

# CITY COUNCIL AGENDA BILL

City of Black Diamond  
Post Office Box 599  
Black Diamond, WA 98010

## ITEM INFORMATION

<b>SUBJECT:</b>	<b>Agenda Date: December 18, 2014</b>	<b>AB14-124</b>
<b>AB14-124</b>	Mayor Carol Benson	
<b>Ordinance No. 14-1039, adopting the Pass-through King County Metro 2015 Sewer Rate Increase.</b>	City Administrator	
	City Attorney Carol Morris	
	City Clerk – Brenda L. Martinez	
	Community Development/Natural Resource– Aaron Nix	
	Finance – May Miller	<b>X</b>
	MDRT & Economic Development – Andy Williamson	
	Parks/Natural Resources –	
	Police – Chief Kiblinger	
	Public Works – Seth Boettcher	
	Court Administrator – Stephanie Metcalf	
Cost Impact (see also Fiscal Note):		
Fund Source: Sewer		
Timeline: Effective January 1, 2015		

**Agenda Placement:**  Mayor  Two Councilmembers  Committee Chair  City Administrator

**Attachments: Ordinance No. 14-1039; Metro KC Council letter and Ordinance 17825, King County rate increase schedule, Black Diamond rate comparison**

### SUMMARY STATEMENT:

A Public Hearing was held on November 20, 2014 to review the 2015 pass-through Metropolitan King County Sewer rate increase of \$2.24 per month per residential Equivalent (ERU) effective January 1, 2015.

The Metropolitan King County Council sent a letter of notice to the City that their pass-through residential Sewer rates will increase from \$39.79 to \$42.03 per month effective January 1, 2015. This is a pass through rate increase that Metropolitan King County has imposed for all of their Sewer system customers to recover their cost off operating their collection system which takes sewer from each area through their treatment process. The new rate of \$42.03 per month is collected by the City from each customer and remitted monthly to Metro per our contract. The Metropolitan King County Council approved the Sewer rate increase per their Ordinance 17825 on June 2, 2014.

The Metropolitan King County Sewer rate is proposed to cover both 2015 and 2016 with the next Metro rate increase not planned until 2017.

The City portion of the sewer rate is included in not included in this ordinance authorization as it was already approved per Ordinance 13-1007 that was adopted in 2013. The City portion will also increase January 1, 2014 by the July Western Region 2014 CPI-U at 2.3% or 45 cents per month from \$19.52 to \$19.97. The City currently has and proposed to continue to offer the Lifeline discount to our Senior low-income or disabled sewer customers for only the city portion of the sewer rate. The current Lifeline eligible customers receive a 50% discount on the city share of the sewer rate, which will increase .23 cents a month from \$9.76 to 9.99 effective January 1, 2015.

A City of Black Diamond Utility rate worksheet for 2015 is attached, showing the comparison of rates from 2014 to 2015.

**FISCAL NOTE (Finance Department):**

The Metro pass-through sewer rate increase of 5.6% is remitted to King County Metro to cover their cost. The previously approved city share of the rate will increase by the inflationary increase of 2.3% this covers sewer maintenance costs and is included in the 2015 Budget.

**COUNCIL COMMITTEE REVIEW AND RECOMMENDATION:** the Finance Committee reviewed the sewer rate increases at their October 30, 2014 and December 11, 2014 Finance Committee Meetings.

**RECOMMENDED ACTION: Motion to ADOPT Ordinance No. 14-1039, approving the pass-through King County Metro 2015 sewer rate increase.**

**RECORD OF COUNCIL ACTION**

<i>Meeting Date</i>	<i>Action</i>	<i>Vote</i>
December 1, 2014	Pulled from Agenda	
December 18, 2014		

**ORDINANCE NO. 14-1039**

**AN ORDINANCE OF THE CITY OF BLACK DIAMOND, KING COUNTY, WASHINGTON, RELATING TO ADJUSTMENTS TO SEWER CHARGES; AMENDING SECTION 13.24.010 OF THE BLACK DIAMOND MUNICIPAL CODE TO INCREASE THE SEWER RATE COMMENSURATE WITH THE INCREASE IMPOSED BY KING COUNTY METRO ON ITS CUSTOMERS; AND ESTABLISHING AN EFFECTIVE DATE OF THE NEW RATE INCREASE ON SEWER CUSTOMERS**

**WHEREAS**, the Metropolitan King County Council approved a sewer rate increase on June, 2014, with Ordinance 17825 for their contracting customers effective January 1, 2015; and

**WHEREAS**, a public hearing was held on November 20, 2014, to receive public input regarding the Metropolitan King County sewer pass through rate increase; and

**WHEREAS**, in order to meet contract obligations to pay Metropolitan King County for our contracted collection and treatment services, the City is in need of increasing its pass through sewer rate by the amount of the Metropolitan King County sewer rate increase to be effective January 1, 2015;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BLACK DIAMOND, KING COUNTY, WASHINGTON, ORDAINS AS FOLLOWS:**

**Section 1.** Section 13.24.010 of the Black Diamond Municipal Code is hereby amended to read as follows:

**13.24.010 Monthly Rates Designated.** Effective January 1, ~~2013~~2015 sewer service charges shall be as follows:

A. General. The sewer service charge shall be the total of the base sewer service charge, the surcharge, and the applicable additional flow and unit charges.

B. Base Sewer Service Charge. The base sewer service charge shall be nineteen dollars and ~~sixteen~~ ninety seven cents.

C. Surcharge. There shall be, in addition to the base sewer service charge, a surcharge reflecting the cost of service charged to the City by King County for wastewater transmission, storage and treatment. The surcharge shall be ~~thirty-nine dollars and seventy-nine cents~~ forty two dollars and three cents.

D. Single-family Residential Charge. Residential users served by a single meter to the residence shall be subject to the base sewer service charge plus the surcharge.

E. Lifeline Utility Program. Residential users served by a single meter who have been approved under the lifeline utility program will receive a discount on the city share of the sewer rate base sewer service charge as shown on the City fee schedule.

F. Other users; Additional Flow and Unit Charges. All users other than single-family residential; including but not limited to commercial users, multi-family residences and mobile home parks shall, for each water meter in use, be subject to the base sewer service charge plus the surcharge plus additional flow charges of ~~five dollars and ninety-one cents~~ six dollars and ninety-nine cents for each one hundred cubic feet of water consumed each month in excess of seven hundred fifty cubic feet, as measured by such water meter. The user shall, for each water meter in use that serves more than one unit, be subject to an additional unit charge of ten dollars for each additional unit served by that water meter. For purposes of this section, the word "unit" shall be defined as any dwelling unit, home, condominium, mobile home, manufactured home or location at which business is conducted.

G. Irrigation and Landscaping. Any user subject to an additional flow charge may apply to the City for installation of a separate meter to monitor water usage solely for irrigation and landscaping purposes. The individual or entity requesting such a meter shall pay the City for the cost of the meter and cost of installation. Water consumed for these purposes shall be subject to the base sewer service charge and surcharge but shall not be subject to the additional flow charge.

H. Home occupations. For purposes of this chapter, home occupations shall not be considered a second use.

I. Taxes. Federal, state and local taxes, where applicable, shall be added to the sums as set forth above.

J. CPI-U Annual Adjustment: The monthly base sewer service, additional flow and unit charges set forth herein shall be adjusted annually at 12:01 a.m. on January 1<sup>st</sup> of each year by the annual percentage of change in the all urban consumer price index ("CPI-U") published by the Bureau of Labor Statistics of the U.S. Department of Labor for the Western Region, using the July index for the year immediately preceding the year of the adjustment.\* In no event shall the monthly charges decrease as a result of the CPI-U adjustment without separate and specific action by the city council. The CPI-U adjustment shall apply to the base sewer service, additional flow and unit charges, as annually adjusted pursuant to this section.

\* NOTE: For example, if the annual percentage increase in the CPI-U for the Western Division for July 2013 was 1.8 percent (the percentage of change in the CPI-U from July of 2012 to July of 2013), the monthly base

sewer service, additional flow and unit charges for 2014 would be increased on January 1, 2014 by 1.8 percent.

**Section 2.** This Ordinance shall be effective at 12:01 a.m. on January 1, 2015, which is more than five days after the date of publication. A summary of this Ordinance may be published in lieu of publishing the Ordinance in its entirety.

**Section 3.** If any provision of this Ordinance is determined to be invalid or unenforceable for any reason, the remaining provisions of this Ordinance shall remain in force and effect.

Introduced the 18th day of December, 2014.

Passed by a majority of the City Council at a special meeting held on the 18th day of December, 2014.

\_\_\_\_\_  
Mayor Carol Benson

Attest:

\_\_\_\_\_  
Brenda L. Martinez, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Carol Morris, City Attorney

Published: \_\_\_\_\_

Posted: \_\_\_\_\_

Effective Date: \_\_\_\_\_



**Metropolitan King County Council**

Anne Noris, *Clerk of the Council*

King County Courthouse

516 Third Avenue, Room E-1204

Seattle, WA 98104-3272

**Tel: 206.477.1020**

Fax: 206.205.8165

**Email: [anne.noris@kingcounty.gov](mailto:anne.noris@kingcounty.gov)**

TTY 296-1024

Web: [www.kingcounty.gov/council/clerk](http://www.kingcounty.gov/council/clerk)

June 16, 2014

Ms. Brenda Martinez, Asst. City Administrator  
City of Black Diamond  
P.O. Box 599  
Black Diamond, WA 98010

Dear Ms. Martinez,

Monetary Requirements for 2015

The Metropolitan King County Council approved the sewer rate for 2015 and the sewage treatment capacity charge for 2015 with the adoption of Ordinance 17825 on June 2, 2014. A copy of Ordinance 17825 is enclosed for your information.

If you have any questions, please call the Clerk of the Council's Office at our new number 206 477-1020.

Sincerely,

Anne Noris  
Clerk of the Council

Enclosure



**KING COUNTY**

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

**Signature Report**

**June 2, 2014**

**Ordinance 17825**

**Proposed No. 2014-0168.1**

**Sponsors McDermott**

1 AN ORDINANCE determining the monetary requirements  
2 for the disposal of sewage for the fiscal year beginning  
3 January 1, 2015, and ending December 31, 2015; setting  
4 the sewer rate for the fiscal year beginning January 1, 2015,  
5 and ending December 31, 2015, and approving the amount  
6 of the sewage treatment capacity charge for 2015, in  
7 accordance with RCW 35.58.570; and amending Ordinance  
8 12353, Section 2, as amended, and K.C.C. 4A.670.100 and  
9 Ordinance 11398, Section 1, as amended, and K.C.C.  
10 28.84.055.

11 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

12 SECTION 1. Ordinance 12353, Section 2, as amended, and K.C.C. 4A.670.100

13 are each hereby amended to read as follows:

14 A. Having determined the monetary requirements for the disposal of sewage, the  
15 council hereby adopts a ~~((2014))~~ 2015 sewer rate of ~~((thirty-nine dollars and seventy-~~  
16 ~~nine))~~ forty-two dollars and three cents per residential customer equivalent per month.

17 Once a sewer rate ordinance becomes effective, the clerk of the council is directed to  
18 deliver a copy of that ordinance to each agency having an agreement for sewage disposal  
19 with King County.

20 B. The King County council approves the application of Statement of Financial  
21 Accounting Standards No. 71 (FAS 71) to treat pollution remediation obligations and  
22 RainWise Program expenditures as regulatory assets, and establish a rate stabilization  
23 reserve for the purpose of leveling rates between years.

24 C. As required for FAS 71 application, amounts are to be placed in the rate  
25 stabilization reserve from operating revenues and removed from the calculation of debt  
26 service coverage. The reserve balance shall be an amount at least sufficient to maintain a  
27 level sewer rate between ~~((2013))~~ 2015 and ~~((2014))~~ 2016, and shall be used solely for  
28 the purposes of: maintaining the level sewer rate in ~~((2014))~~ 2016; and if additional  
29 reserve balance is available, moderating future rate increases beyond ~~((2014))~~ 2016. The  
30 estimated amount of the reserve, as shown in the financial forecast, Attachment A to  
31 ~~((Ordinance 17606))~~ this ordinance, shall be revised in accordance with the ~~((2014))~~ 2015  
32 adopted budget and financial plan. If the reserve needs to be reduced to meet debt  
33 service coverage requirements for ~~((2013))~~ 2014, the county executive shall notify the  
34 council of the change by providing an updated financial forecast.

35 ~~((D. The executive shall provide monthly cost reports to the council on  
36 Brightwater as outlined in K.C.C. 28.86.165.))~~

37 SECTION 2. Monetary requirements for the disposal of sewage as defined by  
38 contract with the component sewer agencies for the fiscal year beginning January 1,  
39 2015, and ending December 31, 2015. The council hereby determines the monetary  
40 requirements for the disposal of sewage as follows:

41 Administration, operating, maintenance repair and replace (net of other income):  
42 \$69,126,693.



43 Establishment and maintenance of necessary working capital reserves:

44 (\$12,615,608).

45 Requirements of revenue bond resolutions (not included in above items and net of  
46 interest income): \$307,400,794.

47 TOTAL: \$363,911,880.

48 SECTION 3. Ordinance 11398, Section 1, as amended, and K.C.C. 28.84.055 are  
49 each hereby amended as follows:

50 A. The amount of the metropolitan sewage facility capacity charge adopted by  
51 K.C.C. 28.84.050.O. that is charged monthly for fifteen years per residential customer or  
52 residential customer equivalent shall be:

53 1. Seven dollars for sewer connections occurring between and including January  
54 1, 1994, and December 31, 1997;

55 2. Ten dollars and fifty cents for sewer connections occurring between and  
56 including January 1, 1998, and December 31, 2001;

57 3. Seventeen dollars and twenty cents for sewer connections occurring between  
58 and including January 1, 2002, and December 31, 2002;

59 4. Seventeen dollars and sixty cents for sewer connections occurring between  
60 and including January 1, 2003, and December 31, 2003;

61 5. Eighteen dollars for sewer connections occurring between and including  
62 January 1, 2004, and December 31, 2004;

63 6. Thirty-four dollars and five cents for sewer connections occurring between  
64 and including January 1, 2005, and December 31, 2006;

65           7. Forty-two dollars for sewer connections occurring between and including  
66 January 1, 2007, and December 31, 2007;

67           8. Forty-six dollars and twenty-five cents for sewer connections occurring  
68 between and including January 1, 2008, and December 31, 2008;

69           9. Forty-seven dollars and sixty-four cents for sewer connections occurring  
70 between and including January 1, 2009, and December 31, 2009;

71           10. Forty-nine dollars and seven cents for sewer connections occurring between  
72 and including January 1, 2010, and December 31, 2010;

73           11. Fifty dollars and forty-five cents for sewer connections occurring between  
74 and including January 1, 2011, and December 31, 2011;

75           12. Fifty-one dollars and ninety-five cents for sewer connections occurring  
76 between and including January 1, 2012, and December 31, 2012;

77           13. Fifty-three dollars and fifty cents for sewer connections occurring between  
78 and including January 1, 2013, and December 31, 2013; ~~((and))~~

79           14. Fifty-five dollars and thirty-five cents for sewer connections occurring  
80 between and including January 1, 2014, and December 31, 2014; and

81           15. Fifty-seven dollars for sewer connections occurring between and including  
82 January 1, 2015, and December 31, 2015.

83           B.1. In accordance with adopted policy FP-15.3.d. in the Regional Wastewater  
84 Services Plan, K.C.C. 28.86.160.C., it is the council's intent to base the capacity charge  
85 upon the costs, customer growth and related financial assumptions used in the Regional  
86 Wastewater Services Plan.

87           B.2. In accordance with adopted policy FP- 6 in the Regional Wastewater  
88 Services Plan, K.C.C. 28.86.160.C, the council hereby approves the cash balance and  
89 reserves as contained in the attached financial plan for ((2014)) 2015.

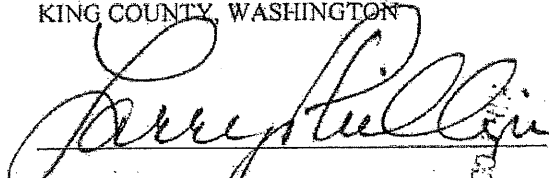
90           B.3. In accordance with adopted policy FP- 15.3.c., King County shall pursue  
91 changes in state legislation to enable the county to require payment of the capacity charge

- 92 in a single payment, while preserving the option for new ratepayers to finance the
- 93 capacity charge.
- 94 10 days prior, official paper
- 95 Publish: Wednesday, May 21<sup>st</sup>
- 96 Public Hearing: Renton City Hall, 6/2/14
- 97

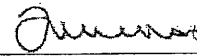
Ordinance 17825 was introduced on 5/5/2014 and passed by the Metropolitan King County Council on 6/2/2014, by the following vote:

Yes: 8 - Mr. Phillips, Mr. von Reichbauer, Mr. Gossett, Ms. Hague,  
Ms. Lambert, Mr. McDermott, Mr. Dembowski and Mr. Upthegrove  
No: 0  
Excused: 1 - Mr. Dunn

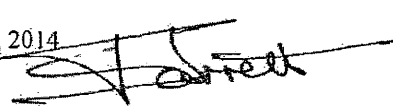
KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON

  
Larry Phillips, Chair

ATTEST:

  
\_\_\_\_\_

Anne Noris, Clerk of the Council

APPROVED this 02<sup>nd</sup> day of June, 2014  
  
Dow Constantine, County Executive

RECEIVED  
2014 JUN -6 PM 3:49  
CLERK  
KING COUNTY COUNCIL

Attachments: A. Wastewater Treatment Division Financial Plan for the 2015 Proposed Sewer Rate

**ATTACHMENT A: Wastewater Treatment Division Financial Plan for the 2015 Proposed Sewer Rate**

17825

	2013	2014	2015	2016	2017	2018	2019	2020
	Unaudited	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
CUSTOMER EQUIVALENTS (RCEs)	718.16	721.25	724.35	727.46	730.61	733.75	736.90	741.47
MONTHLY RATE	\$39.79	\$39.79	\$42.03	\$42.03	\$44.75	\$45.57	\$46.47	\$47.36
% Increase	10.2%	0.0%	5.6%	0.0%	6.5%	1.8%	2.0%	1.9%
BEGINNING OPERATING FUND	74,094	63,951	44,183	33,100	14,139	14,705	15,293	16,016
OPERATING REVENUE:								
Customer Charges	342,850	344,382	365,333	366,904	392,316	401,200	410,947	421,377
Investment Income	2,333	1,424	1,734	2,027	5,222	8,010	10,997	13,639
Capacity Charge	58,649	49,239	54,484	60,252	66,270	72,590	79,506	85,982
Rate Stabilization *	10,350	20,750	11,900	19,600	0	0	0	0
Other Income	9,608	11,048	11,387	11,711	11,945	12,304	12,673	13,053
TOTAL OPERATING REVENUES	423,790	426,842	444,837	460,493	475,753	494,103	514,123	534,051
OPERATING EXPENSE	(117,011)	(126,834)	(134,997)	(141,394)	(147,050)	(152,931)	(160,164)	(167,291)
DEBT SERVICE REQUIREMENT PARITY DEBT	(216,023)	(219,294)	(223,152)	(228,048)	(238,154)	(247,833)	(258,671)	(270,395)
SUBORDINATE DEBT SERVICE	(14,601)	(19,726)	(22,176)	(26,564)	(29,061)	(32,138)	(35,136)	(36,399)
DEBT SERVICE COVERAGE RATIO PARITY DEBT **	1.42	1.37	1.39	1.40	1.38	1.38	1.37	1.36
DEBT SERVICE COVERAGE RATIO TOTAL PAYMENTS	1.33	1.15	1.15	1.15	1.15	1.15	1.15	1.15
INTER-FUND LOAN REPAYMENTS	(20,336)	0	0	0	0	0	0	0
LIQUIDITY RESERVE CONTRIBUTION	(207)	(982)	(816)	(640)	(566)	(588)	(723)	(713)
TRANSFERS TO CAPITAL	(55,612)	(60,066)	(63,696)	(63,847)	(60,922)	(60,612)	(59,429)	(59,254)
RATE STABILIZATION RESERVE *	52,250	31,500	19,600	0	0	0	0	0
OPERATING LIQUIDITY RESERVE BALANCE	11,701	12,683	13,500	14,139	14,705	15,293	16,016	16,729
OPERATING FUND ENDING BALANCE	63,951	44,183	33,100	14,139	14,705	15,293	16,016	16,729
<b>CONSTRUCTION FUND</b>								
BEGINNING FUND BALANCE	107,282	98,145	31,408	9,601	5,000	5,000	5,001	5,001
REVENUES:								
Parity Bonds	50,000	0	50,000	58,887	139,727	133,958	150,148	161,971
Variable Debt Bonds	0	0	15,000	0	0	20,198	10,842	11,727
Grants & Loans	19,857	22,918	20,000	47,500	0	0	0	0
Other	10,197	500	6,500	500	500	500	500	500
Transfers From Operating Fund	55,612	60,006	63,696	63,847	60,922	60,612	59,429	59,254
TOTAL REVENUES	135,666	83,423	155,196	170,735	201,149	215,268	220,919	233,452
CAPITAL EXPENDITURES	(163,482)	(148,309)	(170,183)	(177,447)	(187,100)	(201,576)	(206,074)	(218,250)
DEBT ISSUANCE COSTS	(322)	0	(1,075)	(1,178)	(2,795)	(2,780)	(3,057)	(3,298)
BOND RESERVE TRANSACTIONS	(2,981)	(0)	(3,632)	6,022	(10,151)	(9,732)	(10,908)	(11,767)
ADJUSTMENTS	21,992	(1,851)	(2,113)	(2,733)	(1,104)	(1,179)	(879)	(137)
ENDING FUND BALANCE	98,145	31,408	9,601	5,000	5,000	5,001	5,001	5,001
CONSTRUCTION FUND RESERVES								
Bond & Loan Reserves	183,822	185,673	191,417	188,129	199,384	210,295	222,082	233,986
Policy Reserves	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
TOTAL FUND RESERVES	198,822	200,673	206,417	203,129	214,384	225,295	237,082	248,986
CONSTRUCTION FUND BALANCE	296,957	232,051	216,019	208,129	219,384	230,295	242,083	253,967

\* This revenue is accounted for as a regulatory asset to be deferred to future years in accordance with the Statement of Financial Accounting Standards No. 71 (FAS-71).  
 \*\* This includes a Regulatory Asset for a \$57.9M estimate of Environmental Remediation Liability in accordance with FAS-71 (amortized over a 30-year average bond term).

**City of Black Diamond  
2015 Monthly Utility Rates  
Rate Increase Comparison 2014-2015**

Rate Comparison for 1000 cu ft. Water **2015**

	Jan-14	Jan-15	Increase	Ordinance	Percentage
Water	\$56.42	\$64.87	<b>\$8.45</b>	13-1005	15%
Metro Sewer	\$39.79	\$42.03	\$2.24	14-XXXX	5.60%
City Sewer	\$19.52	\$19.97	\$0.45	13-1007	2.30%
Stormwater	\$16.00	\$16.00	<b>\$0.00</b>		
<b>Total</b>	<b>\$131.73</b>	<b>\$142.87</b>	<b>\$11.14</b>		8.50%
<b>Total monthly</b>	<b>Increase of 36 cents a day</b>				

Rate Comparison for 1000 cu ft. Lifeline customer

	Jan-14	Jan-15	Increase	Ordinance	Percentage
Water	\$28.21	\$32.43	<b>\$4.22</b>	13-1005	15%
Metro Sewer	\$39.79	\$42.03	\$2.24	14-XXXX	5.60%
City Sewer	\$9.76	\$9.99	\$0.23	13-1007	2.30%
Stormwater	\$8.00	\$8.00	<b>\$0.00</b>		
<b>Total</b>	<b>\$85.76</b>	<b>\$92.45</b>	<b>\$6.69</b>		7.80%
<b>Total monthly</b>	<b>Increase of 22 cents a day</b>				

mm/Oct 29, 2014