



**CITY OF KIRKLAND**  
**Department of Public Works**  
**123 Fifth Avenue, Kirkland, WA 98033 425.587.3800**  
**www.kirklandwa.gov**

**MEMORANDUM**

**To:** Kurt Triplett, City Manager

**From:** Nancy Otterholt, Senior Accountant  
 Kathy Brown, Public Works Director  
 Michael Olson, Director of Finance and Administration

**Date:** September 22, 2016

**Subject:** 2017-2018 UTILITY RATE ADOPTION

RECOMMENDATION:

It is recommended that the City Council adopts the attached ordinances adopting the 2017-2018 utility rates for water, sewer, and surface water. As discussed at the September 20<sup>th</sup> meeting, solid waste rates will be presented for adoption on October 18, pending King County's final decision on tipping fees.

BACKGROUND DISCUSSION:

The proposed 2017-2018 water, sewer, and surface water rates were presented to the City Council at their September 20, 2016 meeting.

At the September 20<sup>th</sup> meeting, Council requested the following additional information:

**1) Rate impact for Average Multifamily Customer**

	2016 Monthly Rate*	2017 Proposed Rate	Monthly impact \$	% increase	2018 Proposed Rate	Monthly impact \$	% increase
Water	\$ 26.42	\$ 26.42	\$ 0.00	0.0%	\$ 26.42	\$ 0.00	0.0%
Sewer	28.05	28.81	0.76	2.7%	29.21	0.40	1.4%
Surface Water	11.17	11.39	0.22	2.0%	11.62	0.23	2.0%
<b>Subtotal</b>	<b>\$ 65.64</b>	<b>\$ 66.62</b>	<b>\$ 0.98</b>	<b>1.5%</b>	<b>\$ 67.25</b>	<b>\$ 0.63</b>	<b>0.9%</b>
Effective Utility Tax	7.32	7.41	0.09		7.47	0.06	
<b>TOTAL</b>	<b>\$ 72.96</b>	<b>\$ 74.03</b>	<b>\$ 1.07</b>	<b>1.5%</b>	<b>\$ 74.72</b>	<b>\$ 0.69</b>	<b>0.9%</b>

\* Average is calculated by dividing multifamily revenue by number of accounts.

## 2) Projected Cascade Water Alliance (CWA) rate increases beyond 2018

At Cascade Water Alliance's June 22, 2016 Board of Directors Meeting, there was a 2017-2018 Budget & Rates presentation which included projected rate increases through 2026.

	2011	2012	2013	2014	2015	2016	2017-22	2023-25	2026
Actual	6.0%	6.0%	3.75%	3.0%	2.75%	2.75%			
Projected							3.0%	4.0%	3.0%

A CWA overall increase of 3% is proposed for 2017 and 2018. This does not translate to equal 3% increases for all members, since member charges are based on each agency's total customer base and actual water usage, which vary from year to year for various reasons. Calculations for the 2017 rates are based on data from 2013-2015. As discussed in previous presentations to Council, rate increases for Kirkland are 2.73% in 2017 and 2.5% in 2018.

### RECOMMENDED RATES – ALL UTILITIES

The rates contained within the proposed ordinances reflect the information that was presented to the City Council, (see materials from September 22<sup>nd</sup>; 2017-2018 [Utility Rates Part 2](#)).

The following summary represents the typical single family rates for one month's service and the overall impact of all proposed rate adjustments:

	2016 Monthly Rate	2017 Proposed Rate	Monthly impact \$	% increase	2018 Proposed Rate	Monthly impact \$	% increase
Water	\$ 43.28	\$ 44.02	\$ 0.74	1.7%	\$ 44.77	\$ 0.75	1.7%
Sewer	68.91	72.01	3.10	4.5%	73.48	1.47	2.0%
Surface Water*	16.87	17.21	0.34	2.0%	17.55	0.34	2.0%
<b>Subtotal</b>	<b>\$ 129.06</b>	<b>\$ 133.24</b>	<b>\$ 4.18</b>	<b>3.2%</b>	<b>\$ 135.80</b>	<b>\$ 2.56</b>	<b>1.9%</b>
Effective Utility Tax**	14.30	14.74	0.44		15.03	0.29	
<b>TOTAL</b>	<b>\$ 143.36</b>	<b>\$ 147.98</b>	<b>\$ 4.62</b>	<b>3.2%</b>	<b>\$ 150.83</b>	<b>\$ 2.85</b>	<b>1.9%</b>

\* Surface Water rates are billed on the Property Tax Statements

\*\*Effective Utility Tax rate varies among the utilities. Water 13.38%, Sewer 10.50%, Surface Water 7.5%

Multifamily and commercial bills are expected to increase by the same overall percentage for Surface Water. However the water bill should not increase if consumption does not change. Multifamily and commercial bills for sewer will increase by 2.7% in 2017 and 1.4% in 2018.

The Solid Waste follow up information and rate ordinance will be presented for adoption at the October 18 City Council meeting, pending King County's decision on tipping fees.

Attached Ordinances:

A - Water Rates for 2017 and 2018

B - Sewer Rates for 2017 and 2018

C - Surface Water Rates for 2017 and 2018

ORDINANCE O-4534

AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO WATER SYSTEM CUSTOMER RATES FOR 2017 AND 2018 AND PROVIDING FOR CHANGES IN SAID RATES.

The City Council of the City of Kirkland do ordain as follows:

Section 1. Table 15.24.020 of Section 15.24.020 of the Kirkland Municipal Code, as last amended by Ordinance 4454, which establishes the monthly water charge required to be paid to the City by customers of the Kirkland Water System is further amended to read as follows:

Table 15.24.020

Customer Class	Rate	<del>2015</del> 2017	<del>2016</del> 2018
a. Single-family residential			
(1) Basic charge (includes 200 cubic feet of water consumed)	<del>\$19.68</del>	<u>20.02</u>	<u>20.36</u>
PLUS			
(2) Water consumption charge - 201 cubic feet to 1,200 cubic feet	<del>\$4.72</del>	<u>4.80</u>	<u>4.88</u>
PLUS			
(3) Water consumption charge - over 1,200 cubic feet	<del>\$6.20</del>	<u>6.31</u>	<u>6.42</u>
b. All other customers, including commercial and multifamily residential			
	Meter Size (inches)		
(1) Basic charge per size of meter	5/8 x 3/4	\$16.21	16.21
	1	\$27.88	27.88
	1-1/2	\$44.31	44.31
	2	\$71.07	71.07
	3	\$201.86	201.86
	4	\$278.83	278.83
	5	\$360.52	360.52
	6	\$477.33	477.33
	8	\$710.97	710.97

46	PLUS			
47				
48	(2) Water consumption	\$4.90	4.90	4.90
49	charge	per 100 cubic		
50		feet of water consumed		

51	PLUS			
52				
53	(3) Sprinkler consumption	<del>\$6.28</del>	<u>6.39</u>	<u>6.50</u>
54	charge	per 100 cubic		
55		feet of water consumed		

57 Section 2. Effective date for new rates: For 2017, the monthly  
 58 service and consumption rates for water customers established in this  
 59 ordinance shall go into effect and become the rates to be charged as of  
 60 December 1, 2016, provided, however, that the monthly rates for water  
 61 customers billed on the City of Kirkland billing cycles number 2, number  
 62 4, and number 5 shall go into effect January 1, 2017. For 2018, the  
 63 monthly service and consumption rates for water customers established  
 64 in this ordinance shall go into effect and become the rates to be charged  
 65 as of December 1, 2017, provided, however, that the monthly rates for  
 66 water customers billed on the City of Kirkland billing cycles number 2,  
 67 number 4, and number 5 shall go into effect January 1, 2018.

68  
 69 Section 3. The water rates set forth in KMC 15.24.020, which is  
 70 amended by this ordinance, shall remain in force and effect until the  
 71 rates set forth in this ordinance go into effect.

72  
 73 Section 4. If any provision of this ordinance or its application to  
 74 any person or circumstance is held invalid, the remainder of the  
 75 ordinance, or the application of the provision to other persons or  
 76 circumstances is not affected.

77  
 78 Section 5. This Ordinance shall be in force and effect five days  
 79 from and after its passage by the Kirkland City Council and publication,  
 80 as required by law.

81  
 82 Passed by majority vote of the Kirkland City Council in open  
 83 meeting this \_\_\_\_ day of \_\_\_\_\_, 2016.

84  
 85 Signed in authentication thereof this \_\_\_\_ day of  
 86 \_\_\_\_\_, 2016.

\_\_\_\_\_  
 MAYOR

Attest:

\_\_\_\_\_  
 City Clerk

Approved as to Form:

\_\_\_\_\_  
 City Attorney

ORDINANCE O-4535

AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO 2017 AND 2018 SEWER SYSTEM CUSTOMER RATES AND AMENDING TABLE 15.24.070 OF THE KIRKLAND MUNICIPAL CODE.

1           The City Council of the City of Kirkland do ordain as follows:  
2

3           Section 1. Table 15.24.070 of Section 15.24.070 of the Kirkland  
4 Municipal Code, as last amended by Ordinance 4455, which establishes  
5 the monthly sewer charge required to be paid to the City by customers  
6 of the Kirkland Sewer System is further amended to read as follows:

**Table 15.24.070 (Effective 2017)**

<b>Customer Class</b>	<b>Rate</b>
a. Single-family residential	
Basic charge	<del>\$55.47</del> <u>58.12</u> for first 300 cubic feet of average winter water consumption ("AWWC").
PLUS	
Consumption charge	<del>\$4.48</del> <u>4.63</u> per 100 cubic feet of AWWC beyond first 300 cubic feet.
b. Multifamily residential and commercial	
Basic charge	<del>\$56.96</del> <u>58.48</u> for first 600 cubic feet of water consumed.
PLUS	
Consumption charge	<del>\$9.50</del> <u>9.79</u> per 100 cubic feet of water consumed beyond first 600 cubic feet.
c. In special cases, single-family residents will be billed according to the following policies:	

<b>Special Case</b>	<b>Sewer Rate Policy</b>
New homes	Billed only basic charge until use is established.
Changes in property ownership	Billed only basic charge until use is established.
Changes in tenancy	Billed only basic charge until use is established.
Non-water customers	Billed at system average.
Leak adjustments	Billed per adjusted winter volume. City will factor water leak adjustment into calculation for sewer rate

**Table 15.24.070 (Effective 2018)**

<b>Customer Class</b>	<b>Rate</b>
a. Single-family residential	
Basic charge	<del>\$58.12</del> <u>58.85</u> for first 300 cubic feet of average winter water consumption ("AWWC").
PLUS	
Consumption charge	<del>\$4.63</del> <u>4.88</u> per 100 cubic feet of AWWC beyond first 300 cubic feet.
b. Multifamily residential and commercial	
Basic charge	<del>\$58.48</del> <u>59.30</u> for first 600 cubic feet of water consumed.
PLUS	
Consumption charge	<del>\$9.79</del> <u>9.90</u> per 100 cubic feet of water consumed beyond first 600 cubic feet.

c. In special cases, single-family residents will be billed according to the following policies:

<b>Special Case</b>	<b>Sewer Rate Policy</b>
New homes	Billed only basic charge until use is established.
Changes in property ownership	Billed only basic charge until use is established.
Changes in tenancy	Billed only basic charge until use is established.
Non-water customers	Billed at system average.
Leak adjustments	Billed per adjusted winter volume. City will factor water leak adjustment into calculation for sewer rate

9            Section 2. Effective date for new rates: For 2017, the monthly  
 10 service and consumption rates for sewer customers established in this  
 11 ordinance shall go into effect and become the rates to be charged as of  
 12 December 1, 2016; provided that, the monthly rates for sewer  
 13 customers billed on the City of Kirkland billing cycles number 2, number  
 14 4, and number 5 shall go into effect January 1, 2017. For 2018, the  
 15 monthly service and consumption rates for sewer customers established  
 16 in this ordinance shall go into effect and become the rates to be charged  
 17 as of December 1, 2017; provided that, the monthly rates for sewer  
 18 customers billed on the City of Kirkland billing cycles number 2, number  
 19 4, and number 5 shall go into effect January 1, 2018.

20  
 21            Section 3. The sewer rates set forth in KMC 15.24.070, which is  
 22 amended by this ordinance, shall remain in force and effect until the  
 23 rates set forth in this ordinance go into effect.

24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37

Section 4. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of the ordinance, or the application of the provision to other persons or circumstances is not affected.

Section 5. This ordinance shall be in force and effect five days from and after its passage by the Kirkland City Council and publication, as required by law.

Passed by majority vote of the Kirkland City Council in open meeting this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

Signed in authentication thereof this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
MAYOR

Attest:

\_\_\_\_\_  
City Clerk

Approved as to Form:

\_\_\_\_\_  
City Attorney

ORDINANCE O-4536

AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO MONTHLY SURFACE WATER UTILITY SERVICE RATES FOR 2017 AND 2018 AND AMENDING SECTION 15.56.020 OF THE KIRKLAND MUNICIPAL CODE.

1 The City Council of the City of Kirkland do ordain as follows:  
2

3 Section 1. Section 15.56.020 of the Kirkland Municipal Code, as  
4 last amended by Ordinance 4456, is hereby amended to read as follows:  
5 **15.56.020 Monthly surface water utility service rates.**  
6

7 Effective 2017  
8

9 The monthly surface water utility rates are based on the impervious  
10 surface area.

11 (1) Single-Family Residential Parcels. The average impervious area for  
12 a single-family residence is two thousand six hundred square feet. This  
13 is based on the measurement of over three hundred parcels. This value  
14 is referred to as an equivalent service unit (ESU). The single-family  
15 service charge shall be equivalent to one ESU and shall be a flat rate of  
16 ~~sixteen dollars and eighty-seven~~ seventeen dollars and twenty-one  
17 cents.

18 (2) All other Customers, Including Commercial and Multifamily  
19 Residential. The service charge for all classes other than single-family  
20 residences will be based on the number of ESUs. The actual measured  
21 impervious area of each individual site will be divided by two thousand  
22 six hundred square feet to determine the number of ESUs of the  
23 individual site. The computed rate shall not be less than that for one  
24 ESU. The surface water utility service rate for these customers shall be  
25 ~~sixteen dollars and eighty-seven~~ seventeen dollars and twenty-one cents  
26 per each ESU.

27 (3) Late Fees. All fees and charges arising under this chapter which are  
28 past due or delinquent shall be charged a late fee of eight percent per  
29 annum.  
30

31 Effective 2018  
32

33 The monthly surface water utility rates are based on the impervious  
34 surface area.

35 (1) Single-Family Residential Parcels. The average impervious area for  
36 a single-family residence is two thousand six hundred square feet. This  
37 is based on the measurement of over three hundred parcels. This value  
38 is referred to as an equivalent service unit (ESU). The single-family  
39 service charge shall be equivalent to one ESU and shall be a flat rate of  
40 ~~seventeen dollars and twenty-one~~ seventeen dollars and fifty-five cents.

41 (2) All other Customers, Including Commercial and Multifamily  
42 Residential. The service charge for all classes other than single-family

43 residences will be based on the number of ESUs. The actual measured  
44 impervious area of each individual site will be divided by two thousand  
45 six hundred square feet to determine the number of ESUs of the  
46 individual site. The computed rate shall not be less than that for one  
47 ESU. The surface water utility service rate for these customers shall be  
48 ~~seventeen dollars and twenty-one~~ seventeen dollars and fifty-five cents  
49 per each ESU.

50 (3) Late Fees. All fees and charges arising under this chapter which are  
51 past due or delinquent shall be charged a late fee of eight percent per  
52 annum.

53  
54 Section 2. Effective date for new rates: For 2017, the monthly  
55 rates established in this ordinance shall go into effect and become the  
56 rates to be charged as of January 1, 2017. For 2018, the monthly rates  
57 established in this ordinance shall go into effect and become the rates  
58 to be charged as of January 1, 2018.

59  
60 Section 3. The surface water utility rates set forth in KMC  
61 15.56.020, which is amended by this ordinance, shall remain in force  
62 and effect until the rates set forth in this ordinance go into effect.

63  
64 Section 4. If any provision of this ordinance or its application to  
65 any person or circumstance is held invalid, the remainder of the  
66 ordinance, or the application of the provision to other persons or  
67 circumstances is not affected.

68  
69 Section 5. This ordinance shall be in force and effect five days  
70 from and after its passage by the Kirkland City Council and publication,  
71 as required by law.

72  
73 Passed by majority vote of the Kirkland City Council in open  
74 meetings this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

75  
76 Signed in authentication thereof this \_\_\_\_\_ day of  
77 \_\_\_\_\_, 2016.

\_\_\_\_\_  
MAYOR

Attest:

\_\_\_\_\_  
City Clerk

Approved as to Form:

\_\_\_\_\_  
City Attorney