



Water, Sewer and Stormwater Utilities Rate Study & System Development Charge Update

Council Workshop

Presented By: Sergey Tarasov, Project Manager

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Discussion Outline

- ◆ **Background**
- ◆ **System Development Charges (SDCs)**
 - Overview
 - Results
- ◆ **Next Steps**
- ◆ **Questions / discussion**



Background

- ◆ **Presented preliminary rate study findings to the Finance Committee and Council on May 7th**
- ◆ **Presented SDC alternatives to the Finance Committee on June 18th**
- ◆ **Presented SDC alternatives to the City Council on July 16th**
 - Council in agreement with elimination of class based SDCs
 - Eliminate “Industrial” class; keep one class encompassing all uses
 - Independent study to be performed for any new industrial customers connecting to the City
 - Council in agreement with assessing Sewer SDCs based on flow ERUs instead of meter size



SDC Overview – What Are They?

- ◆ **One time charge imposed on new development or expanded connection to system as a condition of service**
- ◆ **Represents a prorated share of the cost of providing system capacity**
 - Offset growth related costs that would not be necessary in absence of customer based growth
- ◆ **Charge calculated based on intent and structure of Revised Code of Washington (RCW 35.92.025)**
 - Based on cost of system
 - Proportionate share of capital investment

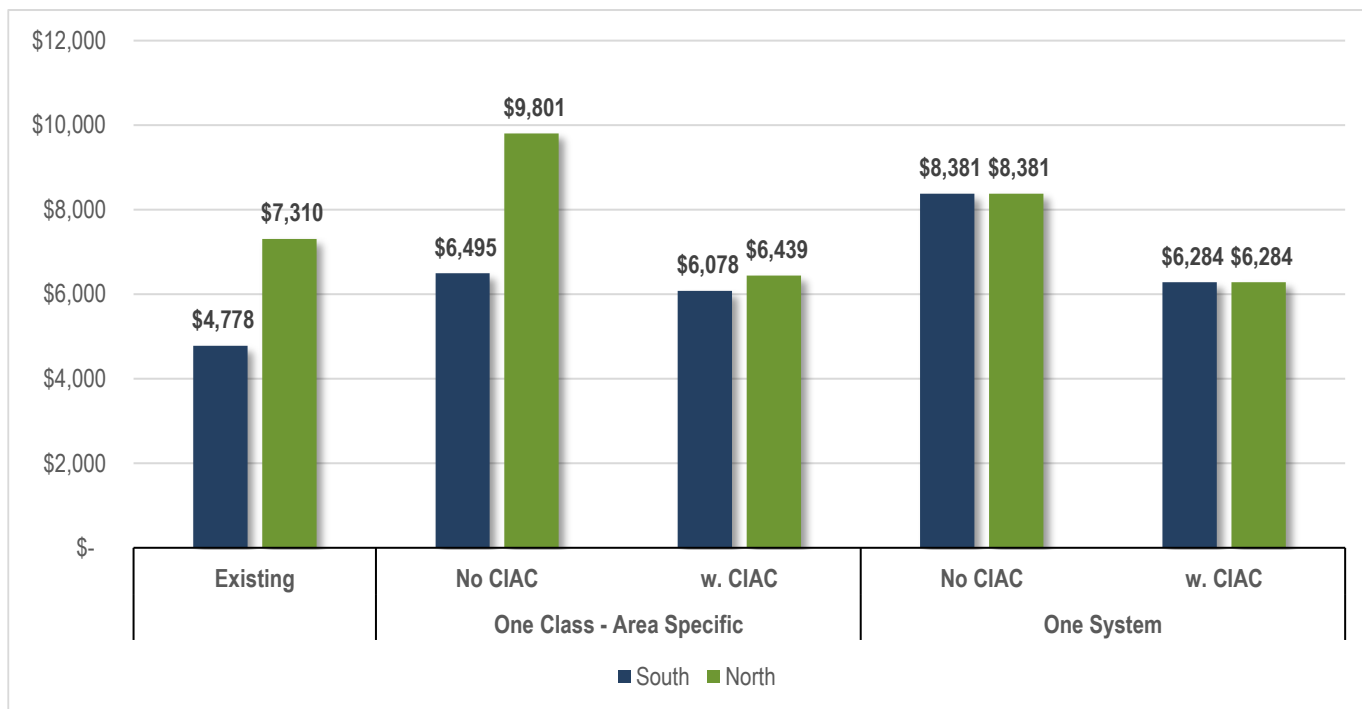


SDC Policy Direction

- ◆ Condense SDCs into “one system” charge – eliminate area specific (“North” & “South”) differential
- ◆ Future assumed developer donations (CIAC):
 1. **Include an assumption in the charge:**
 - Reduces overall charge for all customers (or within area)
 - Benefits customers that did not make the donation
 - Until funds are secured, the level of donation and timing can change, puts more risk on the City
 2. **Do not include any assumptions in charge:**
 - Direct credit to customers that provide contributions
 - Less risk for the City
 - Greater overall SDCs



Water Options Summary

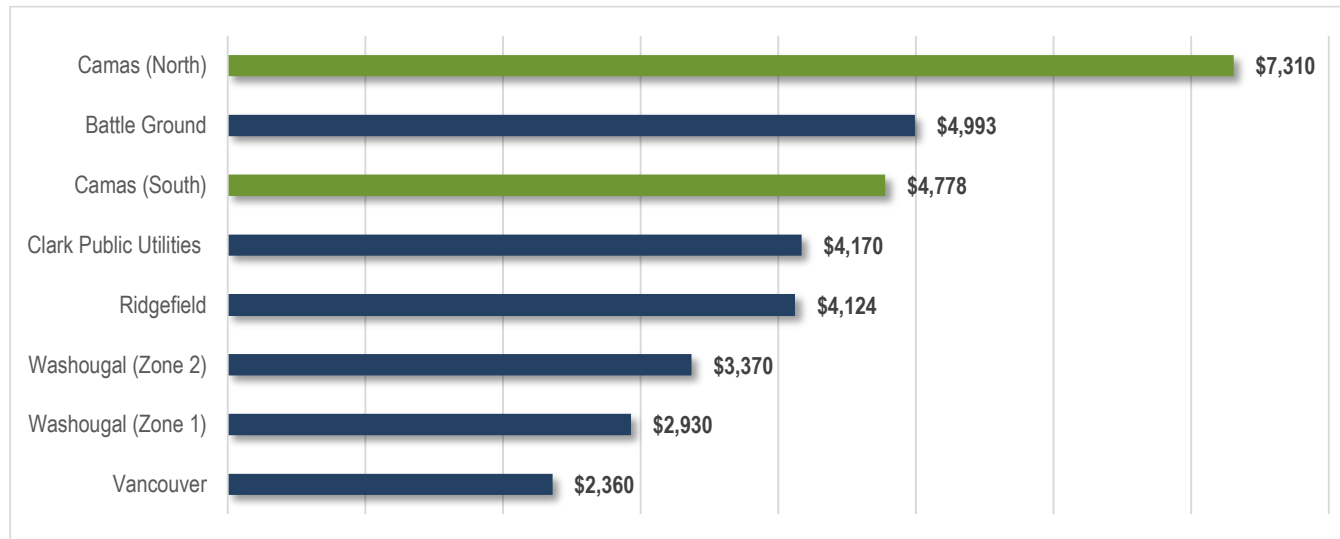


◆ **Notes:**

- Rate shown is for a ¾" meter, SDC increase with meter size
- Existing SDCs vary between industrial and non industrial classes
- One class or one system SDCs eliminate class based SDCs



Water Survey

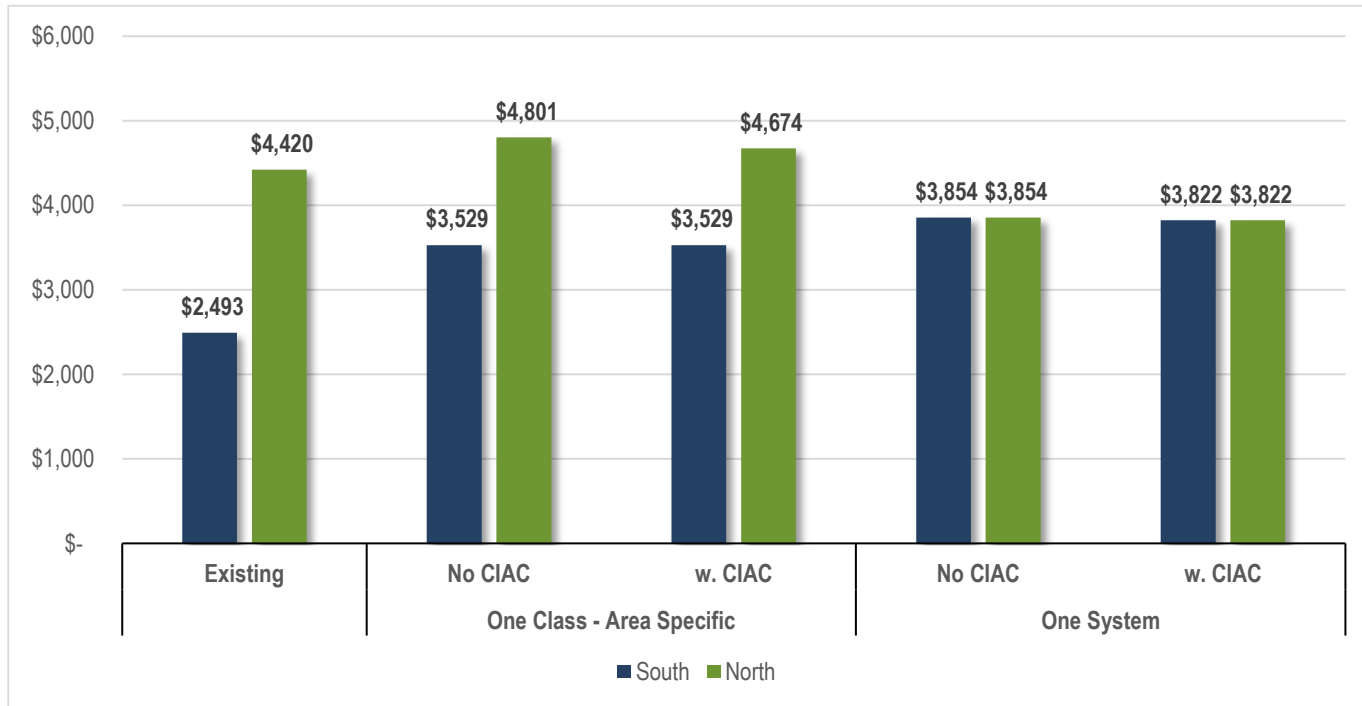


Notes:

- SDCs are based on a $\frac{3}{4}$ " meter
- Camas SDCs are based on existing charges



Sewer Options Summary

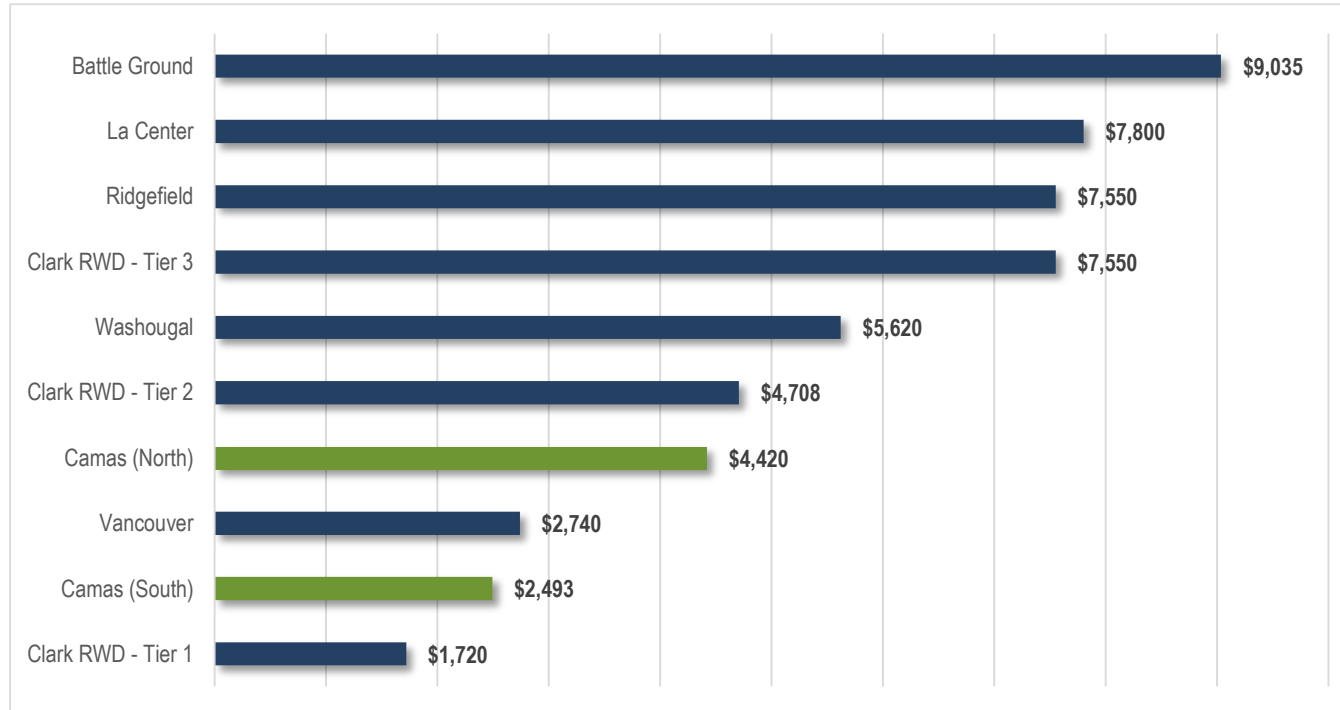


◆ **Notes:**

- Rate shown is per ERU
- Existing SDCs vary between Residential, Commercial I and II classes
- One class or one system SDCs eliminate class based SDCs



Sewer Survey



Notes:

- Camas SDCs are based on existing charges



Discussion & Recommendations

- ◆ **Policy questions:**

- Area specific (“North” & “South”) or “one system” charges?
- Developer contribution deduction? Include or don’t include an assumption in SDC charge

- ◆ **Recommendations:**

- Condense SDCs into “one system” charge
 - Eliminates area specific charges
- Do not include contributions (“**no CIAC**”) in the future cost basis



Proposed Alternatives

◆ **Staff Proposal:**

- Adopt One System Sewer SDC at \$3,850 (per calculation)
 - South: \$1,357 increase from existing
 - North: (\$570) decrease from existing
- Policy decision to adopt One System Water SDC at \$7,310
 - Same as current rate for the North; approx. \$1,000 lower than calculation
 - South: \$2,532 increase
 - North: \$0 increase

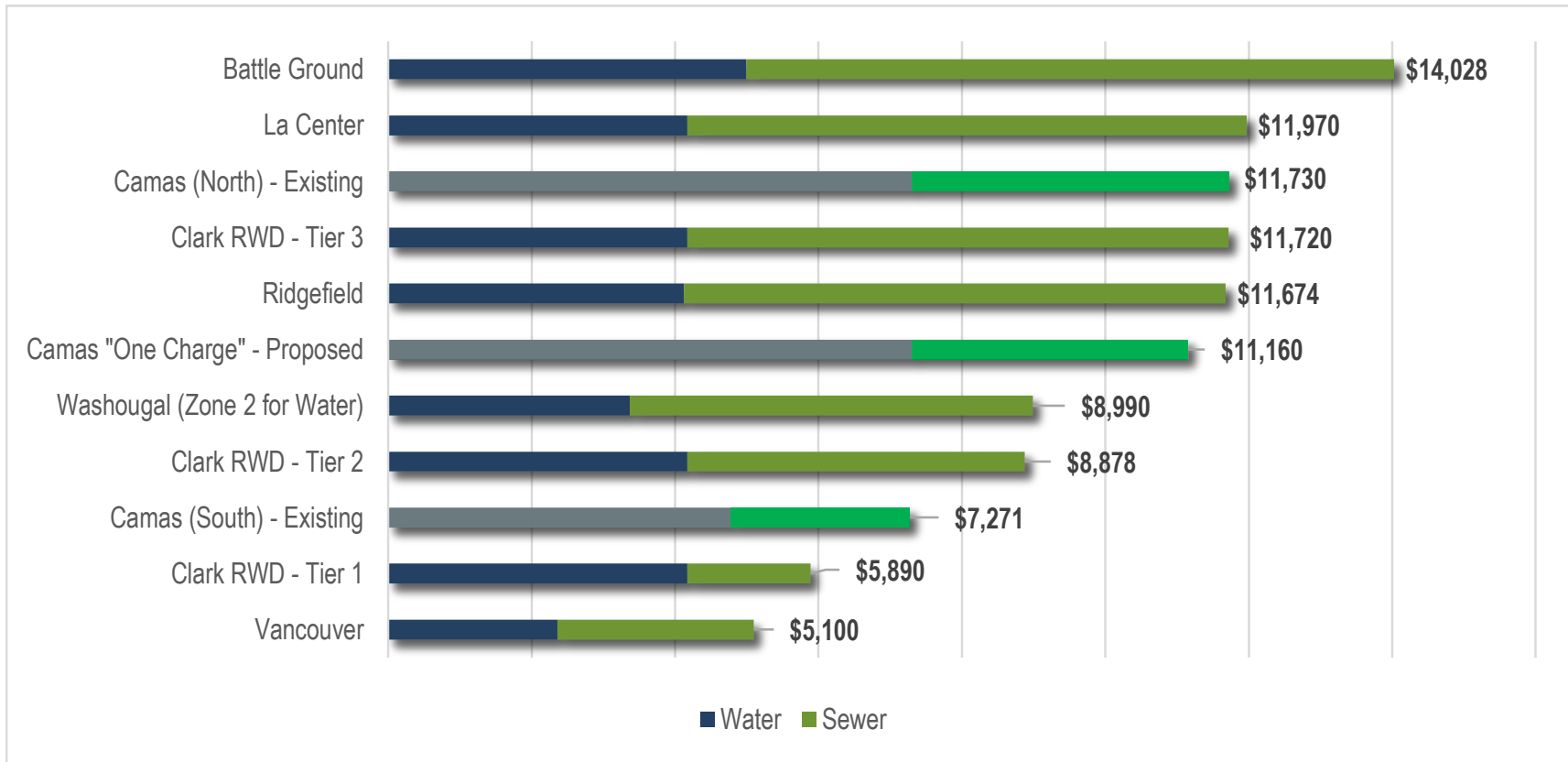
◆ **Options: Phase-in new rates over time**

- Example:
 - Water - North: keep at current/proposed level - \$7,310
 - Water - South: phase-in towards Proposed rate of \$7,310 over 3 years
 - 2019 - \$5,622
 - 2020 - \$6,466
 - 2021 - \$7,310

◆ **Adopt an escalator to keep pace with inflation**



Survey – Combined Water and Sewer



Notes:

- Water SDCs are based on a $\frac{3}{4}$ " meter
- Camas "One Charge" includes Staff Proposal on Slide 11



Next Steps

- ◆ **Incorporate feedback**
- ◆ **Present final Rates and SDCs to Council and public**
- ◆ **Rates and SDCs go into effect January 1st, 2019**



Questions/Discussion

Appendix



Water Existing SDCs

Meter	South Area			
		SDC		Industrial SDC
3/4"	\$	4,778	\$	28,270
1"		7,963		45,555
1.5"		15,925		88,632
2"		25,480		140,568
3"		50,960		281,092
4"		79,625		436,781
6"		159,250		868,727
8"		254,800		1,386,905

North Area			
	SDC		Industrial SDC
\$	7,310	\$	44,723
	12,183		72,313
	24,365		141,151
	38,984		223,999
	77,968		446,958
	121,825		695,386
	243,650		1,384,939
	389,840		2,212,246



Sewer Existing SDCs

Class	South Area	North Area
Residential	\$ 2,493	\$ 4,420
Commercial I		
5/8"	\$ 2,493	\$ 4,420
3/4"	3,740	6,630
1"	6,234	11,050
1.5"	12,467	22,101
2"	19,948	35,361
3"	39,896	70,722
4"	62,337	110,503
6"	124,674	221,006
8"	199,478	353,609
Commercial II		
Flow (gallons)	\$ 12.61	\$ 22.84
BOD (lbs/day)	2,386	3,948
TSS (lbs/day)	904	1,495