

**AGENDA**  
**CITY OF STEVENSON SPECIAL COUNCIL MEETING**  
**March 25, 2024**  
**6:00 PM, City Hall and Remote**

Call-in numbers 253-215-8782, 669-900-6833, 346-248-7799, 312-626-6799, 929-205-6099 or 301-715-8592, Meeting ID 889 7550 7011, Zoom link <https://us02web.zoom.us/j/88975507011> or via YouTube at <https://www.youtube.com/channel/UC4k9bA0IEEvsF6PSoDwjvA/>

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**1. CALL TO ORDER:** Mayor to call the meeting to order and conduct roll call.

**2. PUBLIC COMMENTS:** *[This is an opportunity for members of the audience to address the Council. If you wish to address the Council, please sign in to be recognized by the Mayor. Comments are limited to three minutes per speaker. The Mayor may extend or further limit these time periods at his discretion. The Mayor may allow citizens to comment on individual agenda items outside of the public comment period at his discretion. Please submit written comments to City Hall in person at 7121 E. Loop Rd, via mail to PO Box 371, Stevenson, WA 98648 or via email to [leana@ci.stevenson.wa.us](mailto:leana@ci.stevenson.wa.us) by noon the day of the meeting for inclusion in the council packet.]*

**3. PUBLIC HEARINGS:**

**a)** **Utility Rates and System Development Charges** - City Administrator Leana Kinley presents a staff memo and presentation for council review and discussion.

**4. ADJOURNMENT** - Mayor will adjourn the meeting.

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**UPCOMING MEETINGS AND EVENTS:**

- Monday, April 8th, 6pm, Planning Commission Meeting
- Tuesday, April 16th, 4pm-7pm, Park Plaza Open House at Hegewald Center Auditorium.
- Thursday, April 18th, 6pm, City Council Meeting



# City of Stevenson

Leana Kinley, City Administrator

Phone (509)427-5970  
FAX (509) 427-8202

7121 E Loop Road, PO Box 371  
Stevenson, Washington 98648

To: City Council  
From: Leana Kinley, City Administrator  
RE: Water and Sewer System Development Charges and Monthly Rates  
Meeting Date: March 25, 2024

## **Executive Summary:**

The City Council held a public hearing on January 18<sup>th</sup> with a presentation by Brooke Tacia from FCS Group, Inc. on the water and sewer monthly rates and System Development Charges (SDCs). There was a council workshop on January 25<sup>th</sup> to further discuss the rates and SDCs. There was an additional Public Hearing on February 15<sup>th</sup> where there was a request to analyze the impact of changing the base rates for transient lodging from ½ to 1 full unit. Additionally, there was a request to look at the possibility and impact of sales tax revenues being used for the utilities and more information on this was confirmed at the March 21<sup>st</sup> Public Hearing.

This memo will address those requests. Items from previous meetings can be found online at <https://www.ci.stevenson.wa.us/meetings>.

## **Overview:**

### *Transient Lodging Base Fee Changes*

There was an initial analysis on the change to transient lodging to determine total potential revenue impact by staff. Attached are the results of the analysis regarding the impact to the customers and rates.

### *Sales Tax Use for Utilities*

At the March 21<sup>st</sup> council meeting the city council requested more information regarding allocating sales tax revenues to the water/sewer fund. Due to restrictions on the use of sales tax, to allocate .3% of sales tax from the General Fund to the Water/Sewer fund without impacting current levels of service the process would be:

- Establish a Transportation Benefit District (TBD) (information found on MRSC at <https://mrsc.org/explore-topics/finance/revenues/transportation-benefit-districts> )
- Adopt a resolution for a ballot measure for voters to decide on a .3% sales tax increase
  - May 3, 2024 last day to file resolution for August Primary, if approved sales tax could be implemented on January 1, 2025
  - Aug 6, 2024 last day to file resolution for November General Election, if approved sales tax could be implemented on April 1, 2025(more information on sales taxes and timing can be found on MRSC at <https://mrsc.org/explore-topics/finance/revenues/sales-taxes#timing> )
- Create public information documents for election.

- If approved:
  - Reduce the current sales tax allocation from the General Fund to the Street Fund from .5% to .2% after revenues are received (typically two months after implementation)
  - Begin allocation of .3% sales tax to Water/Sewer Fund after TBD sales tax is received.
- If fails:
  - Council (TBD) may adopt .1% sales tax increase without a vote and the above actions can be taken with a reduced percentage.  
OR
  - No tax change and options are reevaluated.

The analysis of the additional approximately \$270,000 is included in the attached document.

### *Next Steps*

After receiving council direction, staff will prepare documents for a public hearing, council review and consideration at the April 18<sup>th</sup> meeting.

### **Action Needed:**

- Any changes to the billing structure around transient lodging?
- Move forward with the sales tax option?
  - If yes, what timeline does council want to pursue (Primary or General Election or other)?

Review from previous meetings:

- Changes to the CIP-None recommended.
- Further Information on Sales Tax Option-Yes
- Adoption of 2024 sewer rates-Adopted
- Water Rates-Across the board annual increase-Yes
- Sewer Rates-Across the board annual increases-Yes
- Move forward with the sewer cost-of-service rate increase for High and Very High-Yes
- Adjust the income tier removing the senior and social security disability requirement and adding a second tier at 400% the national poverty rate for a 25% discount-Yes
- Remove the ability to no longer be charged for a voluntarily shut-off meter (temporary/snowbirds)-Yes
- Existing customers with demolition permits and no new building permit (vacant land)-Require the customer to pay the back-billing from time of disconnect to reconnect, or SDCs, whichever is less.
- Remove construction water rate class-Yes
- Implement the scaling options for System Development Charges-Yes
- Commercial connections follow new flow and BOD calculations, or pull out some other standard rate multipliers similar to existing structure-Staff to come up with a recommendation.



# Updated Scenario Options

- **Additional \$270k in Utility Revenue Starting 2026**

1. Allocate all to water
2. Split 50/50 between water and sewer
3. Allocate all to sewer

- **Re-Evaluate Multi-Family Transient Rate Structure Starting 2025**

- A. Continue current billing practice (50% of residential charge and allowance per unit)
- B. Bill as a commercial customer (Based on meter size, 400 cf allowance)
- C. Bill as a residential customer (Full Residential charge and 400 cf allowance per unit)



# Water Rate Alternatives

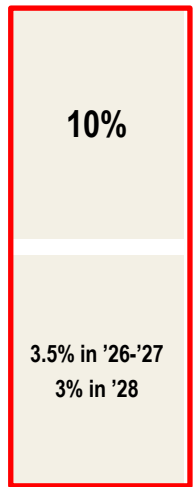
Additional Utility Revenue	\$270k to Water			\$135k to Water			\$0 to Water		
MF Transient Billing Option	Current Method \$0	As Comm. -\$10k	As Single Family +\$40k	Current Method \$0	As Comm. -\$10k	As Single Family +\$40k	Current Method \$0	As Comm. -\$10k	As Single Family +\$40k
Rate Forecast	4.5% Annual Rate Increase	4.5% Annual Rate Increase	4.0% Annual Rate Increase	5.5% Annual Rate Increase	5.5% Annual Rate Increase	5.0% Annual Rate Increase	7.0% Annual Rate Increase	7.0% Annual Rate Increase	6.5% Annual Rate Increase

Presented Plan



# Sewer Rate Alternatives

Additional Utility Revenue	\$270k to Sewer			\$135k to Sewer			\$0 to Sewer		
MF Transient Billing Option	Current Method \$0	As Comm. -\$140k	As Single Family +\$175k	Current Method \$0	As Comm. -\$140k	As Single Family +\$175k	Current Method \$0	As Comm. -\$140k	As Single Family +\$175k
Rate Forecast (2024-2025)	10%	16%	5% in '24 3% in '25	10%	16%	5% in '24 3% in '25	10%	16%	6% in '24 3% in '25
Rate Forecast (2026-2028)	3%	3%	3%	3%	3%	3%	3.5% in '26-'27 3% in '28	3.5% in '26 3% in '27-'28	3%



Presented Plan



# Items for Consideration

- **Alignment with Cost of Service**

- » Water: Cost of service not performed
  - MF transient rate structure is in alignment with many we see in the industry
  - No cost-based analysis to suggest a change is needed
- » Sewer: Cost of service conducted
  - Results showed near cost of service for Multi-Family class; changes could deviate from cost-of-service results

- **Sample Bill Impacts**

- » 5 customers with varying impacts



# Sample Multi-Family Transient Bill Impacts\*

## ● Water Impacts

Account #	Customer	2023 Average Bill*	Treated As Commercial	Treated As Residential
25373	Wilder & Pines	\$ 511	\$ 557	\$ 593
25097	Red Oak Properties	186	109	333
22930	Rodeway Inn	626	556	1,185
25086	Tom Sikora	93	95	153
18340	Skamania Lodge	9,844	9,080	12,306
<b>Total</b>		<b>\$ 11,261</b>	<b>\$ 10,397</b>	<b>\$ 14,570</b>

Treated As Commercial	
\$ per Month	% Change
\$ 46	9.0%
(77)	-41.5%
(70)	-11.2%
2	2.3%
(765)	-7.8%
<b>\$ (864)</b>	<b>-7.7%</b>
<b>\$ (10,368) Annualized</b>	

Treated As Residential	
\$ per Month	% Change
\$ 82	16.1%
147	78.9%
559	89.3%
59	63.8%
2,461	25.0%
<b>\$ 3,309</b>	<b>29.4%</b>
<b>\$ 39,709 Annualized</b>	

## ● Sewer Impacts

Account #	Customer	2023 Average Bill*	Treated As Commercial	Treated As Residential
25373	Wilder & Pines	\$ 956	\$ 875	\$ 1,374
25097	Red Oak Properties	549	192	1,048
22930	Rodeway Inn	1,905	889	3,727
25086	Tom Sikora	257	285	471
18340	Skamania Lodge	21,183	11,042	32,939
<b>Total</b>		<b>\$ 24,850</b>	<b>\$ 13,283</b>	<b>\$ 39,560</b>

Commercial	
\$ per Month	% Change
\$ (81)	-8.5%
(357)	-65.1%
(1,017)	-53.4%
29	11.1%
(10,141)	-47.9%
<b>\$ (11,567)</b>	<b>-46.5%</b>
<b>\$ (138,808) Annualized</b>	

Residential	
\$ per Month	% Change
\$ 418	43.7%
499	91.0%
1,821	95.6%
214	83.5%
11,757	55.5%
<b>\$ 14,710</b>	<b>59.2%</b>
<b>\$ 176,515 Annualized</b>	