



*Where Life is Sweet*

Mayor and Members of the City Council  
**STAFF REPORT**  
For the Meeting of January 30, 2025

**Title/Subject**

Resolution 2353- Master Fee Schedule Update to Include Water & Sewer Rates and Various Billing Fees

**Summary and Background**

This resolution amends the Master Fee Schedule in several sections.

**WATER & SEWER RATES:** City Council has adopted a process beginning in 2018 to annually adjust water and sewer rates to accommodate for inflation. The process of annually updating rates aids customers so they experience relatively stable rates by avoiding sporadic large increases. The process adopted by City Council has been to utilize the Engineering News Record's Construction Cost Index, and to average the past three years CCI change in order to further smooth variations caused by inflation spikes. Although the 2024 CCI rate came in at 0.9%, when it is averaged with the previous two years, the recommended rate adjustment comes in at an even 3.0%.

Some customers use more water/sewer than others, and many customers use much more water in the summer-time, but in order to provide an apples-to-apples sense of the impact of the changes, we look at the median residential customer and the average of their combined water and sewer bill over the course of a year. For that median residential customer, this change will result in an average monthly increase of \$3.44.

**SPECIAL WATER/SEWER CHARGES:** There are a number of special, or unique, charges in the water and sewer sections of the fee schedule which generally do not apply to 99% of customers.

- Industrial User Rates: These are specially calculated rates for industrial users, and were only put in place in April, 2022. These rates have not been updated since original adoption, but will be included with annual inflation adjustments moving forward. To catch these up, the Industrial User Rates are being adjusted by the Engineering News Record's Construction Cost Index Change since April, 2022; or 5.69%. Currently there is only one customer paying these rates.

- **Vactor Use:** Some of our neighboring jurisdictions don't have their own vactor trucks for sucking out sewer lines, and occasionally ask to use the City of Hermiston's. Those other cities pay an hourly rate for this privilege. This rate hasn't been adjusted since 2020 but is being recommended to be adjusted for inflation.
- **Septic Tank & Portable Toilet Waste Disposal:** Commercial septic haulers dump their waste at Hermiston's plant. This rate hasn't been adjusted since 2020 and is being recommended to increase with inflation.
- **Fire Hydrant Meter:** Construction contractors who pull water from a fire hydrant are required to meter their usage through one of the special meters which can be attached to a hydrant. The deposit for these meters has not been adjusted since at least 2020 and is falling further behind the replacement value of the equipment, which makes it less likely to be returned. This is recommended for adjustment consistent with inflation.

**UTILITY BILLING FEES:** The city assesses fees on utility customers for account delinquency and metering tampering. The purpose of these fees is to assure prompt payment of account balances, recoup costs associated with collecting past due balances and protect the city's water system assets. The current fees for Disconnect/Reconnect and Meter Tampering at \$20 and \$25, respectively do not cover costs associated with collection and costs associated with repair to damaged meters and locks due to tampering. There are customers who routinely turn their service back on after shut-off, cut the lock or damage their meters. Additionally, there is a Customer Requested Inspection Fee of \$15. This fee is assessed when a utility customer requests inspection of their meter. To avoid unintentional damage caused by a customer the water department would prefer customers reach out and request an inspection or assistance.

Staff is requesting a fee increase in the Disconnect/Reconnect Fee from \$20 to \$75, an increase in the Meter Tampering Fee from \$25 to \$100 and the elimination of the Customer Requested Inspection Fee of \$15. These fees are only assessed on past due and customers that tamper with the city's meter.

### **Tie-In to Council Goals**

**FISCAL: MAINTAIN SERVICE LEVELS, STRENGTHEN INTERNAL OPERATIONS TO SUPPORT SUSTAINABILITY, ACCOUNTABILITY, AND TRANSPARENCY**

### **Fiscal Information**

- **Water & Sewer Rates:** This action will generate an additional \$300,000 per year for the Utility Fund in order to keep up with rising costs. Since the Council shifted to averaging 3 years of inflation to avoid a 7% increase in 2021, the rates are now trailing inflation as it has come back down. It is likely that proposed Federal taxes on imports will drive inflation back up in 2025. Therefore, it is recommended to approve this adjustment to avoid falling further behind.
- **Industrial User Rates:** This action will generate approximately \$5,000 per year in additional sewer revenue.
- **Utility Billing Fees:** Collectively the remaining changes will have relatively minor revenue implications.

## **Alternatives and Recommendation**

### **Alternatives**

1. Approve resolution 2353
2. Reject resolution 2353

### **Recommended Action/Motion**

Motion to approve Resolution 2353

### **Submitted By:**

Mark Morgan, Assistant City Manager

Ignacio Palacios, Finance Director