

ORDINANCE 1555

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GIG HARBOR, WASHINGTON, RELATING TO UTILITY RATES FOR THE CITY'S WATER, WASTEWATER, AND STORMWATER UTILITIES; REPEALING AND REPLACING SECTIONS 13.04.010, 13.04.020, 13.32.010, 13.32.015, 13.32.020, 13.32.025, 14.10.020, 14.10.050 AND 13.04.070; MODIFYING SECTION 14.10.010; PROVIDING FOR SEVERABILITY AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the city operates three independent utilities as enterprise funds, which include the water utility, wastewater (sewer) utility, and stormwater utility; and

WHEREAS, it is necessary to adjust utility service rates and charges to meet the increasing cost of providing utility services; and

WHEREAS, the costs to provide the utility services are based on existing and future capital expenses, operating expenses, and maintenance expenses; and

WHEREAS, staff recommends adjusting utility rates on an annual basis, as necessary, to keep up with the changing costs to provide these services so that customers may see gradual adjustments to their utility rates; and

WHEREAS, if utility rates were instead to be adjusted only every few years customers would see much larger utility rate adjustments that may be more difficult to accommodate and predict; and

WHEREAS, while the last time the city adjusted utility rates was January 1, 2025, the city intentionally decided to not adjust utility rates in 2021, 2022, and 2024, which caused the city's utility rates to lose value due to cost of living increases, operating and maintenance expenses, and increases in capital project costs across this five year time span; and

WHEREAS, the city completed a recent utility rate study in October 2025 with the support of FCS Group, which included presentations at council study sessions on July 17, 2025, August 14, 2025, and October 16, 2025, and concluded with proposed rate adjustments to all three utilities for the next five years; and

WHEREAS, the proposed water utility rate adjustments for the next five years are as follows: March 1, 2026 – +10%, January 1, 2027 – +10%, January 1, 2028 – +10%, January 1, 2029 – +10%, and January 1, 2030 – +2%; and

WHEREAS, the proposed storm utility rate adjustments for the next five years are as follows: March 1, 2026 – +3%, January 1, 2027 – +3%, January 1, 2028 – +3%,

January 1, 2029 – +3%, and January 1, 2030 – +3%; and

WHEREAS, the proposed sewer utility rate adjustments for the next five years are as follows: March 1, 2026 – +6%, January 1, 2027 – +6%, January 1, 2028 – +6%, January 1, 2029 – +6%, and January 1, 2030 – +1%; and

WHEREAS, beyond adjusting the water utility's rates, the city is also interested in separating the bi-monthly residential water consumption charges into five separate tiers with ascending commodity charges rates for customers to both encourage water conservation reduce the overall cost of water to those who use low levels of water all year round; and

WHEREAS, GHMC 13.04.020 currently identifies a charge for nonmetered residential water services; however, the city no longer has unmetered water services and is required by state law to have water meters for all services and therefore the city proposes to eliminate the charge for nonmetered residential water services from the municipal code; and

WHEREAS, the city is interested in clarifying the stormwater billing policy for residential units as presented in GHMC 14.10.020; and

WHEREAS, city staff are recommending all water system special service charges be transferred into the city's fee schedule so as to place general service charges in one central document and be updated through one common practice and therefore proposing to repeal and replace GHMC 13.04.070; and

WHEREAS, previously the water rate adjustments for Shore Acres were calculated by city staff based on the original agreements between the city and Shore Acres, but the wholesale Shore Acres water rates were not included in the municipal code; therefore, because of this anomaly, city staff is codifying the water rate adjustments for Shore Acres within GHMC 13.04.020;

WHEREAS, the city council has directed staff to continue to provide communication to utility customers about the pending rate increase;

NOW THEREFORE, The City Council of the City of Gig Harbor, Washington, do ordain as follows:

Section 1. Section 13.04.010 of the Gig Harbor Municipal Code is hereby repealed and replaced with the following:

13.04.010 Water rates.

Effective March 1, 2026, the monthly water service rates not including state and city taxes shall be set at the following amounts:

Customer Class/Meter	Customer Base Charge	Commodity Charge
	(per meter/ month)	(per ccf)
Residential	\$28.03	
Residential 0 to 10 CCF		\$2.30
Residential 11 to 16 CCF		\$3.50
Residential 17 to 21 CCF		\$4.60
Residential 22 to 42 CCF		\$5.80
Residential 43 CCF and more		\$6.90
Multi-residential		
5/8" & 3/4"	\$49.24	\$3.42
1"	\$67.77	\$3.42
1-1/2"	\$113.70	\$3.42
2"	\$169.02	\$3.42
3"	\$316.43	\$3.42
4"	\$482.42	\$3.42
Commercial/Schools		
5/8" & 3/4"	\$41.27	\$3.55
1"	\$54.53	\$3.55
1-1/2"	\$87.25	\$3.55
2"	\$126.68	\$3.55
3"	\$231.86	\$3.55
4"	\$350.27	\$3.55
Shore Acres Wholesale Rate (all meters)	\$3,195.87	\$3.66

Effective January 1, 2027, the monthly water service rates not including state and city taxes shall be set at the following amounts:

Customer Class/Meter	Customer Base Charge (per meter/ month)	Commodity Charge (per ccf)
Residential		\$30.83
Residential 0 to 10 CCF		\$2.53
Residential 11 to 16 CCF		\$3.85
Residential 17 to 21 CCF		\$5.06
Residential 22 to 42 CCF		\$6.38
Residential 43 CCF and more		\$7.59
Multi-residential		
5/8" & 3/4"	\$54.16	\$3.76
1"	\$74.55	\$3.76
1-1/2"	\$125.07	\$3.76
2"	\$185.92	\$3.76
3"	\$348.07	\$3.76
4"	\$530.66	\$3.76
Commercial/Schools		
5/8" & 3/4"	\$45.40	\$3.91
1"	\$59.98	\$3.91
1-1/2"	\$95.98	\$3.91
2"	\$139.35	\$3.91
3"	\$255.05	\$3.91
4"	\$385.30	\$3.91
Shore Acres Wholesale Rate (all meters)	\$3,515.46	\$4.03

Effective January 1, 2028, the monthly water service rates not including state and city taxes shall be set at the following amounts:

Customer Class/Meter	Customer Base Charge	Commodity Charge
	(per meter/ month)	(per ccf)
Residential	\$33.91	
Residential 0 to 10 CCF		\$2.78
Residential 11 to 16 CCF		\$4.24
Residential 17 to 21 CCF		\$5.57
Residential 22 to 42 CCF		\$7.02
Residential 43 CCF and more		\$8.35
Multi-residential		
5/8" & 3/4"	\$59.58	\$4.14
1"	\$82.01	\$4.14
1-1/2"	\$137.58	\$4.14
2"	\$204.51	\$4.14
3"	\$382.88	\$4.14
4"	\$583.73	\$4.14
Commercial/Schools		
5/8" & 3/4"	\$49.94	\$4.30
1"	\$65.98	\$4.30
1-1/2"	\$105.58	\$4.30
2"	\$153.29	\$4.30
3"	\$280.56	\$4.30
4"	\$423.83	\$4.30
Shore Acres Wholesale Rate (all meters)	\$3,867.01	\$4.43

Effective January 1, 2029, the monthly water service rates not including state and city taxes shall be set at the following amounts:

Customer Class/Meter	Customer Base Charge (per meter/ month)	Commodity Charge (per ccf)
Residential	\$37.30	
Residential 0 to 10 CCF		\$3.06
Residential 11 to 16 CCF		\$4.66
Residential 17 to 21 CCF		\$6.13
Residential 22 to 42 CCF		\$7.72
Residential 43 CCF and more		\$9.19
Multi-residential		
5/8" & 3/4"	\$65.54	\$4.55
1"	\$90.21	\$4.55
1-1/2"	\$151.34	\$4.55
2"	\$224.96	\$4.55
3"	\$421.17	\$4.55
4"	\$642.10	\$4.55
Commercial/Schools		
5/8" & 3/4"	\$54.93	\$4.73
1"	\$72.58	\$4.73
1-1/2"	\$116.14	\$4.73
2"	\$168.62	\$4.73
3"	\$308.62	\$4.73
4"	\$466.21	\$4.73
Shore Acres Wholesale Rate (all meters)	\$4,253.71	\$4.87

Effective January 1, 2030, the monthly water service rates not including state and city taxes shall be set at the following amounts:

Customer Class/Meter	Customer Base Charge (per meter/ month)	Commodity Charge (per ccf)
Residential	\$38.05	
Residential 0 to 10 CCF		\$3.12
Residential 11 to 16 CCF		\$4.75
Residential 17 to 21 CCF		\$6.25
Residential 22 to 42 CCF		\$7.87
Residential 43 CCF and more		\$9.37
Multi-residential		
5/8" & 3/4"	\$66.85	\$4.64
1"	\$92.01	\$4.64
1-1/2"	\$154.37	\$4.64
2"	\$229.46	\$4.64
3"	\$429.59	\$4.64
4"	\$654.94	\$4.64
Commercial/Schools		
5/8" & 3/4"	\$56.03	\$4.82
1"	\$74.03	\$4.82
1-1/2"	\$118.46	\$4.82
2"	\$171.99	\$4.82
3"	\$314.79	\$4.82
4"	\$475.53	\$4.82
Shore Acres Wholesale Rate (all meters)	\$4,338.78	\$4.97

Section 2. Section 13.04.020 of the Gig Harbor Municipal Code is hereby repealed.

Section 3. Section 13.32.010 of the Gig Harbor Municipal Code is hereby repealed and replaced with the following:

13.32.010 Sewer rates.

Effective March 1, 2026, the monthly sewer service rates not including state and city sales tax shall be set at the following amounts:

Customer Class	Customer Base Charge (per month)	Commodity Charge (per ccf)
Residential	\$47.49	\$5.84
Multifamily residential (per living unit)	\$36.55	\$5.86
Commercial/school	\$110.85	\$10.29
Dept. of Corrections	\$14,645.56	\$5.84

Effective January 1, 2027, the monthly sewer service rates not including state and city sales tax shall be set at the following amounts:

Customer Class	Customer Base Charge (per month)	Commodity Charge (per ccf)
Residential	\$50.34	\$6.19
Multifamily residential (per living unit)	\$38.74	\$6.21
Commercial/school	\$117.50	\$10.91
Dept. of Corrections	\$15,524.29	\$6.19

Effective January 1, 2028, the monthly sewer service rates not including state and city sales tax shall be set at the following amounts:

Customer Class	Customer Base Charge (per month)	Commodity Charge (per ccf)
Residential	\$53.36	\$6.56
Multifamily residential (per living unit)	\$41.06	\$6.58
Commercial/school	\$124.55	\$11.56
Dept. of Corrections	\$16,455.75	\$6.56

Effective January 1, 2029, the monthly sewer service rates not including state and city sales tax shall be set at the following amounts:

Customer Class	Customer Base Charge (per month)	Commodity Charge (per ccf)
Residential	\$56.56	\$6.95
Multifamily residential (per living unit)	\$43.52	\$6.97
Commercial/school	\$132.02	\$12.25
Dept. of Corrections	\$17,443.10	\$6.95

Effective January 1, 2030, the monthly sewer service rates not including state and city sales tax shall be set at the following amounts:

Customer Class	Customer Base Charge (per month)	Commodity Charge (per ccf)
Residential	\$57.13	\$7.02

Customer Class	Customer Base Charge (per month)	Commodity Charge (per ccf)
Multifamily residential (per living unit)	\$43.96	\$7.04
Commercial/school	\$133.34	\$12.37
Dept. of Corrections	\$17,617.53	\$7.02

Section 4. Section 13.32.015 of the Gig Harbor Municipal Code is hereby repealed and replaced with the following:

13.32.015 Sewer rates – Community systems.

Effective March 1, 2026, the monthly sewer service rates for the Shorecrest community system shall be set at \$108.04 per month.

Effective January 1, 2027, the monthly sewer service rates for the Shorecrest community system shall be set at \$114.52 per month.

Effective January 1, 2028, the monthly sewer service rates for the Shorecrest community system shall be set at \$121.39 per month.

Effective January 1, 2029, the monthly sewer service rates for the Shorecrest community system shall be set at \$128.67 per month.

Effective January 1, 2030, the monthly sewer service rates for the Shorecrest community system shall be set at \$129.96 per month.

Section 5. Section 13.32.020 of the Gig Harbor Municipal Code is hereby repealed and replaced with the following:

13.32.020 Nonmetered uses.

Effective March 1, 2026, the monthly sewer service rates not including state and city sales tax for each unmetered residential unit, multifamily residential living unit, or commercial facility billing unit shall be as follows:

Nonmetered Customer Class	Monthly Charge
Residential	\$82.87/unit
Multifamily residential	\$59.42/living unit
Commercial	\$203.49/billing unit

Effective January 1, 2027, the monthly sewer service rates not including state and city sales tax for each unmetered residential unit, multifamily residential living unit, or commercial facility billing unit shall be as follows:

Nonmetered Customer Class	Monthly Charge
Residential	\$87.84/unit
Multifamily residential	\$62.99/living unit
Commercial	\$215.70/billing unit

Effective January 1, 2028, the monthly sewer service rates not including state and city sales tax for each unmetered residential unit, multifamily residential living unit, or commercial facility billing unit shall be as follows:

Nonmetered Customer Class	Monthly Charge
Residential	\$93.11/unit
Multifamily residential	\$66.77/living unit
Commercial	\$228.64/billing unit

Effective January 1, 2029, the monthly sewer service rates not including state and city sales tax for each unmetered residential unit, multifamily residential living unit, or commercial facility billing unit shall be as follows:

Nonmetered Customer Class	Monthly Charge
Residential	\$98.70/unit
Multifamily residential	\$70.78/living unit
Commercial	\$242.36/billing unit

Effective January 1, 2030, the monthly sewer service rates not including state and city sales tax for each unmetered residential unit, multifamily residential living unit, or commercial facility billing unit shall be as follows:

Nonmetered Customer Class	Monthly Charge
Residential	\$99.69/unit
Multifamily residential	\$71.49/living unit
Commercial	\$244.78/billing unit

Section 6. Section 13.32.025 of the Gig Harbor Municipal Code is hereby repealed and replaced with the following:

13.32.025 Sewer rates – Community systems using flow meters.

Effective March 1, 2026, the monthly sewer service rates not including state and city sales tax for community systems basing billing on sewer flow meters shall be set at the following amounts:

Customer Class	Customer Base Charge (per month)	Commodity Charge (per ccf)
Residential	\$14.00 + \$31.26/unit	\$5.57
Multifamily residential	\$14.00 + \$19.63/unit	\$5.57
Commercial	\$14.00 + \$94.09/unit	\$9.79

Effective January 1, 2027, the monthly sewer service rates not including state and

city sales tax for community systems basing billing on sewer flow meters shall be set at the following amounts:

Customer Class	Customer Base Charge (per month)	Commodity Charge (per ccf)
Residential	\$14.84 + \$33.14/unit	\$5.90
Multifamily residential	\$14.84 + \$20.81/unit	\$5.90
Commercial	\$14.84 + \$99.74/unit	\$10.38

Effective January 1, 2028, the monthly sewer service rates not including state and city sales tax for community systems basing billing on sewer flow meters shall be set at the following amounts:

Customer Class	Customer Base Charge (per month)	Commodity Charge (per ccf)
Residential	\$15.73 + \$35.13/unit	\$6.25
Multifamily residential	\$15.73 + \$22.06/unit	\$6.25
Commercial	\$15.73 + \$105.72/unit	\$11.00

Effective January 1, 2029, the monthly sewer service rates not including state and city sales tax for community systems basing billing on sewer flow meters shall be set at the following amounts:

Customer Class	Customer Base Charge (per month)	Commodity Charge (per ccf)
Residential	\$16.67 + \$37.24/unit	\$6.63
Multifamily residential	\$16.67 + \$23.38/unit	\$6.63
Commercial	\$16.67 + \$112.06/unit	\$11.66

Effective January 1, 2030, the monthly sewer service rates not including state and city sales tax for community systems basing billing on sewer flow meters shall be set at the following amounts:

Customer Class	Customer Base Charge (per month)	Commodity Charge (per ccf)
Residential	\$16.84 + \$37.61/unit	\$6.70
Multifamily residential	\$16.84 + \$23.61/unit	\$6.70
Commercial	\$16.84 + \$113.18/unit	\$11.78

Section 7. Section 14.10.050 of the Gig Harbor Municipal Code is hereby repealed and replaced with the following:

14.10.050 Stormwater monthly service rates.

In accordance with the basis for a rate structure set forth in GHMC 14.10.020, there is levied upon all developed real property within the boundaries of the utility the following monthly service rates which shall be collected from the owners of such properties:

Effective March 1, 2026, shall be \$18.40.

Effective January 1, 2027, shall be \$18.95.

Effective January 1, 2028, shall be \$19.52.

Effective January 1, 2029, shall be \$20.11.

Effective January 1, 2030, shall be \$20.71.

Section 8. Section 14.10.010 of the Gig Harbor Municipal Code is modified to add the following definition:

“Residential Unit” shall include any one of the following: one single-family dwelling with up to one accessory dwelling unit, one duplex building, or one mobile/manufactured home.

Section 9. Section 14.10.020 of the Gig Harbor Municipal Code is hereby repealed and replaced with the following:

14.10.020 Policy on rates and charges.

- A. The utility shall charge for each residential unit on a parcel based on the classifications listed below.

1. Small residence (4,400 square feet or less of hard surface area) shall be one EBU.
2. Medium residence (more than 4,400 square feet of hard surface area and less than 7,000 square feet of hard surface area) shall be 1.3 EBUs.
3. Large residence (7,000 square feet or more of hard surface area) shall be 1.6 EBUs.

B. Commercial buildings shall be granted a 10 percent rate reduction if all buildings on the property are shown to utilize a rainwater harvesting system in accordance with RCW 35.92.020(3).

C. For all other developed parcels, including parcels with the mixed use of a residential use and any other use, the utility shall charge the number of equivalent billing units calculated on each parcel based on the amount of hard surface on each parcel divided by the definition of an equivalent billing unit identified in GHMC 14.10.010. Regardless of calculation of hard surface, a minimum of one equivalent billing unit shall be charged. Calculations that result in more than one equivalent billing unit shall be rounded to the nearest 0.1 EBU.

Section 10. Section 13.04.070 of the Gig Harbor Municipal Code is hereby repealed and replaced with the following:

13.04.070 Special Charges

The city may impose special service charges as adopted in the city's fee schedule.

Section 11. Severability. If any section, sentence, clause or phrase of this Ordinance is held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, clause or phrase of this ordinance.

Section 12. Correction of Errors. The city clerk and codifiers of the ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 13. Effective Date. This ordinance shall take effect and be in full force on January 1, 2026.

ADOPTED by the City Council of the City of Gig Harbor at a regular meeting thereof, held this 10th day of November, 2025.

Mary K Barber
Mary K. Barber
Mayor

Approved as to form:

Daniel Kenny

Daniel Kenny
City Attorney

Attest:

Joshua Stecker, CMC
City Clerk