

Ordinance No. 120875

Council Bill No. 114276

AN ORDINANCE relating to the municipal water system of the City; redesignating the Rate Stabilization Account previously established within the Water Fund as a subfund of the Water Fund; and establishing additional conditions for deposits into and withdrawals from that subfund.

CF No. \_\_\_\_\_

Date Introduced:	AUG - 5 2002	
Date 1st Referred:	To: (committee) <u>Full Council</u> Water & Health Committee	
Date Re - Referred:	To: (committee) <del>_____</del>	
Date Re - Referred:	To: (committee) _____	
Date of Final Passage:	Full Council Vote: <u>B-O</u>	
Date Presented to Mayor:	Date Approved: <u>8/13/02</u>	
Date Returned to City Clerk:	Date Published: <u>3pp.</u>	T.O. <input type="checkbox"/> F.T. <input checked="" type="checkbox"/>
Date Vetoed by Mayor:	Date Veto Published: _____	
Date Passed Over Veto:	Veto Sustained: _____	

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: Ms.

**Committee Action:**

8-12-02 Passed B-O  
(Excused: Compton)

This file is complete and ready for presentation to Full Council. Co

**LAW DEPARTMENT**

Law Dept. Review      OMP Review      City Clerk Review



ORDINANCE 120875

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AN ORDINANCE relating to the municipal water system of the City; redesignating the Rate Stabilization Account previously established within the Water Fund as a subfund of the Water Fund; and establishing additional conditions for deposits into and withdrawals from that subfund.

WHEREAS, The City of Seattle (the "City") owns and operates a municipal water system (the "Water System"); and

WHEREAS, reduced revenue from water sales due to extraordinary variances in weather, such as drought curtailments or cool wet summer weather, can jeopardize the financial condition of the Water System; and

WHEREAS, water rates to direct service customers effective September 16, 2002 have been set slightly higher than the amounts necessary to meet the projected 2002 revenue requirements of the Water System, in order to provide financial protection against unforeseen, extraordinary weather events and to avoid a rate surcharge in the event such circumstances occur; and

WHEREAS, the City intends that, in the future, water rates to direct service customers will be set in a similar manner; and

WHEREAS, the Rate Stabilization Account of the Water Fund was created by Ordinance 116705 with the objective of minimizing adverse effects on the Water System when actual revenues from water sales are below projections, due to extraordinary, unforeseen circumstances; and

WHEREAS, it is in the best interests of the Water System and its ratepayers to redesignate the Rate Stabilization Account for accounting purposes as a subfund of the Water Fund which will be known as the "Revenue Stabilization Subfund" and to establish additional conditions under which revenues of the Water System shall be deposited into and withdrawn from that subfund;

WHEREAS, the purpose of the Revenue Stabilization Subfund is to have funds available to meet the debt service coverage target for the Water Fund set in financial policies approved by Council; and

WHEREAS, the City intends to set future water rates so that the Revenue Stabilization Subfund will have a balance of Nine Million Dollars (\$9,000,000) in approximately four years if no money is withdrawn to meet the debt service coverage target; and

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1 WHEREAS, the City intends to use money in the Revenue Stabilization Subfund in excess of Nine  
2 Million Dollars (\$9,000,000) to provide part of the funds for Water System capital projects,  
3 thereby reducing the future debt of the Water System; NOW, THEREFORE,

4 BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

5 Section 1. Revenue Stabilization Subfund. The Rate Stabilization Account previously created in  
6 the Water Fund by Ordinance 116705 shall be redesignated for accounting purposes as a subfund of the  
7 Water Fund to be known as the "Revenue Stabilization Subfund."

8 Section 2. Deposits to the Revenue Stabilization Subfund. By December 31 of each year,  
9 commencing in 2003, there shall be deposited in the Revenue Stabilization Subfund Two Million Five  
10 Hundred Thousand Dollars (\$2,500,000); provided, that such amount may be revised from time to time  
11 by ordinance. In addition, upon the earlier of completion of Water System accounting for each fiscal  
12 year or ninety (90) days after the end of the closed fiscal year (commencing with closed fiscal year  
13 2003), there shall be deposited in the Revenue Stabilization Subfund, after payment of State and City  
14 taxes, all revenue collected from metered water sales to retail and wholesale customers in the closed  
15 fiscal year in excess of the planned revenue from such sales contained in the adopted Water System  
16 budget for that year together with all interest earnings thereon.

17 Section 3. Withdrawals from the Revenue Stabilization Subfund. Money deposited in the  
18 Revenue Stabilization Subfund and all interest earnings thereon shall remain in that subfund until  
19 withdrawals are authorized by ordinance of the City Council.

20 Section 4. Water System Budget. The adopted Water System budget for 2003 and thereafter  
21 shall indicate the planned deposits into the Revenue Stabilization Subfund for that year. The Director of  
22 Seattle Public Utilities periodically shall revise projections of deposits to the Revenue Stabilization  
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1 Subfund and revenues from metered water sales based on weather conditions, demand and unforeseen  
2 circumstances that have occurred in the current year. On each May 1 and September 1, the Director  
3 shall report these revised projections to the City Council.

4 Section 5. Ratification of Prior Acts. Any act consistent with the authority and prior to the  
5 effective date of this ordinance is hereby ratified and confirmed.

6 Section 6. Effective Date. This ordinance shall take effect and be in force thirty (30) days from  
7 and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days  
8 after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

9 Passed by the City Council the 12<sup>th</sup> day of August, 2002, and signed by me in open  
10 session in authentication of its passage this 12<sup>th</sup> day of August, 2002.

11  
12 Peter Stemberge  
13 President \_\_\_\_\_ of the City Council

14 Approved by me this 13 day of August, 2002.

15  
16 [Signature]  
17 Mayor

18 Filed by me this 14<sup>th</sup> day of August, 2002.

19 [Signature]  
20 City Clerk

21 (Seal)

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NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE  
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STATE OF WASHINGTON - KING COUNTY

--SS.

148737  
City of Seattle, Clerk's Office

No.

**Affidavit of Publication**

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12<sup>th</sup> day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:120875 ORD. IN FULL

was published on

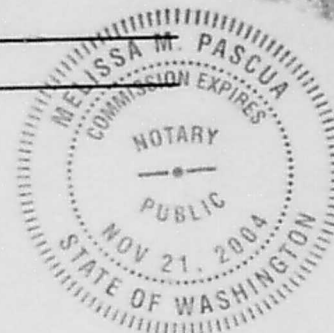
8/20/2002

*J. Stedman*  
Subscribed and sworn to before me on

8/20/2002

*Melissa M. Pascua*  
Notary public for the State of Washington,  
residing in Seattle

Affidavit of Publication



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State of Washington, King County

City of Seattle

ORDINANCE 120675

AN ORDINANCE relating to the municipal water system of the City; redesignating the Rate Stabilization Account previously established within the Water Fund as a subfund of the Water Fund; and establishing additional conditions for deposits and withdrawals from that subfund.

WHEREAS, the City of Seattle (the "City") owns and operates a municipal water system (the "Water System"); and

WHEREAS, reduced revenue from water sales due to extraordinary variances in weather, such as drought curtailments or cool wet summer weather, can jeopardize the financial condition of the Water System; and

WHEREAS, water rates to direct service customers effective September 16, 2002 have been set slightly higher than the amounts necessary to meet the projected 2002 revenue requirements of the Water System, in order to provide financial protection against unfore-

seen, extraordinary weather events and to avoid a rate surcharge in the event such circumstances occur; and

WHEREAS, the City intends that, in the future, water rates to direct service customers will be set in a similar manner; and

WHEREAS, the Rate Stabilization Account of the Water Fund was created by Ordinance 116705 with the objective of minimizing adverse effects on the Water System when actual revenues from water sales are below projections, due to extraordinary, unforeseen circumstances; and

WHEREAS, it is in the best interests of the Water System and its ratepayers to redesignate the Rate Stabilization Account for accounting purposes as a subfund of the Water Fund which will be known as the "Revenue Stabilization Subfund" and to establish additional conditions under which revenues of the Water System shall be deposited into and withdrawn from that subfund;

WHEREAS, the purpose of the Revenue Stabilization Subfund is to have funds available to meet the debt service coverage target for the Water Fund set in financial policies approved by Council; and

WHEREAS, the City intends to set future water rates so that the Revenue Stabilization Subfund will have a balance of Nine Million Dollars (\$9,000,000) in approximately four years if no money is withdrawn to meet the debt service coverage target; and

WHEREAS, the City intends to use money in the Revenue Stabilization Subfund in excess of Nine Million Dollars (\$9,000,000) to provide part of the funds for Water System capital projects, thereby reducing the future debt of the Water System; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Revenue Stabilization Subfund. The Rate Stabilization Account previously created in the Water Fund by Ordinance 116705 shall be redesignated for accounting purposes as a subfund of the Water Fund to be known as the "Revenue Stabilization Subfund."

Section 2. Deposits to the Revenue Stabilization Subfund.

By December 31 of each year, commencing in 2003, there shall be deposited in the Revenue Stabilization Subfund Two Million Five Hundred Thousand Dollars (\$2,500,000); provided, that such amount may be revised from time to time by ordinance. In addition, upon the earlier completion of Water System accounting for each fiscal year of ninety (90) days after the end of the closed fiscal year (commencing with closed fiscal year 2003), there shall be deposited in the Revenue Stabilization Subfund, after payment of State and City taxes, all revenue collected from metered water sales to retail and wholesale customers in the closed fiscal year in excess of the planned revenue from such sales contained in the adopted Water System budget for that year together with all interest earnings thereon.

Section 3. Withdrawals from the Revenue Stabilization Subfund. Money deposited in the Revenue Stabilization Subfund and all interest earnings thereon shall remain in that subfund until withdrawals are authorized by ordinance of the City Council.

Section 4. Water System Budget. The adopted Water System budget for 2003 and thereafter shall indicate the planned deposits into the Revenue Stabilization Subfund for that year. The Director of Seattle Public Utilities periodically shall revise projections of deposits to the Revenue Stabilization Subfund and revenues from metered water sales based on weather conditions, demand and unforeseen circumstances that have occurred in the current year. On each May 1 and September 1, the Director shall report these revised projections to the City Council.

Section 5. Ratification of Prior Acts. Any act consistent with the authority and prior to the effective date of this ordinance is hereby ratified and confirmed.

Section 6. Effective Date. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the 12th day of August, 2002, and signed by me in open session in authentication of its passage this 12th day of August, 2002.

PETER STEINBRUECK,  
President of the City Council.

Approved by me this 13th day of August, 2002.

GREGORY J. NICKELS,  
Mayor.

Filed by me this 14th day of August, 2002.

(Seal) JUDITH E. PIPPEN,  
City Clerk.

Publication ordered by Judith Phippen, City Clerk.

Date of publication in the Seattle Daily Journal of Commerce, August 20, 2002.

8/20/148737

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