

Black Diamond's Council considers storm water rate reductions

On March 5, 2009, Black Diamond's Mayor and Council met in a lengthy Work study session to consider several rate reduction options. A new storm water utility was unanimously adopted by Council in Ordinance #08-872 on November 6, 2008. The utility established funds to meet the State and Federal requirements regarding regulation of storm water.

With the closure of the Kummer/Highway 169 bridge and the economic downturn, many citizens and businesses had asked the Mayor and Council for rate relief. The following is a list of possible rate reductions and rate roll backs to be reviewed at the March 19, 2009, Council workshop.

Policy Change Options	Relief Expected
Roll back the 2009 rate from \$13 per month to \$10 per month per equivalent residential unit (ERU)	Every residential customer would see cuts from the current billing rates, and business/commercial, churches, community clubs and others would save with lower base rates.
Increase impervious surface/ERU calculation from 2,500 square feet of impervious surface to 3,000 square feet	Business/commercial, churches, community clubs and others would save with reduced units in 2009.
Remove gravel from the calculation of square footage of impervious surface for ERU calculations	Significant rate decreases occur for most business,/commercial, churches, community clubs and others besides residential.
Add a senior/low income/disability discount of 50% for water, city share of sewer and storm water	This will not only reduce storm water rates by 50%, but will also reduce resident rates for water and sewer bills by 50% for those qualifying
Provide a 25% rate credit for customers having a qualifying private storm retention/treatment facility	This will reduce costs for those who provide qualifying storm retention/treatment facilities.
Provide an annual credit for the amount a customer paid to the State Department of Ecology for a required general or individual NPDES permit for storm water discharge	This will reduce the cost for customers who are required to have a State NPDES permit by the amount paid to the State.
Add a charge for state and city street impervious surfaces	Information on this proposal will be furnished at the March 19 th work study session.

To implement the above reductions, the following reductions would have to occur on the expense side of the balance sheet: Reduce costs to only include maintenance and operations for the next six years; defer all capital costs unless grants or other funds are secured.

Needed Action:

1. Ordinance for a loan of \$50,000 from the Sewer reserve will need to be secured to ensure start-up cash flow.
2. Ordinance changes to adopt a three-year rate plan to ensure that the debt payment from the original Comprehensive Plan Loan (for the storm water comprehensive plan to be developed/taken from sewer) and the start-up loan can be paid from the storm water rates in the next five years. The proposed base rates are 2009 - \$10 per ERU, 2010 - \$11.50 per ERU, 2011 - \$13.00 per ERU. With this proposal, the current \$13 base rate will be rolled back and not reinstated until 2011.
3. The addition of a lifeline senior/disability rate reduction for residents would be included in the ordinance above.

City of Black Diamond

Utility Rate Reductions – Lifeline Proposal

The City of Black Diamond offers utility rate reductions of 50% of City share of utility charges for eligible senior citizens and disabled persons based on Housing and Urban Development (HUD) income guidelines and Black Diamond residency. The eligibility criteria for the Lifeline rates are established by the City Council. For an application and more information call (360) 886-2560.

Lifeline Utility Rates

Lifeline Water rate – 2009

50% of Water Rate

Lifeline Sewer rate – 2009

50% of City Sewer Rate (excludes Metro and Soos Creek portion of the rate)

Lifeline Storm Drainage rate- 2009

50% of Storm Water Rate

Who is eligible for the program?

- Senior, 62 or older and/or
- Disabled persons receiving permanent disability payments from SSI, SSDA, and Veterans etc. (a physician's statement of verification of disability required)
- Total household income shall not exceed the limits as set annually by the Federal Department of Housing and Urban Development (listed below)
- You and your spouse/tenant must be living at the address receiving services or you must reside in a rental unit served directly by City of Black Diamond Utilities
- Households with a kidney dialysis patient residing may apply for water discount only

What determines total household income?

Total household income is the disposable income of yourself, your spouse, and that of any other tenants living in the home. Some examples of disposable income include:

- Wages, salaries, and tips
- Interest and dividends
- IRA withdrawals
- Social Security benefits
- Business income
- Pension and annuity receipts
- Governmental assistance

Official HUD income guidelines
(Effective February 1, 2009)

Household Size	Maximum Annual Gross Income
1	43,050
2	49,200
3	55,350
4	61,500
5	66,400
6	71,350
7	76,250
8	81,200

City of Black Diamond Stormwater Fund Analysis 11-Mar-09			
	2009 Current \$13 at 2500 sq ft ERU's	2009-\$10 Base @ 3000 sq ft ERU'S	2009 Cur/Prop Reduction
Proposed base rate reduced from \$13 to \$10, increase ERU'S from 2,500 to 3,000, and excludes charge for gravel	11 mo	11 mo	
REVENUE			
User Charges-Residence-1,433 Units	204,919	157,630	(47,289)
User Charges-Multifamily-56 units	8,008	6,060	(1,948)
User Charges-Bus-553.5 units-Ex Gravel	79,937	30,679	(49,258)
User Chg-PSE,K/C,Sch, Churches-Ex grav	18,518	5,115	(13,403)
User Chg-City of Black Diamond-Ex Grav	7,794	6,160	(1,634)
Allowance for discounts/late payments	(31,912)	(20,564)	11,348
Operating Revenue	287,264	185,080	(102,184)
Other Revenues			
DOE-grant	75,000	75,000	
Loan from Sewer Reserve		50,000	
Yarrow Bay-PW Dir Reimb	35,352	35,352	
Investment Interest	500	500	
Storm Impact fees			
Transfer from Capital Fd			
Subtotal Other Rev	110,852	160,852	
Total Revenue	398,116	345,932	
Beginning C&I Bal-unres	31,305	31,305	
Beginning C&I Bal-Res	0		
Total Beginning C&I	31,305	31,305	
Total Revenue Sources	398,116	377,237	
EXPENSE Black Diamond			
* Sal & Bene- Staff	92,870	92,870	
* Sal & Bene-P W Dir (see Rev)	35,352	35,352	
* Sal & Bene-Allocation	22,180	22,180	
* (% of Gwen, Tracey, Rachel)			
Supplies	1,000	1,000	
Fuel	2,000	2,000	
Tools	500	500	
Insurance	2,647	2,647	
Professional Services	2,765	2,765	
Repairs & Mtc.	2,000	2,000	
KC Wtr Qual-Lk Sawyer	6,000	6,000	
Travel, memberships, training	1,500	1,500	
Wa State Storm Permit	1,000	1,000	
Utilities	2,300	2,300	
Legal Svs	4,140	4,140	
Audit	5,000	5,000	
Cost Alloc- Post, copies	18,820	18,820	
Utility Tax	18,452	10,925	
Inflation 3% & 5%			
Total Operating Exp	218,526	210,999	
Other Expenses			
PacWest-Permit			
PW Comp PI/NPDES per	81,074	81,074	
Transfer for Equipment-CIP	10,000		
Debt repayment-Comp Plan	21,500	21,500	
Debt repayment-Start up			
Replace or repair culvert	26,000		
NPDES Permit/Rent Vactor			
Subtotal Other Exp	138,574	102,574	
Total Uses	357,100	313,573	
Reserved C&I Balance	52,126	52,750	
Unreserved C&I Balance	0		
Total Ending Cash & Invest.	52,126	52,750	
Total Uses	409,226	366,323	
net shortfall/surplus	(11,110)	10,914	

City of Black Diamond Stormwater Fund Analysis 11-Mar-09				
Proposed base rate reduced from \$13 to \$10, Increase ERU'S from 2500 to 3000 and exclude charge for gravel	2009 Current \$13 @ 2500 sq ft ERU's	2009-\$10 Base @ 3000 sq ft ERU'S	2009-\$11 Base @ 3000 sq ft ERU'S	2009 Cur/\$11 Diff
Includes Leih option of \$11 base rate	11 mo	11 mo	11 mo	
REVENUE				
User Charges-Residence-1,433 Units	204,919	157,630	181,275	(23,644)
User Charges-Multifamily-56 units	8,008	6,060	6,325	(1,683)
User Charges-Bus-553.5 units-Ex Gravel	79,937	30,679	38,488	(41,449)
User Chg-PSE,K/C,Sch, Churches-Ex grav	18,518	5,115	5,882	(12,636)
User Chg-City of Black Diamond-Ex Grav	7,794	6,160	7,084	(710)
Allowance for discounts/late payments	(31,912)	(20,564)	(23,905)	8,007
Operating Revenue	287,264	185,080	215,149	(72,115)
Other Revenues				
DOE-grant	75,000	75,000	75,000	
Loan from Sewer Reserve		50,000	50,000	
Yarrow Bay-PW Dir Reimb	35,352	35,352	35,352	
Investment Interest	500	500	500	
Storm Impact fees				
Transfer from Capital Fd				
Subtotal Other Rev	110,852	160,852	160,852	
Total Revenue	398,116	345,932	376,001	
Beginning C&I Bal-unres	31,305	31,305	31,305	
Beginning C&I Bal-Res	0			
Total Beginning C&I	31,305	31,305	31,305	
Total Revenue Sources	398,116	377,237	407,306	
EXPENSE Black Diamond				
* Sal & Bene- Staff	92,870	92,870	92,870	
* Sal & Bene-P W Dir (see Rev)	35,352	35,352	35,352	
* Sal & Bene-Allocation	22,180	22,180	22,180	
* (% of Gwen, Tracey, Rachel)				
Supplies	1,000	1,000	1,000	
Fuel	2,000	2,000	2,000	
Tools	500	500	500	
Insurance	2,647	2,647	2,647	
Professional Services	2,765	2,765	2,765	
Repairs & Mtc.	2,000	2,000	2,000	
KC Wtr Qual-Lk Sawyer	6,000	6,000	6,000	
Travel, memberships, training	1,500	1,500	1,500	
Wa State Storm Permit	1,000	1,000	1,000	
Utilities	2,300	2,300	2,300	
Legal Svs	4,140	4,140	4,140	
Audit	5,000	5,000	5,000	
Cost Alloc- Post, copies	18,820	18,820	18,820	
Utility Tax	18,452	10,925	12,909	
Total Operating Exp	218,526	210,999	212,983	
Other Expenses				
PacWest-Permit				
PW Comp PI/NPDES per	81,074	81,074	81,074	
Transfer for Equipment-CIP	10,000			
Debt repayment-Comp Plan	21,500	21,500	21,500	
Debt repayment-Start up				
Replace or repair culvert	26,000			
NPDES Permit/Rent Vactor				
Subtotal Other Exp	138,574	102,574	102,574	
Total Uses	357,100	313,573	315,557	
Reserved C&I Balance	52,126	52,750	52,750	
Unreserved C&I Balance	0			
Total Ending Cash & Invest.	52,126	52,750	52,750	
Total Uses	409,226	366,323	368,307	
net shortfall/surplus	(11,110)	10,914	38,999	

City of Black Diamond Drainage Fund Analysis 11-Mar-09						
	2009 Current \$13 ERU 2500 sq ft ERU's	2009 Current \$13 ERU 2500 sq ft ERU's	2009-\$10 Base @ 3000 sq ft ERU's	2010-\$11.50 Base @ 3000 sq ft ERU's	2011-\$13 Base @ 3000 sq ft ERU's	Annual Current vs 2011
Three year ramp-up rates using 3000 ERU's Excluding Gravel	11 mo	11 mo	11 mo	12 mo	12 mo	
REVENUE						
User Charges-Residence-1,433 Units	204,919	223,548	157,630	197,754	223,548	0
User Charges-Multifamily-56 units	8,008	8,736	6,060	7,728	8,736	0
User Charges-Bus-553.5 units-Ex Gravel	79,937	87,204	30,679	35,281	39,883	(47,321)
User Chg-PSE,K/C,Sch, Churches-Ex grav	18,518	20,205	5,115	6,279	7,254	(12,951)
User Chg-City of Black Diamond-Ex Grav	7,794	8,503	6,160	7,728	8,736	233
Allowance for discounts/late payments	(31,912)	(34,819)	(20,564)	(25,240)	(28,532)	6,287
Operating Revenue	287,264	313,377	185,080	229,530	259,625	(53,752)
Other Revenues						
DOE-grant	75,000	75,000	75,000			
Loan from Sewer Reserve			50,000			
Yarrow Bay-PW Dir Reimb	35,352	35,352	35,352	36,413	38,234	
Investment Interest	500	500	500	1,000	1,200	
Storm Impact fees						
Transfer from Capital Fd						
Subtotal Other Rev	110,852	110,852	160,852	37,413	39,434	
Total Revenue	398,116	424,229	345,932	266,943	299,059	
Beginning C&I Bal-unres	31,305	31,305	31,305	52,750	40,886	
Beginning C&I Bal-Res	0	0			0	
Total Beginning C&I	31,305	31,305	31,305	52,750	40,886	
Total Revenue Sources	398,116	424,229	377,237	319,693	339,945	
EXPENSE Black Diamond						
* Sal & Bene- Staff	92,870	92,870	92,870	92,870	92,870	
* Sal & Bene-P W Dir (see Rev)	35,352	35,352	35,352	35,352	35,352	
* Sal & Bene-Allocation	22,180	22,180	22,180	22,180	22,180	
* (% of Gwen, Tracey, Rachel)						
Supplies	1,000	1,000	1,000	1,000	1,000	
Fuel	2,000	2,000	2,000	2,000	2,000	
Tools	500	500	500	500	500	
Insurance	2,647	2,647	2,647	2,647	2,647	
Professional Services	2,765	2,765	2,765	2,765	2,765	
Repairs & Mtc.	2,000	2,000	2,000	2,000	2,000	
KC Wtr Qual-Lk Sawyer	6,000	6,000	6,000	6,000	6,000	
Travel, memberships, training	1,500	1,500	1,500	1,500	1,500	
Wa State Storm Permit	1,000	1,000	1,000	1,000	1,000	
Utilities	2,300	2,300	2,300	2,300	2,300	
Legal Svs	4,140	4,140	4,140	4,140	4,140	
Audit	5,000	5,000	5,000	5,000	5,000	
Cost Alloc- Post, copies	18,820	18,820	18,820	18,820	18,820	
Utility Tax	18,452	18,802	10,925	13,629	15,407	
Inflation 3% & 5%				6,330	11,002	
Total Operating Exp	218,526	218,876	210,999	220,033	226,483	
Other Expenses						
PacWest-Permit						
PW Comp PI/NPDES per	81,074	81,074	81,074			
Transfer for Equipment-CIP	10,000	10,000				
Debt repayment-Comp Plan	21,500	21,500	21,500	22,400	23,000	
Debt repayment-Start up				11,500	12,000	
Replace or repair culvert	26,000	26,000				
NPDES Permit/Rent Vactor						
Subtotal Other Exp	138,574	138,574	102,574	33,900	35,000	
Total Uses	357,100	357,450	313,573	253,933	261,483	
Reserved C&I Balance	52,126	54,719	52,750	55,008	56,621	
Unreserved C&I Balance	0	0			0	
Total Ending Cash & Invest.	52,126	54,719	52,750	55,008	56,621	
Total Uses	409,226	412,169	366,323	308,941	318,104	
net shortfall/surplus	(11,110)	12,060	10,914	10,752	21,841	