



October 18, 2023

Joey Deese, District Manager
Waste Connections Inc.
970 Carlsborg Road
Sequim, Washington 98382

Re: Rate Increase Port Angeles Transfer Station / Blue Mountain Drop Box Facility

Dear Mr. Deese,

This letter is to advise you that on October 17th, 2023, the City Council approved new tipping fees at the Port Angeles Transfer Station and Blue Mountain Drop Box Facility for 2024. I have attached a copy of City Council action of Tuesday October 17, 2023, identifying the new tipping fees.

The 2024 fees for the Port Angeles Transfer Station and Blue Mountain Drop Box Facility will go into effect January 1, 2024. This notice is in accordance with RCW 70.95.212.

If you have any questions or would like to discuss this further, please contact me at 360-417-4801 or mhealy@cityofpa.us.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Healy". The signature is fluid and cursive, written over a white background.

Mike Healy
Director of Public Works and Utilities

Attached: City Council Action



Date: October 17, 2023
To: City Council
From: Nathan West, *City Manager*
Sarina Carrizosa, *Finance Director*
Subject: Proposed Adjustments to the 2024 Utility Rates

Summary: Presented in this memo are the proposed 2024 rates for the Electric, Solid Waste and Stormwater utilities for the UAC's consideration. These rates were calculated using the methodologies approved in 2019 by the Utility Advisory Committee and City Council.

Funding: The approval of the proposal presented will not increase expenditures, rather rate changes will generate the required revenue stream to meet budgeted expenditures and fund debt requirements. Rate changes differ by utility and are explained further in this memo and the corresponding attachments.

Recommendation: 1) Open the Public Hearing; 2) Close the Public Hearing; 3) Pass the resolution adjusting rates in the Electric, Solid Waste and Stormwater utilities.

Background / Analysis:

Utility rates in the Electric, Solid Waste and Stormwater funds will expire December 31, 2023. Staff has prepared the cost-of-service analysis (COSA) for these funds in accordance with the UAC and City Council approved methodologies from 2019. Principles used when creating the COSA methodologies include the following: rates must be cost based, meet revenue requirements of the utility, be easy to administer, be just, reasonable, fair and equitable and be affordable. The rates that are being presented utilize the principles and methodologies to determine true and fair costs associated with each utility and the associated customer classes.

The following synopsis explains the approved rate structure and proposed changes for each utility based on the COSA process.

- **Electric** – In 2023 the City received an approximately \$3 million credit from Bonneville Power Administration (BPA). Because of this Staff is recommending the use of this credit to offset any increase needed to utility rates to cover planned expenses. Staff is recommending the continuation of the 10-year phase in to balance out the base and consumption rate to reflect the COSA model. There will be no changes to the overall rate in this utility. Includes base and usage rates for all customers with discount options for low-income residential customers.
- **Solid Waste** – Increases are relative to inflation, growing industry costs for recycling and costs associated with transitioning to City services at the Transfer Station as well as the settlement payment to Waste Connections. To keep rates affordable Staff is also recommending a \$1.5 million loan from the Water fund to stabilize the revenue needed for the settlement payment and smooth rates for City customers.
 - **Collections** –The Solid Waste Collection rates are expected to increase 8.5% for residential weekly customers, 16.6% for every other week customers and 7.7% for commercial customers. Includes discount options for low-income customers.

- **Transfer Station** – Increases of 25.8% for self-haulers and 34.8% for commercial haulers
- **Stormwater** – Rates are based on 3,000 square feet per Equivalent Residential Unit (ERU) and continues the phase out of the ERU cap. Rates will increase 12.3% per ERU in 2024 and the cap will be lifted from 25 to 50 ERU's. Includes discount options for low-income customers.

Proposed rates are for two years, ending December 31, 2025 in all three utilities. This will allow the City to continue to stagger rates between utilities so they do not all change at one time and aligns the electric rate setting process on the same cycle as Bonneville Power to allow predictability in changes.

In addition, at their meeting on October 10th the Utility Advisory Committee (UAC) sent a favorable recommendation to City Council to approve the proposed rates and to include a presentation to City Council, the UAC and the Joint Solid Waste Advisory Board (JSWAB) regarding the financial position of the Solid Waste fund since the transition to City operations of the Transfer Station. This information has been included in tonight's presentation for City Council with presentations occurring at the next available UAC and JSWAB meetings.

Funding Overview: The approval of the proposal presented will not increase expenditures, rather rate changes will generate the required revenue stream to meet budgeted expenditures and fund debt requirements. Rate changes differ by utility and are explained further in this memo and the corresponding attachments.

Attached:

- 2024-2025 Recommended Utility Rates for Electric, Solid Waste Collections, Solid Waste Transfer Station and Stormwater.
- Customer examples comparing current to proposed rate changes.
- Resolution amending the Utility Rate Schedule
- Exhibit A – Updated Utility Rate Schedule

Proposed 2024 – 2025 Electric, Solid Waste and Stormwater Rates:

ELECTRIC UTILITY									
	2022-2023 rates			2024-2025 Rates			Difference		
	Base	Demand	Energy	Base	Demand	Energy	Base	Demand	Energy
Residential	29.17		0.06596	34.41		0.06130	5.24	-	(0.00466)
Residential 35% Disc	18.95		0.04288	22.35		0.03986	3.40	-	(0.00302)
Residential 25% Disc	21.87		0.04948	25.79		0.04599	3.92	-	(0.00349)
Non Profit 1 Phase	34.21		0.05486	39.59		0.05370	5.38	-	(0.00116)
Non Profit 3 Phase	75.99		0.05589	83.97		0.05417	7.98	-	(0.00172)
General Service 1 Phase	36.45		0.06095	42.51		0.05782	6.06	-	(0.00313)
General Service 3 Phase	83.31		0.06343	94.09		0.05934	10.78	-	(0.00409)
GS Municipal 1 Phase	35.02		0.06639	40.10		0.06229	5.08	-	(0.00410)
GS Municipal 3 Phase	80.19		0.07748	88.79		0.07055	8.60	-	(0.00693)
GS Demand 1 Phase	75.56	4.462	0.05257	87.94	4.462	0.05198	12.38	-	(0.00059)
GS Demand 3 Phase	151.93	4.462	0.05212	161.41	4.462	0.05166	9.48	-	(0.00046)
GS Dem Municipal 1 Phase	80.62	4.462	0.05536	95.10	4.462	0.05467	14.48	-	(0.00069)
GS Dem Municipal 3 Phase	151.07	4.462	0.05180	160.05	4.462	0.05137	8.98	-	(0.00043)

SOLID WASTE COLLECTION						
	Accounts	2020-23 Rate	2024-25 Rate	Difference	% Total	
Res-Weekly	2,836	39.970	43.375	3.41	8.5%	
25% discount	20	30.235	32.810	2.58	8.5%	
35% discount	43	26.205	28.435	2.23	8.5%	
Res-EOW	4,536	26.740	31.175	4.44	16.6%	
25% discount	35	20.050	23.390	3.34	16.7%	
35% discount	79	17.380	20.270	2.89	16.6%	
Res-Yard Waste	3,590	8.875	10.165	1.29	14.5%	
Comm-90g	611	37.880	40.810	2.93	7.7%	
Fed 90G	1	34.370	37.029	2.66	7.7%	
Comm-300g	876	97.610	111.605	14.00	14.3%	
Schools/Comm-Recycle	115	15.705	40.490	24.79	157.8%	
Muni/City-90g	51	34.780	38.205	3.43	9.8%	
Muni/City-300g	134	92.775	105.630	12.86	13.9%	
Comm Yard Waste	14	8.875	10.165	1.29	14.5%	
Fed-300g	17	91.690	107.595	15.91	17.3%	
	12,958					

SOLID WASTE TRANSFER STATION									
Commercial/City Haulers	Tons	2020-23 Rate			2024-25 Rate			Difference	% Total
		Rate	Surcharge	Total	Rate	Surcharge	Total		
MSW	24,202	119.48	25.51	144.99	169.91	25.51	195.42	50.43	34.8%
MSW COPA	12,496	119.48	25.51	144.99	154.28	25.51	179.79	34.80	24.0%
YW	1,483	31.55	-	31.55	196.06	-	196.06	164.51	521.4%
Self Haul									
MSW	15,764	162.99	30.99	193.98	213.04	30.99	244.03	50.05	25.8%
MSW-Charity	83	77.26	15.50	92.76	101.40	15.50	116.90	24.14	26.0%
Tires	39	184.48		184.48	244.03	-	244.03	59.55	32.3%
Asbestos	1	411.02		411.02	449.89	-	449.89	38.87	9.5%
Contaminated Soils	0	218.52		218.52	492.93	-	492.93	274.41	125.6%
Yard Waste	1,063	51.19	-	51.19	253.52	-	253.52	202.33	395.2%
Metals and White Goods	439	78.40		78.40	117.40	-	117.40	39.00	49.7%
Environmental fee	968	25.82		25.82	39.41	-	39.41	13.59	52.6%
Blue Mountain	1,128	225.90	30.99	256.89	291.91	30.99	322.90	66.01	25.7%
	57,665								

STORMWATER UTILITY					
	Equivalent ERU's	2022/23 COSA 3,000 sq/ft w disc	2024/25 COSA 3,000 sq/ft w disc	\$Change	% Change
Rate Revenue		2,672,234	3,272,790	600,556	22.5%
Max ERU's		25	50	25	
Equivalent ERU		13,165	14,329	1,164	8.8%
Rates/year		202.98	228.40	25.42	12.5%
Residential	7,129.00	204.06	229.59	25.53	12.5%
25%Disc	57.00	132.64	149.23	16.59	12.5%
35% Disc	35.00	153.05	172.19	19.14	12.5%
Commercial	6,927.45	203.03	228.67	25.64	12.6%
Fed Non Taxable	180.61	193.55	224.10	30.55	15.8%
	14,329.06				