

COBURG CITY COUNCIL ACTION/ISSUE ITEM



TOPIC: Utility Rate Update

Meeting Date: July 12, 2022

Staff Contact: Anne Heath, City Administrator

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REQUESTED COUNCIL ACTION

Information Only

POLICIES OR CITY COUNCIL GOAL(S) ADDRESSED

City Council Goal - Utilities, Equipment and Infrastructure, Fiscal Stewardship

BACKGROUND

At the April 26, 2022 work session, staff and City Engineering presented information regarding the reservoir portion of the Water Project as well as updated models for utility fees.

Following the presentation on the reservoir project, the City Administrator, shared with the Council the platform models for utility fees and the recommendation coming out of the models. That recommendation reflected conservative growth and development, coupled with the increase in the costs of materials and services, as well as rising personnel costs, would require an increase in water and sewer fees.

After discussion, the Council gave staff direction to add a 1.5% Sewer increase, and a 3% water increase to the budget for analysis. However, there was not an intention to implement the fee increase at this time. Implementation would take place after the Council had the opportunity to take a closer look at the impact of the increases once the full budget is completed, as well as a conclusion to the feasibility study that would take place regarding the planned reservoir project. The Council would then make a decision on whether or not to adjust fees in mid-year in fiscal year 2023, or to receive the information and then be prepared to make a decision that would affect fiscal year 2024 utility fees.

The timeline presented reflected utility rate fee scenarios be presented in July to the City Council. Staff is presenting projected budgets with the increase in fees over the next ten years as attachments to this document. However, Council need to be mindful that there are many

moving parts to the water project at this time, and many questions that must be answered before final information can be presented.

While consulting with engineering, staff have made the decision to review the entire project list and projected budget and prioritize the projects. We can then move forward to identify projects that while may be important, can wait to a later date, and perhaps wait until the economy has returned to a normalcy.

The following priorities have been identified:

1. Developing the 3rd well, and providing a waterline and hook up to the water system
2. Replacing aging mainlines throughout the City that continue to fail
3. Water projects within the Collector Street System prior to the street improvement project next summer as the City does not want to replace the streets and then dig them up to do water repairs.

Given the increase in construction costs, these projects alone will spend out the current available funding with Business Oregon, which is 5.5 million.

Other projects such as the reservoir and the second east-west bore may have to wait until additional funding is available.

BUDGET SCENERIOS

Staff is providing budget for a 3% water fee increase, and a 1.5% sewer fee increase over a 10-year period. At this time, the staff has no new information to suggest that this will not be a continued recommendation, and until we can prioritize and apply a new budget to each project, we are not able to provide a different set of scenarios to the City Council. This will come when the feasibility study is completed, and we know what the facts are for the future of the water system.

PUBLIC INFORMATION AND ENGAGEMENT

A newsletter article was placed in the Our Town newsletter, and a newsletter was placed in the utility bills in June 2022.

The Mayor's letter to the community, which includes this topic, is included in the community newsletter.

NEXT STEPS

- Staff are working to prioritize projects that need to be completed and apply a new projected cost based upon current construction prices
- The feasibility study is in process and will be completed by September
- Staff are working with Business Oregon to adjust the budget for our water loan to reflect the priority projects

ATTACHMENTS

- A. Budget Scenarios for Water and Sewer Department**
- B. Newsletter provided to Community in Utility billing**

REVIEWED BY:

Brian Harmon, Public Works Director
Damien Gilbert, City Engineer