



CITY OF ORLAND STAFF REPORT

MEETING DATE: November 7, 2023

TO: Honorable Mayor and City Council Members

FROM: Paul W. Rabo, City Engineer

SUBJECT: Annual Review and Possible Adjustment to Water and Sewer Rates

BACKGROUND:

The City of Orland operates and maintains a public water system consisting of six wells, one elevated storage tank, over 400 fire hydrants, 34 miles of water distribution main and over 2,600 metered water services. The City is not responsible for maintenance of water services beyond the water meter. The City's sanitary sewer system includes 30 miles of pipelines, 400 sanitary sewer manholes, and four lift stations. The City is not responsible for maintenance of sewer service laterals beyond the right-of-way.

Per Municipal Code Section 13.04.350 the City of Orland shall perform an annual review of the water and sewer rates and make adjustments as necessary. The Consumer Price Index for the period beginning September 2022 and ending September 2023 shows an increase of 4.6% in water and sewer maintenance costs. The Engineering News Record shows construction cost increases of 2.4% for the same period.

In the past the City prepared a water rate study to assess the rates being charged to the users. The rate study included costs for maintenance, repairs, operation, capital improvements and debt servicing. The previous rate study recommended the City increase its water and sewer rates, over a five-year period, with accelerated increases initially to account for both operations and needed capital investment per the Water and Sewer Master Plans, followed by annual adjustments in accordance with the Consumer Price Index. The end of the five-year period has been reached.

ANALYSIS:

Current and Proposed Water Rates:

City staff recommends an increase to water rates beginning in January 2024. The existing and proposed water rates are:

WATER	Inside City Limits		Outside City Limits	
	Existing	Proposed	Existing	Proposed
Fixed Bi-Monthly Charge Rate	\$66.35	\$69.34	\$132.71	\$138.68
Per 1,000 gallons with more than 15,000 gallons	\$1.78	\$1.86	\$1.78	\$1.86

Current and Proposed Sanitary Sewer Rates:

City staff recommends an increase to sewer rates beginning in January 2023. The existing and proposed sewer rates are:

SEWER	Inside City Limits		Outside City Limits	
	Existing	Proposed	Existing	Proposed
Fixed Bi-Monthly Charge Rate	\$64.57	\$67.48	\$129.13	\$134.94
Surcharge: per 1,000 gallons with more than 15,000 gallons	\$0.92	\$0.96	\$0.92	\$0.96

Note: the volume usage surcharge only applies to commercial and industrial customers.

RECOMMENDATION:

1. Approve a 4.5% increase in water and sewer rates.
2. Adopt Resolution 2023-_____ "A Resolution of the City Council of the City of Orland to Establish Water and Sewer Rates for 2024".
3. Authorize City staff to review and update the water rate study to present to City Council at a future meeting.

City Council may direct Staff to conduct a Prop 218-compliant utility rate election prior to enacting these rates.

FISCAL IMPACT OF RECOMMENDATION:

Increased revenues will be put towards projects shown in the Capital Improvement Plan (CIP), maintenance, system operations and emergency reserves.