

# Utility Rate Analysis



December 13, 2010



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**407 Wastewater Fund with METRO rate increase, elimination of Soos Ck charge of \$3.87 per month & allocating \$3.87 to City share of rate**

	2011 Budget	User Charges	Funding Agreement	Metro	Fund Balance	Total
<b>REVENUE</b>						
1 Metro Sewer Charges	438,396			438,396		438,396
1 Wastewater City Charges	212,006	212,006				212,006
2 <b>Operating Revenue</b>	<b>650,402</b>	<b>212,006</b>	-	-	-	<b>650,402</b>
3 <b>Other Revenues</b>						
4 Miscellaneous Reimbursements	1,000	1,000				1,000
5 Funding - PW Director Reimburse	49,612		49,612			49,612
6 Transfer in from Reserves	7,204	7,204				7,204
7 Investment Interest	400	400				400
8 <b>Total Other Revenue</b>	<b>58,216</b>	<b>8,604</b>	<b>49,612</b>	-		<b>58,216</b>
9 <b>Total Revenue</b>	<b>708,618</b>	<b>220,610</b>	<b>49,612</b>	-		<b>708,618</b>
10 Beginning Cash & Investments	93,949				93,949	93,949
11 <b>Total Sources</b>	<b>802,567</b>	<b>220,610</b>	<b>49,612</b>	-	<b>93,949</b>	<b>802,567</b>
<b>EXPENDITURES</b>						
13 Salaries and Benefits	163,519					
14 Furlough Days	(1,383)					
15 <b>Total Salaries &amp; Benefits</b>	<b>162,136</b>	<b>112,524</b>	<b>49,612</b>			<b>162,136</b>
16 Office & Operating Supplies, Uniforms	3,200					
17 Allocated Office Supplies, Copies, Postag	6,945					
18 Fuel	2,300					
19 Small Tools	500					
20 <b>Total Supplies</b>	<b>12,945</b>	<b>12,945</b>				<b>12,945</b>
21 Insurance	10,672					
22 Repairs & Maintenance	1,500					
23 Travel, Memberships and Training	1,200					
24 Electricity & Gas	2,100					
25 Utilities	1,130					
26 Telephone & Postage	5,300					
27 Legal Services	16,500					
28 Audit - share of costs	6,250					
29 Cost Allocations	25,465					
30 Taxes Utility	36,150					
31 Taxes B&O	6,000					
32 <b>Total Services &amp; Charges</b>	<b>112,267</b>	<b>112,267</b>				<b>112,267</b>
33 <b>Subtotal Operating Expenses</b>	<b>287,348</b>	<b>237,736</b>	<b>49,612</b>	-		<b>287,348</b>
34 <b>Other Expenses</b>						
35 King County Metro	438,396			438,396		438,396
36 <b>Total Payment Sewer Treatment</b>	<b>438,396</b>			<b>438,396</b>		<b>438,396</b>
37 <b>Total Operating Expenditures</b>	<b>725,744</b>	<b>237,736</b>	<b>49,612</b>	<b>438,396</b>		<b>725,744</b>
38 <b>Other Expenses</b>						
39 Transfer for Equipment-CIP	10,000					10,000
40 <b>Subtotal Other Expenditures</b>	<b>10,000</b>	<b>10,000</b>				<b>10,000</b>
41 <b>Total Expenditures</b>	<b>735,744</b>	<b>247,736</b>	<b>49,612</b>	<b>438,396</b>		<b>735,744</b>
42 Ending Cash & Investments	66,823	(27,126)			93,949	66,823
43 <b>Total Uses</b>	<b>802,567</b>	<b>220,610</b>	<b>49,612</b>	<b>438,396</b>	<b>93,949</b>	<b>802,567</b>

The Metro rate increase of \$4.20 from \$31.90 to 36.10 per month is a 13.5 % pass through rate increase. By reallocating the Soos charge to cover City expenditures. The 2011 operating short fall will be reduced from \$75,020 to \$27,126.

★ The three month expenditure reserve required by Resolution 08-850 is \$72,087. The ending Cash & Investment will still be short of that by \$5,264.



## 407 Wastewater Fund with METRO rate increase, elimination of Soos Ck charge

	2011 Budget	User Charges	Funding Agreement	Metro	Fund Balance	Total
<b>REVENUE</b>						
1 Metro Sewer Charges	438,396			438,396		438,396
1 Wastewater City Charges	164,106	164,106				164,106
2 <b>Operating Revenue</b>	<b>602,502</b>	<b>164,106</b>	-	-	-	<b>602,502</b>
3 <b>Other Revenues</b>						
4 Miscellaneous Reimbursements	1,000	1,000				1,000
5 Funding - PW Director Reimburse	49,612		49,612			49,612
6 Transfer in from Reserves	7,204	7,204				7,204
7 Investment Interest	400	400				400
8 <b>Total Other Revenue</b>	<b>58,216</b>	<b>8,604</b>	<b>49,612</b>	-		<b>58,216</b>
9 <b>Total Revenue</b>	<b>660,718</b>	<b>172,710</b>	<b>49,612</b>	-		<b>660,718</b>
10 Beginning Cash & Investments	93,949				93,949	93,949
11 <b>Total Sources</b>	<b>754,667</b>	<b>172,710</b>	<b>49,612</b>	-	<b>93,949</b>	<b>754,667</b>
<b>EXPENDITURES</b>						
13 Salaries and Benefits	163,519					
14 Furlough Days	(1,383)					
15 <b>Total Salaries &amp; Benefits</b>	<b>162,136</b>	<b>112,524</b>	<b>49,612</b>			<b>162,136</b>
16 Office & Operating Supplies, Uniforms	3,200					
17 Allocated Office Supplies, Copies, Postag	6,945					
18 Fuel	2,300					
19 Small Tools	500					
20 <b>Total Supplies</b>	<b>12,945</b>	<b>12,945</b>				<b>12,945</b>
21 Insurance	10,672					
22 Repairs & Maintenance	1,500					
23 Travel, Memberships and Training	1,200					
24 Electricity & Gas	2,100					
25 Utilities	1,130					
26 Telephone & Postage	5,300					
27 Legal Services	16,500					
28 Audit - share of costs	6,250					
29 Cost Allocations	25,465					
30 Taxes Utility	36,150					
31 Taxes B&O	6,000					
32 <b>Total Services &amp; Charges</b>	<b>112,267</b>	<b>112,267</b>				<b>112,267</b>
33 <b>Subtotal Operating Expenses</b>	<b>287,348</b>	<b>237,736</b>	<b>49,612</b>	-		<b>287,348</b>
34 <b>Other Expenses</b>						
35 King County Metro	438,396			438,396		438,396
36 <b>Total Payment Sewer Treatment</b>	<b>438,396</b>			<b>438,396</b>		<b>438,396</b>
37 <b>Total Operating Expenditures</b>	<b>725,744</b>	<b>237,736</b>	<b>49,612</b>	<b>438,396</b>		<b>725,744</b>
38 <b>Other Expenses</b>						
39 Transfer for Equipment-CIP	10,000					10,000
40 <b>Subtotal Other Expenditures</b>	<b>10,000</b>	<b>10,000</b>				<b>10,000</b>
41 <b>Total Expenditures</b>	<b>735,744</b>	<b>247,736</b>	<b>49,612</b>	<b>438,396</b>		<b>735,744</b>
42 Ending Cash & Investments	18,923	(75,026)			93,949	★ 18,923
43 <b>Total Uses</b>	<b>754,667</b>	<b>172,710</b>	<b>49,612</b>	<b>438,396</b>	<b>93,949</b>	<b>754,667</b>

The Metro rate increase of \$4.20 from \$31.90 to 36.10 per month is a 13.5 % pass through rate increase. The 2011 operating short fall will be reduced from \$75,026.

★ The three month expenditure reserve required by Resolution 08-850 is \$72,087. The ending Cash & Investment will be short of that by \$53,164.



*Draft*

**ORDINANCE NO. 10-955**

**AN ORDINANCE OF THE CITY OF BLACK DIAMOND,  
KING COUNTY, WASHINGTON, AMENDING SECTION  
13.24.010 OF THE BLACK DIAMOND MUNICIPAL CODE  
RELATING TO SEWER RATES**

**WHEREAS**, the City of Black Diamond is a municipal corporation operating under the laws of the state of Washington as a code city pursuant to Chapter 35A of the Revised Code of Washington; and

**WHEREAS**, as a code city, the legislative body of the City of Black Diamond is vested with all powers possible for a city or town to have under the Constitution of this state, and not specifically denied to code cities by law; and

**WHEREAS**, the City of Black Diamond is authorized, pursuant to RCW 35A.21.150, to create, and has created, a sanitary sewerage system pursuant to RCW Ch. 35.67; and

**WHEREAS**, RCW Ch. 35.67 authorizes and grants to code cities, among other things, full jurisdiction and authority to manage, regulate, and control sanitary sewer systems, to compel connection to such sewerage systems, to set rates and charges for services, to collect delinquent charges, and to impose and foreclose upon liens for non-payment; and

**WHEREAS**, the City of Black Diamond has, pursuant to the above described authority, adopted procedures and requirements applicable to billing and collection of charges and fees for sewerage service, which procedures and requirements are codified in Title 13 of the Black Diamond Municipal Code; and

**WHEREAS**, the City of Black Diamond has contracted with King County Metro for wastewater conveyance and treatment services; and

**WHEREAS**, King County Metro bills the City of Black Diamond sanitary sewer utility for such services based upon its monthly rate and the number of customers the City's sanitary sewer utility serves, which cost become an expense to the City sanitary sewer utility; and

**WHEREAS**, King County Metro has notified the City of Black Diamond that their base rate will increase by \$4.20 per month per residential customer and the rate for all other users will increase by \$1.09 per each 100 cubic feet of water consumed per month in excess of 750 cubic feet; and

**WHEREAS** the City needs to increase its revenue by the imposition of new sewer rates of the same amount per month to cover the King County Metro increase; and

**WHEREAS**, the wastewater operating fund has required a financial subsidy from the capital reserve fund of \$50,000 for each of the last two years and will require a additional subsidy of approximately \$75,000 in year 2011 unless utility revenues increase; and

**WHEREAS**, the sanitary sewer utility rates include the costs of contracting with the Soos Creek Water and Sewer District for the conveyance of wastewater to the King County Sewer System (the "Soos Creek Wheeling Charge"); and

**WHEREAS**, the City sanitary sewer utility will no longer be obligated to pay the Soos Creek Wheeling Charge which will result in a reduction of utility operating costs; and

**WHEREAS**, a reallocation of the utility rates applied to the Soos Creek Wheeling Charge to payment of utility operating costs will allow the sanitary sewer utility to reduce the year 2011 subsidy from the capital reserve; and

**WHEREAS** the City Council finds, based upon the foregoing, that it would be in the best interest of the public health, safety and welfare to reallocate that portion of the rate revenues used to pay the Soos Creek Wheeling Charge to payment of sanitary sewer utility operating costs which reallocation will not result in an actual rate increase; and

**WHEREAS**, the City Council further finds, based upon the foregoing, that it would be in the best interest of the public health, safety and welfare to increase the monthly rates as set forth herein to pass through the additional costs for King County Metro conveyance and treatment services;

**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, 2011 sewer service charges shall be as follows:

A. For residential customers served by a single meter to the residence, ~~\$51.06~~\$55.26;

B. For residential customers 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 as shown in the City fee schedule.

C. For all other users, including but not limited to commercial users, multi-family residences and mobile home parks, served by a single water meter, ~~\$51.06~~\$55.26 per month for the first unit, plus \$10.00 for each additional unit served by that water meter, plus ~~\$4.27~~\$5.36 for each 100 cubic feet of water

consumed per month in excess of 750 cubic feet. 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.

D. Any user subject to an overage 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 not be subject to the overage charge.

E. For purposes of this chapter home occupations shall not be considered a second use.

F. Federal, State and local taxes, where applicable, shall be added to the sums as set forth above.

**Section 2 Effective Date.** This Ordinance shall be in full force and effect on January 1, 2011 after its passage, approval, posting and publication as provided by law. 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 16th day of December, 2010.

Passed by a majority of the City Council at a meeting held on the 16th day of December, 2010.

\_\_\_\_\_  
Mayor Rebecca Olness

Attest:

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

APPROVED AS TO FORM:

\_\_\_\_\_  
Chris Bacha, City Attorney

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

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

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



ORDINANCE NO. 09-926

AN ORDINANCE OF THE CITY OF BLACK DIAMOND,  
KING COUNTY, WASHINGTON, AMENDING SECTION  
13.24.010 OF THE BLACK DIAMOND MUNICIPAL CODE  
RELATING TO SEWER RATES

Old  
water  
Ordinance

**WHEREAS**, the City is in need of increasing its revenue by the imposition of new sewer rates in order to meet current obligations to the Soos Creek Water and Sewer District;

**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, 2010 sewer service charges shall be as follows:

A. For residential customers served by a single meter to the residence, \$51.06;

B. For residential customers 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 as shown in the City fee schedule.

C. For all other users, including but not limited to commercial users, multi-family residences and mobile home parks, served by a single water meter, \$51.06 per month for the first unit, plus \$10.00 for each additional unit served by that water meter, plus \$4.27 for each 100 cubic feet of water consumed per month in excess of 750 cubic feet. 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.

D. Any user subject to an overage 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 not be subject to the overage charge.

E. For purposes of this chapter home occupations shall not be considered a second use.

F. Federal, State and local taxes, where applicable, shall be added to the sums as set forth above.

**Section 2.** This Ordinance shall be in full force and effect five days after its passage, approval, posting and publication as provided by law. 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 17th day of December, 2009.

Passed by a majority of the City Council at a meeting held on the 17th day of December, 2009.

  
\_\_\_\_\_  
Mayor Howard Botts

Attest:

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

APPROVED AS TO FORM:

\_\_\_\_\_  
Yvonne Ward, City Attorney

Published: 12-22-09  
Posted: 12-18-09  
Effective Date: 12-27-09

## 401 Water Fund with 15% increase

	2011 Budget	User Charges	Funding	Water Reserves	Developer Reimburse	Fund Balance	Total
15% rate increase							
<b>REVENUE</b>							
1 User Charges	454,000	454,000					454,000
2 Surcharge @ \$2.30 per customer							-
3 Deposits and Reimbursements	600	600					600
4 Late Charges & Name Changes	16,000	16,000					16,000
5 <b>Operating Revenue</b>	<b>470,600</b>	<b>470,600</b>					<b>470,600</b>
6 Funding PW Reimbursement	49,612		49,612				49,612
7 Investment Interest	500	500					500
8 Transfer from Water Capital Fund	125,000			125,000			125,000
9 <b>Subtotal Other Revenue</b>	<b>175,112</b>	<b>500</b>	<b>49,612</b>	<b>125,000</b>			<b>175,112</b>
10 <b>Total Revenue</b>	<b>645,712</b>	<b>471,100</b>	<b>49,612</b>	<b>125,000</b>	<b>-</b>		<b>645,712</b>
<b>Debt PWTF &amp; Tacoma Water</b>	<b>686,446</b>				<b>686,446</b>		<b>686,446</b>
11 Beginning Cash & Investments	133,745					133,745	133,745
12 <b>Total Sources</b>	<b>1,465,903</b>	<b>471,100</b>	<b>49,612</b>	<b>125,000</b>	<b>686,446</b>	<b>133,745</b>	<b>1,465,903</b>
<b>EXPENDITURES</b>							
13 Salary and Benefits	165,622						
14 Furlough Days (1,384)	(1,384)						
15 <b>Total Salaries and Benefits</b>	<b>164,238</b>	<b>114,626</b>	<b>49,612</b>				<b>164,238</b>
16 Operating & Office Supplies/Uniforms	3,150						
17 Allocated Office Supplies, Copies, Postag	6,945						
18 Caustic (potassium hydroxide)	12,000						
19 Fuel	2,300						
20 Small tools	1,000						
21 <b>Total Supplies</b>	<b>25,395</b>	<b>25,395</b>					<b>25,395</b>
22 Insurance	19,551						
23 Telephone/DSL/Radios	2,500						
24 Prof Services (Sensus Comp Supt & Main	4,500						
25 Water Testing	1,500						
26 Health Dept and Other Permits	1,700						
27 Repairs & Maintenance/locates	5,800						
28 Travel, Memberships and Training	1,900						
29 Electricity/Gas	34,000						
30 Water, Sewer, Drainage and Garbage	1,060						
31 Legal Services	16,500						
32 Postage/Printing	2,500						
33 Advertising and Misc.	500						
34 Audit - Share of costs	6,250						
35 Cost Allocation	25,465						
36 Taxes Utility	28,236						
37 Taxes B&O	22,832						
38 <b>Total Services &amp; Charges</b>	<b>174,794</b>	<b>174,794</b>					<b>174,794</b>
39 <b>Total Operating Expenditures</b>	<b>364,427</b>	<b>314,815</b>	<b>49,612</b>	<b>-</b>			<b>364,427</b>
40 Transfer for Equipment	10,000	10,000					10,000
41 Debt Service for Water Meters	48,300	48,300					48,300
42 PWTF 95 Wtr Dep	13,314	13,314					13,314
43 PWTF 2006 Corr Cont.	11,925	11,925					11,925
44 Debt Service 2006 PWTF Loan	316,184	89,468		125,000	101,716		316,184
45 Tacoma Water Dev Wtr Cr	584,730				584,730		584,730
46 <b>Subtotal Other Expenditures</b>	<b>984,453</b>	<b>173,007</b>	<b>-</b>	<b>125,000</b>	<b>686,446</b>	<b>-</b>	<b>984,453</b>
47 <b>Total Expenditures</b>	<b>1,348,880</b>	<b>487,822</b>	<b>49,612</b>	<b>125,000</b>	<b>686,446</b>	<b>-</b>	<b>1,348,880</b>
48 Ending Cash & Investments	117,023	(16,722)				133,745	117,023
49 <b>Total Uses</b>	<b>1,465,903</b>	<b>471,100</b>	<b>49,612</b>	<b>125,000</b>	<b>686,446</b>	<b>133,745</b>	<b>1,465,903</b>

The 15% rate increase will be short of covering operating costs by \$16,722.

★ The three month reserve of \$121,956 per Resolution 08-560 will still short by \$4,933



## 401 Water Fund with proposed 10% Rate Increase

	2011 Budget	User Charges	Funding	Water Reserves	Developer Reimburse	Fund Balance	Total
With 10% Rate Increase							
<b>REVENUE</b>							
1 User Charges	434,500	434,500					434,500
2 Deposits and Reimbursements	600	600					600
3 Late Charges & Name Changes	16,000	16,000					16,000
4 <b>Operating Revenue</b>	<b>451,100</b>	<b>451,100</b>					<b>451,100</b>
4 Funding PW Reimbursement	49,612		49,612				49,612
5 Investment Interest	500	500					500
5 Transfer from Water Capital Fund	125,000			125,000			125,000
6 <b>Subtotal Other Revenue</b>	<b>175,112</b>	<b>500</b>	<b>49,612</b>	<b>125,000</b>			<b>175,112</b>
7 <b>Total Revenue</b>	<b>626,212</b>	<b>451,600</b>	<b>49,612</b>	<b>125,000</b>	<b>-</b>		<b>626,212</b>
7 <b>Debt PWTF &amp; Tacoma Water</b>	<b>686,446</b>				<b>686,446</b>		<b>686,446</b>
8 Beginning Cash & Investments	133,745					133,745	133,745
8 <b>Total Sources</b>	<b>1,446,403</b>	<b>451,600</b>	<b>49,612</b>	<b>125,000</b>	<b>686,446</b>	<b>133,745</b>	<b>1,446,403</b>
<b>EXPENDITURES</b>							
10 Salary and Benefits	165,622						
11 Furlough Days	(1,384)						
11 <b>Total Salaries and Benefits</b>	<b>164,238</b>	<b>114,626</b>	<b>49,612</b>				<b>164,238</b>
12 Operating & Office Supplies/Uniforms	3,150						
13 Allocated Office Supplies, Copies, Postage	6,945						
13 Caustic (potassium hydroxide)	12,000						
14 Fuel	2,300						
14 Small tools	1,000						
15 <b>Total Supplies</b>	<b>25,395</b>	<b>25,395</b>					<b>25,395</b>
16 Insurance	19,551						
16 Telephone/DSL/Radios	2,500						
17 Prof Services (Sensus Comp Supt & Main	4,500						
17 Water Testing	1,500						
18 Health Dept and Other Permits	1,700						
19 Repairs & Maintenance/locates	5,800						
19 Travel, Memberships and Training	1,900						
20 Electricity/Gas	34,000						
20 Water, Sewer, Drainage and Garbage	1,060						
21 Legal Services	16,500						
22 Postage/Printing	2,500						
22 Advertising and Misc.	500						
23 Audit - Share of costs	6,250						
23 Cost Allocation	25,465						
24 Taxes Utility	27,066						
25 Taxes B&O	17,000						
25 <b>Total Services &amp; Charges</b>	<b>167,792</b>	<b>167,792</b>					<b>167,792</b>
26 <b>Total Operating Expenditures</b>	<b>357,425</b>	<b>307,813</b>	<b>49,612</b>	<b>-</b>			<b>357,425</b>
26 Transfer for Equipment	10,000	10,000					10,000
27 Debt Service for Water Meters	48,300	48,300					48,300
28 PWTF 95 Wtr Dep	13,314	13,314					13,314
28 PWTF 2006 Corr Cont.	11,925	11,925					11,925
29 Debt Service 2006 PWTF Loan	316,184	89,468		125,000	101,716		316,184
29 Tacoma Water Dev Wtr Cr	584,730				584,730		584,730
30 <b>Subtotal Other Expenditures</b>	<b>984,453</b>	<b>173,007</b>	<b>-</b>	<b>125,000</b>	<b>686,446</b>	<b>-</b>	<b>984,453</b>
31 <b>Total Expenditures</b>	<b>1,341,878</b>	<b>480,820</b>	<b>49,612</b>	<b>125,000</b>	<b>686,446</b>	<b>-</b>	<b>1,341,878</b>
31 Ending Cash & Investments	104,525	(29,220)				133,745	104,525
32 <b>Total Uses</b>	<b>1,446,403</b>	<b>451,600</b>	<b>49,612</b>	<b>125,000</b>	<b>686,446</b>	<b>133,745</b>	<b>1,446,403</b>

★ The 10% rate increase is short of covering operating by \$29,220, and the three month reserve of \$120,205 per Resolution 08-560 is still short by \$15,680



**CITY OF BLACK DIAMOND  
WASHINGTON**

**ORDINANCE NO. 10-956**

*Draft*

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**AN ORDINANCE OF THE CITY OF BLACK  
DIAMOND, KING COUNTY, WASHINGTON;  
RELATING TO WATER SERVICE RATES;  
AMENDING SECTION 13.04.280 OF THE BLACK  
DIAMOND MUNICIPAL CODE; IMPLEMENTING  
A RATE INCREASE SET FOR IN THE 2008  
WATER RATE STUDY; PROVIDING FOR  
SEVERABILITY; ESTABLISHING AN EFFECTIVE  
DATE**

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**WHEREAS**, the City of Black Diamond is a municipal corporation operating under the laws of the state of Washington as a code city pursuant to Chapter 35A of the Revised Code of Washington; and

**WHEREAS**, as a code city, the legislative body of the City of Black Diamond is vested with all powers possible for a city or town to have under the Constitution of this state, and not specifically denied to code cities by law; and

**WHEREAS**, RCW Ch. 35.92 authorizes the City of Black Diamond to construct, condemn and purchase, acquire, add to, alter, maintain, and operate waterworks, for the purpose of furnishing the City and its inhabitants, and any other persons, with an ample supply of water for all purposes, public and private, with full power to regulate and control the use, distribution, and price thereof; and

**WHEREAS**, RCW 35.92.020 specifically authorizes the City Council to set and establish uniform rates for the same class of customers or service and facilities; and

**WHEREAS**, pursuant to the above described authority, the City Council of Black Diamond has created a water system utility and rates and charges applicable thereto, which rates and charges are codified in Title 13 of the Black Diamond Municipal Code, and more specifically at BDMC 13.04.280; and

**WHEREAS**, in 2008 the City contracted with PacWest Engineering to perform a Water User Rates Study for the purpose of, (a) identifying current and projected water utility maintenance, operation and capital costs and needs to ensure that the City can continuing providing adequate water services throughout the City and meet its statutory and contractual obligations related thereto, and (b) identifying water user rates that will adequately fund such existing and projected costs; and

**WHEREAS**, PacWest in its October 20, 2008 Water user Rate Study recommended several possible rate structures and the City Council finds that Alternative “C” as set forth therein is the appropriate method for implementation of a rate increase to adequately fund the current and projected costs of maintenance, operation and capital improvement (expansion and replacement) of the water utility system; and

**WHEREAS**, the PacWest Alternative “C” included three years of rate increases of 15% for each year and the Council passed the first year of the rate increase effective in 2009; however, in 2010 due to the economic slump, the council did not increase rates; and

**WHEREAS**, in 2010 the water utility incurred additional debt through an interfund loan to pay for completion of a meter replacement project which debt was not anticipated to be serviced through user charges ; and.

**WHEREAS**, the City Council Public Works Committee, Finance Committee and work-study group met several times during the months of October, November and December of 2010 to review the need for the rate increase and the structure of the increase; and

**WHEREAS**, the committees and work-study group recommend not increasing the consumption portion of the water rate as that has caused decreased revenue in some cities, and instead recommend a percentage increase in the base rate that will achieve an overall dollar increase in rate revenues that would equal 15%.; and

**WHEREAS**, based on the foregoing recommendation, the base rates will increase approximately 16% and there will be no increase to the consumption portion of the rate, which will result in an average net increase that equals the 15% dollar amount of the PacWest rate study without jeopardizing revenue ;

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

**Section 1. Amendment of BDMC 13.04.280(a).** Section 13.04.280(A) of the Black Diamond Municipal Code is hereby amended to read as follows:

**13.04.280 Rates – Consumption and meter installation.**

- A. 1. The water service rates for customers of the City’s water utility shall be as set forth in section 2 through 8 below, plus \$1.82 per one hundred cubic feet of water used, for water consumption ranging between 0 to 600 cubic feet of water, per month, plus \$2.09 per one hundred cubic feet of water used, for water consumption ranging between 601 to 1,200 cubic feet of water per month, plus \$2.40 per one hundred cubic feet of water used, for consumption greater than 1,200 cubic feet of water per month.
2. All 5/8” and 3/4” meters shall be charged a minimum fee of \$23.43 per month. Each additional dwelling/business served from the above described meter shall be charged \$14.95 for each additional unit for each month inside the City limits and \$29.90 for each additional unit for each month outside the City limits.

3. All 1" meters shall be charged \$29.62 per month plus the additional amount per unit served by such meter as established in subsection A(2) above.
4. All 1 ½" meters shall be charged \$31.95 per month plus the additional amount per unit served as established in subsection A(2) above.
5. All 2" meters shall be charged \$55.76 per month plus the additional amount per unit served as established in subsection A(2) above.
6. All 3" meters shall be charged a minimum of \$67.65 per month plus the additional amount per unit served as established in subsection A(2) above.
7. All 4" meters shall be charged a minimum of \$127.04 per month. For additional dwellings, apartments, or units, there shall be a minimum charge of \$14.95 per month for each additional dwelling, apartment or unit, and \$14.95 for each additional commercial use.
8. All 6" meters shall be charged a minimum of \$328.52 per month. For additional dwellings, apartments, or units, there shall be a minimum charge of \$14.95 per month for each additional dwelling, apartment, or unit, and \$14.95 for each additional commercial use.

**Section 2. Effective Date.** This Ordinance shall be in full force and effect on January 1, 2011, after its passage, approval, posting and publication as provided by law. A summary of this Ordinance may be published in lieu of publishing the ordinance in its entirety.

**Section 3. Severability.** If any provision of this ordinance, or ordinance modified by it is determined to be invalid or unenforceable for any reason, the remaining provision of this ordinance and ordinances and/or resolutions modified by it shall remain in force and effect.

\_\_\_\_\_  
Mayor, Rebecca Onless

Attested:

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

APPROVED AS TO FORM:

\_\_\_\_\_  
Chris Bacha,  
Kenyon Disend, PLLC  
City Attorney

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

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

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

old water  
Ordinance  
(last one)

**ORDINANCE NO. 08-879**

**AN ORDINANCE OF THE CITY OF BLACK  
DIAMOND, KING COUNTY, WASHINGTON,  
AMENDING SECTION 13.04.280 OF THE BLACK  
DIAMOND MUNICIPAL CODE RELATING TO  
WATER SERVICE RATES.**

**WHEREAS**, the City finds it necessary to raise the rates charged to customers of its water utility in order to meet the obligations of maintenance, repair, and expansion of the City's water system;

**Now, therefore, the City Council of the City of Black Diamond, King County, Washington do ordain as follows:**

**Section 1.** Section 13.04.280(A) of the Black Diamond Municipal Code is hereby amended to read as follows:

**13.04.280 Rates – Consumption and meter installation.**

- A. 1. The water service rates for customers of the City's water utility shall be as set forth in section 2 through 8 below, plus \$1.82 per one hundred cubic feet of water used, for water consumption ranging between 0 to 600 cubic feet of water, per month, plus \$2.09 per one hundred cubic feet of water used, for water consumption ranging between 601 to 1,200 cubic feet of water per month, plus \$2.40 per one hundred cubic feet of water used, for consumption greater than 1,200 cubic feet of water per month.
2. All 5/8" and 3/4" meters shall be charged a minimum fee of \$17.88 per month. Each additional dwelling/business served from the above described meter shall be charged \$14.95 for each additional unit for each month inside the City limits and \$29.90 for each additional unit for each month outside the City limits.
3. All 1" meters shall be charged \$22.60 per month plus the additional amount per unit served by such meter as established in subsection A(2) above.
4. All 1 1/2" meters shall be charged \$24.38 per month plus the additional amount per unit served as established in subsection A(2) above.
5. All 2" meters shall be charged \$42.55 per month plus the additional amount per unit served as established in subsection A(2) above.



6. All 3" meters shall be charged a minimum of \$51.61 per month plus the additional amount per unit served as established in subsection A(2) above.

7. All 4" meters shall be charged a minimum of \$96.95 per month. For additional dwellings, apartments, or units, there shall be a minimum charge of \$14.95 per month for each additional dwelling, apartment or unit, and \$14.95 for each additional commercial use.

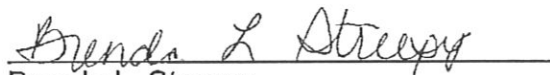
8. All 6" meters shall be charged a minimum of \$250.70 per month. For additional dwellings, apartments, or units, there shall be a minimum charge of \$14.95 per month for each additional dwelling, apartment, or unit, and \$14.95 for each additional commercial use.

**Section 2.** This Ordinance shall be in full force and effect for the first billing cycle occurring after January 1, 2009, after its passage, approval, posting and publication as provided by law. 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, or ordinance modified by it is determined to be invalid or unenforceable for any reason, the remaining provision of this ordinance and ordinances and/or resolutions modified by it shall remain in force and effect.

  
Mayor Howard Botts

Attested:

  
Brenda L. Streepy  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Loren Combs  
City Attorney

Published: 12/9/08  
Posted: 12/5/08  
Effective Date: 12/14/08

## Water Rates Comparison

CITY	COUNTY	CONNECTIONS	Base 3/4"	Add 800CF	* TOTAL	% SURCHARGE OUTSIDE CITY	NOTES
Buckley (Summer)	Pierce	1818	\$15.13	\$11.66	\$26.79	-	City unsure of increase
Enumclaw	King	5497	\$12.51	\$14.81	\$27.32	50%	No increases for 2011
Goldendale (2011)	Klickitat	1500	\$25.50	\$7.11	\$32.61	50%	Rates 2% higher from 2010
<b>Black Diamond (2010)</b>	<b>King</b>	<b>846</b>	<b>\$17.88</b>	<b>\$15.10</b>	<b>\$32.98</b>		<b>current rates</b>
Covington WD (Summer)	King	14080	\$16.50	\$20.24	\$36.74	-	Increase amounts to approx. 7.4%
Chelan	Chelan	1572	\$37.10	\$0.00	\$37.10	50%	No increases for 2011
Carnation	King	843	\$17.69	\$20.08	\$37.77	50%	No increases for 2011
<b>Black Diamond 15%</b>	<b>King</b>	<b>846</b>	<b>\$23.43</b>	<b>\$15.10</b>	<b>\$38.53</b>	-	<b>\$5.55 increase to base rate, 0% for consumption</b>
Snoqualmie	King	4052	\$24.70	\$14.34	\$39.04	30 - 35%	Doubtful rates will increase
Fife (2011)	Pierce	1631	\$20.08	\$20.24	\$40.32	50%	Rates 20% higher from 2010
Eatonville	Pierce	1039	\$30.80	\$14.38	\$45.18	-	No increases for 2011
Leavenworth	Chelan	1200	\$47.00	\$0.00	\$47.00	20 - 25%	\$2 increase to base from 2010

\* Total price includes base meter charge and 800 CF of usage

## Water Residential

OLD RATES		NEW RATES	
WATER		WATER	
Water Consumption	859	Water Consumption	859
CU FT OF WATER (100 CU FT = 748 GAL)	100	CU FT OF WATER (100 CU FT = 748 GAL)	100
TOTAL CUBIC FEET OF WATER USED	8.59	TOTAL CUBIC FEET OF WATER USED	8.59
FIRST TIER	600 \$10.92	FIRST TIER	600 \$10.92
SECOND TIER	259 \$5.41	SECOND TIER	259 \$5.41
THIRD TIER	0 \$0.00	THIRD TIER	0 \$0.00
TOTAL OF THREE TIERS	\$16.33	TOTAL OF THREE TIERS	\$16.33
Base Water rate 1st Unit	\$17.88	New Base Water Rate 1st unit	\$23.43
<b>WATER BILL DUE</b>	<b>\$34.21</b>	<b>WATER BILL DUE</b>	<b>\$39.76</b>
		Increase \$	\$5.55
		Increase %	16%

## Sewer Residential

OLD RATES		NEW RATES	
METRO SEWER		METRO SEWER	
METRO BASE RATE	\$31.90	METRO BASE RATE	\$36.10
METRO SOOS BALANCE DUE	\$ 31.90	METRO BALANCE DUE	\$ 36.10
CITY SEWER and SOOS CREEK SEWER		CITY SEWER and SOOS CREEK SEWER	
Base City Sewer Rate	\$ 15.29	Base City Sewer Rate	\$ 19.16
SOOS BASE RATE	\$3.87	SOOS BASE RATE	\$0.00
CITY /SOOS SEWER BILL DUE	\$ 19.16	CITY /SOOS SEWER BILL DUE	\$ 19.16
<b>TOTAL SEWER CHARGE</b>	<b>\$ 51.06</b>	<b>TOTAL SEWER CHARGE</b>	<b>\$ 55.26</b>
		Increase \$	\$4.20
		Increase %	8%



## Water Commercial

OLD RATES		NEW RATES	
WATER		WATER	
WATER CONSUMPTION	3800	WATER CONSUMPTION	3800
CU FT OF WATER (100 CU FT = 750 GAL)	100	CU FT OF WATER (100 CU FT = 750 GAL)	100
TOTAL CUBIC FEET OF WATER USED	38.00	TOTAL CUBIC FEET OF WATER USED	38.00
FIRST TIER	600 \$10.92	FIRST TIER	600 \$10.92
SECOND TIER	600 \$12.54	SECOND TIER	600 \$12.54
THIRD TIER	2600 \$62.40	THIRD TIER	2600 \$62.40
TOTAL OF THREE TIERS	\$85.86	TOTAL OF THREE TIERS	\$85.86
Base Water Rate 1st Unit	\$42.55	Base Water Rate 1st Unit	\$55.76
Additional Units	\$44.85	Additional Units	\$44.85
<b>WATER BILL DUE</b>	<b>\$173.26</b>	<b>WATER BILL DUE</b>	<b>\$186.47</b>
		<b>Inc. \$</b>	<b>\$13.21</b>
		<b>Inc. %</b>	<b>8%</b>

## Sewer Commercial

OLD RATES		NEW RATES	
METRO		METRO	
METRO BASE RATE	\$31.90	METRO BASE RATE	\$36.10
Water Consumption	3800	Water Consumption	3800
Units	4	Units	4
Metro Min. Consumption	750	Metro Min. Consumption	750
	3050		3050
CU FT OF WATER (100 CU FT = 750 GAL)	100	CU FT OF WATER (100 CU FT = 750 GAL)	100
	30.5		30.5
Metro (ERU over 750) Rate	\$4.27	Metro/City (ERU over 750) Rate	\$5.36
	\$130.24		\$163.48
<b>METRO SOOS BALANCE DUE</b>	<b>\$162.14</b>	<b>METRO BALANCE DUE</b>	<b>\$199.58</b>
<b>CITY SEWER</b>		<b>CITY SEWER</b>	
Base City Sewer Rate	\$15.29	Base City Sewer Rate	\$19.16
SOOS BASE RATE	\$3.87	SOOS BASE RATE	\$0.00
Total of City/Soos	\$ 19.16	Total of City/Soos	\$ 19.16
Additional units	\$ 30.00	Additional units	\$ 30.00
<b>CITY SEWER BILL DUE</b>	<b>\$49.16</b>	<b>CITY SEWER BILL DUE</b>	<b>\$49.16</b>
<b>CITY/METRO/ SOOS BALANCE DUE</b>	<b>\$211.30</b>	<b>METRO/CITY BALANCE DUE</b>	<b>\$248.74</b>
		<b>Inc. \$</b>	<b>\$37.45</b>
		<b>Inc. %</b>	<b>18%</b>



**City of Black Diamond, Wa**  
**All Water, Wastewater & Stormwater Utility Account Analysis**  
**Shut off and Past Due Accounts**

Type	Jan-Nov 2009	Jan-Nov 2010	Change	% Inc/(Dec)
Total Water Shut Offs for eleven months	111	114	3	2.70%
Total Past due Utility Dollar for all Utilities	25,514	27,590	2,076	8%
Total past due % to Rev	2%	2%	0	0
	Nov-09	Nov-10	Change	% Inc/(Dec)
Shut off notices sent our compared to last year	14	12	(2.00)	(0.14)

The total past due Utility amount over 30 days for December 2010 are approximately 2.0% of Utility Fund Revenue the same percentage as in 2009. This is a very reasonable percentage.

Noted in 2010 there were some accounts that were over 30 days, that were shut off, on ageing schedule and owned by a Bank or Trust (Probably a foreclosure). Didn't notice any in 2009.

# City of Black Diamond Water User Rates Study

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## BACKGROUND & PURPOSE

PacWest Engineering has been retained by the City to complete a water rate study and recommend updated rates for adoption by the City Council. The City is currently operating under a development moratorium which is anticipated to be lifted in late 2008. Significant growth is anticipated to occur within the City following the removal of the moratorium. The City desires to adopt updated water rates to ensure that the City's water rates adequately cover existing and projected costs associated with operating a water utility and providing adequate water service to its customers.

The City's water rates are comprised of two components: 1) User rates based on monthly meter rates as well as charges based on actual water consumption; and 2) Connection charges (also known as capital facility charges) which fund system improvements required as a result of new growth. This report analyzes the City's Water User Rates. An analysis of the City's Water Connection Charges is covered in a separate report.

## ANALYSIS METHODOLOGY

Water rates have been analyzed for a three year period from 2009 to 2011. Since there are many assumptions incorporated into these rates based on projections of new development, it is recommended that a rate study be conducted in the future for years beyond this planning period.

A water billing consumption history for the period of June 2006 through May 2007 was utilized in developing user rate revenue assumptions. It is assumed that this time period is representative of the City of Black Diamond's water use and does not include lower than average or higher than average use due to irregular weather patterns or use consumptions.



An annual population growth rate of 2.85% has been utilized for growth projections within the existing developed City for the period following the removal of the moratorium. Additionally, the addition of new customers has been projected based on conversations with Yarrow Bay due to the fact that significant development is anticipated to occur within the City of Black Diamond during the period of analysis covered by this Water Rate Study.

Growth projections for new development are based on conversations with Yarrow Bay regarding potential build rates for development that is anticipated to occur within the City of Black Diamond. A two-year delay in projected growth has been included to provide for a more realistic assumption in projected revenues. Projections for growth have assumed a water consumption rate of 230 gallons per day per single family residence, as this is the established amount calculated for one ERU (equivalent residential unit) in the agreements between developers and the City of Black Diamond. It is assumed that connections to the system will be made in one calendar year and user rates will be charged for the new ERU's in the following year. No credit for partial years has been assumed.

<b>PROJECTED NEW ERU CONNECTIONS</b> (User rates assumed to begin billings in following year)				
<b>ERU Type</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
ERU's (with connection charge credit)	0	0	0	0
ERU's (without connection charge credit)	0	33	34	35
<b>TOTAL NEW ERU'S</b>	<b>0</b>	<b>33</b>	<b>34</b>	<b>35</b>

#### **WATER FUNDS STRUCTURE & RESERVE RECOMMENDATIONS**

The City of Black Diamond currently operates with three water-related funds, as follows: Fund 401 – Water Fund; Fund 402 – Water Supply & Facility Fund; and Fund 404 – Water Reserve Fund.

It is recommended that the City restructure their water funds into the following three funds: Operating Fund; Capital Fund; and Developer Contribution Fund. The Operating and Capital funds should maintain a reserve within the fund rather than as a separate fund.

**Operating Fund:** The Operating Fund shall be funded by monies collected for Water User Rates and shall fund the City's Water Operations and Maintenance Program. The State requires that the City maintain a minimum reserve equivalent to 1/8 of its annual operating budget which is the equivalent of 1.5 months reserve. It is recommended that the City maintain an operating reserve that is equivalent to three months. The City currently has sufficient cash on hand to meet this reserve recommendation. This reserve helps balance cash flows due to lower revenues during winter months.

**Capital Fund:** The Capital fund shall be funded primarily by Water Connection Charges and shall fund expenditures related to the City's Water Capital Improvements Program. Additional funding sources such as grants and loans may supplement connection charges. Also, transfers from the Operating fund should occur to support those capital projects deemed to benefit the existing rate base.



The State requires an Emergency reserve that is equivalent to the City's most vulnerable water system facility component. The City of Black Diamond has an insurance policy which covers the transmission main crossing the Green River (the most vulnerable component of the system), which is sufficient to meet the emergency reserve requirement. In addition to the emergency reserve, the Capital fund should also maintain a reserve based on any outstanding debt service. It is recommended that a capital reserve in the amount of 50% of the annual debt service requirements be maintained in the capital fund.

**Developer Contribution Fund:** The City currently maintains a developer contribution fund (Fund 402 – Water Supply & Facility Fund). It is recommended that this fund be utilized to receive developer contributions for capital projects, but that the contributed funds be transferred to the capital fund as needed in support of the capital project for which the funds were contributed.

### CURRENT RATES

The City's current rates are a flat structure rate and do not promote conservation by the customers. The City of Black Diamond's current user rates are as shown below:

CURRENT RATES			
Meter Size	Meter Rate	Meter Rate per Additional Unit	Commodity Charge per 100 CF
5/8" or 3/4"	\$15.55	\$13.00	\$1.58
1"	\$19.65	\$13.00	\$1.58
1 1/2"	\$21.20	\$13.00	\$1.58
2"	\$37.00	\$13.00	\$1.58
3"	\$44.88	\$13.00	\$1.58
4"	\$84.30	\$13.00	\$1.58

### BUDGET REQUIREMENTS

The following are the projected budget requirements for a three year period. They have been developed based on the City's draft 2009 budget, which includes forecasts for 2010 and 2011. It should be noted that there are significant increases in the projected Operations and Maintenance budget over this time period. A portion of these increases is due to an additional staff person that is projected to be assigned half-time to the water system starting in 2011.

The City of Black Diamond is estimated to have approximately \$1,000,000 in reserve funds between the three existing water funds at the beginning of 2009. It is recommended that the City assign \$81,000 of the existing reserves as the three-month Operations and Maintenance reserve. Unless specified otherwise in the description of the alternatives, the remaining balance of the existing reserve funds are recommended to be placed in the Capital fund to augment the City's water connection charges in paying off debt and funding

capital projects. The revenue generated by these water user rates is intended to fund system operational costs only.

<b>BUDGET REQUIREMENTS</b>			
	<b>2009</b>	<b>2010</b>	<b>2011</b>
Operations, Maintenance, & Administration	\$324,000	\$344,000	\$404,000
Project costs / Transfer to Capital Fund (improve existing deficiencies)	\$0*	\$0*	\$0*
O&M Reserve	\$0 **	\$5,000	\$15,000
Debt Service	\$243,000	\$241,000	\$239,000
Yarrow Bay PWD Reimbursement	-\$36,000***	-\$38,000***	-\$40,000***
<b>TOTAL – O&amp;M FUND REQ.</b>	<b>\$567,000</b>	<b>\$590,000</b>	<b>\$658,000</b>
* Proposed project improvements have been included in the City's Water System Plan (draft). Costs have not been included in the water rate budget requirements as it is recommended that these projects improvements be delayed and be completed as funds are available.			
** The initial O&M reserve balance of \$81,000 recommended to be funded by existing reserve funds and preserved. Amounts shown reflect the necessary annual increase.			
*** The reimbursement for Public Works Director salary expenses is included for informational purposes only. This credit has not been included in the water user rate establishment as it is a temporary credit that will soon expire. It is recommended that these funds be utilized to fund capital projects to address existing deficiencies.			

### USER RATES ANALYSIS

The Municipal Water Law was passed by the Washington State Legislature in 2003 and included language that all municipal water suppliers must use water more efficiently in exchange for water right certainty and flexibility to help them meet future demands. The City of Black Diamond is required to develop and monitor a Water Use Efficiency (WUE) program. One component of the City's Water Use Efficiency Program is to evaluate rate structures that promote water savings.

Several alternative water rates were evaluated for the City of Black Diamond. Details regarding each of the alternatives considered, as well as a summary of projected revenue for each alternative are listed on the following pages:

**Alternative "A" – Debt Service (Fixed Rates & Commodity Rates increase at same percent – Constant increase over 3 years):**

Alternative "A" evaluated a 27% increase in rates for each of the three years. The increase was applied to all components of the user rate calculations (meter rate, meter rate per additional unit, and commodity charges). Alternative "A" meets the City's Operation and Maintenance budget needs and also addresses debt service requirements. It is a "rate predictable" alternative. Alternative "A" does not encourage conservation by the customers.

<b>ALTERNATIVE "A" - 2009</b>			
<b>Meter Size</b>	<b>Meter Rate</b>	<b>Meter Rate per Additional Unit</b>	<b>Commodity Charge per 100 CF</b>
5/8" or 3/4"	\$19.75	\$16.51	\$2.01
1"	\$24.96	\$16.51	\$2.01
1 1/2"	\$26.92	\$16.51	\$2.01
2"	\$46.99	\$16.51	\$2.01
3"	\$57.00	\$16.51	\$2.01
4"	\$107.06	\$16.51	\$2.01

<b>ALTERNATIVE "A" – ANNUAL % INCREASES</b>		
<b>Year</b>	<b>% Increase (Meter Rates)</b>	<b>% Increase (Commodity Charge)</b>
2008 to 2009	27%	27%
2009 to 2010	27%	27%
2010 to 2011	27%	27%

<b>ANTICIPATED REVENUE ANALYSIS – IF CURRENT RATES WERE MAINTAINED FOR THE NEXT THREE YEARS</b>				
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2009 - 2011</b>
Anticipated Revenue	\$354,000	\$366,000	\$379,000	\$1,099,000

<b>ANTICIPATED REVENUE ANALYSIS – ALTERNATIVE "A"</b>				
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2009 - 2011</b>
Anticipated Revenue	\$450,000	\$590,000	\$775,000	\$1,815,000
Budget Requirements	\$567,000	\$590,000	\$658,000	\$1,815,000
Difference	-\$117,000	\$0	\$117,000	\$0



**Alternative "B" – Conservation Rates + Debt Service (Fixed Rates & Commodity Rates increase at same percent – Constant increase over three years):**

Alternative "B" evaluated a tiered commodity rate system to encourage conservation efforts. Base meter rates and rates for additional units increased at the same percentage (23%) as the first tier for commodity charges (0-600 CF). Meter rates and commodity charge rates continue to increase at this same rate for the subsequent two years. Subsequent tiers increase at a 15% increase per tier in order to generate sufficient revenue to fund current debt service payments. It is assumed that existing reserve funds would be utilized to fund debt service costs initially and these monies would be repaid as rate revenues were received.

<b>ALTERNATIVE "B" – 2009 RATES</b>					
<b>Meter Size</b>	<b>Meter Rate</b>	<b>Meter Rate per Additional Unit</b>	<b>Commodity Charge per 100 CF (0-600 CF)</b>	<b>Commodity Charge per 100 CF (601 – 1,200 CF)</b>	<b>Commodity Charge per 100 CF (1,200+ CF)</b>
5/8" or 3/4"	\$19.13	\$15.99	\$1.94	\$2.23	\$2.57
1"	\$24.17	\$15.99	\$1.94	\$2.23	\$2.57
1 1/2"	\$26.08	\$15.99	\$1.94	\$2.23	\$2.57
2"	\$45.51	\$15.99	\$1.94	\$2.23	\$2.57
3"	\$55.20	\$15.99	\$1.94	\$2.23	\$2.57
4"	\$103.69	\$15.99	\$1.94	\$2.23	\$2.57

<b>ALTERNATIVE "B" – ANNUAL % INCREASES</b>		
<b>Year</b>	<b>% Increase (Meter Rates)</b>	<b>% Increase (Commodity Charge – Tier 1)</b>
2008 to 2009	23%	23%
2009 to 2010	23%	23%
2010 to 2011	23%	23%

<b>ALTERNATIVE "B" – COMMODITY CHARGE % INCREASES</b>		
<b>Year</b>	<b>% Increase (Tier 1 to Tier 2)</b>	<b>% Increase (Tier 2 to Tier 3)</b>
2009	15%	15%
2010	15%	15%
2011	15%	15%

<b>ANTICIPATED REVENUE ANALYSIS – ALTERNATIVE "B"</b>				
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2009 - 2011</b>
Anticipated Revenue	\$467,000	\$594,000	\$754,000	\$1,815,000
Budget Requirements	\$567,000	\$590,000	\$658,000	\$1,815,000
Difference	-\$100,000	\$4,000	\$96,000	\$0

Alternative "C" – Conservation Rates + Debt Service (Fixed Rates & Commodity Rates increase at same percent – Constant Increase over three years – Debt service partially subsidized by existing fund balance):

Alternative "C" is similar in structure to Alternative "B", with the exception that \$243,000 of the debt service is assumed to be funded by the existing fund balance over the three year period. This results in an annual increase of 15% in order to generate sufficient funds. Any additional monies, such as revenues for growth beyond that which is assumed, or the funding of the Public Works Director could also be used to help fund the debt service.

ALTERNATIVE "C" – 2009 RATES					
Meter Size	Meter Rate	Meter Rate per Additional Unit	Commodity Charge per 100 CF (0-600 CF)	Commodity Charge per 100 CF (601 – 1,200 CF)	Commodity Charge per 100 CF (1,200+ CF)
5/8" or 3/4"	\$17.88	\$14.95	\$1.82	\$2.09	\$2.40
1"	\$22.60	\$14.95	\$1.82	\$2.09	\$2.40
1 1/2"	\$24.38	\$14.95	\$1.82	\$2.09	\$2.40
2"	\$42.55	\$14.95	\$1.82	\$2.09	\$2.40
3"	\$51.61	\$14.95	\$1.82	\$2.09	\$2.40
4"	\$96.95	\$14.95	\$1.82	\$2.09	\$2.40

ALTERNATIVE "C" – ANNUAL % INCREASES		
Year	% Increase (Meter Rates)	% Increase (Commodity Charge – Tier 1)
2008 to 2009	15%	15%
2009 to 2010	15%	15%
2010 to 2011	15%	15%

ALTERNATIVE "C" – COMMODITY CHARGE % INCREASES		
Year	% Increase (Tier 1 to Tier 2)	% Increase (Tier 2 to Tier 3)
2009	15%	15%
2010	15%	15%
2011	15%	15%

ANTICIPATED REVENUE ANALYSIS – ALTERNATIVE "C"				
	2009	2010	2011	2009 - 2011
Anticipated Revenue	\$437,000	\$519,000	\$616,000	\$1,572,000
Budget Requirements	\$486,000	\$509,000	\$577,000	\$1,572,000
Difference	-\$49,000	\$10,000	\$39,000	\$0

### Comparison of Alternatives:

ANTICIPATED REVENUE – RATE ALTERNATIVES				
	2009	2010	2011	2009-2011
"A"	\$450,000	\$590,000	\$775,000	\$1,815,000
"B"	\$467,000	\$594,000	\$754,000	\$1,815,000
"C"	\$437,000	\$519,000	\$616,000	\$1,572,000

COMPARISON OF ALTERNATIVES					
Alternative	Meet O&M Budget Needs	Meet Exist. Deficiency Budget Needs	Max of 10% Increase +/-	Funds Debt Service	Encourage Conservation
"A"	Yes	No	No	Yes	No
"B"	Yes	No	No	Yes	Yes
"C"	Yes	No	No	Yes	Yes

### USER RATE RECOMMENDATIONS

It is recommended that the City of Black Diamond adopt updated water user rates as outlined in Alternative "C" above. Alternative "C" represents a 15% annual increase across the board (meter rates, meter rates per additional units, and commodity charges).

Alternative "C" will provide sufficient revenue from user rates to support the City's project Operations and Maintenance budget needs, as well as to pay off debt. This alternative also promotes conservation with a 15% increase between tiers on the commodity charges.

Alternative "C" does not address funding of projects to address existing system deficiencies. However, none of the alternatives considered generate sufficient revenue. Revenues collected in excess of budget expenses can be dedicated to capital projects and may allow for an opportunity to begin early design or construction of some projects. The City has not raised their rates in quite some time and a larger increase would be required in order to fully fund all system needs. However, due to the financial effects on customers, it is recommended that the City push back some of these improvement projects to later years or utilize reserve funds and adopt these lower rates and continue to adjust the rates as necessary in order to eventually have the water user rates be in line with the budgetary needs.

The revenue assumptions included in this study are conservative in that they assume only residential users with a single meter. In reality, there is a mix of user types which will result in increased revenues due to higher meter rates for larger meter sizes, as well as the additional revenues associated with meter rates for additional units. These conservative assumptions help to offset any reductions in anticipated revenues due to a reduction in water use. A tiered water rate system which encourages conservation could result in a decrease of water use typically in the range of two to five percent.



RECOMMENDED WATER USER RATES – YEAR 2009					
Meter Size	Meter Rate	Meter Rate per Additional Unit	Commodity Charge per 100 CF (0-600 CF)	Commodity Charge per 100 CF (601 – 1,200 CF)	Commodity Charge per 100 CF (1,200+ CF)
5/8" or 3/4"	\$17.88	\$14.95	\$1.82	\$2.09	\$2.40
1"	\$22.60	\$14.95	\$1.82	\$2.09	\$2.40
1 1/2"	\$24.38	\$14.95	\$1.82	\$2.09	\$2.40
2"	\$42.55	\$14.95	\$1.82	\$2.09	\$2.40
3"	\$51.61	\$14.95	\$1.82	\$2.09	\$2.40
4"	\$96.95	\$14.95	\$1.82	\$2.09	\$2.40

### BUDGET ANALYSIS

The water user rates that have been recommended for the City of Black Diamond are adequate to meet anticipated budget expenses as summarized in the following table. It should be noted that the revenue predictions are a conservative estimate and assume that all future growth will be single family residential growth. Any multi-family or commercial growth will result in additional revenue generated. It is recommended that the rates be re-evaluated in the future should actual growth vary greatly from these assumptions.

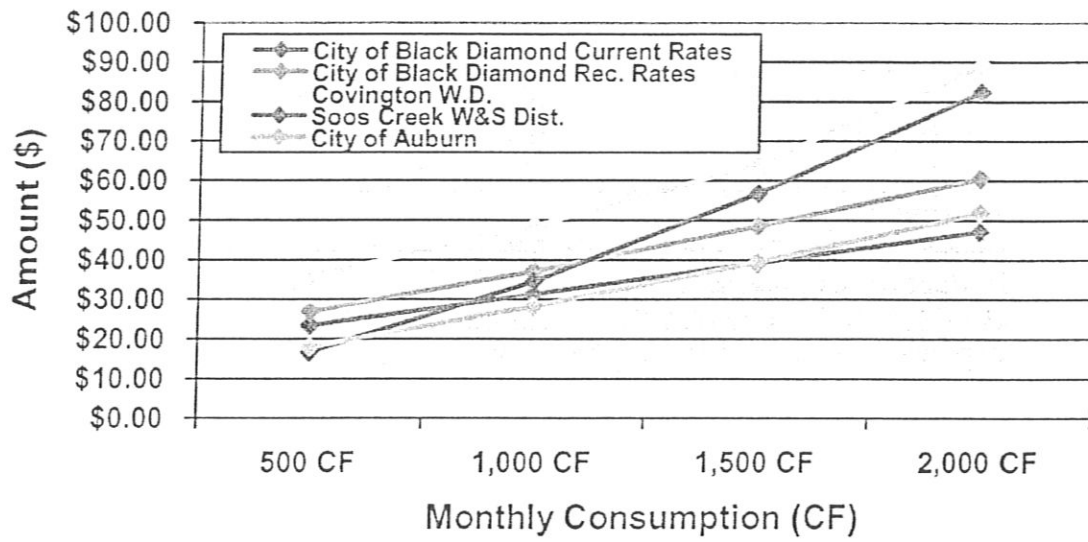
BUDGET EXPENSES VS REVENUE				
Alternative	2009	2010	2011	2009-2011
Operations, Maintenance, & Administration Expenses	\$324,000	\$344,000	\$404,000	\$1,072,000
O&M Reserve funded by Rates*	\$0	\$5,000	\$15,000	\$20,000
Debt Service	\$243,000	\$241,000	\$239,000	\$723,000
<b>Subtotal Expenses</b>	<b>\$567,000</b>	<b>\$590,000</b>	<b>\$658,000</b>	<b>\$1,815,000</b>
Anticipated Revenue	\$437,000	\$519,000	\$616,000	\$1,572,000
Debt Service Revenue funded by Existing Fund Balance	\$130,000	\$71,000	\$42,000	\$243,000
<b>Revenue less Expenses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
*Initial balance of \$81,000 recommended to be funded by existing reserve funds and preserved. The amounts shown reflect the necessary annual increase.				

It is recommended that the City dedicate any excess funds that may be collected from water user rates towards capital project expenses that address existing system deficiencies and are not typically funded by connection charges. Additionally, it is recommended that the temporary Yarrow Bay Reimbursement of the Public Works Director salary be dedicated towards capital project expenses as well. Should a lower amount of revenue be collected than anticipated, these excess funding will also be available to fund Operations and Maintenance expenses if necessary. These funds are able to cover any fluctuations in rate collections.

#### JURISDICTIONAL COMPARISON OF USER RATES

The water user rates that have been recommended for the City of Black Diamond are consistent with rates that have been adopted by nearby jurisdictions of similar size. The City of Black Diamond is in the middle of the range for low consumption users for both the current user rates and the recommended user rates. With the current rates, the City of Black Diamond is at the bottom of the range for high users. With the recommended rates, the City will be in the middle of the range for high users, while still significantly below Covington Water District and Soos Creek Water and Sewer District. The following table provides a comparison of monthly water user rates between a typical single family residential user for various levels of consumption.

JURISDICTIONAL COMPARISON (SFR USER)					
	City of Black Diamond (Current Rates)	City of Black Diamond (Rec. Rates)	Covington Water (Summer Rates)	Soos Creek (Summer Rates)	City of Auburn
Adopted / Recommended Rates					
Meter Base Rate	\$15.55	\$17.88	\$25.00	\$8.85	\$9.08
Consump. Rate for 500 CF	\$1.58	\$1.82	\$2.15	\$1.58	\$1.80
Consump. Rate for 1,000 CF	\$1.58	\$2.09	\$3.15	\$3.56	\$2.21
Consump. Rate for 1,500 CF	\$1.58	\$2.40	\$3.15	\$4.46	\$2.21
Consump. Rate for 2,000 CF	\$1.58	\$2.40	\$5.45	\$5.10	\$2.50
Typical Monthly Bill					
500 CF	\$23.45	\$26.98	\$35.75	\$16.75	\$18.08
1,000 CF	\$31.35	\$37.16	\$48.50	\$34.55	\$28.31
1,500 CF	\$39.25	\$48.54	\$64.25	\$56.85	\$39.36
2,000 CF	\$47.15	\$60.54	\$89.20	\$82.35	\$51.86





# City of Black Diamond Storm Drainage User Rates Study

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## BACKGROUND & PURPOSE

The City of Black Diamond is operating under a National Pollution Discharge Elimination System (NPDES) Phase II Municipal Stormwater Permit. As part of meeting the permit requirements, the City is pursuing the establishment and adoption of a storm drainage utility. This user rate study has been prepared to determine the appropriate storm drainage user rates to be imposed on customers.

The City is currently operating under a development moratorium which is anticipated to be lifted in late 2008. Significant growth is anticipated to occur within the City following the removal of the moratorium. The City desires to adopt storm drainage user rates to ensure that collected revenue adequately covers existing and projected costs associated with operating a storm utility and providing adequate service to its customers.

The City's storm rates are comprised of two components: 1) User rates based on monthly storm rates as well as charges based on impervious surface areas; and 2) Connection charges (also known as capital facility charges) which fund system improvements required as a result of new growth. This report analyzes the City's Storm Drainage User Rates. An analysis of the City's Storm Drainage Connection Charges is covered in a separate report.

## ANALYSIS METHODOLOGY

Storm drainage user rates have been analyzed for a three year period from 2009 to 2011. Since there are many assumptions incorporated into these rates based on projections of new development, it is recommended that a rate study be conducted in the future for years beyond this planning period.

An annual population growth rate of 2.85% has been utilized for growth projections within the existing developed City for the period following the removal of the moratorium. Additionally, the addition of new customers has been projected based on conversations with Yarrow Bay due to the fact that significant development is anticipated to occur within the City of Black Diamond during the period of analysis covered by this Storm Rate Study.

Growth projections for new development are based on conversations with Yarrow Bay regarding potential build rates for development that is anticipated to occur within the City of



Black Diamond. A two-year delay in projected growth has been applied to Yarrow Bay projections to provide for a more realistic assumption in projected revenues.

It should be noted that the customer basis for the stormwater utility is different than the customers for either the water or sewer utility billings. The stormwater utility will be imposed on all developed properties within the City of Black Diamond, regardless of the purveyor for sewer and/or water service. The inclusion of storm drainage utility customers in the Lake Sawyer area is the most important distinction between the customers for the various utility billings.

Storm drainage utility needs have been analyzed on a per Equivalent Residential Unit (ERU) basis. 2,500 square feet has been established as one equivalent residential unit. All single-family residences are equal to one ERU, duplexes are equal to two ERU's, and triplexes are equal to three ERU's. The number of ERUs for all other developed properties were determined by field measuring the area of impervious ground cover and dividing by 2,500 square feet per ERU. The number of ERU's for each developed property has been rounded up to the nearest half of an ERU. Each developed property has been assumed to contain a minimum of one ERU. The storm drainage utility rates are not imposed on undeveloped parcels nor public roadway right-of-ways.

It is assumed that connections to the system will be made in one calendar year and user rates will be charged for the new ERU's in the following year. No credit for partial years has been assumed.

<b>PROJECTED ERU CONNECTIONS</b> <b>(User rates assumed to begin billing</b> <b>in following year for new ERU's)</b>			
<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
2345.5	2412.5	2481.5	2552.5

#### **STORM DRAINAGE FUNDS STRUCTURE & RESERVE RECOMMENDATIONS**

It is recommended that the City of Black Diamond establish two storm-related funds, as follows: Fund #1 – Storm Operating Fund; and Fund #2 – Storm Capital Fund. The Operating and Capital funds should maintain a reserve within the fund rather than as a separate fund.

**Operating Fund:** The Operating Fund shall be funded by monies collected for Storm Drainage User Rates and shall fund the City's Storm Operations and Maintenance Program. It is recommended that the City maintain an operating reserve that is equivalent to three months. It is recommended that this reserve be built up over the first three years that the fund is established. This reserve helps balance cash flows.

**Capital Fund:** The Capital fund shall be funded primarily by Storm Drainage Connection Charges and shall fund expenditures related to the City's Storm Drainage Capital Improvements Program. Additional funding sources such as grants and loans may supplement connection charges. Also, transfers from the



Operating fund should occur to support those capital projects deemed to benefit the existing rate base. It is recommended that the City maintain a capital reserve based on any outstanding debt service. It is recommended that at a minimum a capital reserve in the amount of 50% of the annual debt service requirements be maintained in the capital fund.

### BUDGET REQUIREMENTS

The following are the projected budget requirements for a three year period. They have been developed based on the City's preliminary 2009 budget, which also includes forecasts for 2010 and 2011.

BUDGET REQUIREMENTS			
	2009	2010	2011
Operations, Maintenance, & Administration	\$222,000	\$237,000	\$290,000
Sewer Debt Repayment	\$20,000	\$20,000	\$20,000
O&M Reserve *	\$23,000	\$25,000	\$25,000
Project costs / Transfer to Capital Fund ** Phase II Implementation	\$100,000	\$100,000	\$100,000
Yarrow Bay PWD Reimbursement ***	-\$36,000	-\$38,000	-\$40,000
<b>TOTAL – O&amp;M FUND REQ.</b>	<b>\$365,000</b>	<b>\$382,000</b>	<b>\$435,000</b>
* The O&M reserve balance is recommended to be \$73,000 over the three year period. It is recommended that this be built up over the three year period.			
** Proposed project improvements will be included in the City's Storm Comprehensive Plan currently being developed.			
*** The reimbursement for Public Works Director salary expenses is included for informational purposes only. This credit has not been included in the storm user rate establishment as it is a temporary credit that will soon expire. It is recommended that these funds be utilized to retire the sewer loan early or to fund capital projects to address existing system deficiencies.			

### USER RATE RECOMMENDATIONS

The table below outlines the recommended stormwater user rate for the next three years. It is recommended that the City of Black Diamond adopt a three-year rate. At the end of the three year period, it is recommended that the City evaluate and revise the rate as necessary. The proposed rate increase for 2010 is 4.6% and 4.4% for 2011.

The rate has been established at a level that will support an annual budget for project costs to address existing system deficiencies. This will allow for the collection of monies early after the storm rates are established. These monies can be used to start design of capital improvement projects or the City may elect to direct these monies to early repayment of debt to the sewer fund.

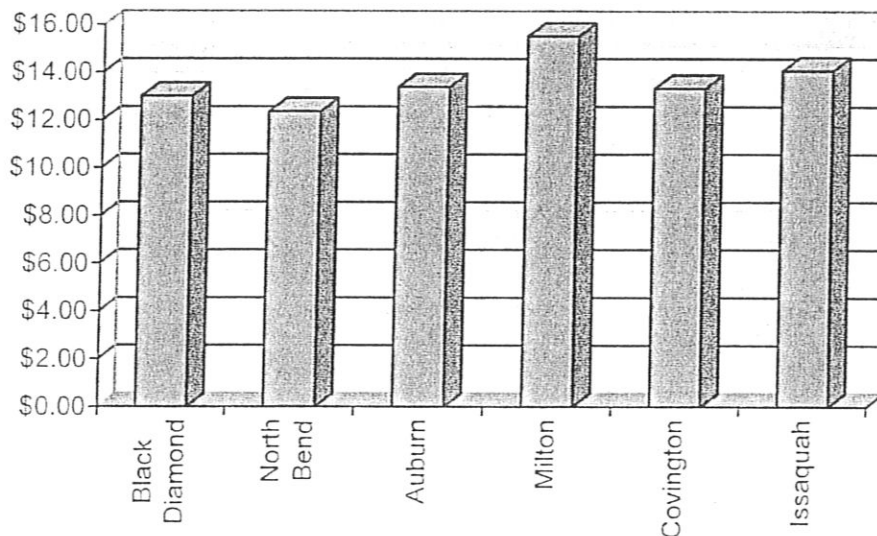
RECOMMENDED STORM USER RATES		
2009	2010	2011
\$13.00	\$13.60	\$14.20

BUDGET EXPENSES VS REVENUE (STORM USER RATES)				
	2009	2010	2011	2009 - 2011
Revenue	\$366,000	\$394,000	\$423,000	\$1,183,000
Expenses	\$365,000	\$382,000	\$435,000	\$1,182,000
Difference	\$1,000	\$12,000	-\$12,000	\$1,000

#### JURISDICTIONAL COMPARISON OF USER RATES

The storm user rates that have been recommended for the City of Black Diamond are consistent with rates that have been adopted by nearby jurisdictions of similar size. The City of Black Diamond recommended rates are towards the middle of the various rates for the jurisdictions included in the comparison. The following table provides a comparison of monthly storm user rates for a single family residential user.

JURISDICTIONAL COMPARISON (SFR USER)						
City of Black Diamond (Rec. Rates)	City of North Bend	City of Auburn	City of Milton	City of Covington	City of Issaquah	Average (not. Incl. Black Diamond)
\$13.00	\$12.36	\$13.38	\$15.50	\$13.33	\$14.08	\$13.73





## City of Black Diamond Proposed Rate Increases

Single Family Customer (500 CF water consumption)

		Water	Storm Drainage	Total
<b>2008</b>	Current Rate	\$ 23.45	\$ -	\$ 23.45
	Proposed Rate	\$ 26.98	\$ 13.00	\$ 39.98
<b>2009</b>	\$ Increase	\$ 3.53	\$ 13.00	\$ 16.53
	% Increase	15.1%	N/A	70.5%
<b>2010</b>	Proposed Rate	\$ 31.03	\$ 13.60	\$ 44.63
	\$ Increase	\$ 4.05	\$ 0.60	\$ 4.65
<b>2011</b>	% Increase	15.0%	4.6%	11.6%
	Proposed Rate	\$ 35.68	\$ 14.20	\$ 49.88
<b>2012</b>	\$ Increase	\$ 4.65	\$ 0.60	\$ 5.25
	% Increase	15.0%	4.4%	11.8%