



COBURG CITY COUNCIL ACTION/ISSUE ITEM

TOPIC: Utility Rate Analysis

Meeting Date: May 10, 2022

Staff Contact: Anne Heath, City Administrator

Contact: 541-682-7871, Anne.Heath@ci.coburg.or.us

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, the Council were presented with information regarding the reservoir portion of the Water Project as well as updated models for utility fees.

After conducting surveys and geological studies to prepare for the development of the reservoir, many complications arose including difficult soils/rocks, creek crossings, and the fact that the reservoir was planned for a height that would cause pressure on the system overall, and therefore would require additional adjustments to the infrastructure system. It was recommended that the City move to design and build an elevated reservoir somewhere in the City limits at an alternative location.

After discussion, the Council gave staff direction to abandon the planning for a reservoir on the east hills/Diamond Ridge area and to conduct a feasibility study on alternative locations, as well as confirm the viability of the current reservoirs and confirm the capacity need for the new reservoir. The feasibility study will take until September to complete.

Following the presentation on the reservoir project, Anne Heath, City Administrator, shared with the Council the platform models for utility fees and the recommendation coming out of the models that with conservative growth and development, coupled with the increase in the costs of materials and services as well as personnel, there would be a need to raise 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, they do not intend to implement the fee increase at this time. Implementation would take place after the Council had the opportunity to take a closer at the impact of the increases once the full budget is completed. They would then make a decision on whether or not to adjust fees in fiscal year 2023, or to receive the information and then be prepared to make a decision that would impact fiscal year 2024 utility fees.

Influencing this decision is the costs associated with an alternative reservoir design and location and the possible increase in funds the City would need to obtain to complete the project.

TIMELINE

Council gave staff direction with the intent to take the time to look at this closer and have all information available to them prior to making a decision. Therefore, the staff has put together a timeline for Council to continue this discussion, and up until a decision would be made. The following is a tentative timeline for completing this work:

May	Complete utility budgets and add in financial scenarios in order for Council to see the impact on utility budgets
May	Begin feasibility study for reservoir design and relocation.
May	Public information newsletter making the public aware that the Council is discussing utility fees and why.
June/July,	Presentation to Council on fee scenarios and impact on utility budgets. This will include development and growth considerations
June/August,	Continue Public Education and engagement on the utility systems and Water Master Project
September	Results of feasibility study available to share with City Council
September	Council discussion of the financial impacts of the reservoir project, as well as the utility fees – Public Input Opportunity
October	Council decision on changes to reservoir project as well as implementation of utility fee increases – Public Input Opportunity
October	Review and presentation of the Utility Billing Ordinance to align with decisions being made by City Council.

PUBLIC INFORMATION AND ENGAGEMENT

Staff recommends a similar public information campaign as the Transportation Utility Fee which proved to be very successful. Additionally, at least two opportunities for the Public to ask questions, provide comment, and feedback.

NEXT STEPS

- Staff to meet with FCS staff to review rate models and prepare opportunity for Council to see budget comparisons based upon different fee adjustments
 - Staff to begin reviewing utility ordinance with legal early in year 2023 (this is on the adopted work plan).
 - Staff to facilitate feasibility study for reservoir with engineering
 - Begin public education campaign regarding Councils decision to consider utility fees, and updates to the water infrastructure and need for updates
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ATTACHMENTS

- A. Power Point presented by Murray Smith at April 26, 2022, work session
 - B. Power Point presented by staff on utility fee models at work session
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REVIEWED BY:

Sammy Egbert, City Recorder
Brian Harmon, Public Works Director
Tim Gaines, Finance Director