



Utility Rate Schedule Adjustments

Resolutions 2024-10 Transportation Utility Fee (TUF), 2024-11 Wastewater, 2024-12 Water,

Meeting Date	Staff Contact	Email
December 10, 2024	Adam Hanks, City Administrator	Adam.Hanks@ci.coburg.or.us

SUMMARY AND REQUESTED COUNCIL ACTION

The City of Coburg regularly reviews and adjusts utility rates to ensure adequate revenues to operate the water, wastewater and transportation systems of the City of Coburg. The following resolutions increase rates in all three utilities to maintain current service levels, ability to make debt service payments and reduce the utilization of diminishing fund balances to operate each utility. Water rates are proposed to increase 4%, a wastewater increase of 6% and a transportation rate increase of 4.9%

Suggested Motions (separate motions for each resolution)

I move to approve Resolution 2024-10, a resolution setting revised transportation utility fee (TUF) with a 0.9% increase for the construction cost index and a 4% increase for prior year construction cost index increases for a total of a 4.9% increase across all fee categories.

I move to approve Resolution 2024-11, a resolution setting revised wastewater utility rates with a six percent (6%) increase to the equivalent dwelling unit (EDU).

I move to approve Resolution 2024-12, a resolution setting revised water utility rates with a four percent (4%) increase to all rate classifications with the exception of the PVE rate which remains at its current rate.

BACKGROUND

Customer rates and charges are the primary dedicated revenue that fund the operation, maintenance and capital investments of each of the City of Coburg’s three utilities; Water, Wastewater (sewer) and Transportation (Streets/sidewalks). Each utility has developed a rate methodology and rate model to equitably charge the customer base for their use of each of the utility systems.

CITY COUNCIL STAFF REPORT

- Transportation - Customer use of this utility is based on average daily trip counts of each major customer class (residential, commercial, industrial, etc). The rate established per trip count is derived from the costs associated with repair and improvements to the City's street system.
- Wastewater - Because wastewater systems are not metered, customer use of the system is calculated using winter water consumption to create an equivalent dwelling unit (EDU). The EDU is then used to calculate the required rate to charge per EDU to meet the requirements of operating the wastewater system. Single family residential customers have a EDU of one, while other customer classes EDU rate is adjusted based on their water utilization compared to the single family baseline EDU (846 cubic feet)
- Water - Customer use of the system is measured through metering of consumption and the rate charged to each customer is a combination of a fixed (base fee) and variable (consumption) rates. Base fees are calculated by the meter size (maximum potential use of the system) and consumption fees are charged per 100 cubic feet of water used*.
 - * Residential base fee includes 700 cubic feet of consumption limiting the consumption fee to water utilization greater than 700 cubic feet.

Utility rate increases are driven by increased costs to maintain the current level of service for each of the three utilities. Drivers of increased costs include personnel (wages, benefits), materials and services (pumps, motors, electricity, fuel, chemicals, etc) and capital project requirements.

If rates are not adjusted to keep pace with annual cost increases, fund balances must be utilized to ensure each of the three utilities maintains a balanced budget as required by law. The use of fund balances to fill the gap between revenues and expenditures is a short term tool that negatively impacts the financial stability of each of the utility funds and creates added risk for both short term operating abilities as well as long term funding for required infrastructure improvements.

The rate increases proposed by staff and recommended by the Mayor-appointed Revenue Sub-Committee address the immediate operational needs for each of the three utilities, but do not fully address the declining fund balances that each of the funds continue to experience. Additional rate reviews and adjustments will be necessary to reverse this trend and establish financial stability for each fund in the future.

RECOMMENDATION

Staff recommends Council approve each of the three resolutions as an important step towards establishing financial stability within each fund. Staff also recommends that rate model updates be completed for the water and wastewater utilities within the next two years to better align multi-year revenue needs with updated operations, maintenance, capital and debt service costs for each fund.

BUDGET / FINANCIAL IMPACT

The proposed rate increases provide approximately \$50,000 in revenue for each of the water and wastewater funds and approximately \$8,000 for the street fund.

Impacts to City of Coburg utility customers vary by customer type. Below is an example of actual dollar impacts to a “typical” residential customer:

Utility	Current Rate	Proposed Rate	Difference (mo)	Difference (yr)
Wastewater	\$88.43	\$93.74	\$5.31	\$63.72
Water *	\$59.36	\$61.73	\$2.37	\$28.44
Transportation	\$7.00	\$7.34	\$0.34	\$4.08
TOTAL	\$154.79	\$162.81	\$8.02	\$96.24

* Base rate only (typical winter use)

PUBLIC INVOLVEMENT

Mayor Bell created a Revenue Needs Assessment Council Sub-Committee to review all existing potential revenue streams available to the Council to ensure long term financial sustainability of the City of Coburg. The first two sub-committee meetings were focused on the City’s utility funds and the rates used to generate revenues for those funds, with the sub-committee recommending the rate increases currently proposed.

A City Council work session on utility rate adjustments was held on November 26, 2024. No public input was provided to Council at that time. See attached presentation slideshow for work session discussion points. ,

NEXT STEPS

Upon Council approval, Information regarding rate increases will be distributed to Coburg utility customers in advance of the February 1, 2025 rate adjustment effective date. City staff will also update the rate schedules within the City’s financial and utility billing software to prepare for the February 1, 2025 effective date.

ATTACHMENTS

1. Draft Resolution 2024-10 - Transportation Utility Fee Rate Schedule
2. Draft Resolution 2024-11 - Wastewater Utility Rate Schedule
3. Draft Resolution 2024-12 - Water Utility Rate Schedule
4. November 26, 2024 Council Work Session Presentation Slides