



City of Stevenson

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To: Stevenson City Council
From: Leana Johnson, City Administrator
RE: Sewer Rates
Meeting Date: October 19, 2017

Executive Summary:

The City of Stevenson held a hearing on August 24th to discuss sewer rate increases. Feedback from that meeting as well as others indicated that the rates proposed were very steep and were projected to cover the costs of a sewer plant that is still in the early stages of development. The current proposed rates reduce the BOD Load Surcharge and separate the sewer flow rates from the water charges. The draft ordinance will be for 2018, 2019 and includes a 3% increase for future years as well as a monthly \$10 fee for downspout or sump pump connections as discussed at the previous meeting. This allows for minimal increases and time to solidify the loan package and operating costs for the new treatment plant. The current proposed rate increase is 50% in 2018, 30% in 2019 and 3% for the following years.

Analysis:

The current flow rates for sewer charges 40% of a customer's water bill (base fee and usage) as the basis for charging any sewer flow when more than 400 cubic feet of water is used. This means that any time the water rates are changed, the sewer rates for commercial customers are also changed. To uncouple the rates, the average cost of flow usage was calculated for the past year for all commercial users, which was \$.0234 per cubic foot. This rate was then used to calculate the increases proposed.

In reviewing the rates for the BOD Load Surcharge, both the BOD and Rate committees discussed the matter. The goal with the rate is to start charging a minimal rate, which then increases to incentivize high load users to pretreat. The lower initial rate provides time for those users to modify their operations and/or install pretreatment facilities to reduce their BOD load. The current BOD load threshold is 600 mg/l and includes, but not limited to; grocery stores, bakeries, restaurants, coffee shops, food producers, breweries, distilleries, cider producers, dairies, and industrial with process discharge.

Projected Rates (Usage rate and BOD Load Surcharge for Commercial customers only):

	Initial Proposal No Grant	Initial Proposal \$5M Grant	Current Proposal					Usage Rate	BOD Load Surcharge Rate
			3/4" Meter	1" Meter	1.5" Meter	2" Meter	4" Meter		
Current	\$ 29.95	\$ 29.95	\$ 29.95	\$ 62.25	\$ 92.75	\$ 140.30	\$ 262.30	\$ 0.0234	
2018	\$ 43.95	\$ 40.45	\$ 44.93	\$ 93.38	\$ 139.13	\$ 210.45	\$ 393.45	\$ 0.0351	\$ 0.010
2019	\$ 57.95	\$ 50.95	\$ 58.40	\$ 121.39	\$ 180.86	\$ 273.59	\$ 511.49	\$ 0.0456	\$ 0.025
2020	\$ 71.95	\$ 61.45	\$ 60.15	\$ 125.03	\$ 186.29	\$ 281.79	\$ 526.83	\$ 0.0470	\$ 0.025
2021	\$ 85.95	\$ 71.95	\$ 61.96	\$ 128.78	\$ 191.88	\$ 290.25	\$ 542.63	\$ 0.0484	\$ 0.025

Comparison of nearby cities and those of similar size with similar systems in Washington State:

Residential							
	Usage Rate	Residential 3/4" Meter	BOD Load Surcharge Rate	Flow Surcharge	BOD Load Surcharge	Total Sewer Bill	Total Annual Costs
Stevenson		\$ 29.95				\$ 29.95	\$ 359.40
North Bonneville	\$ 3.7700	\$ 27.71		\$ 15.08		\$ 42.79	\$ 513.48
Hood River		\$ 55.00				\$ 55.00	\$ 660.00
Bingen		\$ 46.00				\$ 46.00	\$ 552.00
Cascade Locks	\$ 8.7700	\$ 45.40				\$ 45.40	\$ 544.80
Washougal		\$ 54.25				\$ 54.25	\$ 651.00
White Salmon		\$ 53.05				\$ 53.05	\$ 636.60
2018 Stevenson		\$ 44.93				\$ 44.93	\$ 539.16
Ilwaco	\$ 8.6500	\$ 40.50		\$ 17.30		\$ 57.80	\$ 693.60
LaConner	\$ 4.9100	\$ 18.04		\$ 9.82		\$ 27.86	\$ 334.32
Kalama	\$ 7.0000	\$ 46.20		\$ 14.00		\$ 60.20	\$ 722.40
Newport	\$ 5.9100	\$ 43.34				\$ 43.34	\$ 520.08
Goldendale		\$ 31.50				\$ 31.50	\$ 378.00
2016 State Average		\$ 57.05				\$ 57.05	\$ 684.60

Commercial							
Usage	32000						
	Usage Rate	Commercial 3/4" Meter	BOD Load Surcharge Rate	Flow Surcharge	BOD Load Surcharge	Total Sewer Bill	Total Annual Costs
Stevenson	\$ 0.0234	\$ 29.95		\$ 739.44		\$ 769.39	\$ 4,796.04
North Bonneville	\$ 3.7700	\$ 27.71		\$ 603.20		\$ 630.91	\$ 7,570.92
Hood River	\$ 3.6000	\$ 55.00		\$ 433.08		\$ 488.08	\$ 5,856.99
Bingen	\$18.0000	\$ 46.00		\$ 507.04		\$ 553.04	\$ 6,636.51
Cascade Locks	\$ 8.7700	\$ 45.40		\$1,011.19		\$1,056.59	\$12,679.05
Washougal	\$ 6.1600	\$ 56.60		\$ 984.74		\$1,041.34	\$12,496.05
White Salmon	\$15.9100	\$ 53.05		\$ 224.08		\$ 277.13	\$ 3,325.61
2018 Stevenson	\$ 0.0351	\$ 44.93	\$ 0.010	\$1,109.16	\$ 316.00	\$1,470.09	\$ 9,090.06
Ilwaco	\$ 8.6500	\$ 40.50		\$1,384.00		\$1,424.50	\$17,094.00
LaConner	\$ 6.5300	\$ 18.04		\$1,044.80		\$1,062.84	\$12,754.08
Kalama	\$ 7.0000	\$ 57.50		\$1,120.00		\$1,177.50	\$14,130.00
Newport	\$ 5.9100	\$ 43.34		\$1,214.51		\$1,257.85	\$15,094.23
Goldendale	\$ 0.7000	\$ 31.50		\$1,547.75		\$1,579.25	\$18,951.00