

ORDINANCE No. 124530

COUNCIL BILL No. 118127

AN ORDINANCE relating to rates and charges for water services of Seattle Public Utilities; revising water rates and charges for master metered residential developments outside the City of Seattle and amending Seattle Municipal Code Chapter 21.04.440.D in connection therewith.

COMPROLLER FILE No. _____

Introduced: <u>6/23/14</u>	By:
Referred:	To: <u>Seattle Public Utilities and Neighborhoods</u>
Referred:	To:
Referred:	To:
Reported:	Second Reading:
Third Reading:	Signed: <u>7/14/14</u>
Presented to Mayor: <u>7/16/14</u>	Approved: <u>7/18/14</u>
Returned to City Clerk: <u>7/18/14</u>	Published: <u>TO</u>
Vetoed by Mayor:	Veto Published:
Passed over Veto:	Veto Sustained:

US5047



The City of Seattle--Legislative Department

REPORT OF COMMITTEE

Date Reported and Adopted _____

Honorable President:

Your Committee on _____

to which was referred the within Council Bill No. _____ report that we have considered the same and respectfully recommend that the same:

7/8/14

6/8/14

pass

3-0 (SB, KS, BH)

Full Council Action

7/15/14

Passed

8-0 (excused: Burgess)

Committee Chair

Legislative Department

1
2
3 **ORDINANCE**

124530
H8127⁹_{ems}

4
5 AN ORDINANCE relating to rates and charges for water services of Seattle Public Utilities; revising
6 water rates and charges for master metered residential developments outside the City of
7 Seattle and amending Seattle Municipal Code Chapter 21.04.440.D in connection
8 therewith.

9 WHEREAS, The Highlands is a nonprofit corporation and private residential neighborhood
10 located in the City of Shoreline within the retail water service area of Seattle Public
11 Utilities (SPU); and

12 WHEREAS, SPU has served The Highlands as a retail water customer through a master meter
13 since 1971; and

14 WHEREAS, The Highlands operates and maintains a system to distribute the purchased water to
15 its residents and receives revenues from its residents to pay the costs of the purchased
16 water and the operation of its system; and

17 WHEREAS, the State of Washington Department of Revenue (DOR) informed The Highlands
18 in April 2013 that it is subject to the State Public Utility Tax (PUT) on revenues received
19 from its residents, and directed The Highlands to pay the PUT directly to DOR
20 retroactively to January 2009 and going forward; and

21 WHEREAS, SPU had paid the PUT on the revenues it received from The Highlands for the same
22 period and in December 2013, DOR confirmed that SPU could deduct the revenues it
23 received from The Highlands from the revenues on which SPU pays the PUT, and
24 refunded that portion of PUT paid by SPU since January 2009; which, will in turn, be
25 refunded to The Highlands; and

26 WHEREAS, SPU's retail rates are structured to collect revenues to cover the costs of the PUT
27 paid by SPU; and

28 WHEREAS, the retail rates and customer class definition under The City of Shoreline and City
of Lake Forest Park Master Metered Residential Developments under Seattle Municipal
Code (SMC) 21.04.440.D.2 needs to be revised to reflect that The Highlands now pays
the PUT directly to DOR; NOW, THEREFORE,



BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Seattle Municipal Code Section 21.04.440.D.2 is amended to read as follows:

21.04.440 Rates outside the City of Seattle

* * *

D. Rates Inside the City of Shoreline and City of Lake Forest Park. Rates and charges in this SMC Subsection D apply to retail customers of Seattle Public Utilities located within the City of Shoreline and City of Lake Forest Park who are not served under the terms of a wholesale contract. Seasonal rates shall be prorated. For usage representing fractional parts of a month, the base service charge and all components of the commodity charge shall be prorated using a 30 day month. Except as otherwise provided in this chapter, the rates and charges for water supplied shall be as follows:

* * *

2. City of Shoreline and City of Lake Forest Park Master Metered Residential Developments.

a. The rates for residential developments with master meters of 1 1/2 inches or larger, which operate and maintain their own distribution systems on private property, ~~((and))~~ which use water primarily to serve single-family, detached residences on at least two separate legal parcels, and which do not pay Public Utility Taxes under RCW 82.16 directly to the State of Washington shall be based on a commodity charge and a base service charge, in accordance with the following schedule:



1 **((Effective January 1, 2011:**

2
3 **Commodity Charge** _____ **Per 100 Cubic Feet**

4 **Summer (May 16th – September 15th)**

5 _____ **First 500 cubic feet per residence** _____ **\$4.83**

6 _____ **Next 1300 cubic feet per residence** _____ **5.62**

7 _____ **All over 1800 cubic feet per residence** _____ **14.31**

8 **Winter (September 16th – May 15th)**

9 _____ **All usage** _____ **4.39**

10 **Base Service Charge**

11 **Meter Size** _____ **Monthly Charge**

12 _____ **1 1/2 inch** _____ **\$ 25.10**

13 _____ **2 inch** _____ **27.80**

14 _____ **3 inch** _____ **102.70**

15 _____ **4 inch** _____ **147.20**

16 _____ **6 inch** _____ **181.00**

17 _____ **8 inch** _____ **241.00**

18 _____ **10 inch** _____ **360.00**

19 _____ **12 inch** _____ **488.00**

20 _____ **16 inch** _____ **579.00**

21 _____ **20 inch** _____ **745.00**

22 _____ **24 inch** _____ **935.00**

23
24 _____ **Effective January 1, 2012:**

25
26 **Commodity Charge** _____ **Per 100 Cubic Feet**

27 **Summer (May 16th – September 15th)**

28



1	—— First 500 cubic feet per residence ——	\$5.26
2	—— Next 1300 cubic feet per residence ——	6.25
3	—— All over 1800 cubic feet per residence ——	14.31
4	Winter (September 16th – May 15th)	
5	—— All usage ——	4.90

Base Service Charge

Meter Size —— **Monthly Charge**

8	—— 1 1/2 inch ——	\$ 25.55
9	—— 2 inch ——	28.30
10	—— 3 inch ——	104.70
11	—— 4 inch ——	150.10
12	—— 6 inch ——	184.70
13	—— 8 inch ——	241.00
14	—— 10 inch ——	360.00
15	—— 12 inch ——	488.00
16	—— 16 inch ——	579.00
17	—— 20 inch ——	745.00
18	—— 24 inch ——	935.00

19 —— **Effective January 1, 2013:**

21 **Commodity Charge** —— **Per 100 Cubic Feet**

22 Summer (May 16th – September 15th)

23	—— First 500 cubic feet per residence ——	\$5.74
24	—— Next 1300 cubic feet per residence ——	6.94
25	—— All over 1800 cubic feet per residence ——	14.31

26 Winter (September 16th – May 15th)

27	—— All usage ——	5.46
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Base Service Charge

Meter Size	Monthly Charge
1 1/2 inch	\$ 26.00
2 inch	28.80
3 inch	106.70
4 inch	152.95
6 inch	188.15
8 inch	241.00
10 inch	360.00
12 inch	488.00
16 inch	579.00
20 inch	745.00
24 inch	935.00))

Effective January 1, 2014:

Commodity Charge	Per 100 Cubic Feet
Summer (May 16th - September 15th)	
First 500 cubic feet per residence	\$6.22
Next 1300 cubic feet per residence	7.69
All over 1800 cubic feet per residence	14.31
Winter (September 16th - May 15th)	
All usage	6.05

Base Service Charge

Meter Size	Monthly Charge
1 1/2 inch	\$ 26.50
2 inch	29.35
3 inch	108.70



1	4 inch	155.80
2	6 inch	191.70
3	8 inch	241.00
4	10 inch	360.00
5	12 inch	488.00
6	16 inch	579.00
7	20 inch	745.00
8	24 inch	935.00

9
10 b. The rates for residential developments with master meters of 1 1/2 inches or larger, which
11 operate and maintain their own distribution systems on private property, which use water
12 primarily to serve single-family, detached residences on at least two separate legal parcels, and
13 which do pay Public Utility Taxes under RCW 82.16 directly to the State of Washington shall be
14 based on a commodity charge and a base service charge, in accordance with the following
15 schedule:

16
17
18 **Effective August 1, 2014:**

<u>Commodity Charge</u>	<u>Per 100 Cubic Feet</u>
<u>Summer (May 16th - September 15th)</u>	
<u>First 500 cubic feet per residence</u>	<u>\$5.82</u>
<u>Next 1300 cubic feet per residence</u>	<u>7.20</u>
<u>All over 1800 cubic feet per residence</u>	<u>13.39</u>
<u>Winter (September 16th - May 15th)</u>	
<u>All usage</u>	<u>5.66</u>



Base Service Charge

<u>Meter Size</u>	<u>Monthly Charge</u>
1 1 1/2 inch	\$ 24.80
2 2 inch	27.45
3 3 inch	101.75
4 4 inch	145.80
5 6 inch	179.40
6 8 inch	225.55
7 10 inch	336.90
8 12 inch	456.70
9 16 inch	541.90
10 20 inch	697.25
11 24 inch	875.05

* * *

14 Section 2. Prior ordinances of the City setting rates and charges for water
15 services of Seattle Public Utilities shall continue in effect with respect to obligations
16 incurred for water services rendered before the effective date of this ordinance, unless
17 and until such prior ordinances expire of their own terms or are superseded.
18



1 Section 3. This ordinance shall take effect and be in force 30 days after its approval by
2 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it
3 shall take effect as provided by Seattle Municipal Code Section 1.04.020 or August 1, 2014,
4 whichever is later
5

6
7 Passed by the City Council the 14th day of July, 2014 and signed by me in open
8 session in authentication of its passage this 14th day of July, 2014.
9

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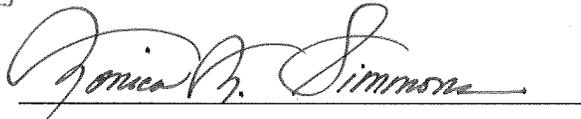
11 President Pro Tem of the City Council

12 Approved by me this 18 day of July, 2014.
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14 

15 Edward B. Murray, Mayor
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17 Filed by me this 18th day of July, 2014.
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20 Monica Martinez Simmons, City Clerk
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(Seal)
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FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Seattle Public Utilities	Paul Hanna/4-7752	Aaron Blumenthal/3-2656

Legislation Title:

AN ORDINANCE relating to rates and charges for water services of Seattle Public Utilities; revising water rates and charges for master metered residential developments outside the City of Seattle and amending Seattle Municipal Code Chapter 21.04.440.D in connection therewith.

Summary of the Legislation: This legislation would add an additional rate category and rates for Master Metered Residential Developments (MMRD) in the City of Shoreline for customers that pay State Public Utility Tax (PUT) directly to the Department of Revenue. The existing category and rates for MMRD customers include recovery of costs for SPU to pay the PUT to DOR.

Background:

The Highlands is an existing MMRD retail customer, located in the City of Shoreline. Customers in this community pay residential rates under SMC 21.04.440.D. The Highlands is a nonprofit corporation and residential neighborhood with 154 houses and several common facilities that are billed as one entity. The Highlands maintains and owns the water distribution infrastructure within the MMRD and bills each of the 154 residences, its customers, separately. In April 2013, The Highlands resolved an audit by the Department of Revenue resulting in a finding that the Highlands was responsible for paying PUT on its water system revenues directly to the Department retroactively to 2009 (the "audit period") and going forward.

Existing MMRD rates are structured to collect revenues for SPU to pay PUT directly to the Department of Revenue, i.e. SPU had also paid PUT to the Department on revenues it received from The Highlands for the same audit period. Following The Highland's resolution with the Revenue Department, SPU received confirmation from the Department it could deduct revenues it receives from The Highlands from revenues on which it pays PUT to the Department. Based on the Revenue Department's confirmation, SPU initiated a refund request with the Department for overpayments of PUT on revenue received from The Highlands. SPU also began deducting revenues received from The Highlands from the revenues on which it pays PUT in September 2013. The Department refunded PUT payments totaling \$68,332 to SPU in December 2013, covering SPU overpayments and interest from January 2009 through August 2013 relating to revenue it received from The Highlands.

Based on the above, it is necessary for SPU to establish a new rate category and rates to correct the amount of revenues it collects from MMRD customers that pay PUT directly to the Revenue Department. The attached legislation establishes these new rates, which are designed to collect the same amount of revenue as with the existing rates after all taxes are applied.



SPU will refund to The Highlands the amount of rates it has collected through rates to pay PUT to the State from January 2009 through the effective date of this ordinance. The total of all refunds to The Highlands is expected to be less than \$100,000.

X This legislation has financial implications.

Appropriations:

Fund Name and Number	Department	Budget Control Level*	2014 Appropriation	2015 Anticipated Appropriation
TOTAL				

*See budget book to obtain the appropriate Budget Control Level for your department.

Appropriations Notes:

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Department	Revenue Source	2014 Revenue	2015 Revenue
Water Fund 43000	SPU	Water Rates	- \$8,500	-\$16,000
TOTAL				

Revenue/Reimbursement Notes:

This legislation will reduce the water rates paid by The Highlands by the amount of PUT embedded into their current rates. The lower revenue associated with these rates will be offset by lower taxes paid, leaving SPU without harm.

There is no reimbursement in this legislation; however, this legislation is related to a tax status change of one of our customers, which results in a refund due to overpayment. The total refund amount will cover from January 2009 up to the effective date of the new rates plus interest, and is expected to total less than \$100,000.

Other Implications:

- a) Does the legislation have indirect financial implications, or long-term implications?
 No.



- b) What is the financial cost of not implementing the legislation?**
Without implementation SPU would be forced to track The Highlands revenue separately and continually refund overpayment. The dollar amount would be minimal but the administrative effort would be high.
- c) Does this legislation affect any departments besides the originating department?**
No.
- d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?** None.
- e) Is a public hearing required for this legislation?**
No.
- f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**
No.
- g) Does this legislation affect a piece of property?**
No.
- h) Other Issues:**

List attachments to the fiscal note below:



City of Seattle
Office of the Mayor

June 10, 2014

Honorable Tim Burgess
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Burgess:

I am pleased to transmit the attached proposed Council Bill that would establish a new rate category and rates for the new category for a small group of Seattle Public Utilities water customers.

The Highlands is a community in the City of Shoreline that receives residential service from SPU. The 154 residences and several common facilities comprising the community are part of a nonprofit corporation that is billed as one entity. The Highlands owns and maintains the water distribution infrastructure in the community and bills its customers separately. An audit by the State Department of Revenue last year determined SPU has mistakenly been paying Public Utility Taxes on revenues received from the Highlands. This legislation would reduce the water rates paid by The Highlands by an amount equal to SPU's Public Utility Tax burden from its current class. Because the tax burden to SPU is reduced by an amount equal to the reduction in revenue, SPU is held harmless with these new rates while The Highlands will pay the tax directly to Washington Department of Revenue.

By creating an additional rate category for a particular class of customer, this legislation will resolve an audit issue at no impact to SPU's other customers. Thank you for your consideration of this legislation. Should you have questions, please Regina Carpenter at 684-0836.

Sincerely,

Edward B. Murray
Mayor of Seattle

cc: Honorable Members of the Seattle City Council



STATE OF WASHINGTON -- KING COUNTY

--SS.

313735
CITY OF SEATTLE, CLERKS OFFICE

No. 124524,528,529,530,531

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 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

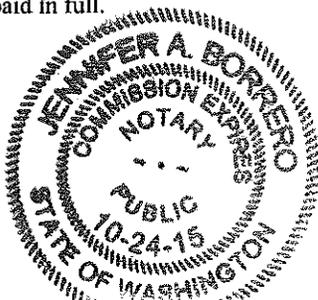
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT: TITLE ONLY ORDINANCES

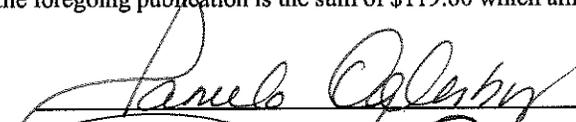
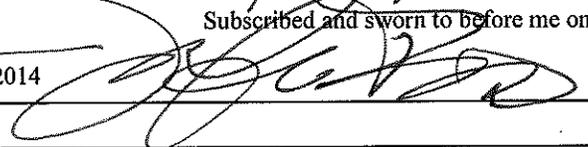
was published on

07/24/14

The amount of the fee charged for the foregoing publication is the sum of \$119.60 which amount has been paid in full.



Affidavit of Publication


Subscribed and sworn to before me on
07/24/2014

Notary public for the State of Washington,
residing in Seattle

State of Washington, King County

City of Seattle

Title Only Ordinances

The full text of the following legislation, passed by the City Council on July 14, 2014, and published below by title only, will be mailed upon request, or can be accessed at <http://clerk.seattle.gov>. For information on upcoming meetings of the Seattle City Council, please visit <http://www.seattle.gov/council/calendar>.

Contact: Office of the City Clerk at (206) 684-8344.

ORDINANCE NO. 124524

AN ORDINANCE relating to transportation network companies, taxi, and for-hire services and affiliated drivers and vehicles; establishing minimum operating requirements for transportation network companies and affiliated drivers; imposing industry-wide vehicle inspection and driver training processes; imposing insurance requirements for transportation network companies and affiliated vehicles; altering insurance requirements for taxi and for-hire vehicles; requiring rate transparency across industries; establishing and altering licensing fees; establishing an accessible service charge; raising the maximum number of taxicab licenses issued by the City; allowing hailing rights for for-hire vehicles; establishing a property right for taxi and for-hire vehicle license holders; revising terminology; adding new sections, amending various Sections of Chapter 6.310 of the Seattle Municipal Code, repealing Ordinance 124441, and amending Ordinance 124349, which adopted the 2014 Budget.

ORDINANCE NO. 124528

AN ORDINANCE relating to the West Seattle Junction Parking and Business Improvement Area; modifying the assessment rates; modifying the boundaries; and amending Ordinance 113326, as previously amended by Ordinances 115997, 119539, 120570 and 121758.

ORDINANCE NO. 124529

AN ORDINANCE granting King County Department of Natural Resources and Parks, Wastewater Treatment Division permission to construct, maintain, and operate new and existing diversion structures in 32nd Avenue West for an unlimited term; specifying the conditions under which this permit is granted; and providing for the acceptance of the permit and conditions.

ORDINANCE NO. 124530

AN ORDINANCE relating to rates and charges for water services of Seattle Public Utilities; revising water rates and charges for master metered residential developments outside the City of Seattle and amending Seattle Municipal Code Chapter 21.04.440.D in connection therewith.

ORDINANCE NO. 124531

AN ORDINANCE relating to the Seattle Department of Transportation; accepting a statutory warranty deed for the donation of certain real property in the vicinity of the Ballard Bridge in Lots 8 and 9, Block 100, Gilman's Addition to the City of Seattle; and laying-off, opening, widening, extending, establishing, and designating the property for street purposes; placing the real property conveyed by such deed under the jurisdiction of the Department of Transportation; and ratifying and confirming certain prior acts.

Date of publication in the Seattle Daily Journal of Commerce, July 24, 2014.

7/24(813735)

STATE OF WASHINGTON -- KING COUNTY

--SS.

313735
CITY OF SEATTLE, CLERKS OFFICE

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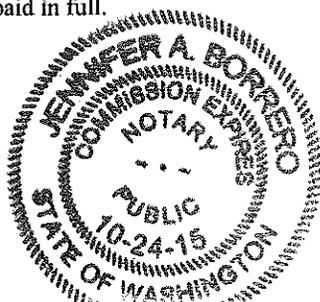
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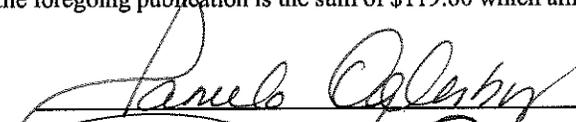
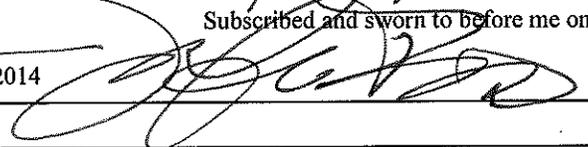
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