEY SEWER	Actual	Actual	Budget	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
2021 UPDATED OUTLOOK	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029

SEWER CAPITAL IMPROVEMENT PLAN (CIP) SUMMARY

Recommended 10-Year CIP	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Conveyance CIP (escalated)	\$0	\$0	\$782,905	\$613,614	\$425,829	\$771,845	\$447,417	\$486,857	\$350,000	\$560,344
Treatment Plant CIP (escalated)	\$94,915	\$1,253,926	\$2,585,409	\$789,655	\$0	\$0	\$2,183,131	\$16,737,336	\$0	\$0
Total 10-Year CIP (escalated)	\$94,915	\$1,253,926	\$3,368,315	\$1,403,268	\$425,829	\$771,845	\$2,630,548	\$17,224,193	\$350,000	\$560,344

10-Year CIP Funding Sources	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Loans (Ecology, PWTF)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,737,336	\$0	\$0
Rates/Reserves	\$94,915	\$1,253,926	\$3,368,315	\$1,403,268	\$425,829	\$771,845	\$2,630,548	\$2,486,857	\$350,000	\$560,344
Total 10-Year CIP Funding Sources	\$94,915	\$1,253,926	\$3,368,315	\$1,403,268	\$425,829	\$771,845	\$2,630,548	\$17,224,193	\$350,000	\$560,344

Sedro is No Longer Eligible for preconstruction hardship (Aug. 2021) so no reason to borrow for design (was planned to bring in potential 50% subsidy/grant)

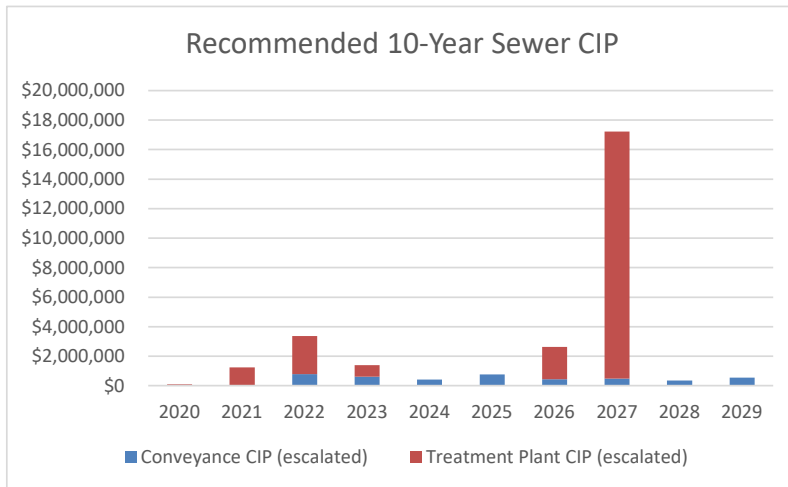


Table A. Seattle-Tacoma-Bellevue, WA, CPI-U 2-month and 12-month percent changes, all items index, not seasonally adjusted

Month	2017		2018		2019		2020		2021	
	2-month	12-month	2-month	12-month	2-month	12-month	2-month	12-month	2-month	12-month
February	1.0	3.4	0.8	3.3	0.7	2.7	1.0	2.5	1.2	1.7
April	0.8	3.1	0.8	3.3	0.5	2.4	-0.6	1.3	1.1	3.4
June	0.8	3.0	0.8	3.3	0.7	2.3	0.2	0.9	2.2	5.5
August	-0.2	2.5	-0.3	3.1	0.6	3.2	1.4	1.6	1.1	5.2
October	0.5	3.0	0.4	3.1	-0.6	2.2	-0.1	2.1		
December	0.5	3.5	0.2	2.8	0.3	2.2	-0.4	1.4		

ORDINANCE NO. 1997-21

AN ORDINANCE AMENDING CHAPTER 13.30 OF THE SEDRO-WOOLLEY MUNICIPAL CODE TO UPDATE THE 2022 FEES AND CHARGES FOR THE USE OF THE SANITARY SEWER SYSTEM

WHEREAS, the City has established a Sewer Utility; and

WHEREAS, the purpose of this utility is to collect funds to regulate and operate a system of collection and treatment of wastewater; and

WHEREAS, it is recognized that wastewater collection and treatment benefits all citizens of Sedro-Woolley; and

WHEREAS, the cost of doing business continues to increase and one measure of that increase is the Consumer Price Index for Seattle-Tacoma-Bellevue which increased 5.5% from June of 2020 to June of 2021; and

WHEREAS, the Wastewater Treatment Plant requires additional capital investment including additional space, real estate and physical improvements to the plant; and

WHEREAS, the City Council desires to balance the capital investment between rates and debt financing; and

WHEREAS, the City Council desires to balance the financial stability and fiscal sustainability of its utilities with the services needed by the community; and

WHEREAS, the City Council finds that it is in the interests of the public health, safety and welfare to adopt the fee schedules set forth below, now therefore,

THE CITY COUNCIL OF THE CITY OF SEDRO-WOOLLEY DO HEREBY ORDAIN AS FOLLOWS:

Section 1: SWMC Section 13.30.010 is hereby amended to read as follows:

13.30.010 Effective date.

Commencing on January 1, 2022, the sewer service charges specified in this chapter shall take effect. For buildings which have a public sewer available after that date, a sewer service charge shall commence thirty days after such public sewer has been available and notice of such availability is given.

Section 2: SWMC Section 13.30.020 is hereby amended to read as follows:

13.30.020 Residential rates.

Unless exempt from connection to the sewer, there shall be charged to each single residential dwelling unit (including mobile or manufactured homes on individual lots or in a

mobile home park), and to each unit of a residential duplex (two units) or triplex (three units) dwelling, to which sewer service is available a basic monthly sewer service charge as follows:

January 1, 2022 and thereafter: \$68.11

The City Council shall review and adjust these rates annually or as needed.

Section 3: SWMC Section 13.30.040 E is hereby amended to read as follows:

13.30.040 Nonresidential schedule and other provisions.

E. The volume rate shall be as follows:

January 1, 2022 and thereafter \$6.30 per 100
cubic feet

Section 4: SWMC Section 13.30.130 A is hereby amended to read as follows:

Maximum Charge. The maximum charge for sanitary sewer service under this chapter at a single-family residence owned and occupied by an eligible head of household, as defined in subsection B of this section, shall be sixty-eight dollars and eleven cents (\$68.11) per month, provided however, that no more than one sanitary sewer connection shall be made at such residential parcel without additional charge being made at the regular rate. This discount will not apply to rentals, units of multifamily structures that are not owner-occupied, non-owner occupied units in mixed use structures. This discount is intended to apply only to residential uses, billed separately, for qualified resident/owners.

Section 5. SWMC Section 13.16.035 is hereby amended as follows:

In addition to any permit fees and other charges required by city ordinance or regulation, and not in lieu thereof, at the time of building permit issuance (or, if no building permit, then at time of connection or commencement of use), there shall be a general facilities charge for connection to the city sewer system, which shall be paid in the sum of eight thousand nine hundred dollars (\$8,900.00) per equivalent residential unit (ERU), to be determined as set forth in this section.

Exception: For complete building permit applications, at the time of issuance of any single-family residential building permit for a dwelling unit that is being constructed for resale, the applicant/owner may elect to record a covenant, in a form to be approved by the city attorney, against the property that requires payment of the impact fees and/or general facilities charges due and owed in accordance with this chapter and any other applicable sections of the Sedro-Woolley Municipal Code, by providing for full payment through escrow of the fees due and owed to be paid at the time of closing of sale of the lot or unit; but in no case shall the structure be occupied prior to the required payment. The awarding of credits shall not alter the applicability of this section.

A. "Equivalent residential unit (ERU)" is defined as a common measure for all types of users to put them on an equivalent basis with a single-family residential user. The ERU is determined by

the anticipated water consumption from a connection. One ERU is equal to seven hundred fifty cubic feet of water consumption per month.

B. Single-Family Residential. Each single-family dwelling unit, including single-family (one unit), duplexes (two units), triplexes (three units), condominium unit, and each mobile or manufactured home (one unit) whether on an individual lot or in a mobile home park, is equal to one ERU per dwelling unit.

C. Multiple Residential. Each dwelling unit in a multiple residential structure consisting of four or more dwelling units is equal to one ERU per dwelling unit.

D. Nonresidential, Including Commercial and Industrial Users. The following provisions shall govern the assessment and collection of general facilities charges for nonresidential users, including commercial and industrial units:

1. For each nonresidential unit, there shall be a general facilities charge equal to the sum of:

a. For plumbing fixtures, three hundred seventy dollars (\$370.00) per plumbing fixture unit as described in Table 1 set out at the end of this section, titled Equivalent Fixture Units, plus applicable state sales tax; and

b. For use other than plumbing fixtures, three hundred seventy dollars (\$370.00) per two hundred thirty-four gallons of water consumption per month, as determined by the superintendent or his designee. In making this determination, the superintendent may rely upon industry standards, scientific and engineering data, sewage flow meter data, qualified professional opinions, and any other basis which is in his or her opinion appropriate. The superintendent may adjust this charge based upon evidence that the metered water usage does not accurately reflect the volume of discharge disposed of through the sewer system.

2. If the city enters into a written agreement with users allowing the discharge into the sanitary sewer system of materials set forth in Sections [13.30.080\(A\)\(1\)](#) through (A)(4), the superintendent shall determine the general facilities charge for the user, in order that such property owners shall bear their equitable share of the cost of such system. In making this determination, the superintendent may rely upon industry standards, scientific and engineering data, sewage flow meter data, qualified professional opinions, and any other basis which is in his or her opinion appropriate. The superintendent may consider the quality of effluent, that the metered water usage does not accurately reflect the capacity of the capital facilities, including treatment plant capacity, utilized by the connection, and all other relevant information. Nothing in this section shall require the city to accept wastes or waters described in Sections [13.30.080\(A\)\(1\)](#) through (A)(4) from any user.

3. An additional general facilities charge shall be assessed and due as provided in this subsection for an existing connection if, in the determination of the superintendent:

a. The number of plumbing fixture units is increased; or

b. The user applies for a permit for improvements which will result in an increase in the average monthly water usage for reason other than an increase in the number of plumbing fixture units;
or

c. The user, by agreement with the city, changes the quality of the discharge or wastewater discharged into the sewer system so as to cause the discharge into the sewer system of materials set forth in Sections [13.30.080](#)(A)(1) through (A)(4); or

d. The user converts an existing connection to a different use which increases the demand on the treatment plant or sewer system capacity utilized to transport or treat said discharge.

In making the determination that an additional general facilities charge is due, the superintendent may rely upon industry standards, scientific and engineering data, sewage flow meter data, qualified professional opinions, and any other basis which is in his or her opinion appropriate.

E. In making a determination of the amount of the general facilities charge, an adjustment against the charge may be allowed by the superintendent for a level of previous use of sewer system capacity, as defined by the highest average twelve consecutive months of the preceding sixty months, or fixture units or, if residential, ERUs, unless a general facilities charge or its equivalent was due for such use under this section which was not paid. Any adjustment shall be determined by the superintendent as set forth in this section, who may rely upon industry standards, scientific and engineering data, sewage flow meter data, qualified professional opinions, the billing for the previous sixty months, and any other basis which is in his or her opinion appropriate. No adjustment shall be allowed if the sewer bill has not been paid for the preceding sixty months, which shall constitute abandonment of the right to use the previous sewer capacity without paying the initial or additional general facilities charge. This adjustment shall apply only to the parcel or lot to which service was provided, and may not be assigned or transferred to other property.

F. All proceeds of the general facilities charge shall be placed in the sewer capital improvements fund for the following uses: construction of new sewer facilities, repair, replacement, and maintenance of existing sewer facilities, and debt service of the same.

TABLE 1

Equivalent Fixture Units

Kinds of Fixture	Units
Bathtubs	2
Bidets	2
Clothes washers, private	2
Clothes washers, commercial	6
Dental units or cuspidors	1
Drinking fountains	1
Floor drains	2
Interceptors for grease, oil, solids, etc.	3
Interceptors for sand, auto wash, etc.	6

TABLE 1**Equivalent Fixture Units**

Kinds of Fixture	Units
Laundry tubs	2
Receptors (floor sinks), indirect waste receptors for refrigerators, coffee urns, water stations, etc.	1
Receptors, indirect waste receptors for commercial sinks, dishwashers, air-washers, etc.	3
Showers, single stalls	2
Showers, gang (per head)	1
Sinks, and/or dishwashers (residential) (2" min. waste)	2
Sinks, bar, commercial	2
Sinks, bar, private	1
Sinks, commercial or industrial, schools, etc., including dishwashers, wash up sinks and wash fountains	3
Sinks, flushing rim, clinic	6
Sinks, service	3
Sinks, service (3" trap)	6
Urinals, pedestal, trap arm only	6
Urinals, stall, separate trap	2
Urinals, wall-mounted, blowout, integral trap 2" trap arm only	3
Urinals, wall-mounted, blowout, integral trap 3" trap arm only	6
Urinals, wall-mounted, washdown or siphon jet, integral trap, trap arm only	2
Urinals, wall-mounted, washdown, separate trap (2" min. waste)	2
Wash basins, in sets	2
Wash basins (lavatories) single	1
Water closet, private installation	4

TABLE 1

Equivalent Fixture Units

Kinds of Fixture	Units
Water closet, public installation	6

Section 6. The effective date of this ordinance shall be January 1, 2022, more than 5 days after passage and publication.

Passed and approved this 23rd day of November, 2021.

Julia Johnson, Mayor

Attest:

Finance Director

Approved as to form:

City Attorney

Public Hearing: November 23, 2021
First Reading: November 10, 2021
Second Reading: November 23, 2021
Passed by the City Council:
Date of Publication:
Effective Date: January 1, 2022

ORDINANCE NO. 1998-21

AN ORDINANCE AMENDING CHAPTER 2.45 OF THE SEDRO-WOOLLEY MUNICIPAL CODE TO UPDATE THE FEES AND CHARGES FOR USE OF THE STORM AND SURFACE WATER UTILITY SYSTEM

WHEREAS, the City has established a Stormwater Utility; and

WHEREAS, the purpose of this utility is to collect funds to regulate and operate a system of collection and treatment of storm and surface water; and

WHEREAS, it is recognized that storm and flood control measures benefit all citizens of Sedro-Woolley; and

WHEREAS, State and Federal laws and regulations mandate that the city regulate non-point pollution within the City of Sedro-Woolley; and

WHEREAS, the cost of doing business continues to increase and one measure of that increase is the Consumer Price Index for Seattle-Tacoma-Bellevue which increased 5.5% from June of 2020 to June of 2021; and

WHEREAS, the city is not keeping up with basic maintenance of the stormwater collection infrastructure; and

WHEREAS, the City Council desires to balance the financial stability and fiscal sustainability of its utilities with the services needed by the community; and

WHEREAS, the City Council finds that it is in the interests of the public health, safety and welfare to adopt the fee schedules set forth below, now therefore,

NOW THEREFORE, THE CITY COUNCIL DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. SWMC 2.46.080 is amended to read as follows:

It is the intention of the city to impose a baseline standard residential storm drainage fee equaling twelve dollars and twenty cents (\$12.20) per month. This equivalent residential unit (ERU) fee is based on the assumption that the average single-family lot equals approximately ten thousand square feet.

The fees for other customer classifications shall use this ten thousand square-foot ERU baseline as the basis for the calculation of the fee.

SECTION 2. SWMC 2.46.090 is amended to read as follows:

The following ERU-derived fees shall apply. The derived ERU-based fees shall be billed in whole units and are billed to the next higher unit (for example, if a parcel has a forty-three thousand five hundred square-foot area, the parcel's owner would be billed for five

ERUs; if a parcel has two thousand square-foot area, the parcel's owner would be billed for one ERU) and in no case shall the ERU-based fee be less than twelve dollars and twenty cents (\$12.20).

Class 1 customers includes all single-family residential units and all multifamily and condominium units with one unit. Class 1 fee: twelve dollars and twenty cents (\$12.20) per month per unit.

Class 2 customers includes all multifamily units and condominium with two or more units. Class 2 fee: fifty percent (50%) of the Class 1 fees on a per-unit basis.

Class 3 customers includes all commercial and industrial customers. Class 3 fee: twelve dollars and twenty (\$12.20) per month for every ten thousand square feet of land area or twenty-four dollars and forty-one cents (\$24.41) per month for every ten thousand square feet of impervious surface.

Class 4 customers includes all public-use customers (schools, hospitals, churches, government buildings, etc.). Class 4 fee: twelve dollars and twenty cents (\$12.20) per month for every ten thousand square feet of land area or twenty-four dollars and forty-one (\$24.41) per month for every ten thousand square feet of impervious surface.

Class 5 customers includes all mixed-use structures. Class 5 fee: twelve dollars and twenty cents (\$12.20) per month per commercial unit for every ten thousand square feet of land area and twelve dollars and twenty cents (\$12.20) per month for every residential unit. However, should there be more than three residential units, the fee shall be fifty percent (50%) of the Class 1 fees on a per-unit basis.

SECTION 4. If any section, sentence, clause or phrase of this ordinance should be held to be invalid or unconstitutional, the invalidity or unconstitutionality thereof shall not affect the validity or constitutionality of any other section, clause or phrase of this ordinance.

SECTION 5. This ordinance shall be effective January 1, 2022, which is more than five (5) days after passage and publication as provided by law.

PASSED by majority vote of the members of the Sedro-Woolley City Council this 23rd day of November, 2021, and signed in authentication of its passage this _____ day of November, 2021.

Julia Johnson, Mayor

Attest:

Debbie Burton, Finance Director

Approved as to form:

Nikki Thompson, City Attorney

Public Hearing:	November 23, 2021
First Reading:	November 10, 2021
Second Reading:	November 23, 2021
Passed by the City Council:	
Date of Publication:	November 8, 2021 and November 15, 2021
Effective Date:	January 1, 2022

ORDINANCE NO. 1999-21

AN ORDINANCE AMENDING SECTION 8.04 OF THE SEDRO-WOOLLEY MUNICIPAL CODE TO INCREASE 2021 SOLID WASTE UTILITY RATES AND CHARGES

WHEREAS, the cost of doing business continues to increase and one measure of that increase is the Consumer Price Index for Seattle-Tacoma-Bellevue which increased 5.5% from June of 2020 to June of 2021; and

WHEREAS, the City Council desires to balance the financial stability and fiscal sustainability of its utilities with the services needed by the community; and

WHEREAS, notice of this pending rate change was published in the City's newspaper of record on November 8, 2021 and November 15, 2021 and a public hearing was held on November 23, 2021; and

WHEREAS, the cost of disposing of recyclables has increased significantly as a result of the world market; and

WHEREAS, Skagit County is increases tipping fees for garbage disposal in 2022; and

WHEREAS, the solid waste utility is in dire need of a facility that will safely, securely and effectively accommodate its vehicles, equipment and staffing; and

WHEREAS, the City Council finds that adoption of the user fees, based on a 2.3% cost of living adjustment, set forth in this ordinance will support the operation of the refuse collection system with the lowest possible rates; and

WHEREAS, the City Council finds that it is in the interests of the public health, safety and welfare to adopt the fee schedules set forth below, now therefore;

THE CITY COUNCIL OF THE CITY OF SEDRO-WOOLLEY DO HEREBY ORDAIN AS FOLLOWS:

Section 1: SWMC 8.04.075 is amended to read as follows:

8.04.075 Collection charges.

Charges for refuse and garbage collection and disposal shall be compulsory. Charges not paid within twenty-five days of billing date shall be delinquent and the charge may become a lien against the property which is serviced by the garbage collection and disposal system. The city, at its discretion, may also reduce or eliminate service on delinquent accounts.

A. The charges for regular weekly garbage service shall be as follows:

1. Table 1: Residential.

Monthly Charge with One Pickup Per Week

Type of Service	Garbage	Recycling	Total
Residential, 20-gal. can	\$12.54	\$5.02	\$17.56
Residential, 32-gal. can	\$23.11	\$5.02	\$28.13
Residential, 68-gal. can	\$33.50	\$5.02	\$38.52
Residential, 96-gal. can	\$44.73	\$5.02	\$49.75
Each Additional Recycling Tote		\$5.02	
Residential, low income	80% of applicable residential rate		

2. Residential includes single-family, duplex, triplex and condominium residences. Each living unit of such residences shall be subject to the rates established in this chapter.

3. Table 2: Commercial and Multifamily.

Commercial, 32-gal. can	\$26.17
Commercial, 68-gal. can	\$41.51
Commercial, 95-gal. can	\$56.56
Commercial, 1-yard container	\$114.60
Commercial, 2-yard container	\$151.50
Commercial, 3-yard container	\$225.65
Commercial, 4-yard container	\$297.15
Commercial, 6-yard container	\$438.43
Commercial, 8-yard container	\$586.12
Commercial, 30-yard container	\$230.78 haul fee, actual charges for disposal, and \$71.34 delivery fee, plus rental fee of \$71.34 per month
Multifamily, apartments, cabin courts and trailer park units, etc.	Applicable commercial rate plus \$5.02 per unit for recycling

B. If more than one pickup per week is required on a continuing basis and the customer is utilizing a container smaller than eight-yard capacity, a larger container shall be required. The

city may at its discretion authorize more than one pickup per week under the following conditions:

1. Where the largest container provided by the city is not adequate for the amount of waste generated;
2. Where more than one pickup per week is required to maintain proper health and sanitation;
3. Where a larger container cannot reasonably be placed on the customer's property due to space limitation.
4. Additional scheduled pickups are billed at the same rate as Table 2, above (Example: three pickups/week of a 2-yard container equals \$151.50 x 3/month).

C. In cases where additional pickups (not regularly scheduled under Table 2, above) are requested due to the use of container on construction sites or other temporary uses or to accommodate temporary increases in the amount of waste generated, additional pickups shall be made at the rate set forth as follows for both residential and commercial customers:

1-yard container	\$38.11 for each pickup
2-yard container	\$67.40 for each pickup
3-yard container	\$104.02 for each pickup
4-yard container	\$118.70 for each pickup
6-yard container	\$177.26 for each pickup
8-yard container	\$235.91 for each pickup

D. 1. A residential or commercial can (up to thirty-two gallons) may not contain in excess of sixty-five pounds per can in weight. The city may, in its discretion, empty a can weighing over sixty-five pounds. In that event, an additional fee of (\$5.00) five dollars shall be charged.

2. If the cost to the city for emptying any container shall exceed the charges therefor, due to excessive weight or content, the city may proceed as set forth in subsection G of this section.

E. Yard Trimmings. Yard trimmings, including but not limited to weeds, grass, sod, trees, shrubs, foliage parts, rocks, cement or other material not generally considered regular household refuse, shall be excluded from sanitation collection services unless special arrangements are

made with the sanitation department. Extra charges for such collection shall be determined by the mayor or his designee.

F. Interest Charges. All charges for sanitation services shall be due and payable when rendered. Sanitation service charges shall be delinquent if not paid in full within twenty-five days after the date of billing. Delinquent charges shall bear interest at the rate of eight percent per annum beginning on the first day of the month following delinquency until paid in full. In addition, a late penalty of (\$10.00) ten dollars shall be charged for any solid waste account that is delinquent for more than sixty days.

G. The mayor or his designee may charge any resident or customer such additional service charges when he or she determines that special circumstances make it necessary to do so in order to compensate the city for the actual cost of solid waste collection, disposal and administration, when the foregoing fee schedule is not adequate for this purpose. Any resident or customer may appeal the assessment of this additional charge to the city council. Notice of appeal shall be by written request to the city clerk within ten days of mailing of the bill or receipt of payment for such services by the city, whichever is less. The decision of the city council shall be final.

H. Rates include a three-and-six-tenths-percent state of Washington refuse tax.

Section 2: SWMC 8.04.104(A) is amended to read as follows:

A. The following fees shall be charged for recycling specific items:

Tires	\$5.00 per tire
Refrigerators and freezers	\$25.00
Stoves, washers or dryers	\$15.00
Wood waste	\$12.00 per pickup load
Broken concrete, bricks and approved masonry	\$11.00 per ton

Commercial recycling	Mixed paper	Cardboard	Mixed recycling
95-gallon container	\$20.38	Not available	\$20.38
2-yard container	\$33.95	\$27.17	\$61.10
3-yard container	\$47.52	\$33.95	\$95.05
4-yard container	\$88.25	\$47.52	\$108.61
6-yard container	\$115.40	\$61.10	\$142.57

8-yard container	\$153.07	\$74.67	\$190.08
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Section 3: SWMC 8.04.130 is amended to read as follows:

The charges for regular curbside food and yard waste service are:

Monthly charge (one pickup per week during peak season and one pickup every other week during the nonpeak season):

Residential, ninety-six-gallon can, \$12.17

Section 4. The provisions of this ordinance are declared to be severable, and if any section, sentence, clause or phrase of this ordinance shall for any reason be held invalid or unconstitutional or if the application of this ordinance to any person or circumstances shall be held invalid or unconstitutional, such decisions shall not affect the validity of the remaining sections, sentences, clause or phrases of this ordinance.

Section 5. This ordinance shall be effective January 1, 2022, which is more than five (5) days after passage and publication as provided by law.

Passed and approved this 23rd day of November, 2021.

Julia Johnson, Mayor

Attest:

Finance Director

Approved as to form:

City Attorney

Public Hearing: November 23, 2021
 First Reading: November 10, 2021
 Second Reading: November 23, 2021
 Passed by the City Council: November 23, 2021

Date of Publication:
Effective Date:

November 8, 2021 and November 15, 2021
January 1, 2022