1. Agenda

   Documents:

   AGENDA.PDF

2. Meeting Materials

   Documents:

   SALARY AND BENEFIT SCHEDULES.PDF
   UTILITY RATE STUDIES.PDF
   CAPITAL IMPROVEMENT PLAN.PDF
   REIMBURSEMENT RESOLUTION.PDF

AGENDA

FINANCE/PERSONNEL COMMITTEE MEETING

September 13, 2018

6:00 pm – 6:45 pm

School District Building

City of Stanwood

1. Utility Rate Studies
2. Salary and Benefit Schedules
3. Capital Improvement Plan
4. Reimbursement Resolution

CITY OF STANWOOD
FINANCE COMMITTEE AGENDA STAFF REPORT

ITEM NUMBER:	**2**
DATE:	September 13, 2018
SUBJECT:	Proposed Resolution to Adopt the City's Salary and Benefits Schedule for 2019
CONTACT PERSON:	David A. Hammond, Finance Director
ATTACHMENTS:	A – Resolution 2018-20

ISSUE

The issue before the committee is to review a resolution establishing the city's 2019 pay and benefits schedule for its employees.

RECOMMENDATION

Recommend approval of Resolution 2018-20 establishing the city's pay and benefits schedule for city employees for 2019.

DISCUSSION

This resolution implements represented employee's salary and benefits as previously agreed to in the collective bargaining agreements covering the period 2017 to 2019. The salary schedule proposed by staff is identical to the current schedule with a two percent COLA adjustment applied for all employees. Staff proposes the non-represented employees remain with the AWC Benefit Trust in 2019, including an offer to opt in to the High Deductible plan as proposed last year, but for which no employees opted in. If no employees opt in this year, staff recommends considering alternatives concurrently with union contract negotiations next year.

Represented Employees

There are two bargaining groups in the city: Teamsters – Public Works and Teamsters – Administrative (hereinafter referred to collectively as "Teamsters" for the sake of discussion). Teamsters' employees are currently working under 3-year contracts that expire on December 31, 2019. The current contracts provide members with 2% salary increases effective January 1, 2019.

Non-represented Employees

All city employees not represented by the Teamsters are considered non-represented employees (hereinafter referred to as "non-represented").

Medical Plan

The AWC Employee Benefit Trust has developed an innovative medical plan option available to Stanwood employees in 2019. The plan is based on employees enrolling into an Affordable Health Network (AHN). The city is able to offer the same two plans as 2018, while individual employees are allowed to select the AHN option, which offers a five percent discount on premiums (for both employer and the employee portion.) The plan is also expected to offer lower out-of-pocket costs for employees.

In 2017, the management team evaluated Health Savings Account (HSA) contribution amounts to incentivize employees to select the high deductible plan. Even offering $200 per month for single and $400 per month for employees with families the city would realize lower costs; however, no employees made this choice last year. Given the potential for cost savings to the city, staff recommends offering the High Deductible plan again and continue to offer an HSA contribution of $200 per month for single and $400 per month for married employees. Discussion with staff indicate the reason the High Deductible option was not adopted was the risk of significant out-of-pocket costs in the event an employee or their family experienced extreme health issues.

The plan has an out of pocket maximum of $5,000 for a single person and $10,000 for a family. To incentivize employees, the council could consider a measure to help them address this risk. For example, council could provide that the city would pay half the difference between the deductible and the out-of-pocket maximum in the event an employee incurred this level of health care cost. For an individual, this amount would be $1,300, and for an employee with covered family members, the amount could be $2,500. It is difficult to gauge the likelihood of this occurring; it is possible that this gesture by council will encourage folks to adopt this plan. Once employees have had a year or two to establish a balance in the health savings account employees will be more confident with this type of coverage.

Annual medical premium savings resulting from adoption of the High Deductible from the prior year are estimated to exceed $5,000, depending on which plan is selected by individual employees. A change to the employee premium contribution (9% for dependents) is not recommended at this time, although 2019 during the collective bargaining process will be a good time to revisit the employee cost share as part of consideration of the total compensation package.

Monthly Premium Cost Comparison

Category	2018 AWC Current	2018 Teamsters Current	2019* AWC Health-first 250	2019* AWC High Deductible	Difference Between AWC Plans
E	$ 719	$ 1,367	$ 750	$ 532	$ 218
E+S	$ 1,445	$ 1,367	$ 1,506	$ 1,023	$ 484
E+S+1	$ 1,802	$ 1,367	$ 1,879	$ 1,268	$ 611
E+S+2	$ 2,098	$ 1,367	$ 2,187	$ 1,469	$ 718

*2019 estimated

FINANCIAL IMPACT

The financial impact to the city of a 2 percent cost of living increase for all employees is $48,240. In addition, longevity increases for represented employees are estimated to increase salary expense by $30,400, and a 3 percent ($28,465) salary adjustment pool for non-represented employees combined equal an increase of approximately $58,865.

The 2019 increase in medical premiums is estimated to be 3.5% to 5%. The 2018 health care premium cost will be approximately $600,000, so the increase is expected to be between $21,000 and $30,000.

Committee Options

1) Recommend adoption of Resolution 2018-20 formally adopting a salary and benefit schedule for city employees effective January 1, 2019.

2) Do not recommend adoption of Resolution 2018-20 formally adopting a salary and benefit schedule for city employees effective January 1, 2019.

3) Do not recommend adoption of Resolution 2018-20 formally adopting a salary and benefit schedule for city employees effective January 1, 2019, and direct staff to address specific council concerns or provide additional information.

RECOMMENDED MOTION

I MOVE TO RECOMMEND ADOPTION OF RESOLUTION 2018-20 FORMALLY ADOPTING A SALARY AND BENEFIT SCHEDULE FOR CITY EMPLOYEES EFFECTIVE JANUARY 1, 2019.

ATTACHMENT A

CITY OF STANWOOD
Stanwood, Washington

RESOLUTION 2018-20

A RESOLUTION OF THE CITY OF STANWOOD, WASHINGTON ADOPTING A SALARY AND BENEFIT SCHEDULE FOR CITY EMPLOYEES EFFECTIVE January 1, 2019.

WHEREAS, it is necessary and appropriate to establish the salary and benefits schedule for employees and elected officials of the City of Stanwood by resolution of the city council; and

WHEREAS, pursuant to RCW 35A.11.020, the City Council has the power to fix the compensation and working conditions of its officers and employees; and

WHEREAS, on November 21, 2016 the City Council approved an agreement by and between City of Stanwood and Teamsters Local Union No. 231 (representing the public works employees) for the period from January 1, 2017 through December 31, 2019; and

WHEREAS, on February 24, 2017 the City Council approved an agreement by and between City of Stanwood and Teamsters Local Union No. 231 (representing the administrative employees) for the period from January 1, 2017 through December 31, 2019; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STANWOOD, WASHINGTON, AS FOLLOWS:

Section 1: Adopting Pay and Benefits for Teamsters Administrative Employees

That the monthly base compensation for City employees represented by Teamsters Local Union No. 231 (representing the Administrative Employees), subject to adjustments as contained in collective bargaining agreements by the City as set forth below:

	Minimum	Maximum
Accounting Clerk	3,714	4,556
Accounting Specialist	4,592	5,632
Administrative Asst.	4,481	5,496
Associate Planner/GIS Analyst	5,057	5,892
Deputy City Clerk	4,481	5,496
Permit Specialist	4,235	5,195
Police Records Clerk	4,481	5,496

Other pay and benefits for City Teamsters Administrative Employees are set forth in the current Collective Bargaining Agreement. In addition, the city will provide AWC Standard Long Term Disability insurance, Option 1.

Section 2: Adopting Pay and Benefits for Teamsters Public Works Employees

That the monthly base compensation for City employees represented by Teamsters Local Union No. 231 (representing the Public Works Employees), subject to adjustments as contained in collective bargaining agreements by the City as set forth below:

	Minimum	Maximum
Public Works Tech 1	3,773	4,875
Public Works Tech 2	4,007	5,178
Public Works Tech Lead	4,934	6,376
Water Treatment Plant Operator I	4,061	5,250
Water Treatment Plant Operator 2	4,318	5,579
Wastewater Treatment Plant Operator I	4,306	5,565
Wastewater Treatment Plant Operator 2	4,622	5,973
Wastewater Treatment Plant Operator Lead	5,132	6,631

Other pay and benefits for City Teamsters Public Works Employees are set forth in the current Collective Bargaining Agreement. In addition, the city will provide AWC Standard Long Term Disability insurance, Option 1.

Section 3: Adopting Pay and Benefits for Non-Represented Employees

That the monthly base compensation for City employees and elected officials who are not represented by a union or bargaining group subject to adjustments as contained herein as set forth below, which represents a 2% cost-of-living adjustment from 2018.

a) Salary Increases Based on Performance

In addition to the 2% cost-of-living adjustments incorporated in the below salary schedule, full-time non-represented employees may receive an annual salary increase based on individual performance as determined by the Mayor. The total amount of performance increases shall not exceed the salary adjustment pool, which is calculated by the finance director and authorized by the City Council as a percentage share of annual full-time, non-represented salaries. For the 2019 budget year, the performance pool will be $28,465, which is based on a 3% performance step increase.

	Minimum	Maximum
City Administrator	10,795	12,150
Public Works Director	9,413	10,595
Community Development Director	9,071	10,210
Finance Director/City Clerk	9,071	10,210
Asst. Public Works Director/City Engineer	8,175	9,999
Building Official	7,132	8,026
Senior Accountant	6,541	7,362
Senior Planner	6,541	7,362
Senior Planner .5625fte	6,541	7,362
Construction Inspector	5,122	5,938
Planner (.5625 fte)	5,720	6,541

Health Insurance and Retirement Benefits

The City of Stanwood currently provides the following benefits for full-time non-represented employees:

- Medical - The City pays 100% employee cost for medical, dental and vision insurance.
- For spouse and dependent medical benefits, the employee shall share the cost of benefits under Association of Washington Cities (AWC):
    1. Health First 250 Plan based on 91% of the 2019 rates, or
    2. Health First High Deductible Plan, based on 91% of the 2019 rates. In addition, the city will contribute the following to employee HSA accounts for employees opting into the High Deductible plan:
        1. Individual rate: $2,400
        2. Family rate: $4,800
- $10,000 life insurance paid by the city.
- Public Employees Retirement System (PERS). Benefit levels and contributions are set by the State of Washington.
- Deferred Compensation Plan. The City is a member of the State Deferred Compensation Plan which allows employees to make tax deferred deposits up to dollar limits defined by the IRS.
- Delta Dental Plan F
- AWC Standard Long Term Disability insurance, Option 1

b) Other Benefits as Provided in the Personnel Policy Manual

The City of Stanwood provides other benefits to its employees as set forth in the Personnel Policy Manual as approved by City Council.

ADOPTED by the city council and **APPROVED** by the mayor this __th day of ______, 2018.

CITY OF STANWOOD

By_____________________________
Leonard Kelley, Mayor

ATTEST:

By_____________________________
David A. Hammond, City Clerk

APPROVED AS TO FORM:

BY_____________________

CITY OF STANWOOD
FINANCE COMMITTEE
AGENDA STAFF REPORT

ITEM NUMBER:	**1**
DATE:	September 13, 2018
SUBJECT:	Water, Sewer and Drainage Utility Rate Updates
CONTACT PERSON:	David A. Hammond, Finance Director/City Clerk
ATTACHMENTS:	**A—** Draft Ordinance 1461 **B—**Water, Sewer and Drainage Rate Study and Plant Investment Fee Update

ISSUE

The issue before the committee is to review and consider recommendation for approval of an Ordinance to update water, sewer and drainage utility rates and plant investment fees.

RECOMMENDATION

City staff request the Finance Committee support a recommendation to council to increase water, sewer and drainage utility rates and plant investment fees.

BACKGROUND

DRAINAGE UTILITY—Drainage utility rates were increased by Ordinance 1431 effective January 1, 2017; however, at that time council directed staff to budget for and execute a rate study that would improve the nexus between the utility rate and the amount of impervious surface on a parcel. Council anticipated the rate study is in the 2017 budget and CIP and was intended to be executed in time to inform the 2019-20 budget preparation. The rate study was presented to council on June 21st, at which time council expressed support for the increases proposed, which are summarized in the tables below.

WATER AND SEWER UTILITIES—Water and sewer utility rates were increased by Ordinance 1405, adopted December 1, 2015. The ordinance approved annual rate increases of 5% for the water utility and 3.5% for the sewer utility through 2019. The council reviewed the results of a rate study that was presented to council on June 21st, at which time council expressed support for the increases proposed and which are summarized in the tables below.

PLANT INVESTMENT FEES—Ordinance 1405, which became effective January 1, 2016, revised plant investment fees (PIF) for all three utilities. The ordinance requires the PIFs to be revised with each comprehensive plan update. The plant investment fees for each utility were evaluated based on the last comprehensive plan and the most current Capital Improvement Plan. The results were presented to council on June 21st, at which time council expressed support for the increases proposed and which are summarized in the table below.

DISCUSSION

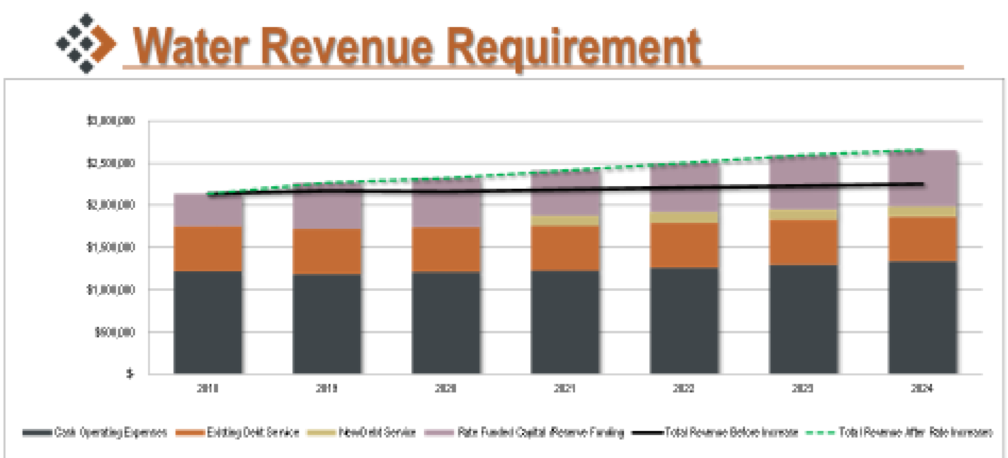
The City adopted financial policies in 2013, which establish principles upon which utility rates shall be established. These policies include:

- The city will set fees and user charges for each enterprise fund, such as water, sanitary sewer and storm drainage, at a level that fully supports the total direct and indirect cost of the activity including the cost of annual depreciation of capital assets. Additionally, for analysis and rate modeling purposes, the proposed rates shall also take into account debt service coverage commitments made by the city of 1.25 times annual debt service.
- The city will maintain 60 days operating reserves in each of the utility funds.
- The city will establish a revenue stabilization reserve for the water, sanitary sewer and storm drainage utilities. The required fund balance shall be set at 25% of revenues from rates.
- The city will establish capital contingency reserve for each utility in the amount of 1% of system fixed assets.
- Bond reserves will be maintained in accordance with debt covenants.
- Equipment replacement reserves will be established for each utility.

The rate study incorporated each of these principles and the discussion below describes the degree the proposed rate changes comply. The utility rate and fee updates were anticipated in the prior budget and Capital Improvement Plan and are a 2017-18 work plan item for the finance and public works departments. Staff and the consulting firm briefed council on June 21st with the results of the studies, and have prepared the attached resolution and ordinance to implement the changes. These changes have been factored into preliminary budgets for the utilities. Rate and fee increases for each utility are discussed below.

Water Utility—the council previously adopted a 5% rate increase effective January 1st. The consultant recommendation is for 3% rate increases in 2020 to 2023, and a 1.5% increase in 2024. This rate includes operating expenses, existing and new debt service, a portion of capital investment, as well as fully funding required system cash reserves. Further, the rate proposal provides system reinvestment at the rate of 60% to 70% of annual system depreciation. This amount is less than city policy (100% of depreciation), but is considered equitable given the level of debt service. The following table provides a graphical depiction of the revenue requirement, as well as an estimate of the effect on a typical residential customer over the next six years.

CHART ONE



Residential Sample Bill	2018 (Existing)	2019 (Adopted)	2020	2021	2022	2023	2024
Proposed Increase	0.00%	5.00%	3.00%	3.00%	3.00%	3.00%	1.50%
Sample Residential Bi-Mo. Bill	$ 53.74	$ 56.42	$ 58.11	$ 59.86	$ 61.65	$ 63.50	$ 64.45
$ Bi-Mo. Difference		$ 2.68	$ 1.69	$ 1.74	$ 1.80	$ 1.85	$ 0.95
$ Mo. Difference		$ 1.34	$ 0.85	$ 0.87	$ 0.90	$ 0.92	$ 0.48

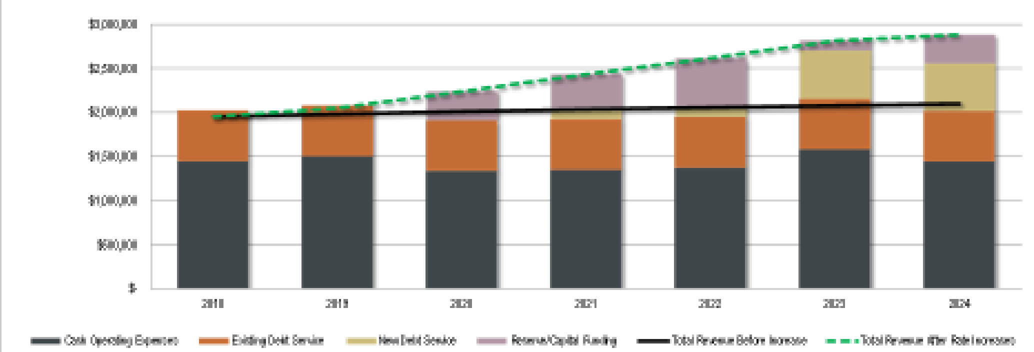
Note: *assumes 12ccf water usage bi-monthly*

FCS GROUP Page 10

Sewer Utility—the council previously adopted a 3.5% rate increase effective January 1st. The consultant recommendation is for 7.5% rate increases in 2020-2021, 6.5% in 2022-2023, and a 1.5% increase in 2024. This rate includes operating expenses, existing and new debt service, a portion of capital investment, as well as fully funding required system cash reserves. Further, the rate proposal provides system reinvestment at the rate of 10% to 30% of annual system depreciation. This amount is less than city policy (100% of depreciation), but is considered reasonable and equitable given the level of debt service and the size of proposed rate increases over the next five years. The following table provides a graphical depiction of the revenue requirement, as well as an estimate of the effect on a typical residential customer over the next six years.

CHART TWO

Sewer Revenue Requirement



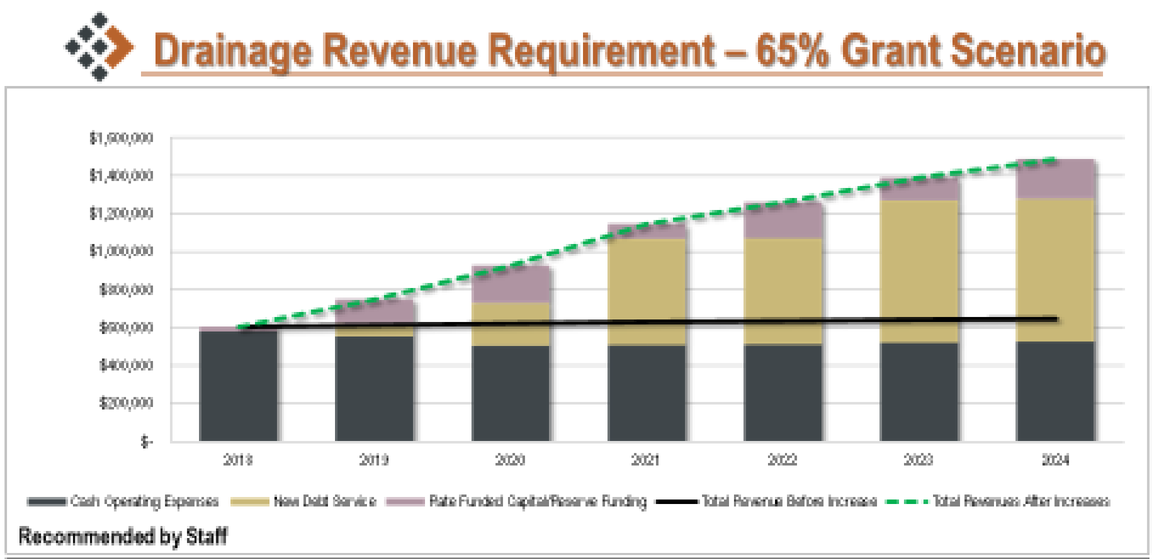
Residential Sample Bill		2018 (Existing)		2019 (Adopted)		2020		2021		2022		2023		2024
Proposed Increase		0.00%		3.50%		7.50%		7.50%		6.50%		6.50%		1.50%
Sample Residential Bi-Mo. Bill	$	85.26	$	88.24	$	94.86	$	101.97	$	108.60	$	115.66	$	117.39
$ Bi-Mo. Difference			*$*	*2.98*	*$*	*6.62*	*$*	*7.11*	*$*	*6.63*	*$*	*7.06*	*$*	*1.73*
$ Mo. Difference			*$*	*1.49*	*$*	*3.31*	*$*	*3.56*	*$*	*3.31*	*$*	*3.53*	*$*	*0.87*

Note: *assumes 12ccf water usage bi-monthly*

FCS GROUP Page 13

Drainage Utility—Council last increased commercial drainage rates on January 1, 2017, and has not changed residential rates since 2006. The consultant and staff recommendation is for 22.5% rate increases in 2019, 2020 and 2021, then 9.25% in 2022-2023, and a 6.25% in 2024. This rate includes operating expenses, new debt service, a portion of capital investment, as well as fully funding required system cash reserves. Further, the rate proposal provides system reinvestment at a range of 8% to 37% of annual system depreciation. This amount is less than city policy (100% of depreciation), but is considered reasonable and equitable given the level of debt service and the size of proposed rate increases over the next five years. Note that the drainage utility is faced with a $13 million capital project, and that this rate proposal is based on the city obtaining grants to fund 65% of the project's cost. The following table provides a graphical depiction of the revenue requirement, as well as an estimate of the effect on a typical residential customer over the next six years.

CHART THREE



Residential Sample Bill	2018 (Existing)		2019		2020		2021		2022		2023		2024
Proposed Increase		0.00%		22.25%		22.25%		22.25%		9.25%		9.25%	6.25%
Sample Residential Bi-Mo. Bill	$	24.50	$	29.95	$	36.62	$	44.76	$	48.90	$	53.43	$ 56.77
$ Bi-Mo. Difference			$	5.45	$	6.66	$	8.15	$	4.14	$	4.52	$ 3.34
$ Mo. Difference			$	2.73	$	3.33	$	4.07	$	2.07	$	2.26	$ 1.67

FCS GROUP

Page 18

Plant Investment Fees—The FCS Group team also recalculated Plant investment Fees (PIF) for each utility. As discussed at the June Council workshop, the maximum allowable increases are 30 percent for the Water Utility, 19 percent for Sewer and 76 percent for Drainage. The rates provide for a per connection amount attributed to the amount of existing plant, and an amount for planned capital improvements to plant. As shown in CHART SIX below, adoption of the maximum allowable PIF for all three utilities would result in City of Stanwood PIF being the highest of our neighboring cities' current fees.

CHART FOUR

PIF Results

Plant Investment Fee Calculation	Water	Sewer	Drainage
Existing Cost Basis	$ 29,688,075	$ 25,304,194	$ 4,123,740
Allocable Customer Base	4,774	3,593	6,209
Existing Cost Basis	**$ 6,218**	**$ 7,043**	**$ 664**
Future Cost Basis	$ 3,310,500	$ 2,429,500	$ 4,656,496
Allocable Customer Base	4,774	3,593	6,209
Future Cost Basis	**$ 693**	**$ 676**	**$ 750**
Total Plant Investment Fee	**$ 6,912**	**$ 7,719**	**$ 1,414**
Current Plant Investment Fee	$ 5,280	$ 6,476	$ 802
Difference	*$ 1,632*	*$ 1,243*	*$ 612*

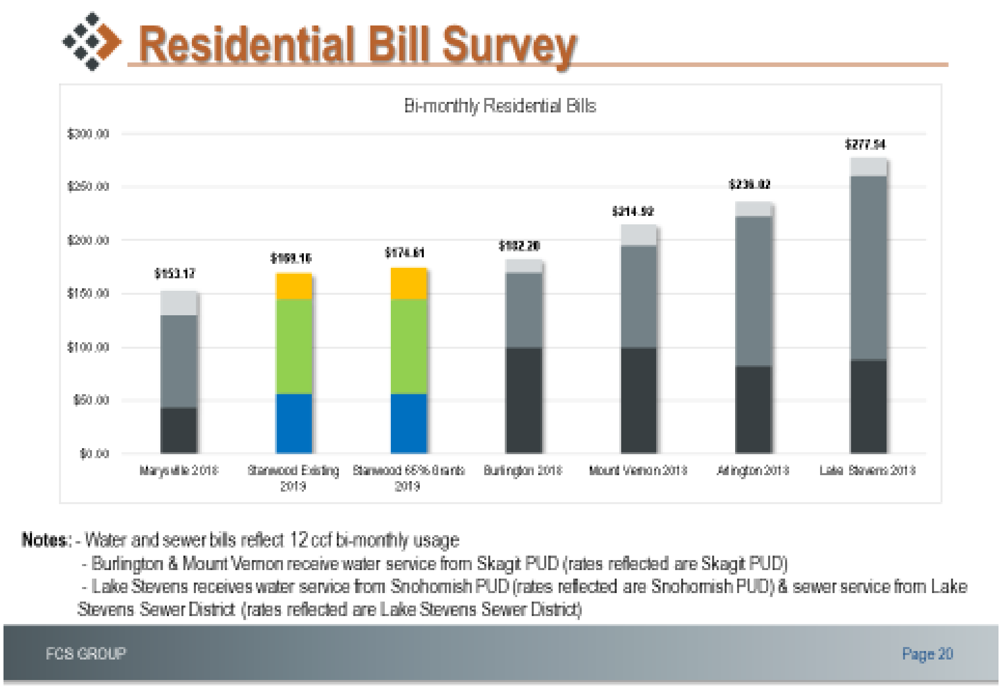
Notes: - PIFs may be escalated annually with an accredited escalation index such as the Engineering News Record (ENR)
- Water PIF is on a per Meter Capacity Equivalent (MCE) basis
- Sewer PIF is on a per Equivalent Residential Unit (ERU) basis – 290 gpd
- Storm PIF is on a per Equivalent Residential Unit (ERU) basis – 3,500 square feet of impervious area

FCS GROUP Page 24

FINANCIAL IMPACT

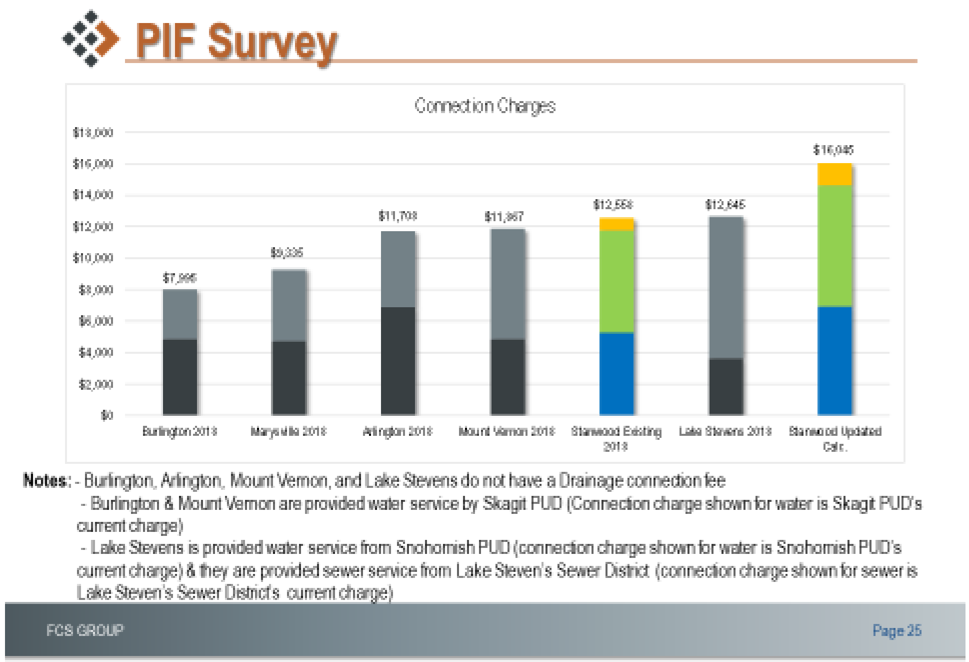
Utility Rates—The table below illustrates the effect of the proposed rate increases on a typical residential customer's bi-monthly utility bill, in comparison with neighboring cities. If the proposed rates are adopted by council, Stanwood residential rates will remain low by comparison.

CHART FIVE



Plant Investment Fees—The table below illustrates the effect of the proposed Plant Investment Fees on new residential customers. If the Plant Investment Fees are implemented to the maximum amount allowed by the current study, then the City of Stanwood PIF for the three utilities combined would be the highest of our neighboring cities.

CHART SIX



ATTACHMENT A

CITY OF STANWOOD
WASHINGTON

ORDINANCE 1461

AN ORDINANCE OF THE CITY OF STANWOOD, WASHINGTON, AMENDING STANWOOD MUNICIPAL CODE CHAPTERS 12.04 SEWER SYSTEM RATES AND CHARGES, 12.12 DRAINAGE UTILITY SYSTEM FEES AND FUND, 12.16 WATER UTILITY SYSTEM RATES AND CHARGES, 12.40 UTILITY PLANT INVESTMENT CHARGE; ESTABLISHING SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, the City has considered amendments to Stanwood Municipal Code (SMC) Chapters 12.04-12.40 affecting utility regulations; and

WHEREAS, by amending Chapters 12.04-12.40 the regulations and responsibilities regarding the City's utility systems including water, sewer, and drainage will be clarified; and

WHEREAS, the value of the drainage system and the resulting equivalent residential unit cost were set by an FCS Group rate study; and

WHEREAS, the Public Works Committee reviewed the proposed edits to SMC Chapters 12.04-12.40 at their September 10, 2018 regular meeting and the Finance Committee reviewed at their September 13, regular meeting, Further, the full city council reviewed the FCS Group preliminary report at the June 21, 2018 council workshop and provided direction on the proposed amendments; and

WHEREAS, the City Council reviewed the recommendations from staff and the Public Works Committee at its September 10, 2018 meeting and the Finance Committee at its September 13th meeting; and

WHEREAS, the City Council has determined that it is in the best interests of the City to amend SMC Chapters 12.04-12.40, relating to the City's utility systems including water, sewer, and drainage.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF STANWOOD, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Stanwood Municipal Code Chapters 12.04-12.40 are hereby amended as shown in Exhibit 1.

Section 2. <u>Severability</u>. The various parts, sections and clauses of this ordinance are hereby declared to be severable. If any part, sentence, paragraph, section or clause is adjudged unconstitutional or invalid by a court of competent jurisdiction, the remainder of the Ordinance shall not be affected thereby.

Section 3. Effective Date. This Ordinance shall become effective five (5) days after its passage and publication as required by law..

PASSED AND APPROVED by the Stanwood City Council this xx day of November 2018.

CITY OF STANWOOD

____
Leonard Kelley, Mayor

ATTEST:

By: ________________________
David A. Hammond, City Clerk

APPROVED AS TO FORM:

By: ________________________
Grant Weed, City Attorney

Date of Publication: ______________________

Effective Date: __________________________

Exhibit 1

Chapter 12.04 SEWER SYSTEM RATES AND CHARGES

Sections:

12.04.020 Sewer system rates.

For the furnishing of service to the users and potential users of the city sanitary sewage system, the rates and charges per month are established for the classifications indicated below:

(1) Definitions.

(a) "Base monthly charge" means the minimum charge to a user per month. For those users whose sewer charge is calculated based on water use, the base monthly charge includes water use up to the base monthly allowance.

(b) "Units" means the number of dwelling units in a multifamily residence such as a duplex, apartment or condominium; or the number of separate rooms or living units in a nursing home, congregate care or assisted living facility; each having separate bathroom and/or kitchen facilities.

(c) "Incremental rate" means the dollar amount charged per 100 cubic feet of water use above the base monthly allowance and applies to those users whose sewer fee is calculated based on water use.

(d) "Sewer charge" means the dollar amount a user is charged for sewer service, calculated based on the sewer rates.

(e) "Sewer rate" means the dollar amount a user is charged for sewer service per unit of measure. For example, a sewer rate may be in terms of dollars per 100 cubic feet of water used, dollars per student, or other units.

(f) "Customer" means the legal property owner at time of meter reading.

(g) "Account" means customer.

(h) "Low-income household" means a household in which the total annual income is below the very low-income level for the Seattle/Everett area as established and amended by survey from time to time by the United States Department of Housing and Urban Development.

(i) "Senior citizen" means a person of 62 years of age or older.

(j) “Disabled person” means a person who qualifies for special parking privileges under RCW 46.16.381(1)(a) through (f), or a blind person as defined in RCW 74.18.020, or a person who qualifies for supplemental Social Security benefits due to a disability.

(2) Rates and Charges.

(a) Basis of Rates and Charges. Sewer charges shall be based on the monthly water use as recorded by the city water meters unless indicated otherwise in this section. The charge for residential uses for the summer months, defined herein as May, June, July, and August for accounts in Cycle 1, and June, July, August, and September for accounts in Cycle 2, shall be based on the lesser of the water use for the billing period or the average monthly water use for the preceding September through April, or October through May, period, respectively. If data for the full September through April, or October through May, period are not available, the data will be averaged over the period for which data are available. For new accounts that begin in the defined summer months, the month’s charge shall be based on the water use for that month. The charge for nonresidential uses for the months of June, July, August and September shall be based on the water use for that month unless indicated otherwise in this section. Routes included in each cycle shall be determined by the city. A user may elect, at his/her own expense, to install a separate water meter to measure water used for irrigation. An irrigation-only account will then be established and billed separately by the city.

(b)

Monthly Sewer System Rates and Charges Effective Dates

	1-Jan-19		1-Jan-20		1-Jan-21		1-Jan-22		1-Jan-23		1-Jan-24	
Classification	Base Rate	Incremental Rate (per 100 cf)	Base Rate	Incremental Rate (per 100 cf)	Base Rate	Incremental Rate (per 100 cf)	Base Rate	Incremental Rate (per 100 cf)	Base Rate	Incremental Rate (per 100 cf)	Base Rate	Incremental Rate (per 100 cf)
Residential:												
Individually metered	$44.12	$6.16	$47.43	$6.62	$50.99	$7.12	$54.30	$7.58	$57.83	$8.07	$58.70	$8.20
Master metered	$44.12 x no. of units	$6.16	$47.43 x no. of units	$6.62	$50.99 x no. of units	$7.12	$54.30 x no. of units	$7.65	$57.83 x no. of units	$8.15	$58.70 x no. of units	$8.27
Commercial:												
Light commercial	$44.12	$6.16	$47.43	$6.62	$50.99	$7.12	$54.30	$7.58	$57.83	$8.07	$58.70	$8.20
Heavy commercial	$50.15	$7.17	$53.91	$7.71	$57.95	$8.29	$61.72	$8.82	$65.73	$9.40	$66.72	$9.54
General industrial	$56.19	$8.17	$60.40	$8.78	$64.93	$9.44	$69.16	$10.06	$73.65	$10.71	$74.76	$10.87

~~**Sewer System Rates and Charges Effective Date**~~

~~Classification~~	~~January 1, 2015 2019~~		~~January 1, 2016~~		~~January 1, 2017~~		~~January 1, 2018~~		~~January 1, 2019~~	
-	~~Base Monthly Rate~~	~~Incremental Rate (per 100 cf)~~	~~Base Monthly Rate~~	~~Incremental Rate (per 100 cf)~~	~~Base Monthly Rate~~	~~Incremental Rate (per 100 cf)~~	~~Base Monthly Rate~~	~~Incremental Rate (per 100 cf)~~	~~Base Monthly Rate~~	~~Incremental Rate (per 100 cf)~~
~~**Residential:**~~	-	-	-	-	-	-	-	-	-	-
~~Individually metered~~	~~$38.45~~	~~$5.37~~	~~$39.79~~	~~$5.55~~	~~$41.18~~	~~$5.75~~	~~$42.63~~	~~$5.95~~	~~$44.12~~	~~$6.16~~
~~Master metered~~	~~$38.45 x no. of units~~	~~$5.37~~	~~$39.79 x no. of units~~	~~$5.55~~	~~$41.18 x no. of units~~	~~$5.75~~	~~$42.63 x no. of units~~	~~$5.95~~	~~$44.12 x no. of units~~	~~$6.16~~
~~**Commercial:**~~	-	-	-	-	-	-	-	-	-	-
~~Light commercial~~	~~$38.45~~	~~$5.37~~	~~$39.79~~	~~$5.55~~	~~$41.18~~	~~$5.75~~	~~$42.63~~	~~$5.95~~	~~$44.12~~	~~$6.16~~
~~Heavy commercial~~	~~$43.71~~	~~$6.25~~	~~$45.24~~	~~$6.46~~	~~$46.82~~	~~$6.69~~	~~$48.46~~	~~$6.92~~	~~$50.15~~	~~$7.17~~
~~General industrial~~	~~$48.97~~	~~$7.12~~	~~$50.68~~	~~$7.37~~	~~$52.45~~	~~$7.63~~	~~$54.29~~	~~$7.90~~	~~$56.19~~	~~$8.17~~

(c) ~~Sewer Service Outside the City Limits. Rates for services outside of the city limits of Stanwood shall be city rates as adopted, plus 45 percent.~~

(3) Base Monthly Allowances. The base monthly allowance shall be as follows:

Classification	**Base Monthly Allowance**
Residential:	
Individually metered	600 cubic feet per month
Master metered	600 cubic feet per month times the number of units
Commercial:	
Light commercial	600 cubic feet per month
Heavy commercial	600 cubic feet per month

Classification	Base Monthly Allowance
General industrial	600 cubic feet per month

(4) Classification Descriptions.

(a) Residential – Individually Metered. This classification includes buildings for residential uses that are individually metered.

(b) Residential – Master Metered. This classification includes structures containing more than one residence that are metered through one master meter.

(c) Light Commercial. This classification includes commercial uses not otherwise classified. It incorporates simple domestic waste generators such as offices, small retail trade establishments, schools without kitchens/gyms, hotels without restaurants, and churches/meeting halls.

(d) Heavy Commercial. This classification includes commercial uses that have higher potential for problem wastes (high strength, problem constituents or large volume) than the light commercial classification. The heavy commercial classification includes laundries, dry cleaners, restaurants, cafes, grocery stores, medical clinics, funeral homes, photo development, veterinary clinics, dental clinics, schools with kitchens/gyms, hotels with restaurants, etc.

(e) General Industrial. This classification includes uses that generate large volumes of wastewater or have high strength or problem wastewater. This classification includes manufacturing and processing facilities, etc.

(5) Users with State Waste Discharge Permits, NPDES Permits or Pretreatment Agreements with the City. This classification includes businesses with a state waste discharge permit, NPDES permit or pretreatment agreement with the city. The monthly charge shall be based on the maximum amount of wastewater allowed by the permit or agreement unless a city-approved meter indicates a smaller amount was actually sent to the city's wastewater facilities. For businesses that do not yet have a permit or agreement, calculation of their charge shall be based on the most appropriate classification above.

(6) Users with High Strength Waste. The city shall have the right to charge an additional monthly sewer service charge for a high strength waste, which is defined herein as one with pollutant concentrations in excess of typical domestic wastewater. A surcharge is appropriate for waste strength conditions including, but not limited to, a total five-day biochemical oxygen demand and/or suspended solids concentration in excess of 300 milligrams per liter. The public works director will recommend to the city council an appropriate monthly surcharge.

(7) Users with Multiple Classifications. In the event that any user of the city's sanitary sewage system, by the nature of its business, may fall within two or more of the above classifications, the rate for such user shall be the highest rate established for any such classification.

(8) Contract Rates. Rates for any user may be set by contract at the discretion of the city council. Users having their rates set by contract shall fall under this classification only during the duration of the contract term. Upon termination of said contract, the user will be charged under the other most applicable classification as determined by the finance director.

(9) Inactive Rates. An inactive rate is available to accounts where water consumption falls below 100 cubic feet per month for one continuous billing period or more. Inactive rates will only be available upon prior notice to the city. Inactive rates for all classifications shall be 50 percent of the minimum base monthly charge per classification.

(10) Low-Income Senior Citizen and Low-Income Disabled Rates.

(a) Low-income senior citizens or low-income disabled persons who are customers of the utility shall be eligible to apply for sewer service at 70 percent of the monthly minimum charge, and full charge for all overage consumption.

(b) Low-income households in which the principal financial resources are provided by a senior citizen or a disabled person, as defined in this chapter, may apply for these reduced rates. The city may require a customer who is receiving service at a reduced rate to provide information annually to confirm their continued eligibility for the reduced rate.

(c) The reduced rate provided by this subsection shall apply only to single-family residential services. (Ord. 1405 § 1 (Exh. 1), 2015; Ord. 1353 § 1, 2013; Ord. 1290 § 1, 2011; Ord. 1259 § 1, 2009; Ord. 1235 § 1, 2008; Ord. 1189 § 1, 2006; Ord. 1127 § 1, 2002; Ord. 1102 § 1, 2000; Ord. 1086 § 1, 1999; Ord. 938 § 1, 1995; Ord. 850 § 1, 1992; Ord. 770 § 1, 1989; Ord. 757 § 1, 1988; Ord. 673 § 1, 1985; Ord. 605, 1982; Ord. 577 § 1, 1981; Ord. 557 § 1, 1980; Ord. 470, 1977; Ord. 355 § 7, 1971; Ord. 241 § 2, 1962).

12.04.030 Connection fees, charges and costs.

(1) Applications for connection to the city sewage system shall be made to the public works department for approval of the design and inspection of the proposed connection.

(2) A permit fee to cover the cost of administration in the amount of $50.00 shall be charged for each application for city sewer service. Such fee shall be paid into the city general fund.

(3) A connection fee shall be charged at the time of construction of a building or segregation of a building into two or more units for each separate residence, multiple housing unit, business building or separate business unit within a building proposed to be served by city sewer according to the following schedule:

(a) Residential Sewer Connection Charges.

(i) Single-family residence (including mobile homes): $500.00.

(ii) Duplex (two dwelling units): $750.00.

(iii) Triplex (three dwelling units): $1,000.

(iv) Multifamily: $1,000 plus $250.00 per unit.

(b) Commercial.

(i) Six-inch service connection: $1,000.

Connection fees for service sizes other than six inches shall be determined by the public works director. Such fee shall be paid into the sanitary sewage construction reserve fund. (Ord. 1405 § 1 (Exh. 1), 2015; Ord. 1102 § 1, 2000; Ord. 1086 § 1, 1999).

12.04.040 Sewer system plant investment charge.

(1) The city council hereby finds and determines that the capital cost of the city's current and future sewer system, including pumps, collection pipelines, sewer treatment plant, and rights-of-way, is $27,733,694 ~~$26,293,050~~. The capital cost of such system has been borne by the city and its sewer system users. Such sewer system will be utilized by newly connecting properties and the capital cost, as applied to buildings presently served, is $7,719 ~~$6,476~~ per each three-quarter-inch water meter.

(2) Prior to January 1, 2019, and for all projects for which a complete application has been submitted or a letter of completeness has been issued for any development permit prior to January 1, 2019, the plant investment charge shall be $6,476 for each equivalent connection.

~~(2)~~ (3) Beginning January 1, 2019 ~~2011~~, and thereafter, in addition to other fees imposed by ordinance or pursuant to agreements, there is hereby imposed upon the owners of property seeking to provide sewer service to their property by connecting to the city's sewer system a plant investment charge, determined by multiplying the total number of equivalent connections by $7,719 ~~$6,476~~. Equivalent connections and plant investment charges for all buildings shall be as follows:

Service Connection Size	Equivalent Connection	Charge
Up to 3/4"	1	$7,719
1"	1.67	$12,891
1-1/2"	3.33	$25,704
2"	5.33	$41,142
3"	10	$77,190
4"	16.67	$128,676
6"	33.33	$257,274
8"	53.33	$411,654

~~Service Connection Size~~	~~Equivalent Connection~~	~~Charge~~
~~Up to 3/4"~~	~~1.00~~	~~$6,476~~
~~1"~~	~~1.67~~	~~$10,815~~
~~1-1/2"~~	~~3.33~~	~~$21,565~~
~~2"~~	~~5.33~~	~~$34,517~~
~~3"~~	~~10.00~~	~~$64,760~~
~~4"~~	~~16.67~~	~~$107,955~~
~~6"~~	~~33.33~~	~~$215,845~~
~~8"~~	~~53.33~~	~~$345,365~~

(3) The plant investment charges are immediately due and payable upon, and concurrently with, the issuance of a valid building permit or a valid permit for connection to the sewer, water or drainage system of the city, whichever occurs first. (Ord. 1405 § 1 (Exh. 1), 2015).

Chapter 12.12
DRAINAGE SYSTEM FEES AND FUND

Sections:

12.12.010 Revenue fund created.

There is created a special fund of the city to be known as the “drainage fund.” Any and all charges, assessments, and revenues received for drainage purposes, or from any rental, use, services or sale of property attributable to the operation and management of such utility, shall be credited to and paid into such fund. (Ord. 1405 § 1 (Exh. 1), 2015; Ord. 1189 § 2, 2006; Ord. 563 § 1, 1981).

12.12.020 Drainage system rates and charges.

For the furnishing of the service to the users and potential users of the city drainage system, the rates and charges per month are established for the classifications indicated below:

(1) Definitions.

~~(a)~~ “~~Multiple business building” means one structure with multiple business units.~~

(~~b~~a) “Customer” means the legal property owner at time of billing.

(~~c~~b) “Accounts” means customer.

(~~d~~c) “Low-income household” means a household in which the total annual income is below the very low-income level for the Seattle/Everett area as established and amended by survey from time to time by the United States Department of Housing and Urban Development.

(~~e~~d) “Senior citizen” means a person of 62 years of age or older.

(~~f~~e) “Disabled person” means a person with a physical or mental impairment that substantially limits one or more major life activities, such as walking, seeing, hearing, speaking, learning, performing manual tasks, caring for oneself, etc.

(f) “Equivalent Residential Unit, or ERU” means the base impervious surface area upon which the drainage utility rate is based. Currently established ERU amount is 3,500 square ~~feet~~.

(g) "Impervious surface" means any structure, surface, or improvement that reduces or prevents absorption of stormwater into land, and includes porous paving, paver blocks, gravel, crushed stone, decks, patios, elevated structures, and other similar structures, surfaces, or improvements.

(2) Classifications, Rates and Charges.

(a) Classifications.

(i) Residential Uses.

(A) Single-family residences ~~including a lot or lots up to 10,000 square feet in area.~~

(B) Multifamily residences ~~including land up to 10,000 square feet in area per unit.~~ ~~"Units"~~ means ~~the number of dwelling units in~~ a multifamily residence such as a duplex, apartment or condominium; ~~or the number of~~ with separate rooms or living units in a nursing home, congregate care or assisted living facility; each having separate bathroom and/or kitchen facilities.

(ii) ~~Commercial~~ Non-residential Uses.

(A) Commercial structure. ~~Single- or two-unit business building, including land up to~~ 3,500 ~~10,000 square feet in area.~~

~~(B) Multi-business building, in excess of two units, including land up to~~ 3,500 ~~10,000 square feet per unit.~~

~~(iii) Improved Land.~~

(~~A~~B) Improved Land areas not provided for in subsection (2)(a)(i) (A) or (B) ~~or (2)(a)(ii) of this section.~~

(b) Rates and charges effective dates: ~~January 1, 2017~~.

Classification	Bi-Monthly Rates					
	Effective Jan. 1, 2019	Effective Jan. 1, 2020	Effective Jan. 1, 2021	Effective Jan. 1, 2022	Effective Jan. 1, 2023	Effective Jan. 1, 2024
Single Family Residential	$28.39	$34.78	$42.60	$46.54	$50.85	$54.03
Multi Family Residential Per ERU (3,500 sq. ft.)	$28.39	$34.78	$42.60	$46.54	$50.85	$54.03
Non Residential Per ERU (3,500 sq. ft.)	$28.39	$34.78	$42.60	$46.54	$50.85	$54.03

~~Classification~~	~~Monthly Rates Effective January 1, 2008~~	~~Monthly Rates Effective January 1, 2017~~
~~Single-Family.~~ ~~Single-family residences including a lot or lots up to 10,000 sq. ft. in area~~	~~$12.25~~	~~$12.25~~

~~Classification~~	~~Monthly Rates~~ ~~Effective January 1, 2008~~	~~Monthly Rates~~ ~~Effective January 1, 2017~~
~~Multifamily.~~ ~~Multifamily residences including land up to 10,000 sq. ft. in area per unit~~	~~$6.10~~	~~$9.45~~
~~Commercial.~~ ~~For each single- or two-unit business building, including land up to 10,000 sq. ft. in area~~	~~$18.30~~	~~$25.40~~
~~Commercial.~~ ~~For each multi-business building, in excess of two units, including land up to 10,000 sq. ft., per unit~~	~~$6.10~~	~~$8.45~~
~~Improved Land.~~ ~~For each 20,000 sq. ft. or part thereof of land improved with hard-surfaced parking lots, or other facilities or structures~~	~~$12.25~~	~~$25.40~~

(3) Low-Income Senior Citizen and Low-Income Disabled Rates.

(a) Low-income senior citizens or low-income disabled persons who are customers of the utility shall be eligible to apply for drainage service at 70 percent of the monthly charge.

(b) Low-income households in which the principal financial resources are provided by a senior citizen or a disabled person, as defined in this chapter, may apply for these reduced rates. The city may require a customer who is receiving service at a reduced rate to provide information annually to confirm their continued eligibility for the reduced rate.

(c) The reduced rate provided by this section shall apply only to single-family residential services. (Ord. 1431 § 1, 2016; Ord. 1405 § 1 (Exh. 1), 2015; Ord. 1235 § 2, 2008; Ord. 1189 § 2, 2006; Ord. 830 § 1, 1991; Ord. 807 § 1, 1990; Ord. 758 § 1, 1988; Ord. 672 § 1, 1985; Ord. 606 § 1, 1982; Ord. 578 § 1, 1981; Ord. 563 § 2, 1981).

12.12.030 Drainage of water other than precipitation.

Repealed by Ord. 1189. (Ord. 563 § 3, 1981).

12.12.040 Connection fees, charges and costs.

(1) Applications for connection to the city storm sewer system shall be made to the city finance director who will collect fees and forward the application to the public works department for approval of the design and inspection of the proposed connection.

(2) A permit fee to cover the cost of administration, in the amount of $50.00, shall be charged for each application for city storm sewer service. Such fee shall be paid into the city general fund.

(3) A connection charge of $200.00 shall be charged for each separate residence, multiple housing unit, or business building proposed to be served by a storm sewer. Such fee shall be paid into the drainage construction fund.

(4) Construction Costs and Fees.

(a) The cost of construction of storm sewer lines from the public storm sewer shall in all cases be borne by such persons connecting thereto.

(b) Cost of construction of storm sewer mains by developers and others except in the case of an LID or ULID shall be directly borne by the party extending the storm sewer main.

(c) Cost of upgrading the drainage facilities, storm sewer trunk lines, or pumping facility or the cost of a consulting engineer shall be considered part of the cost of the storm sewer extension and such costs as determined by the public works director or consulting engineer shall be remitted to the city finance director or the work completed and accepted by the city prior to issuance of any connection.

(d) The city may at its option construct storm sewer mains to serve an area. Any property connecting to a storm sewer main constructed by the city shall be subject to the fees and charges under this section plus a pro rata share of the construction costs of the extension based on 50 percent square footage of the area served and 50 percent front footage of properties to be served unless 75 percent of the owners of property in the area to be served agree on another method of apportionment which shall be subject to the approval of the city.

(e) Any property connected to a storm sewer main or open ditch constructed under an LID or ULID shall be subject to a construction fee based upon the same square footage and front footage assessments made on the property within the LID. (Ord. 1405 § 1 (Exh. 1), 2015; Ord. 1189 § 2, 2006; Ord. 695 § 11, 1986; Ord. 653 § 1, 1985; Ord. 563 § 4, 1981).

12.12.050 Drainage system plant investment charge.

(1) The city council hereby finds and determines that the capital cost of the city’s drainage system includes pumps, collection pipelines and rights-of-way. The capital cost of such system has been borne by the city and its drainage system users. Such drainage system will be utilized by newly developed properties, and the capital cost, as applied to buildings presently served, is determined per each equivalent unit.

(2) Beginning January 1, 2019 ~~2010~~, and thereafter, in addition to other fees imposed by ordinance or pursuant to agreements, there is hereby imposed upon the owners of property seeking to develop within the city limits a drainage plant investment charge determined by multiplying the total number of equivalent residential units (ERU) by the capital cost per ERU.

(a) Residential. An equivalent residential unit (ERU) is determined to be ~~3,000~~ 3,500 square feet of impervious area. This is based on a lot size of up to 10,000 square feet. For plant investment charges for residential lots larger than 10,000 square feet, the ERUs will be calculated on the same basis as nonresidential development with a minimum of one ERU per lot.

(b) Nonresidential Development (Includes Multifamily Dwellings). Drainage plant investment charges for nonresidential development shall be calculated based on the number of equivalent residential units of impervious area of the proposed development, including fractions thereof. For example:

(i) Five thousand five hundred square feet of impervious area/~~3,000~~ 3,500 = ~~1.83~~ 1.57 ERUs.

(ii) Six thousand four hundred square feet of impervious area/~~3,000~~ ~~3,500~~ = 1.83 ~~2.13~~ ERUs.

(3) The drainage plant investment charges shall be established and calculated as follows:

(a) Prior to January 1, 2019 ~~2016~~, and for all projects for which a complete application has been submitted or a letter of completeness has been issued for any development permit prior to January 1, 2019 ~~2016~~:

(i) Drainage system valuation: $3,730,204 ~~$3,270,401~~.

(ii) Capital cost per equivalent residential unit (ERU): $802.00 ~~$665.00~~.

(b) On or after January 1, 2019 ~~2016~~ (excluding projects described in subsection (3)(a) of this section):

(i) Drainage system valuation: $8,780,236 ~~$3,730,204~~.

(ii) Capital cost per equivalent residential unit (ERU): $1,414.00 ~~$802.00~~. (Ord. 1405 § 1 (Exh. 1), 2015).

12.12.060 Lien charges.

Repealed by Ord. 1189. (Ord. 563 § 5, 1981).

12.12.070 Drainage fees and charges for property outside of the city.

When property outside of the city is served by storm sewers, drainage ditches, drainage channels or pumping facilities, charges for such drainage services, filing of liens or other fees or charges covered in this chapter shall be payable at the rate of 150 percent of the applicable charge or rate for service within the city. (Ord. 1405 § 1 (Exh. 1), 2015; Ord. 1189 § 2, 2006; Ord. 563 § 6, 1981).

12.12.080 Development fees.

At the time of application for a subdivision, short plat, planned unit development or binding site plan, a drainage assessment is to be submitted to the city clerk-treasurer in the amount of $400.00 plus $25.00 per lot. Such fee is to be credited to the drainage construction fund for the improvement of drainage facilities. (Ord. 1405 § 1 (Exh. 1), 2015; Ord. 1189 § 2, 2006; Ord. 695 § 12, 1986; Ord. 563 § 8, 1981).

12.12.090 Construction fund created.

There is created a special fund of the city to be known as the “drainage construction fund.” Any and all development fees shall be credited and paid into such fund to provide for construction and improvement of drainage facilities. (Ord. 1405 § 1 (Exh. 1), 2015; Ord. 1189 § 2, 2006; Ord. 563 § 9, 1981).

Chapter 12.16
WATER SYSTEM RATES AND CHARGES

Sections:

12.16.005 Definitions.

For the purposes of this chapter, the following definitions shall apply:

(1) "Quantity allowed" means the number of hundreds of cubic feet of water that may be consumed for the monthly minimum charge.

(2) "Overage" means the water that is consumed over the quantity allowed for each meter size in a month.

(3) "Low-income household" means a household in which the total annual income is below the very low-income level for the Seattle/Everett area as established and amended by survey from time to time by the United States Department of Housing and Urban Development.

(4) "Senior citizen" means a person 62 years of age or older.

(5) "Disabled person" means a person who qualifies for special parking privileges under RCW 46.16.381(1)(a) through (f), or a blind person as defined in RCW 74.18.020, or a person who qualifies for supplemental Social Security benefits due to a disability.

(6) "Inactive" means an account with less than 100 cubic feet of water consumption per month for one continuous billing period or more.

(7) "Customer" means the legal property owner at time of meter reading.

(8) "Account" means customer. (Ord. 1405 § 1 (Exh. 1), 2015; Ord. 1290 § 2, 2011; Ord. 1189 § 3, 2006; Ord. 994 § 1, 1996).

12.16.010 Water service rates.

(1) For the furnishing of service to users and potential users of the city water system, the rates and charges per month are established for the classifications indicated below.

(2) Water Service Rates – Metered Water. The following rates will be applied for monthly water service:

(a) Water System Monthly Charges Effective Date:

		1-Jan-19	1-Jan-20	1-Jan-21	1-Jan-22	1-Jan-23	1-Jan-24
Meter Size (inches)	Quantity Allowed (hundreds of cubic feet per mo.)	Base Monthly Rate	Base Monthly Rate	Base Monthly Rate	Base Monthly Rate	Base Monthly Rate	Base Monthly Rate
3/4"	6	$28.21	$29.06	$29.93	$30.83	$31.75	$32.23
1"	10	$47.09	$48.50	$49.96	$51.46	$53.00	$53.80
1-1/2"	20	$93.91	$96.73	$99.63	$102.62	$105.70	$107.28
2"	40	$150.31	$154.82	$159.46	$164.25	$169.18	$171.71
3"	80	$281.99	$290.45	$299.16	$308.14	$317.38	$322.14
4"	150	$470.07	$484.17	$498.70	$513.66	$529.07	$537.00

~~Classification~~	-	~~January 1, 2015~~	~~January 1, 2016~~	~~January 1, 2017~~	~~January 1, 2018~~	~~January 1, 2019~~
~~Meter Size (inches)~~	~~Quantity Allowed (hundreds of cubic feet per mo.)~~	~~Base Monthly Rate~~	~~Base Monthly Rate~~	~~Base Monthly Rate~~	~~Base Monthly Rate~~	~~Base Monthly Rate~~
~~3/4"~~	~~6~~	~~$23.21~~	~~$24.37~~	~~$25.59~~	~~$26.87~~	~~$28.21~~
~~1"~~	~~10~~	~~$38.74~~	~~$40.68~~	~~$42.71~~	~~$44.85~~	~~$47.09~~
~~1-1/2"~~	~~20~~	~~$77.26~~	~~$81.12~~	~~$85.18~~	~~$89.44~~	~~$93.91~~
~~2"~~	~~40~~	~~$123.66~~	~~$129.84~~	~~$136.33~~	~~$143.15~~	~~$150.31~~
~~3"~~	~~80~~	~~$231.99~~	~~$243.59~~	~~$255.77~~	~~$268.56~~	~~$281.99~~
~~4"~~	~~150~~	~~$386.73~~	~~$406.07~~	~~$426.37~~	~~$447.69~~	~~$470.07~~

(b) Charges for Consumption in Excess of the Quantity Allowed (by Hundreds of Cubic Feet). All amounts in excess of quantity allowed, unless included in the monthly minimum base charge, shall be charged at the following rate per each 100 cubic feet over the base quantity allowed:

Water System Consumption Charges Effective Date

	1-Jan-19	1-Jan-20	1-Jan-21	1-Jan-22	1-Jan-23	1-Jan-24
Incremental Rate (per 100 cf)	$3.69	$3.80	$3.91	$4.03	$4.15	$4.22

~~**Water System Consumption Charges Effective Date**~~

-	~~January 1, 2015~~	~~January 1, 2016~~	~~January 1, 2017~~	~~January 1, 2018~~	~~January 1, 2019~~
~~Incremental Rate (per 100 cf)~~	~~$3.03~~	~~$3.18~~	~~$3.34~~	~~$3.51~~	~~$3.69~~

(c) Water Service Outside the City Limits. Rates for services outside of the city of Stanwood shall be city rates as adopted, plus 45 percent.

(3) Conditions.

(a) In computation of bimonthly bills for service, the monthly minimum base charge and the quantity allowed for each rate block shall be multiplied by two.

(b) When multiple dwelling units, each having bathroom and/or kitchen facilities, within a building are served by a single meter connection, the minimum charge per month shall be the minimum monthly charge for a three-quarter-inch meter times the number of dwellings served by the single meter. (Ord. 1405 § 1 (Exh. 1), 2015; Ord. 1354 § 1, 2013; Ord. 1290 § 3, 2011; Ord. 1259 § 2, 2009; Ord. 1189 § 3, 2006; Ord. 1128 § 1, 2002; Ord. 1101 § 1, 2000; Ord. 1085 § 1, 1999; Ord. 994 §§ 2 – 5, 1996; Ord. 831 § 1, 1991; Ord. 808 § 1, 1990; Ord. 788 § 1, 1989; Ord. 749 § 1, 1988; Ord. 723 §§ 1, 2, 1987; Ord. 715 § 1, 1986; Ord. 709 § 1, 1986).

12.16.012 Water plant investment charge.

(1) The city council hereby finds and determines that the capital cost of the city's current and future water system, including pumps, wells, distribution lines, reservoirs and rights-of-way, is $32,998,575 ~~$37,797,283~~. The capital cost of such system has been borne by the city and its water system users. Such water system will be utilized by newly connecting properties, and the capital cost, as applied to buildings presently served, is $6,912 ~~$5,280~~ per each three-quarter-inch water meter.

(2) Prior to January 1, 2019, and for all projects for which a complete application has been submitted or a letter of completeness has been issued for any development permit prior to January 1, 2019, the plant investment charge shall be $5,280 for each equivalent connection.

~~(2)~~ (3) Beginning January 1, 2019 ~~2011~~, and thereafter, in addition to other fees imposed by ordinance or pursuant to agreements, there is hereby imposed upon the owners of property seeking to provide water service to their property by connecting to the city's water system a plant investment charge, determined by multiplying the total number of equivalent water connections proposed by $6,912 ~~$5,280~~. Equivalent connections and plant investment charges for all buildings shall be as follows:

Service Connection Size	Equivalent Connection	Charge
Up to 3/4"	1	$6,912
1"	1.67	$11,543
1-1/2"	3.33	$23,017
2"	5.33	$36,841
3"	10	$69,120
4"	16.67	$115,223
6"	33.33	$230,377
8"	53.33	$368,617

~~Service Connection Size~~	~~Equivalent Connection~~	~~Charge~~
~~Up to 3/4"~~	~~1.00~~	~~$5,280~~
~~1"~~	~~1.67~~	~~$8,818~~
~~1-1/2"~~	~~3.33~~	~~$17,584~~
~~2"~~	~~5.33~~	~~$28,144~~
~~3"~~	~~10.00~~	~~$56,342~~
~~4"~~	~~16.67~~	~~$88,024~~
~~6"~~	~~33.33~~	~~$175,995~~
~~8"~~	~~53.33~~	~~$281,603~~

(Ord. 1405 § 1 (Exh. 1), 2015).

12.16.013 Additional water plant investment charge for Cedarhome benefit area.

(1) The city council hereby finds and determines that the capital costs of water system improvements in the Cedarhome area are $2,732,000. Said water system improvements will be utilized by newly connecting

properties in the Cedarhome benefit area and the capital cost for each three-quarter-inch water meter shall be $2,570.

(2) The Cedarhome benefit area is hereby defined as that area shown in Exhibit A-1, titled Cedarhome Benefit Area, and Exhibit A-2, titled Cedarhome Benefit Area Tax Account Numbers, attached to the ordinance codified in this section and incorporated by this reference.

(3) In addition to other fees imposed by ordinance or pursuant to agreements, there is hereby imposed upon the properties in the Cedarhome benefit area seeking to obtain water service by connecting to the city's water system a plant investment charge, determined by multiplying the total number of equivalent connections proposed by $2,570.

(a) Equivalent connections and plant investment charges for all buildings shall be as follows:

Service Connection Size	**Equivalent Connection**	**Charge**
Up to 3/4"	1.00	$2,570
1"	1.67	$4,292
1-1/2"	3.33	$8,558
2"	5.33	$13,698
3"	10.00	$25,700
4"	16.67	$42,842
6"	33.33	$85,658
8"	53.33	$137,058

(Ord. 1405 § 1 (Exh. 1), 2015).

12.16.014 Low-income senior citizen and low-income disabled rates.

(1) Low-income senior citizens or low-income disabled persons who are customers of the utility shall be eligible to apply for water service at 70 percent of the monthly minimum charge, and full charge for all overage consumption.

(2) Low-income households in which the principal financial resources are provided by a senior citizen or a disabled person, as defined in this chapter, may apply for these reduced rates. The city may require a customer who is receiving service at a reduced rate to provide information annually to confirm their continued eligibility for the reduced rate.

(3) The reduced rate provided by this section shall apply only to three-quarter-inch single-family residential services. (Ord. 1405 § 1 (Exh. 1), 2015; Ord. 1189 § 3, 2006; Ord. 1101 § 1, 2000; Ord. 1085 § 1, 1999; Ord. 994 § 6, 1996).

12.16.016 Inactive rates.

(1) An inactive rate is available to accounts where consumption falls below 100 cubic feet for one month or 200 cubic feet for one continuous billing period. Inactive rates will only be available upon prior notice to the city. Inactive rates for all meter sizes shall be at 50 percent of the minimum monthly base water charge by meter size.

(2) If, for any reason, a meter has been shut off and locked, or pulled by the city, no subsequent utility charges shall accrue or be charged to that account. (Ord. 1405 § 1 (Exh. 1), 2015; Ord. 1189 § 3, 2006; Ord. 1101 § 1, 2000; Ord. 1085 § 1, 1999; Ord. 994 § 7, 1996).

12.16.020 Large seasonal users.

(1) Applicable to all users who:

(a) Consume more than 1,000,000 cubic feet per year; and

(b) Consume water at a rate of more than 100 gallons per minute (GPM); and

(c) Consume more than 20 percent of their annual water use in 30 consecutive calendar days.

(2) Demand and/or Consumption Charge. Large seasonal users shall pay a demand and/or consumption charge, which shall be determined by the Public Works Director at such time as a potential large seasonal user applies for water service. ~~The demand charge shall be in accordance with the following formula:~~

~~(a) Effective January 1, 2005, demand charge: $1.59 times (peak day water use for 2004 in GPM).~~

~~(b) Effective September 1, 2006, demand charge: $1.67 times (peak day water use for 2005 GPM).~~

~~(c) Effective January 1, 2007, demand charge: $1.79 times (peak day water use for 2006 GPM).~~

~~(d) Effective January 1, 2008, demand charge: $1.92 times (peak day water use for 2007 GPM).~~

~~(e) Effective January 1, 2009, demand charge: $2.06 times (peak day water use for 2008 GPM).~~

~~(3) Consumption Charge. In addition to the demand charge, large seasonal users shall pay a consumption charge equal to:~~

~~(a) Effective January 1, 2005, the annual average water consumption over the five previous calendar years divided by 12 times $1.21 per 100 cubic feet.~~

~~(b) Effective September 1, 2006, the annual average water consumption over the five previous calendar years divided by 12 times $1.27 per 100 cubic feet.~~

~~(c) Effective January 1, 2007, the annual average water consumption over the five previous calendar years divided by 12 times $1.36 per 100 cubic feet.~~

~~(d) Effective January 1, 2008, the annual average water consumption over the five previous calendar years divided by 12 times $1.46 per 100 cubic feet.~~

~~(e) Effective January 1, 2009, the annual average water consumption over the five previous calendar years divided by 12 times $1.57 per 100 cubic feet.~~

Any city utility tax is in addition to the above rates. (Ord. 1405 § 1 (Exh. 1), 2015; Ord. 1189 § 3, 2006; Ord. 1128 § 1, 2002; Ord. 1101 § 1, 2000; Ord. 1085 § 1, 1999; Ord. 994 § 8, 1996; Ord. 715 § 1, 1986; Ord. 709 §1, 1986).

12.16.030 Hydrant use fee.

Persons may request to draw water from the public works yard hydrant on a daily pay per use basis. Such use shall require a use fee of $50.00 per day and allow up to 5,000 gallons or 668.4 cubic feet of water withdrawal. Water withdrawal over 5,000 gallons or 668.4 cubic feet per day shall be charged an added ~~$5.34~~ per each additional 100 cubic feet or any portion thereof. (Ord. 1405 § 1 (Exh. 1), 2015; Ord. 1387 § 1, 2015; Ord. 1189 § 3, 2006; Ord. 1101 § 1, 2000; Ord. 1085 § 1, 1999; Ord. 715 § 1, 1986; Ord. 709 § 1, 1986).

12.16.040 Service connection charge.

(1) A permit fee to cover the cost of administration in the amount of $50.00 shall be charged for each application for city water service. Such fee shall be paid into the city general fund.

(2) Service Connection Charge. Each separate service connection shall pay a fee per meter size as follows:

3/4" or smaller	$600.00
1"	$700.00
1-1/2"	$2,000
2"	$2,500

Service connections made by City of Stanwood work crews may be made based on estimate of actual cost agreed to by applicant and paid in advance. Service connection charges for meters larger than two inches shall be determined by the public works director. (Ord. 1405 § 1 (Exh. 1), 2015; Ord. 1189 § 3, 2006; Ord. 1101 § 1, 2000; Ord. 1085 § 1, 1999; Ord. 715 § 1, 1986; Ord. 709 § 1, 1986).

12.16.050 Fire suppression systems.

(1) Rate per Month. Effective January 1, 2007, buildings with installed fire suppression systems owned and maintained by the customer shall be billed at $2.50 per month. (Ord. 1405 § 1 (Exh. 1), 2015; Ord. 1189 § 3, 2006).

12.16.060 Water theft – Penalty.

(1) It shall be unlawful for any person to make connections with any fixtures or connect any pipe with any water main or water pipe belonging to the water system, without first obtaining permission to do so from the city.

(2) Any person who shall violate or fail to comply with any provisions of this chapter shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine in any sum not exceeding $500.00 or by imprisonment for a term not exceeding 90 days, or by both fine and imprisonment. (Ord. 1405 § 1 (Exh. 1), 2015).

CITY OF STANWOOD
FINANCE/PERSONNEL COMMITTEE
AGENDA STAFF REPORT

ITEM:	**3**
DATE:	September 13, 2018
SUBJECT:	Capital Improvement Plan (CIP) *(Capital Facilities Element Update)*
CONTACT PERSON:	Kevin Hushagen, Public Works Director
ATTACHMENTS:	A 2019-2024 Capital Improvement Plan (CIP)

ISSUE

The issue in front of the Finance Committee is to discuss the proposed list of capital improvements in the 2019-2024Capital Improvement Plan.

RECOMMENDATION

1. Review and discuss the 2019-2024Capital Improvement Plan (CIP).
2. Make a recommendation to bring an Ordinance to City Council on final adoption.

SUMMARY STATEMENT

The purpose of capital improvement planning is to:

- Provide adequate public facilities to serve existing and new development;
- Reduce the cost of serving new development with public facilities; and
- Ensure that these facilities will be in place when development occurs.

The capital improvement plan is a six or more year plan of capital projects with estimated costs and proposed methods of financing that are updated annually.

The Washington State Growth Management Act requires jurisdictions fully planning under the GMA to include a Capital Facilities Element in their comprehensive plans (RCW 36.70A.070 (3)). The Capital Facilities Element is required before a jurisdiction can impose GMA impact fees.

The capital improvement plan implements the land use element of the comprehensive plan, and these two elements, including the financing plan within the Capital Facilities Element, must be coordinated and consistent.

DISCUSSION

The Comprehensive Plan amendment would occur in the Capital Facilities Element and is needed to update the list of projects and projected costs for the next 6 years. The updated list identifies building improvements, drainage, fire impact fees, parks, sewer, streets, and water capital projects with updated funding identified for the next 6 years.

The amendment maybe processed pursuant to RCW 36.70.130(2)(a)(iv) which allows the city to amend the Capital Facilities Element concurrently with the adoption of the City budget: 2(a) "… Amendments may be considered more frequently than once per year under the following circumstances…" (iv)"The amendment of the Capital Facilities Element of a comprehensive plan that occurs concurrently with the adoption or amendment of a county or city budget". The Stanwood Municipal Code 17.157.040 also allows the city to apply to amend the Capital Facilities Element when required for correlation with the budget up to December 30th each year.

While the City Council adopts a capital budget each year, the planning and actual expenditure of funds for capital projects generally occurs over a period of years. The City's Comprehensive Plan, Capital Facilities Plan, Transportation Improvement Plan, Water System Plan, General Sewer Plan, Park and Recreation Open Space Plan and Stormwater Management Plan identify the capital improvements needed to serve existing residents and maintain levels of service as new residents and businesses move into the City. The City Council also adopts a set of community improvement goals as a part of the annual budget process.

COUNCIL OPTIONS

1) Recommend bringing the proposed 2019 – 2024 Capital Improvement Plan (CIP) to Council for adoption through an ordinance.
2) Direct staff to provide alternatives to the 2019 – 2024 Capital Improvement Plan (CIP) to consider prior to bringing back to City Council.
3) Recommend denial of the proposed 2019 – 2024 Capital Improvement Plan (CIP).

City of Stanwood
6-Year Capital Improvement Plan
2019-2024

ATTACHMENT A

Fire Impact Fees (105)		Budget 2019	Budget 2020	2021	2022	2023	2024
	SFR Building Permits	0	29	40	26	20	20
Beginning Cash & Investments		$71,260	$77,360	$83,260	$91,360	$96,660	$100,760
Revenues							
Impact Fees		$6,000	$5,800	$8,000	$5,200	$4,000	$4,000
Interest		$100	$100	$100	$100	$100	$100
Total Resources (includes BNC)		**$77,360**	**$83,260**	**$91,360**	**$96,660**	**$100,760**	**$104,860**
Expenditures:	**Total Proj Cost**						
Machinery & Equipment	$0						
Total Expenditures	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Ending Cash & Investments		**$77,360**	**$83,260**	**$91,360**	**$96,660**	**$100,760**	**$104,860**

City of Stanwood
6-Year Capital Improvement Plan
2019-2024

Building Improvement (110)		Budget 2019	2020	2021	2022	2023	2024
	SFR Building Permits	29	40	26	20	20	20
Beginning Cash & Investments		$615,000	$310,000	$315,000	$320,000	$325,000	$330,000
Revenues							
Impact Fees		$0	$0	$0	$0	$0	$0
REET 1 Transfer-In		$0	$0	$0	$0	$0	$0
Bond Proceeds / Debt				$6,000,000			
Grant Proceeds		$0	$0			$0	$0
Interest		$5,000	$5,000	$5,000	$5,000	$5,000	$5,000
Total Resources (includes BNC)		**$620,000**	**$315,000**	**$6,320,000**	**$325,000**	**$330,000**	**$335,000**
Expenditures:	**Total Proj Cost**						
New Police/City Hall Design	$300,000	$300,000					
New Police Station/Records Room	$6,000,000			$6,000,000			
Police Station (paint)	$10,000	$10,000					
Total Expenditures	**$6,310,000**	**$310,000**	**$0**	**$6,000,000**	**$0**	**$0**	**$0**
Ending Cash & Investments		**$310,000**	**$315,000**	**$320,000**	**$325,000**	**$330,000**	**$335,000**

City of Stanwood
6-Year Capital Improvement Plan
2019-2024

Street (102/103/677)		Budget 2019	2020	2021	2022	2023	2024
	Permits	29	40	26	20	20	20
Beginning Cash & Investments		$1,928,500	$1,429,118	$1,848,904	$98,429	$89,375	$189,197
Revenues							
Impact Fees	$3,523.39	$102,178	$140,936	$91,608	$70,468	$70,468	$70,468
WSDOT/Safe Routes to School							
DOC/Safe Routes to School							
FHWA - STP							
Bond Proceeds / Debt							
RTCC Grant		$1,437,500					
State Budget Direct Apppropriation		$500,000					
TIB Grant		$720,000					
Grants			$1,400,000	$1,000,000	$6,700,000	$6,500,000	$21,500,000
Transportation Sales Tax		$298,788	$307,752	$316,984	$326,494	$336,289	$346,377
Interest		$19,285	$14,291	$18,489	$984	$894	$1,892
Total Resources (includes BNC)		**$5,006,251**	**$3,292,097**	**$3,275,985**	**$7,196,375**	**$6,997,025**	**$22,107,934**
Expenditures:	**Proj Cost**						
New Sidewalk/Trail Installation	$420,000	$70,000	$70,000	$70,000	$70,000	$70,000	$70,000
Sidewalk Repair	$180,000	$50,000	$50,000	$20,000	$20,000	$20,000	$20,000
Miscellaneous	$150,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000
72nd (272nd - 276th) *	$2,200,000				$200,000	$2,000,000	
Pavement Inventory	$50,000		$50,000				
Viking Way / 90th *	$2,000,000	$2,000,000					
102nd Ave Ovelay *	$301,458	$301,458					
276th St.Overlay *	$530,675	$530,675					
SR532/Ovenell Access *	$3,500,000						$3,500,000
SR532/98th Hamilton Access *	$3,500,000						$3,500,000
284th St Improvements: 80th Ave to City Limits*	$6,220,000			$220,000	$6,000,000		
272nd St. Reconstruction (72nd Ave. to Pioneer Hwy)*	$4,000,000			$2,000,000			$2,000,000
102nd Ave Sidewalk *	$106,498		$106,498				
92nd Ave Sidewalk *	$150,000	$150,000					
273rd Pl. Sidewalk *	$175,452		$175,452				
72nd Ave Sidewalk *	$491,359	$100,000	$391,359				
101st Ave Reconstruction *	$2,640,000				$792,000	$1,848,000	
SR 532 Flood Berm/Bike Path *	$200,000		$200,000				
90th Ave 271st to 272nd *	$124,884		$124,884				
80th Ave Reconstruction *	$7,030,000					$2,109,000	$4,921,000
SR532 & 64th Roundabout *	$3,500,000						$3,500,000
284th St Sidewalk *	$185,880			$185,880			
98th Dr. Sidewalk 268th to 270th *	$123,240			$123,240			
270th St. Redesign Curbs 98th to 102nd *	$735,828					$735,828	
272nd St Sidewalk 72nd to 76th *	$533,436			$533,436			
276th St. Sidewalk 70th to 73rd *	$150,000	$150,000					
Cedarhome Dr. Sidewalk 271st to 276th *	$714,612						$714,612
WWTP Loop Trail *	$2,772,500						$2,772,500
Heritage Park Loop Trail *	$535,000						$535,000
Church Creek Park Loop Trail *	$411,750						$411,750
276th St. (Lover's Lane) Chip Seal	$200,000	$200,000					
272nd Pl. 99th to 102nd Overlay	$250,000		$250,000				
Total Expenditures	**$43,632,572**	**$3,577,133**	**$1,443,193**	**$3,177,556**	**$7,107,000**	**$6,807,828**	**$21,969,862**
Ending Cash & Investments		**$1,429,118**	**$1,848,904**	**$98,429**	**$89,375**	**$189,197**	**$138,072**

*** Project also included in TIP**

City of Stanwood
6-Year Capital Improvement Plan
2019-2024

Parks (104/106/120/121)		Budget 2019	2020	2021	2022	2023	2024
	SFR Building Permits	29	40	26	20	20	20
Beginning Cash & Investments		$1,310,932	$1,107,625	$124,333	$167,937	$8,097	$100,994
Revenues							
Impact Fees	$640.80	$18,583	$25,632	$16,661	$12,816	$12,816	$12,816
REET Transfers-In		$120,000	$180,000	$245,000	$120,000	$80,000	$80,000
Bond Proceeds / Debt							
Grant Proceeds		$0	$0	$0	$500,000	$0	$0
Construction Sales Tax				$1,000,000			
Hamilton (WWRP/ALEA)			$250,000	$250,000			
RCO			$500,000	$1,600,000	$800,000		
Interest	$28,199	$13,109	$11,076	$1,243	$1,679	$81	$1,010
Total Resources (includes BNC)		**$1,462,625**	**$2,074,333**	**$3,237,237**	**$1,602,432**	**$100,994**	**$194,820**
Expenditures:	**Total Proj Cost**						
Ovenell Property	$818,635	$55,000	$75,000	$344,300	$344,335		
Heritage Park - 4th Field & Trail	$2,000,000	$100,000	$1,000,000		$1,000,000		
Hamilton Property	$2,175,000	$200,000	$500,000	$1,475,000			
Trail Plan Implementation	$750,000		$250,000	$250,000	$250,000		
Acquisition-Heritage Park Expansion	$1,000,000			$1,000,000			
Church Creek	$125,000		$125,000				
Total Expenditures	**$6,868,635**	**$355,000**	**$1,950,000**	**$3,069,300**	**$1,594,335**	**$0**	**$0**
Ending Cash & Investments		**$1,107,625**	**$124,333**	**$167,937**	**$8,097**	**$100,994**	**$194,820**

City of Stanwood
6-Year Capital Improvement Plan
2019-2024

Water (422/423/424)		2019	2020	2021	2022	2023	2024
	SFR Building Permits	29	40	26	20	20	20
Beginning Cash & Investments		$651,189	$375,101	$284,052	$389,772	$291,270	$218,783
Revenues							
Connection Fees	$600	$17,400	$24,000	$15,600	$12,000	$12,000	$12,000
Cedarhome Benefit Area							
Transfers-In from Operating Funds		$0	$0	$0	$0	$0	$0
Plant Investment Charge ($5,280)	$5,280		$211,200	$137,280	$105,600	$105,600	$105,600
REET		$498,000					
Bond Proceeds / Debt			$1,800,000				
Grant Proceeds						$1,500,000	$1,400,000
Interest		$6,512	$3,751	$2,841	$3,898	$2,913	$2,188
Total Resources (includes BNC)		**$1,173,101**	**$2,414,052**	**$439,772**	**$511,270**	**$1,911,783**	**$1,738,571**
Expenditures:	**Total Proj Cost**						
Transfer to Water Operating Fund 421	$63,480	$10,580	$10,580	$10,580	10580	$10,580	$10,580
Rate Study	$25,000						$25,000
Improvements	$300,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000
Long Term Water Supply Study	$40,000	$20,000					$20,000
Hatt Slough Study	$25,000				$25,000		
Telemetry	$33,000				$33,000		
297 Zone Reservoir	$2,000,000	$200,000	$1,800,000				
Decomission Fure Well	$30,000	$30,000					
Cedarhome Sand Production	$0						
Cedarhome Generator	$250,000		$250,000				
Knittle Generator (2021-2026)	$260,000						$260,000
Knittle Booster Upgrades	$945,000					$236,000	$709,000
Viking Way water main	$498,000	$498,000					
85th Dr water main	$400,000				$45,000	$355,000	
Bryant Well monitor	$30,000		$30,000				
Cedarhome Dr water main	$517,000				$67,000	$450,000	
Knittle tank recoating	$540,000					$540,000	
Park Lane water main	$482,000					$62,000	$420,000
Total Expenditures	**$6,375,000**	**$798,000**	**$2,130,000**	**$50,000**	**$220,000**	**$1,693,000**	**$1,484,000**
Ending Cash & Investments		**$375,101**	**$284,052**	**$389,772**	**$291,270**	**$218,783**	**$254,571**

City of Stanwood
6-Year Capital Improvement Plan
2019-2024

Sewer (403/405)		2019	2020	2021	2022	2023	2024
	SFR Building Permits	29	40	26	20	20	20
Beginning Cash & Investments		$1,664,981	$761,935	$171,594	$185,686	$192,063	$13,504
Revenues							
Connection Fees	$500	$14,500	$20,000	$13,000	$10,000	$10,000	$10,000
Plant Investment Charge	$6,476	$187,804	$259,040	$168,376	$129,520	$129,520	$129,520
REET			$169,000				
Bond Proceeds / Debt			$100,000	$1,700,000	$200,000		$4,400,000
Grant Proceeds							
Transfer in from Operations			$250,000	$250,000	$100,000	$100,000	$100,000
Interest		$16,650	$7,619	$1,716	$1,857	$1,921	$135
Total Resources (includes BNC)	**$11,469,940**	$1,883,935	$1,567,594	$2,304,686	$627,063	$433,504	$4,653,159
Improvements	$200,000	**$25,000**	**$35,000**	**$35,000**	**$35,000**	**$35,000**	**$35,000**
Miscellaneous Improvements Pipe Repl (EX1)	$1,096,000			$274,000	$274,000	$274,000	$274,000
Collector/Interceptor Syst Flow Mon & Video (EX 2)	$368,000	**45000**	$50,000		$40,000		$233,000
Church Creek Collection System Const (EX5A)	$1,175,000	$150,000		$1,025,000			
Cedarhome Collection System Construction (EX5B)	$175,000						$175,000
UV Energy Efficiency Upgrades	$48,000	$48,000					
272nd/101st-99th (Ex13)	$950,000		$200,000	750000			
Pioneer Highway/Cedarhome to 267th St (EX 17)	$50,000	$50,000					
Lower Pioneer Highway Interceptor (EX18)	$500,000		$500,000				
72nd Avenue and 261st St. Interceptor (EX19)	$717,000						$717,000
72nd Ave Gravity Main Replacement (DF2)	$193,000						$193,000
Church Creek Loop Gravity Main Replacement (DF3)	$423,000						$423,000
68th Ave Gravity Main Replacement (DF4)	$321,000						$321,000
Miscellaneous Improvements Facilities (EX6)	$140,000			35,000.00	$35,000	$35,000	$35,000
Telemetry System Upgrades (EX7)	$225,000	$225,000					
Biosolids Processing Facility(EX8A-B)	$2,035,000	$110,000					$1,925,000
Grit Removal Unit Installation (EX9)	$203,000				51000	$76,000	$76,000
Viking Way	$169,000	$169,000					
Main Lift Station Upgrades	$563,000	$150,000	$413,000				
Ultra violet disinfection	$173,000		$48,000				$125,000
Smoke Testing/camera/flow meter basin 1	$300,000	$150,000	$150,000				
Wastewater Rate Study	$50,000						**$50,000**
Total Expenditures	**$10,074,000**	$1,122,000	**$1,396,000**	**$2,119,000**	**$435,000**	**$420,000**	**$4,582,000**
Ending Cash & Investments		$761,935	$171,594	$185,686	$192,063	$13,504	$71,159

City of Stanwood
6-Year Capital Improvement Plant
2019-2024

Drainage (411/412)		2019	2020	2021	2022	2023	2024
	SFR Building Permits	29	40	26	20	20	20
Beginning Cash & Investments	**Fees**	$125,000	$211,335	$208,048	$192,619	$171,845	$92,072
Revenues							
Plant Investment Fees	$665	$19,285	$26,600	$17,290	$13,300	$13,300	$13,300
Drainage Connection Fees	$200	$5,800	$8,000	$5,200	$4,000	$4,000	$4,000
Transfer-In from Drainage Operating		$100,000	$0	$0	$0	$0	$0
Bond Proceeds / Debt			$930,000	$1,064,300	$2,214,335	$700,000	$700,000
Grant Proceeds		$911,200	$1,170,000	$650,000	$650,000	$1,300,000	$1,751,557
Floodplains by Design		$1,000,000					
Interest		$1,250	$2,113	$2,080	$1,926	$1,718	$921
Total Resources (includes BNC)		**$2,162,535**	**$2,348,048**	**$1,946,919**	**$3,076,180**	**$2,190,863**	**$2,561,850**
	Total						
(CIP#) Expenditures	**Proj Cost**						
Drainage Rate Study	$25,000						$25,000
(-) Retention Pond Improvements	$150,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000
(10) 85th Ave N Runoff	$738,635		$50,000	$344,300	$344,335		
(1) Irvine Slough Stormwater Separation	$8,800,000	$1,000,000	$1,800,000	$1,000,000	$1,000,000	$2,000,000	$2,000,000
(11) SR532 Flood Berm	$911,200	$911,200					
(7) 101st, 102nd, 103rd Replacement	$1,500,000		$250,000	$250,000	$1,000,000		
(2) 92nd Ave (271st-SR532)	$640,000			$120,000	$520,000		
(4) 276th Pl Pioneer Hwy Drainage Imp	$58,791					$58,791	
(6) Augusta St. Pipe Upsize	$292,915						$292,915
(8) 271st St NW @ Florence Rd Upsize	$158,642						$158,642
Irvine Slough Erosion Control	$90,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000
Total Expenditures	$13,365,183	$1,951,200	$2,140,000	$1,754,300	$2,904,335	$2,098,791	$2,516,557
Ending Cash & Investments		**$211,335**	**$208,048**	**$192,619**	**$171,845**	**$92,072**	**$45,293**

CITY OF STANWOOD
FINANCE/PERSONNEL COMMITTEE
AGENDA STAFF REPORT

ITEM:	**4**	
DATE:	September 13, 2018	
SUBJECT:	Reimbursement Resolution	
CONTACT PERSON:	David Hammond, Finance Director	
ATTACHMENTS:	**A**	Draft Resolution 2018-21, Reimbursement Resolution appointing Finance Director responsible official for the purposes of issuing statements of official intent in compliance with IRS regulations.
	B	Bond Counsel Memorandum – rules for reimbursement for capital projects.

ISSUE

The issue in front of the Finance Committee is to discuss designation of the Finance Director as responsible official for the purposes of issuing statements of official intent in compliance with IRS regulations.

RECOMMENDATION

Review and discuss the reimbursement resolution and make a recommendation to bring the resolution to City Council for final adoption.

SUMMARY STATEMENT

The purpose of the appointment of a responsible official to issue statements of intent are to ensure that expenditures made for a capital project prior to borrowing are eligible for inclusion in the borrowing. The first example is the purchase of land for the new Police Station/Records room and City Hall. In addition, the utility rate study just completed by the FCS Group outlines borrowing requirements that will be initiated in 2019 if approved by the City Council.

DISCUSSION

A reimbursement bond is the portion of the bond issue used to reimburse the issuer for an original expenditure made before the reimbursement bonds are issued and paid from a source other than a reimbursement bond. The issuer must declare official intent to issue bonds to reimburse itself no later than 60 days after payment of the original expenditure. wReimbursement bond proceeds must be allocated to payment for the original expenditure within 18 months after the expenditure was paid. The Building Improvement Fund and the utility funds have capital projects that will qualify for reimbursement of the future bond issuance. The adoption of Resolution No. 2018-21 is required if the City intends to reimburse depleted funds from the bond proceeds.

FINANCIAL IMPACT

Adoption of Resolution 2020-21 allows the City to reimburse the Building Improvement Fund for eligible expenditures made prior to debt issuance and also make similar reimbursement to utilities for system improvements and upgrades from the proceeds of future borrowing. The City anticipates funding identified projects with bond revenue proceeds in the current Capital Improvement plan, and has an agreement to purchase property that would be eligible for reimbursement.

COUNCIL OPTIONS

1) Recommend bringing the proposed Reimbursement Resolution designating the Finance Director as the official authorized to make declarations of official intent on behalf of the City and declaring an official intent to reimburse capital expenditures in connection with the City's construction of a new police station, records room and city hall, and utility system improvements and upgrades from proceeds of future funding to City Council for adoption.
2) Direct staff to provide alternatives to the proposed Reimbursement Resolution designating the Finance Director as the official authorized to make declarations of official intent on behalf of the City and declaring an official intent to reimburse capital expenditures in connection with the City's construction of a new police station, records room and city hall, and utility system improvements and upgrades from proceeds of future funding to City Council for adoption.
3) Recommend denial of the proposed Reimbursement Resolution to City Council for adoption.

RESOLUTION NO. 2018-21
CITY OF STANWOOD, WASHINGTON

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STANWOOD, WASHINGTON, AUTHORIZING THE FINANCE DIRECTOR TO MAKE DECLARATIONS OF OFFICIAL INTENT ON BEHALF OF THE CITY TO REIMBURSE CAPITAL EXPENDITURES FROM FUTURE BORROWINGS.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STANWOOD, WASHINGTON, as follows:

Section 1. Findings and Determinations. The City Council (the "City Council") of the City of Stanwood, Washington (the "City"), takes note of the following facts and makes the following findings and determinations:

(a) The City issues tax-exempt, tax-advantaged and other obligations ("bonds") from time to time for the purpose of financing its governmental activities. The City makes capital expenditures from time to time from money that is available but that is not (and is not reasonably expected to be) reserved, allocated on a long-term basis or otherwise set aside for those expenditures, and the City reasonably expects to be reimbursed for those expenditures from proceeds of bonds issued or incurred to finance those expenditures.

(b) United States Treasury Regulations Section 1.150-2 relating to the reimbursement of prior expenditures from proceeds of bonds requires, among other things, that not later than 60 days after payment of the original expenditure the City (or any person designated by the City to do so on its behalf) declare a reasonable official intent to reimburse those original expenditures from proceeds of bonds ("official intent").

(c) The City desires to appoint the Finance Director/City Clerk (the "Finance Director") of the City as a person authorized and designated to declare official intent on behalf of the City.

Section 2. Appointment of Finance Director. The City Council designates and appoints the Finance Director as a responsible official for the purpose of issuing statements of official intent in compliance with United States Treasury Regulations Section 1.150-2.

Section 3. Statements of Official Intent. Upon a determination by the Finance Director that the costs of a particular governmental project, property or program may be reimbursed from the proceeds of bonds, the Finance Director is authorized and directed to execute a certificate of official intent, substantially in the form attached as Exhibit A. Each certificate so executed is a part of the official records of the City available for public inspection and review.

Section 4. Ratification and Confirmation. All actions of the City or its officers taken prior to the effective date and consistent with the terms of this resolution are ratified and confirmed.

Section 5. Effective Date. This resolution is effective immediately upon its approval and adoption.

APPROVED AND ADOPTED at a regular meeting of the City Council of the City of Stanwood, Washington, and executed by its Mayor this ____ day of ____________, 2018.

BY______________________
Leonard Kelley, Mayor

ATTEST:

BY__________________________
David A. Hammond, City Clerk

APPROVED AS TO FORM:

BY_____________________________________
Grant Weed, City Attorney

53141381.1

EXHIBIT A

FORM OF OFFICIAL INTENT CERTIFICATE

Under Resolution No. 2018-21 of the City Council of the City of Stanwood, Washington (the "City"), I, the undersigned, make the following declaration on behalf of the City.

Section 1. Responsible Official. I am the duly appointed, qualified and acting Finance Director of the City and, as such, have been designated by the City to make declarations of official intent on behalf of the City when necessary or appropriate for any purpose under, and in compliance with, the requirements of United States Treasury Regulations Section 1.150-2 relating to the use of proceeds of tax-exempt, tax-advantaged and other obligations ("bonds") to reimburse the City for capital expenditures (and certain extraordinary working capital expenditures) made by the City before the issue date of the bonds.

Section 2. Description of Project for Which Expenditures are to be Made. The City intends to make (and/or, not more than 60 days before the date of this declaration, has made) expenditures, and reasonably expects to reimburse itself for those expenditures from proceeds of bonds, for the following project, property or program ("project"):

> [*Insert general functional description of the project or, alternatively, identify the name and functional purpose of the fund or account from which the expenditures will be made.*]
>
> ____
> ____
> ____
> ____

Section 3. Maximum Principal Amount of Bonds Expected to be Issued for the Project. The City expects that the maximum principal amount of bonds that will be issued to finance the project is $_______________.

Section 4. Declaration Reasonable. I have reviewed the existing and reasonably foreseeable budgetary and financial circumstances of the City and have determined that the City reasonably expects to reimburse itself for expenditures for the project from proceeds of bonds because the City has no funds available that already are, or are reasonably expected to be, reserved, allocated on a long-term basis or otherwise set aside by the City for those expenditures on the project.

Section 5. Limitations on Uses of Reimbursement Amounts. The City will not, within one year after the expected reimbursement, use amounts corresponding to proceeds received from bonds issued in the future to reimburse the City for previously paid expenditures for the project in any manner that results in those amounts being treated as replacement proceeds of any tax-exempt bonds, i.e., as a result of being deposited in a reserve fund, pledged fund, sinking fund, or similar fund (other than a bona fide debt service fund) that is expected to be used to pay principal of or interest on tax-exempt bonds. The City will not use those amounts in any manner that employs an abusive arbitrage device to avoid arbitrage restrictions.

Dated: ________________.

CITY OF STANWOOD, WASHINGTON

____

David A. Hammond, Finance Director

FOSTER PEPPER PLLC

Memorandum

To: David Hammond, Finance Director/City Clerk

From: Lee Marchisio

Date: September 6, 2018

Subject: Basic reimbursement rules for capital projects

IRS regulations require bond issuers (such as the City of Stanwood) to spend 85% of bond proceeds within three years. If an issuer makes expenditures for a capital project from funds that are not reasonably intended to be permanently allocated for that purpose ("original expenditures"), the issuer may use bond proceeds to reimburse those original expenditures and treat the bond proceeds as spent when used to make the reimbursement, if certain requirements are met.

Declaration of Official Intent to Reimburse Original Expenditures. Not later than 60 days after payment of the original expenditures (except for payments of original expenditures made for "preliminary expenditures" such as payments for architectural, engineering, surveying, soil testing and similar costs prior to commencement of acquisition or construction of the project, but not including costs of land acquisition or site preparation), the issuer must declare its official intent to reimburse the original expenditures from the proceeds of bonds. The declaration of official intent must be in writing and may be in any reasonable form, such as a resolution of the issuer or action by an official authorized or designated to declare official intents on behalf of the issuer. The declaration of official intent must generally describe the project for which the original expenditures are paid and state the maximum principal amount of bonds expected to be issued for the project.

Issuance of Reimbursement Bonds. The bonds from which the issuer expects to reimburse original expenditures for a project must be issued and the "reimbursement allocation" made not later than 18 months after the *later* of (a) the date the original expenditure was paid, or (b) the date that the financed project is first placed in service, but in any event not later than three years after the original expenditure was paid (except for original expenditures that constitute "preliminary expenditures" described above). A "reimbursement allocation" is an allocation in writing in the issuer's records showing that the issuer is using bond proceeds to reimburse an original expenditure for the project. If the reimbursement allocation is made within 30 days after the issue date of the bonds, it is treated as made on the issue date of the bonds. Bond proceeds used to make a proper reimbursement allocation under these rules are treated as "spent" on the date of reimbursement. These rules can be helpful to an issuer in demonstrating compliance with IRS regulations regarding timely expenditure of bond proceeds.