



COBURG CITY COUNCIL ISSUE ITEM

TOPIC: Resolution 2020-16, A Resolution Raising the EDU Rate for Wastewater and Rescinding Resolution 2017-04

Meeting Date: July 14, 2020
Staff Contact: Anne Heath, City Administrator
Contact: 541-682-7871, anne.heath@ci.coburg.or.us

SUGGESTED COUNCIL ACTION

Adopt Resolution 2020-16, A Resolution Raising the EDU Rate for Wastewater

"I move that the Council adopt Resolution 2020-16 raising the sewer fee from \$85.00 to \$86.70 per EDU and rescinding Resolution 2017-04

COUNCIL GOALS

Improve Financial Position
Employ Infrastructure Sustainability

BACKGROUND

A city's wastewater rates are always based on a 20 year model which projects revenue and cost over the planning period. Because reality rarely ever matches the projections, the model is updated annually to reflect current year actuals as well as any new information that would make a substantial change to the model such as changes in tax collections, users, development, and debt service.

When the rate was set by the Council at \$85 a month in 2014, the Council discussion included consideration of several elements of the model. The Council chose an initial rate with the understanding that it was a projection and that the projection reflected a need for regular increases in rates every year for approximately ten years. The Council understood that the size of the annual monthly increase would vary as reality impacted the model. The Council also understood that it was selecting a rate that would not support the system going forward unless

there were regular rate increases in the future.

Rates were initially set just as construction was ending. In the intervening period, reality has demonstrated that the model's projections were correct in some regards and missed in other ways. This led to the City updating the model annual.

In April, 2016, the model showed that if the City did not begin adjusting its rates upwards in fiscal year 2017, the City would quickly exhaust its reserves. The 2016 model also showed operating costs were higher than projected, and that there was a significant decrease in the Urban Renewal District tax revenue. In addition, there were other costs that were not included in the model, such building a reserve to replace the membrane filters when they reach the end of their expected life. Therefore, for Fiscal Year 2017 the Council made the decision to increase sewer rates by \$5.10 in 2017, and potentially every year after for the next 10 years.

When adjusting the model for Fiscal Year 2018 there were several positive factors that changed in 2017 that created a different projection resulting in the Council reducing rates back down to \$85.00 where they have remained.

ANALYSIS

In Fiscal Year 2020 the City budgeted to contract a utility rate analysis for the Water and Sewer. The analysis resulted in a recommendation of a slight increase in sewer fees for 2020 of \$1.70 and a similar increase to sewer rates through 2028. This is based on projected growth and development, and needs to be revisited annually prior to the budget being presented.

City of Coburg Utility Rate Study: Sewer Utility *Sewer Rate Schedule*

Across-the-Board Rate Schedule	Previous	Existing	ATB	ATB	ATB	ATB	ATB	ATB	ATB	ATB	ATB
Implementation			7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028
Annual System-Wide Rate Increase			2.00%	2.00%	2.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Fixed Rates per EDU											
Wastewater Rate	\$85.00	\$85.00	\$86.70	\$88.43	\$90.20	\$91.10	\$92.02	\$92.94	\$93.87	\$94.80	\$95.75
Assisted Income Rates per EDU											
<100% of the poverty level	\$55.00	\$55.00	\$56.10	\$57.22	\$58.37	\$58.95	\$59.54	\$60.14	\$60.74	\$61.34	\$61.96
<125% of the poverty level	\$61.00	\$61.00	\$62.22	\$63.46	\$64.73	\$65.38	\$66.03	\$66.70	\$67.36	\$68.04	\$68.72
<150% of the poverty level	\$67.00	\$67.00	\$68.34	\$69.71	\$71.10	\$71.81	\$72.53	\$73.26	\$73.99	\$74.73	\$75.48

Note: "Across-the-Board" (ATB) means that all stated rates increase by the same percentage (both the fixed and volume charges), which maintains the existing rate structure.

RECOMMENDATION AND ALTERNATIVES

Staff recommends that the Council consider the rate resolution setting the rates for sewer beginning August 1, 2020 at \$86.70 per EDU.

BUDGET / FINANCIAL IMPACT

The budget impact of rate increase will provide for increased operating revenue, and the cost of paying the existing sewer debt payments.

PUBLIC NOTICE/INVOLVEMENT

The attached newsletter was placed in Utility Bills in June. In addition it was placed at the post office and on social media.

NEXT STEPS

If the resolution is passed the staff will make the necessary adjustments to the utility billing module to update the rate per EDU

ATTACHMENTS

A. Newsletter regarding increase in sewer fee.

REVIEWED THROUGH:

Sammy Egbert, City Recorder
Anne Davies, City Attorney

RESOLUTION 2020-16

A RESOLUTION RAISING WASTEWATER SERVICE FEES, PROVIDING FOR RATE ADJUSTMENTS AND RESCINDING RESOLUTION 2017-04.

WHEREAS, Ordinance 223 provides the City Council with authority to set rates for the construction and operation of the Coburg Wastewater Systems; and

WHEREAS, it is necessary and appropriate to update the wastewater service rates and to provide for a method for future adjustments to insure a fiscally sound operating wastewater system, including maintaining required debt reserves and constructing a prudent equipment replacement reserve,

NOW THEREFORE, THE COBURG CITY COUNCIL RESOLVES AS FOLLOWS:

1. Beginning on September 1, 2020, the Wastewater service rate shall be \$86.70 per month per EDU. Establishing a rate per EDU user does not preclude or limit the City's authority to establish other rates for special circumstances or classes of users of the wastewater system.
2. Unless otherwise altered by the Council or by the City Administrator acting pursuant to authority granted by the Council, wastewater service rates will be adjusted at the beginning of each fiscal year as recommended in the Sewer Utility Analysis until it is determined that there is sufficient income from rates to pay the operating costs and to provide a fiscally prudent reserve.
3. Definitions

For purposes of administration of this Resolution, the following terms shall be defined as set forth in this section.

- A. Average Winter Water Use. Water use, as recorded by a water meter for the months October through April, divided by the number of months of actual use during that time.
- B. EDU. Equivalent Dwelling Unit, calculated based on 846 cubic feet of water use, expressed in a whole number, where any fraction of use greater than 0.10 is rounded to the next highest whole number.
- C. Wastewater Meter Reading. The reading of monthly wastewater volume from a meter measuring fluid output from a property's wastewater system.
- D. Water User. Any person or entity within the City limits of Coburg who has requested and received water from the City of Coburg, or who has otherwise had a water meter attached to plumbing on the person's property.

4. For purposes of calculating the amount any wastewater system user owes pursuant to the rates established by this resolution, usage shall be calculated based on Equivalent Dwelling Units (EDUs). Each water meter providing service to a single family residential structure shall be considered one EDU. Other water meter use, for non-single family residence use, shall be expressed as a whole number, calculated by taking an average of winter water use and dividing it by 846 cubic feet per month, where any fraction of use greater than 0.10 is rounded to the next highest whole number.
5. In the event that the City or the wastewater contributing property has installed a wastewater meter, the equivalent dwelling unit charge shall be based on the actual wastewater meter flow reading for each previous month, divided by 846 cubic feet per month, and rounding as set forth above. In the event that the City determines that the meter is not reading accurately for any month, the EDU use shall be based on the previous month's EDU.
6. Average Winter Water Use for each user shall be recalculated as soon after a new period of winter use has elapsed as is practical. The previous average winter water use shall be used until a new average is calculated. A delay in recalculation shall not invalidate the existing charges.
7. Winter averaging is done to reduce the impact of changes for seasonal or other variations in water use that do not affect flows to the wastewater system. Where, because of change of use or other circumstances, a user can show hardship from the continuation of charges based on a previously calculated winter average use, the City Administrator may establish an alternate means of calculating water use, if the City Administrator determines that such an adjustment would be consistent with the policies expressed in this Resolution and Ordinance A-223. The City Administrator may also adjust the EDU attributed to a property upwards without waiting for a new winter average, where a user's usage increases significantly due to changes in circumstance. A new user, or a user with a change of use such that no appropriate winter average exists, shall have a preliminary EDU rate established by use of the Wastewater SDC methodology. This assigned usage shall continue in effect until a winter average can be calculated, or wastewater meter readings are established.
8. The wastewater service rate may be adjusted for any residential user, based on the user's income in the prior year. The method of adjustment shall be established by separate action.

9. To the extent that they are inconsistent with or superseded by any provision of this resolution all prior resolutions on wastewater service rates shall no longer be effective.

Adopted by the **City Council** of the **City of Coburg**, Oregon, by a vote of _ for and _ against, this 14th day of July, 2020.

Ray Smith, Mayor

ATTEST:

Sammy L. Egbert, City Recorder