



City of Stevenson

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To: City Council
From: Leana Kinley, City Administrator
RE: Utility Rate Restructuring
Meeting Date: October 21, 2021

Executive Summary:

The current rate structure for mixed use properties is different than it is for multi-family properties with mixed use properties paying less for services. Multi-family properties are billed for base fees based on the number of units they have. A five-unit apartment would be billed for five residential base fees. A mixed-use property with two apartments and a commercial business (restaurant, office, etc.) is billed based on the meter size.

There are also different methodologies to calculate the sewer system development charges which may help encourage more downtown development.

This topic is to discuss whether to move forward with changes to any of these rate calculations.

Overview:

Monthly rates and billing

There are multiple buildings primarily in the downtown core which are mixed-use with commercial and residential units within the same building. Our current code and practice classify mixed-use properties solely as commercial. Sewer flow is billed on commercial properties based on water usage. In the past it was assumed that the differences wash out in the end due to this factor. With base fees increasing to pay for the plant upgrades, this is no longer the case.

One example is a mixed-use property with one office space and two apartments (estimated).

	Current 1" Commercial	2 Residential + 1 Commercial	Difference
Water	\$1,294.54	\$1,400.40	\$105.86
Sewer	2,519.34	2,946.70	427.36
Total	\$3,813.88	\$4,347.10	\$533.22

All other apartment complexes and hotels pay on a per unit basis and a change to the code would extend the basis to mixed-use. Any changes to the rate structure would need to be authorized by ordinance and requires at least one public hearing.

System development charges

The current system development charges are based on the type of use (restaurant, office, manufacturing, residential, etc.) and may apply to expansions and change of use of any buildings. It has come to the city's attention that the rates are prohibitive to new restaurants, or expansions of restaurants. With the addition of a BOD surcharge to the monthly base fee, the need for billing the impact based on type of use is addressed. There are various ways to calculate system development charges, and staff wants to discuss these options and their impact on future development.

Action Needed:

Direction on whether to proceed with updates to the rate structures.