



2012 Utility Rate Study

City Council
November 5, 2012



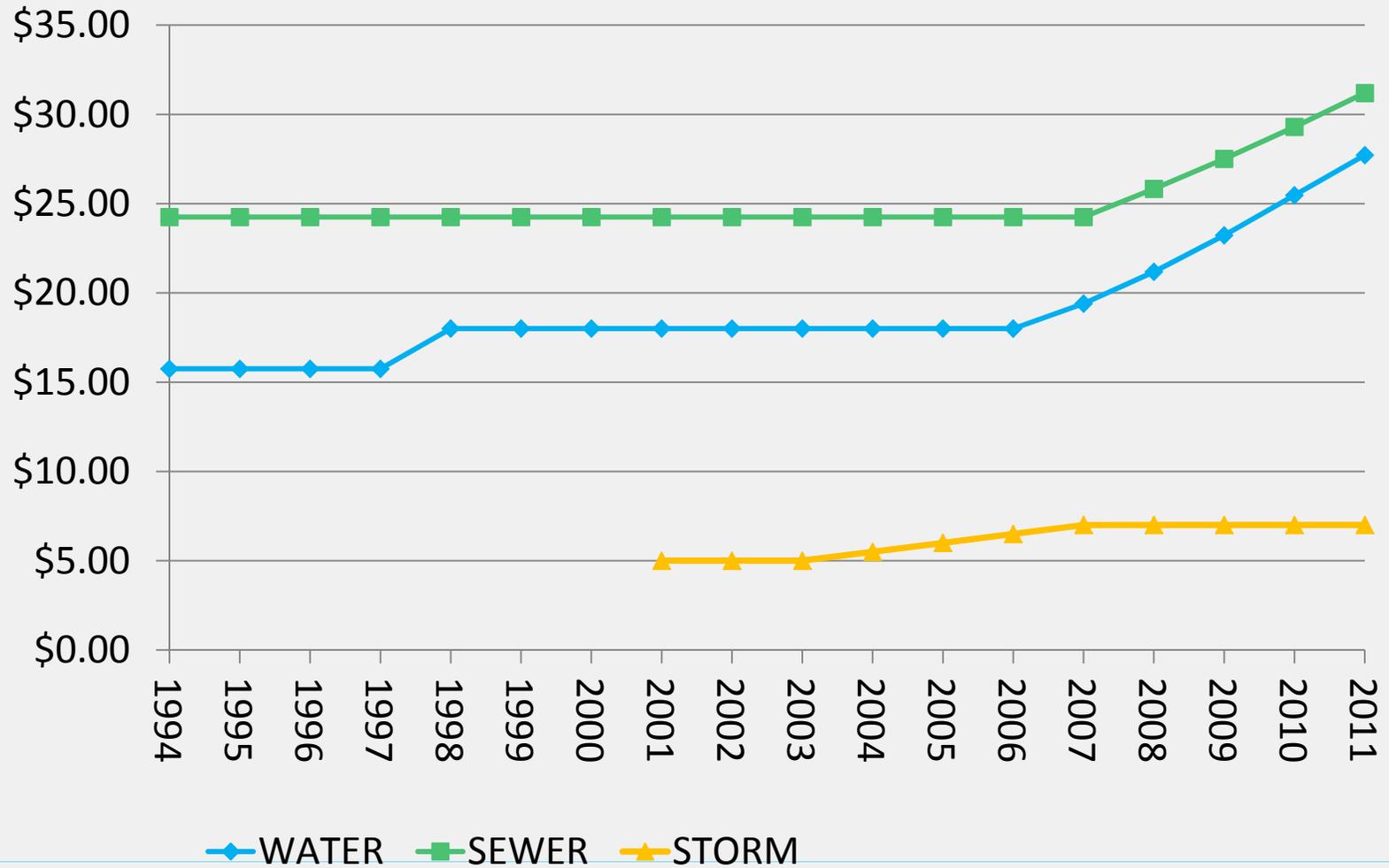
City of
Bellingham

Public Works

Agenda

- Background
- Council Policy Direction
- Water Rate Structure
- Sewer Rate Structure
- Storm and Surface Water Rate Structure
- Summary
- Next Steps

Bellingham Single Family Utility Rates



Background – Current Challenges

- More stringent permitting and regulatory requirements
 - Lake Whatcom, NPDES, Post Point, Muni-Water Law
- Increasing operation and maintenance needs
- Growing need for capital improvements and reinvestment in aging infrastructure
- Predictability in Rates
- Creating Greater Equity amongst users—”pay for your impact”

Council Policy Direction

- Capital Facilities Task Force, Nov. 2010
 - Maintain and replace water and sewer mains and stormwater infrastructure
 - Upgrade wastewater treatment facility
 - Address stormwater treatment and collection facilities citywide
 - Install meters for all customers

Council Policy Direction

- Financial Management Guidelines, Resolution #2010-17
 - Sustain essential services
 - Withstand local and regional economic impacts
 - Ensure timely payment of all fiscal obligations
 - Provide resources to pay for unanticipated emergencies
 - Meet all debt covenants
 - Maintain financial benchmarks

Water



Water Rate Major Drivers

- Water capital projects and associated debt service
- Reinvestment in system for aging infrastructure
- Reserves for operating and rate stabilization

Water Rate Structure Revisions

- Reflects cost of service, phased over 3 years
- Introduction of “transitional” SFR class
- Separate class for water districts
- Untreated water rates set to 80% of non-residential water rates

Recommended Water Rates

Single-Family & Water District Rates	2012	2013	2014	2015	2016	2017	2018
System-Wide Rate Revenue Increase		9.0%	8.0%	8.0%	8.0%	6.0%	6.0%
Unmetered Single-Family Residential							
Overall Rate Revenue Increase		9.0%	8.0%	8.0%	8.0%		
Monthly Flat Rate:							
Single-Family Residence	\$29.96	\$32.66	\$35.27	\$38.09	\$41.14		
Unmetered Duplex	\$59.92	\$65.31	\$70.54	\$76.18	\$82.28		
Transitional Single-Family Residential							
Overall Rate Revenue Increase		13.2%	10.7%	10.8%			
Monthly Fixed Rate - 5/8" Meter		\$16.33	\$17.90	\$19.35	Combined With Metered Single-Family Residential Rate Structure		
Volume Rate per ccf		\$1.27	\$1.42	\$1.64			
Metered Single-Family Residential							
Overall Rate Revenue Increase		8.7%	6.4%	6.4%	15.9%	5.5%	6.1%
Monthly Fixed Rate - 5/8" Meter	\$11.61	\$13.10	\$14.21	\$15.42	\$19.35	\$20.33	\$21.46
Volume Rate per ccf	\$1.53	\$1.58	\$1.63	\$1.67	\$1.72	\$1.82	\$1.94
Water Districts							
Overall Rate Revenue Increase		39.1%	31.8%	28.2%	8.5%	6.7%	6.5%
Monthly Fixed Rate - 5/8" Meter	\$11.61	\$13.10	\$14.21	\$15.42	\$19.35	\$20.33	\$21.46
Volume Rate per ccf	\$1.53	\$2.18	\$2.94	\$3.82	\$4.10	\$4.38	\$4.67

Recommended Water Rates

Non-Single-Family Rates	2012	2013	2014	2015	2016	2017	2018
System-Wide Rate Revenue Increase		9.0%	8.0%	8.0%	8.0%	6.0%	6.0%
Non-Residential							
Overall Rate Revenue Increase		7.2%	5.8%	5.8%	7.6%	6.2%	6.1%
Monthly Fixed Rate - 5/8" Meter	\$19.51	\$21.00	\$21.75	\$22.39	\$25.56	\$28.32	\$30.86
Volume Rate per ccf	\$1.53	\$1.63	\$1.77	\$1.93	\$1.94	\$1.94	\$1.97
Irrigation							
Overall Rate Revenue Increase		3.6%	1.8%	1.5%	7.3%	6.0%	6.2%
Monthly Fixed Rate - 5/8" Meter	\$19.51	\$21.00	\$21.75	\$22.39	\$25.56	\$28.32	\$30.86
Volume Rate per ccf	\$2.30	\$2.30	\$2.30	\$2.30	\$2.30	\$2.30	\$2.35
Untreated Industrial Water							
Overall Rate Revenue Increase		-50.9%	6.7%	6.9%	5.0%	4.0%	4.6%
Monthly Fixed Rate - 12" Meter	\$13,359.00	\$2,436.59	\$2,523.29	\$2,597.54	\$2,964.92	\$3,285.93	\$3,580.70
Volume Rate per ccf:		\$1.30	\$1.42	\$1.54	\$1.55	\$1.55	\$1.58
0 - 296,000 ccf per Month	\$0.070						
> 296,000 ccf per Month	\$0.756						

Sewer



Sewer Rate Major Drivers

- Major capital projects and associated debt service
- Reinvestment in system for aging infrastructure
- Reserves for operating and rate stabilization

Sewer Rate Structure Revisions

- Reflects cost of service, phased over 3 years
- Creation of “domestic-strength” class for single family and most users
- Higher strength classes for industrial and heavy commercial users --food processors,

Recommended Sewer Rates

Sewer Rate Structure	2012	2013	2014	2015	2016	2017	2018
System-Wide Rate Revenue Increase		6.5%	8.0%	7.0%	7.0%	6.0%	4.0%
Single-Family Residential							
Overall Rate Revenue Increase		2.2%	3.3%	6.2%	6.0%	5.5%	3.6%
Monthly Flat Rate:							
Single-Family Residence	\$33.23	\$33.97	\$35.07	\$37.24	\$39.47	\$41.66	\$43.16
Unmetered Duplex	\$66.46	\$67.94	\$70.15	\$74.48	\$78.95	\$83.32	\$86.31
Multiple Dwelling Units							
Overall Rate Revenue Increase		13.4%	11.6%	6.8%	8.1%	6.5%	4.4%
Monthly Fixed Rate	\$33.23	\$33.97	\$35.07	\$37.24	\$39.47	\$41.66	\$43.16
Volume Rate per ccf (> 8 ccf per Month)	\$3.49	\$4.09	\$4.66	\$4.99	\$5.43	\$5.80	\$6.07
Domestic-Strength Non-Residential							
Overall Rate Revenue Increase		5.1%	11.3%	6.8%	8.0%	6.5%	4.4%
Monthly Fixed Rate	\$33.97	\$33.97	\$35.07	\$37.24	\$39.47	\$41.66	\$43.16
Volume Rate per ccf (> 8 ccf per Month)	\$3.82	\$4.09	\$4.66	\$4.99	\$5.43	\$5.80	\$6.07
Medium-Strength Non-Residential							
Overall Rate Revenue Increase		67.2%	13.4%	7.1%	8.6%	6.7%	4.6%
Monthly Fixed Rate	\$19.60	\$33.97	\$35.07	\$37.24	\$39.47	\$41.66	\$43.16
Volume Rate per ccf (> 8 ccf per Month)	\$2.45	\$4.09	\$4.66	\$4.99	\$5.43	\$5.80	\$6.07
High-Strength Non-Residential							
Overall Rate Revenue Increase		66.8%	48.9%	28.5%	7.8%	6.4%	4.6%
Monthly Fixed Rate	\$19.60	\$33.97	\$44.35	\$56.84	\$59.84	\$62.97	\$65.23
Volume Rate per ccf (> 8 ccf per Month)	\$2.45	\$4.09	\$6.09	\$7.83	\$8.44	\$8.98	\$9.40

Storm and Surface Water



Stormwater Rate Major Drivers

- City wide capital re-investment
- Lake Whatcom Watershed
- Initial increase due to change in staff funding for longer term stability
- New debt service for major capital projects

Stormwater Rate Structure

- No change in structure
- Rates increase uniformly across the existing structure

Recommended Storm and Surface Water Rates

Monthly Rate Schedule

Customer Class	Existing 2012	2013	2014	2015	2016	2017
Small Footprint	\$ 4.20	\$ 5.08	\$ 5.39	\$ 5.71	\$ 6.05	\$ 6.42
Medium Footprint	\$ 7.00	\$ 8.47	\$ 8.98	\$ 9.52	\$ 10.09	\$ 10.69
ISA > 3,000 square feet	\$ 0.00233	\$ 0.00282	\$ 0.00299	\$ 0.00317	\$ 0.00336	\$ 0.00356
Across-the-Board % Increase		21%	6%	6%	6%	6%
Average SFR Monthly Impact*	\$ -	\$ 1.47	\$ 0.51	\$ 0.54	\$ 0.57	\$ 0.61
Cumulative Impact	\$ -	\$ 1.47	\$ 1.98	\$ 2.52	\$ 3.09	\$ 3.69

**Average Single-family Residential (SFR) is assumed to be Medium Footprint.*

Total Monthly Charge – Water, Sewer, Stormwater

Unmetered Single-Family Residence (metered in 2016)	2012	2013	2014	2015	2016
Water Bill	\$29.96	\$32.66	\$35.27	\$38.09	\$41.14
Watershed Surcharge	12.00	12.30	12.56	12.84	13.23
Total Water Bill	\$41.96	\$44.96	\$47.83	\$50.93	\$54.37
Sewer Bill	33.23	33.97	35.07	37.24	39.47
Stormwater Bill (Medium)	7.00	8.47	8.98	9.52	10.09
Total Water/Sewer/Stormwater Bill	\$82.19	\$87.40	\$91.88	\$97.69	\$103.93
Change From Prior Year		\$5.21	\$4.48	\$5.81	\$6.24
% Change From Prior Year		6.3%	5.1%	6.3%	6.4%

Metered Single-Family Residence (5/8" Meter, Monthly Usage: 6 ccf)	2012	2013	2014	2015	2016	2017	2018
Water Bill	\$20.79	\$22.58	\$23.99	\$25.44	\$29.67	\$31.25	\$33.10
Watershed Surcharge	8.84	9.09	9.25	9.43	9.77	10.05	10.34
Total Water Bill	\$29.63	\$31.67	\$33.24	\$34.87	\$39.44	\$41.30	\$43.44
Sewer Bill	33.23	33.97	35.07	37.24	39.47	41.66	43.16
Stormwater Bill (Medium)	7.00	8.47	8.98	9.52	10.09	10.69	11.01
Total Water/Sewer/Stormwater Bill	\$69.86	\$74.11	\$77.29	\$81.63	\$89.00	\$93.65	\$97.61
Change From Prior Year		\$4.25	\$3.18	\$4.34	\$7.37	\$4.66	\$3.96
% Change From Prior Year		6.1%	4.3%	5.6%	9.0%	5.2%	4.2%

Total Monthly Charge – Water, Sewer, Stormwater

Apartment Building - 29,000 imp. sf (1" Meter, Monthly Usage: 25 ccf)	2012	2013	2014	2015	2016	2017	2018
Water Bill	\$82.70	\$88.60	\$93.80	\$99.26	\$106.72	\$113.03	\$119.57
Watershed Surcharge	21.00	21.63	21.98	22.35	23.26	23.92	24.59
Total Water Bill	\$103.70	\$110.23	\$115.78	\$121.61	\$129.98	\$136.95	\$144.16
Sewer Bill	92.56	103.50	114.29	122.07	131.78	140.26	146.35
Stormwater	67.57	81.76	86.67	91.87	97.38	103.22	106.32
Total Water/Sewer/Stormwater Bill	\$263.83	\$295.49	\$316.74	\$335.55	\$359.14	\$380.43	\$396.83
Change From Prior Year		\$31.66	\$21.25	\$18.81	\$23.59	\$21.29	\$16.40
% Change From Prior Year		12.0%	7.2%	5.9%	7.0%	5.9%	4.3%

Commercial - 29,000 imp. sf (2" Meter, Monthly Usage: 80 ccf)	2012	2013	2014	2015	2016	2017	2018
Water Bill	\$258.29	\$276.68	\$293.09	\$310.34	\$333.20	\$352.47	\$372.57
Watershed Surcharge	56.20	57.93	58.83	59.75	62.31	64.07	65.84
Total Water Bill	\$314.49	\$334.61	\$351.92	\$370.09	\$395.51	\$416.54	\$438.41
Sewer Bill	309.01	328.45	370.59	396.52	430.43	459.26	480.20
Stormwater	67.57	81.76	86.67	91.87	97.38	103.22	106.32
Total Water/Sewer/Stormwater Bill	\$691.07	\$744.82	\$809.18	\$858.48	\$923.32	\$979.02	\$1,024.93
Change From Prior Year		\$53.75	\$64.36	\$49.30	\$64.84	\$55.70	\$45.91
% Change From Prior Year		7.8%	8.6%	6.1%	7.6%	6.0%	4.7%

Combined Utility Rate Comparison

(Monthly, billed at 8 CCF, medium footprint, 5/8"x3/4" meter)

Jurisdiction	Water	Sewer	Stormwater	Total Bill	Tax Included
City of Seattle (Summer)	\$50.40	\$85.44	\$12.44	\$148.28	\$19.52
City of Seattle (Winter)	\$45.57	\$85.44	\$12.44	\$143.45	\$18.77
City of Blaine	\$19.75	\$99.00	\$4.37	\$123.12	\$11.08
City of Arlington	\$46.85	\$68.15	\$5.82	\$120.82	\$6.04
City of Stanwood	\$25.29	\$75.97	\$12.25	\$113.51	\$8.00
Lake Whatcom Water & Sewer District	\$47.67	\$65.66	n/a	\$113.32	\$0.00
City of Renton	\$36.73	\$62.34	\$11.51	\$110.58	\$7.19
City of Kent (Summer)	\$44.45	\$52.71	\$10.56	\$107.72	\$6.46
City of Kent (Winter)	\$36.91	\$52.71	\$10.56	\$100.18	\$6.01
City of Mount Vernon	\$39.80	\$52.60	\$6.05	\$98.45	\$3.68
City of Ferndale	\$32.17	\$52.06	\$10.00	\$94.22	\$6.12
City of Tacoma (Summer)	\$28.73	\$46.41	\$17.82	\$92.96	\$6.01
City of Lynden	\$34.84	\$45.15	\$6.45	\$92.32	\$5.88
City of Tacoma (Winter)	\$27.70	\$46.41	\$17.82	\$91.93	\$5.93
Mukilteo WSD	\$27.35	\$54.14	\$8.32	\$89.81	\$0.50
City of Nooksack	\$30.25	\$45.22	n/a	\$75.47	\$4.53
City of Bellingham - Unmetered, Proposed (2013)	\$32.66	\$33.97	\$8.47	\$75.10	\$10.84
City of Anacortes	\$16.87	\$47.49	\$5.00	\$74.22	\$4.86
City of Marysville	\$25.11	\$38.26	\$10.40	\$73.77	\$6.27
City of Bellingham - Unmetered, Existing (2012)	\$29.96	\$33.23	\$7.00	\$70.19	\$10.09
City of Everson	\$25.56	\$43.00	n/a	\$68.56	\$4.11
City of Bellingham - Metered, Proposed (2013)	\$25.74	\$33.97	\$8.47	\$68.18	\$9.58
City of Everett	\$21.36	\$33.90	\$12.80	\$68.06	\$4.08
City of Sumas	\$12.06	\$53.93	\$1.50	\$67.49	\$5.94
City of Bellingham - Metered, Existing (2012)	\$23.85	\$33.23	\$7.00	\$64.08	\$8.98
City of Lynnwood	\$19.21	\$35.38	\$7.52	\$62.11	\$3.73
Birch Bay Water & Sewer District	\$24.90	\$30.20	n/a	\$55.10	\$0.00

*Excludes watershed surcharges

Recommendations

- Adopt by ordinance proposed water, sewer and stormwater rates
- Increase low income credit threshold to \$35,000

Next Steps

- Conduct Public Hearing on Nov. 19, 2012
- Consider ordinances on Dec. 3, 2012
- Consider for final passage on Dec. 10
- System development charge revisions in 2nd quarter of 2013