



**CITY OF LAKE FOREST PARK
CITY COUNCIL
AGENDA COVER SHEET**

Meeting Date	October 27, 2022
Originating Department	Finance Department
Contact Person	Lindsey Vaughn, Finance Director
Title	Resolution 1865/ Setting 2023 and 2024 Sewer Rates

Legislative History

- First Presentation – September 8, 2022, Mayor’s Proposed 2023-2024 Biennial Budget
 - Second Presentation – October 27, 2022, Biennial Budget Public Hearing
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Attachments:

1. Resolution 1865/ Setting the 2023 and 2024 Sewer Rates
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Executive Summary

This ordinance increases the sewer utility rates for the fiscal years 2023 and 2024. The City of Lake Forest Park’s sewer rate is composed of two portions, the City’s and King County’s. The King County Wastewater Treatment Charge increase is a pass-through charge for the treatment of the sewer from residential and commercial Lake Forest Park customers. The City’s portion covers the increasing costs associated with the maintenance and operations of the sewer system. The City’s portion of the sewer rate also contributes to the Sewer Capital Fund for future infrastructure improvements.

Background

Sewer Rate

The wastewater treatment charge from King County is scheduled to increase by \$2.84 per month for single-family residential customers in 2023 and \$3.00 in 2024. Multifamily rates are scheduled to increase by 5.75% in both 2023 and 2024. Commercial rates are scheduled to increase \$0.35 per ccf per month in 2023 and \$0.38 in 2024.

The City’s portion of the sewer rate increases follows a study that was completed in 2004, which recommended increasing the rate by 3% for both 2023 and 2024. The increase is \$0.61 in 2023 and \$0.62 in 2024.

The total combined sewer rate increase from both the City and King County will be 5% for both fiscal years resulting in an increase of \$3.45 in 2023 and \$3.62 in 2024.

These charges are shown in the table below:

Monthly Residential Rates

	2022	2023	2024
County	49.27	52.11	55.11
City	20.16	20.77	21.39
	\$ 69.43	\$ 72.88	\$ 76.50
Monthly Increase: \$	3.04	\$ 3.45	\$ 3.62
Total Increase	4.6%	5.0%	5.0%
County Portion	4.0%	5.75%	5.75%
City Portion	6%	3.0%	3.0%

Commercial & Multi-Family (consumption based)

	2022	2023	2024
County	6.22	6.57	6.95
City	4.08	4.20	4.33
	10.30	10.78	11.28
Monthly Increase: \$	0.47	\$ 0.48	\$ 0.50
% Increase:	4.8%	5%	5%

Wastewater Excise Tax

By policy, the City levies an excise tax on owners of property that can be connected to the City’s sewer system, but the owner chooses not to. The current rate is \$20.16 billed and payable bimonthly for the privilege of operating an on-site wastewater disposal system in lieu of connecting to the public system. The Wastewater excise tax portion does not increase when King County increases its portion of the sewer rate, only the City’s portion. The new sewer excise tax rate for 2023 will be \$20.77 and \$21.39 in 2024, increasing by 3% each year.

Fiscal & Policy Implications

This ordinance increases the sewer rate charge by 5.75% which is paid to King County for wastewater treatment as a pass-through for 2023 and 2024, and the City’s portion of the sewer rate by 3% for both years. The total combined sewer rate increase will raise the rate by a combined total of 5% for both years.

The sewer rate increase for 2023 will be effective on January 1, 2023, and the sewer rate increase for 2024 will be effective on January 1, 2024. The Resolution proposes to increase both 2023 and 2024 sewer rates on the same Resolution with different effective dates. The reason for including both fiscal years in one Resolution is due to the rate increases being included in the 2023-2024 Biennial Budget.

Alternatives

<i>Options</i>	<i>Results</i>
• Adopt a resolution to increase the sewer rate	Maintains the financial health of the sewer fund for the City
• Do not approve the resolution to increase the sewer rate	The sewer utility will need to work on a new financial plan that would reduce the city's costs for sewer services, so that the City is able to fund the increase to King County and ongoing operations, maintenance, and capital infrastructure improvements.

Staff Recommendation

Approve Resolution 1865 to increase the 2023 and 2024 Sewer Rates.