

**City of Oak Harbor
City Council Agenda Bill**

Bill No. 6.a
Date: March 15, 2016
Subject: Ordinance No. 1760: 2017-
2018 Wastewater Rates

FROM: Dr. Doug Merriman, City Administrator

INITIALED AS APPROVED FOR SUBMITTAL TO THE COUNCIL BY:

- ⊙ Bob Severns, Mayor
- ⊙ Doug Merriman, City Administrator/Finance Director
- ⊙ Nikki Esparza, City Attorney, as to form

RECOMMENDED ACTION

- 1) Hold a public hearing.
- 2) Adopt Ordinance No. 1760

BACKGROUND / SUMMARY INFORMATION

With the construction of the new Clean Water Facility, the City desires to adjust sewer rates to cover the operational costs, the funding of the construction, and the related debt service payments. Five years ago, City Council adopted a 5-year rate plan to gradually increase sewer rates with the purpose of accumulating approximately \$15 million in cash as the City's "down payment" to applied against the cost of the plant construction. The fifth and final annual rate increase of the previous 5-year rate plan occurred on December 20, 2015. The current single family home sewer rate is \$64.75 per month. To date, the previous 5-year plan has generated approximately \$12 million (we are currently only 4 years into the 5-year collection period).

At the time of the preparation of this agenda bill, Shawn Koorn of HDR Engineering is continuing to work with City staff to complete the rate calculations to be implemented for fiscal years 2017 and 2018. While the first of the proposed rates will not be implemented until December of 2016, it is advantageous for the City to set the projected rates at this time to show our bond rating agency, Standard & Poors, that the City Council is committed to maintaining the fiscal sustainability of the Wastewater Fund #402. This will assist staff in achieving the highest bond rating possible during their negotiations with Standard & Poors later this month.

The final draft of the Ordinance and the presentation of rate information is still will still be in process at the time of preparation of this agenda bill. The final projections and proposed ordinance will be prepared and delivered to City Council at the time of March 15th meeting.

LEGAL AUTHORITY

FISCAL IMPACT

PREVIOUS COUNCIL / BOARD / CITIZEN INPUT

ATTACHMENTS