

CITY OF FIFE, WASHINGTON

ORDINANCE NO. 1884

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FIFE, PIERCE COUNTY, WASHINGTON, AMENDING SUBSECTION 13.04.240A OF THE FIFE MUNICIPAL CODE REGARDING WATER RATES**

WHEREAS, the City purchases its water from Tacoma Water; and

WHEREAS, the City hired the outside consulting group, FCS Group, to analyze the City's current rate structure and make recommendations about future costs and necessary increases; and

WHEREAS, FCS Group has made a recommendation that the water utility rates be adjusted based on a weighted average inflation index, a formula that is comprised of wholesale service costs, other operating and management costs that are linked to general cost inflation as defined by the Seattle Consumer Price Index (CPI), and rate-funded capital costs that are linked to construction cost inflation, as defined by the Engineering News Record (ENR) Construction Cost Index; and

WHEREAS, the use of this formula would go into effect from the year 2016 onward; and

WHEREAS, a public hearing on the proposed rate change was held on September 9, 2014; now therefore

THE CITY COUNCIL OF THE CITY OF FIFE, PIERCE COUNTY, WASHINGTON DO ORDAIN AS FOLLOWS:

Section 1. Fife Municipal Code 13.04.240(A) is hereby amended to read as follows:

**13.04.240 Meter rates for water service within city limits.**

A. Meter rates shall be as follows:

1. Effective January 1, 2014, the minimum monthly rate for water supplied through meters to users within the city limits and the associated base usage amounts shall be as follows:

Meter Size (in inches)	Minimum Charge Per Month	Monthly Base Amount
5/8 x 3/4 or 3/4	\$ 25.56	300 cubic ft. or less
1	\$ 85.18	1,000 cubic ft. or less
1-1/2	\$ 153.43	1,800 cubic ft. or less
2	\$213.02	2,500 cubic ft. or less
3	\$426.15	5,000 cubic ft. or less
4	\$639.17	7,500 cubic ft. or less
6	\$1278.38	15,000 cubic ft. or less

For every 100 cubic feet of water supplied through meters to users within the city limits in excess of the monthly base usage amounts above, \$3.22 will be charged.

2. Effective January 1, 2015, the minimum monthly rate for water supplied through meters to users within the city limits and the associated base usage amounts shall be as follows:

Meter Size (in inches)	Minimum Charge Per Month	Monthly Base Amount
5/8 x 3/4 or 3/4	\$ 26.07	300 cubic ft. or less
1	\$ 86.88	1,000 cubic ft. or less
1-1/2	\$ 156.50	1,800 cubic ft. or less
2	\$217.28	2,500 cubic ft. or less
3	\$434.67	5,000 cubic ft. or less
4	\$651.95	7,500 cubic ft. or less
6	\$1303.95	15,000 cubic ft. or less

For every 100 cubic feet of water supplied through meters to users within the city limits in excess of the monthly base usage amounts above, \$3.28 will be charged.

3. Commencing January 1, 2016, and on the first day of January each successive year thereafter, the minimum monthly rates for water supplied through meters to users within the city limits and the water usage rate shall be increased from the previous year in accordance with the following formula:

[Wholesale Costs as % of Total Costs] × [Wholesale Cost Increase] + [Other Operating Costs as % of Total Costs] × [Increase in Average Annual Consumer Price Index for Seattle (CPI-U: All Urban Consumers)] + [Rate-Funded Capital Costs as % of Total Costs] × [Increase in Average Annual Engineering News Record (ENR) Construction Cost Index for Seattle] = Indexed Rate Adjustment

For purposes of this formula:

Total Costs shall consist of the following percentages:

Wholesale Costs	41.6%
Other Operating Costs	58.4%
Rate-Funded Capital Costs	0.0%
Total Costs	100.0%

Wholesale Cost Increase shall be the increase in the Tacoma Wholesale Water Rate paid by the city over the previous year.

Increase in Average Annual Consumer Price Index for Seattle (CPI-U: All Urban Consumers) shall be measured for the 12-month period ending in June of the previous year as published by the U.S. Bureau of Labor and Statistics.

Increase in Average Annual Engineering News Record (ENR) Construction Cost Index for Seattle shall be measured for the 12-month period ending in October of the previous year.

The city manager shall cause to be prepared a rate worksheet setting forth the future minimum rate amounts for each meter size and the water usage rate, based on the percentage increases set forth herein, and said worksheet shall be available to the public.

Section 2. In the event of any proposed increase in the Tacoma Wholesale Water Rate to be paid by the city, the Public Works Director shall notify the City Manager and the City Council of the proposed increase and the anticipated impact of the proposed increase on the city's sewer service rates.

Section 3. The Public Works director shall periodically, but no less frequently than every five years, review and if necessary recommend adjustments to the Total Cost percentage allocations sets forth in FMC 13.04.240(A)(3) to insure that they reflect current and forecasted expenditures.

Section 4. This Ordinance shall be in full force and effect five (5) days after publication as required by law. A summary of this Ordinance may be published in lieu of the entire Ordinance, as authorized by State law.

Introduced the 23<sup>rd</sup> day of Sept., 2014.

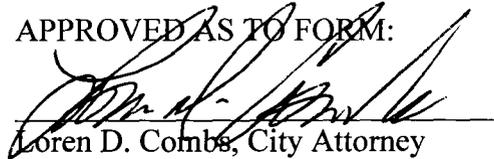
Passed by the City Council on the 14<sup>th</sup> day of Oct. 2014.

  
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Subir Mukerjee, Interim City Manager

ATTEST:

  
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Carol Eigen, City Clerk

APPROVED AS TO FORM:

  
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Loren D. Combs, City Attorney

Published: Oct 16, 2014  
Effective date: Oct 21, 2014