



# Utility Rate Schedule Adjustments

## Resolutions 2026-02 Water, 2026-03 Wastewater, 2026-04 Transportation Utility Fee (TUF)

Meeting Date	Staff Contact	Email
January 13, 2026	Adam Hanks, City Administrator	<a href="mailto:Adam.Hanks@ci.coburg.or.us">Adam.Hanks@ci.coburg.or.us</a>

### 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.

Rates for Water and Transportation (TUF) are proposed to increase using the Engineering News Record (ENR) Construction Cost Index November 2025 rate of 3.4%. Wastewater rate proposed increase includes the 3.4% ENR as well as an additional 3% to address declining fund balances for a total proposed increase of 6.4%.

### Suggested Motions (separate motions for each resolution)

*I move to adopt Resolution **2026-02**, a resolution adopting revised water rates.*

*I move to adopt Resolution **2026-03**, a resolution adopting revised wastewater service rate*

*I move to adopt Resolution **2026-04**, a resolution revising the transportation utility fee rate schedule.*

### 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.

- 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 address the immediate operational needs for each of the three utilities. Additional rate reviews and adjustments in the Water and Wastewater utilities will be necessary to address upcoming debt service in the Water Fund, phase out of the Urban Renewal Agency financial contribution to debt service in the Wastewater Fund, as well as to update and verify appropriate rate model accuracy by customer classification (residential, commercial, etc).

Staff will propose a schedule for a rate consultant methodology update in a future Council meeting, likely concurrent with the presentation and adoption of the Capital Improvements Plan scheduled for the January 27, 2026 work session and the February 10, 2026 Council meeting.

## **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 to three 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 \$40,000 in revenue for the Water Fund, \$60,000 for the Wastewater Fund and approximately \$7,000 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:

**2025 Utility Rate Increase**

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
<b>TOTAL</b>	<b>\$154.79</b>	<b>\$162.81</b>	<b>\$8.02</b>	<b>\$96.24</b>

\* Base rate only (typical winter use)

**2026 Proposed Utility Rate Increase**

Utility	Current Rate	Proposed Rate	Difference (mo)	Difference (yr)
Wastewater	\$93.74	\$99.74	\$6.00	\$71.99
Water *	\$61.73	\$63.83	\$2.10	\$25.20
Transportation	\$7.34	\$7.59	\$0.25	\$3.00
<b>TOTAL</b>	<b>\$162.81</b>	<b>\$171.16</b>	<b>\$8.35</b>	<b>\$100.19</b>

\* 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. Council approved 2025 utility rate increases on December 10, 2024 with an

effective date of February 1, 2025.

The proposed rate increases are proposed to be effective April 1, 2026 to provide adequate time to develop and distribute rate increase notifications to Coburg utility customers prior to implementation.

**NEXT STEPS**

Upon Council approval, Information regarding rate increases will be distributed to Coburg utility customers in advance of the April 1, 2026 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 April 1, 2026 effective date.

**ATTACHMENTS**

1. Draft Resolution 2026-02 - Water Utility Rate Schedule
2. Draft Resolution 2026-03 - Wastewater Utility Rate Schedule
3. Draft Resolution 2026-04 - Transportation Utility Fee Rate Schedule
4. Utility Rate Schedule – Existing and Proposed Rates