

City of St. Helens City Council Work Session Utilities Rates Presentation May 4, 2022



Today's Agenda



- Utilities rate making methodology explained
 - Proposed definitions of water and wastewater Equivalent Dwelling Units (EDUs)
- Recommended rates by year for the next five years
- Water rates details
- Wastewater rates details
- Stormwater rates details
- Regional utilities rates recap
- Next steps

Rate Making Methodology



- Each utility (water, wastewater, and stormwater) has its own 20-year financial forecast model with the following key elements:
 - Operating budget
 - Growth forecast
 - Capital Improvement Plan
 - Cash flow
 - Debt management



- Chapter 13.20.020 defines the Drainage Residential Unit (DRU) for stormwater service, but no such definition exists for water and wastewater utilities services.
 - **Proposed water EDU definition:** “Water Equivalent Dwelling Unit (EDU)” means for domestic water service; one EDU shall be equivalent to a ¾-inch meter and is equivalent to 591 cubic feet (cf) of water per month for planning purposes.
 - **Proposed wastewater EDU definition:** “Wastewater Equivalent Dwelling Unit (EDU)” means for wastewater service; one EDU shall be 476 cubic feet (cf) per month of residential strength wastewater defined as having a maximum concentration of 220 milligrams per liter (mg/l) biochemical oxygen demand (BOD5) and 220 milligrams per liter (mg/l) total suspended solids (TSS).

Recommended Rates by Year



City of St. Helens
 Current, Proposed, and Forecasted Average Monthly Utility Bills - Single Family Residential

Utility Service	Current	Proposed	Forecast			
	2022	2023	2024	2025	2026	2027
Water	\$ 44.01	\$ 45.34	\$ 46.72	\$ 48.13	\$ 49.57	\$ 51.05
Wastewater	46.95	50.67	54.69	59.06	63.79	68.90
Stormwater	<u>11.71</u>	<u>14.39</u>	<u>16.79</u>	<u>19.68</u>	<u>19.86</u>	<u>20.05</u>
Total	\$ 102.67	\$ 110.40	\$ 118.20	\$ 126.87	\$ 133.22	\$ 140.01
change - \$		\$ 7.73	\$ 7.80	\$ 8.67	\$ 6.36	\$ 6.79
change - %		7.53%	7.06%	7.33%	5.01%	5.09%

Water

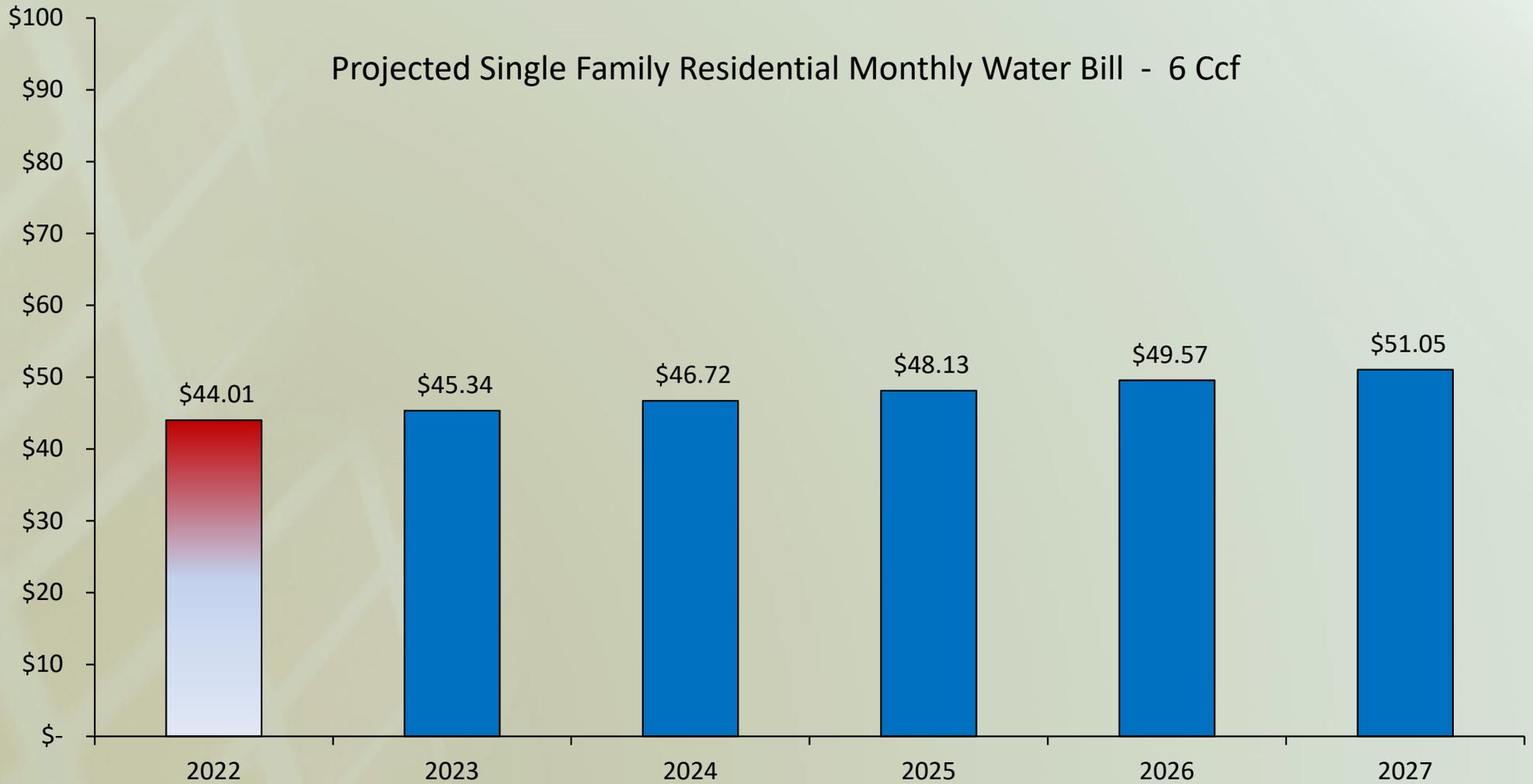


- Water is strong
 - We estimate the fund will end this FY with a cash balance of \$3.8 million.
 - Modeling indicates we could fund all CIPs and still not raise rates for five (5) years. However, we would eat reserves to do it. In this case water EFB would be below \$2.5m at the end of year 5.
 - Recommendation – Raise rates annually for inflation (i.e., 3% per year). This assumes current abnormally high inflation rates abate back to historical norm.

Water - Continued



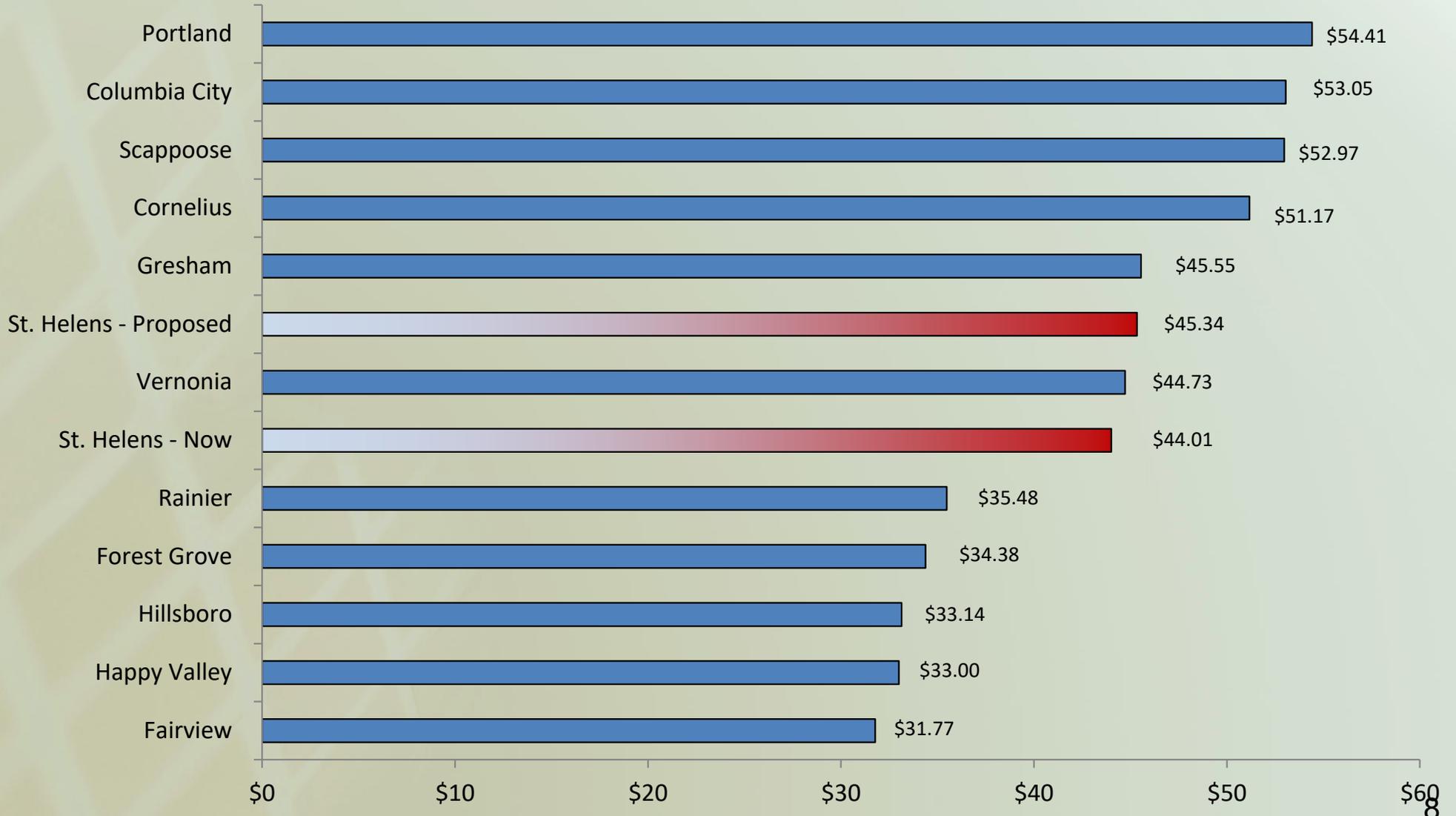
Projected Single Family Residential Monthly Water Bill - 6 Ccf



Water – Neighboring Communities Monthly Bills



Neighboring Communities' Water Bills for 6 Ccf of Water per Month - May, 2022

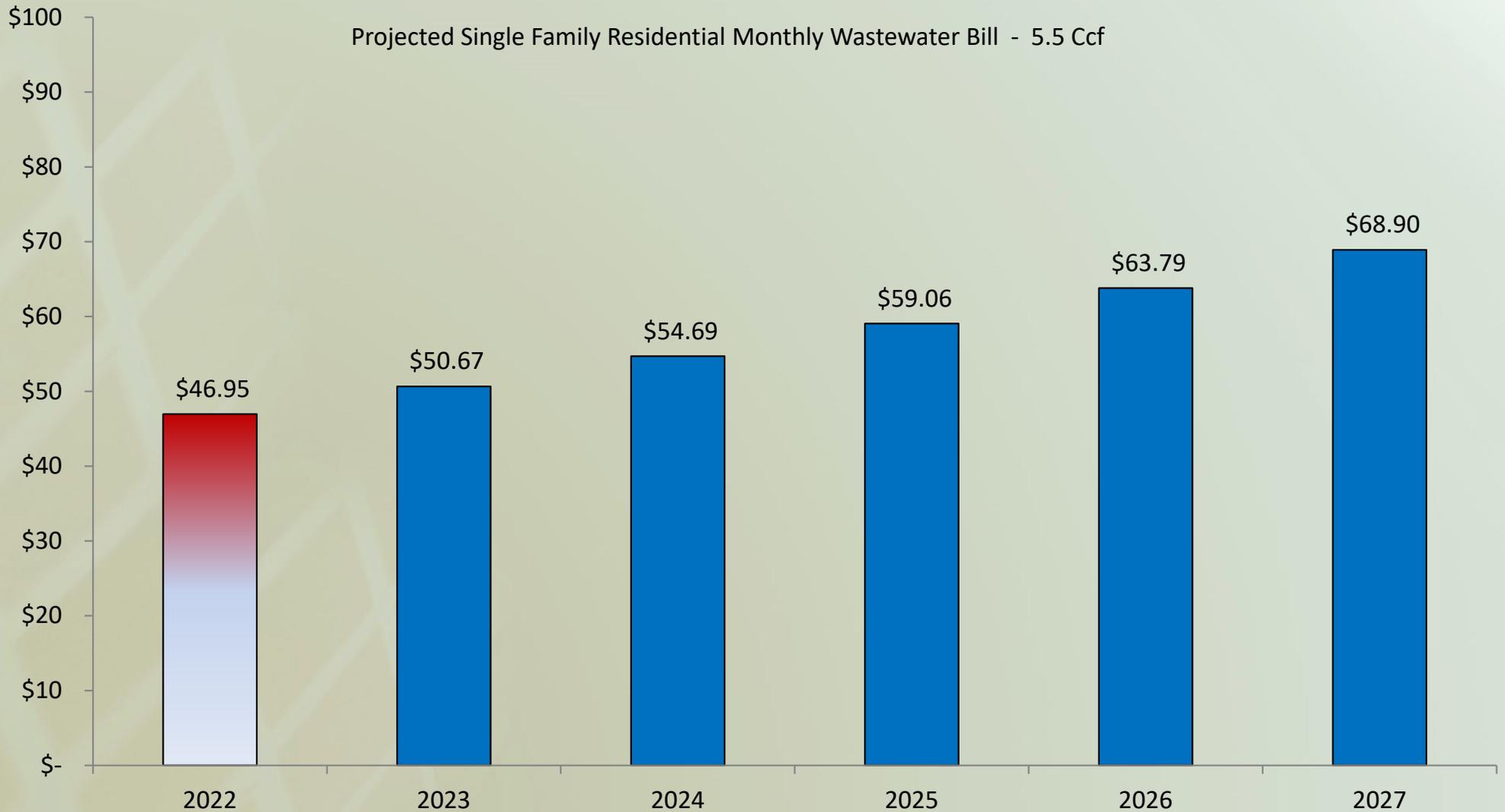


Sewer



- Sewer is stable now but is facing some big capital needs (i.e., Basins 4, 5, and 6 pipeline upsizing and relocates)
- To fix critical collection system capacity bottlenecks, the base case assumes:
 - Borrow ~\$10.4 million now for basin 4
 - Borrow ~\$4.9 million in two years for basin 5
- With use of reserves to manage rate spikes, the base case forecast assumes ~8% per year general rate increases every year for the next 5 years.

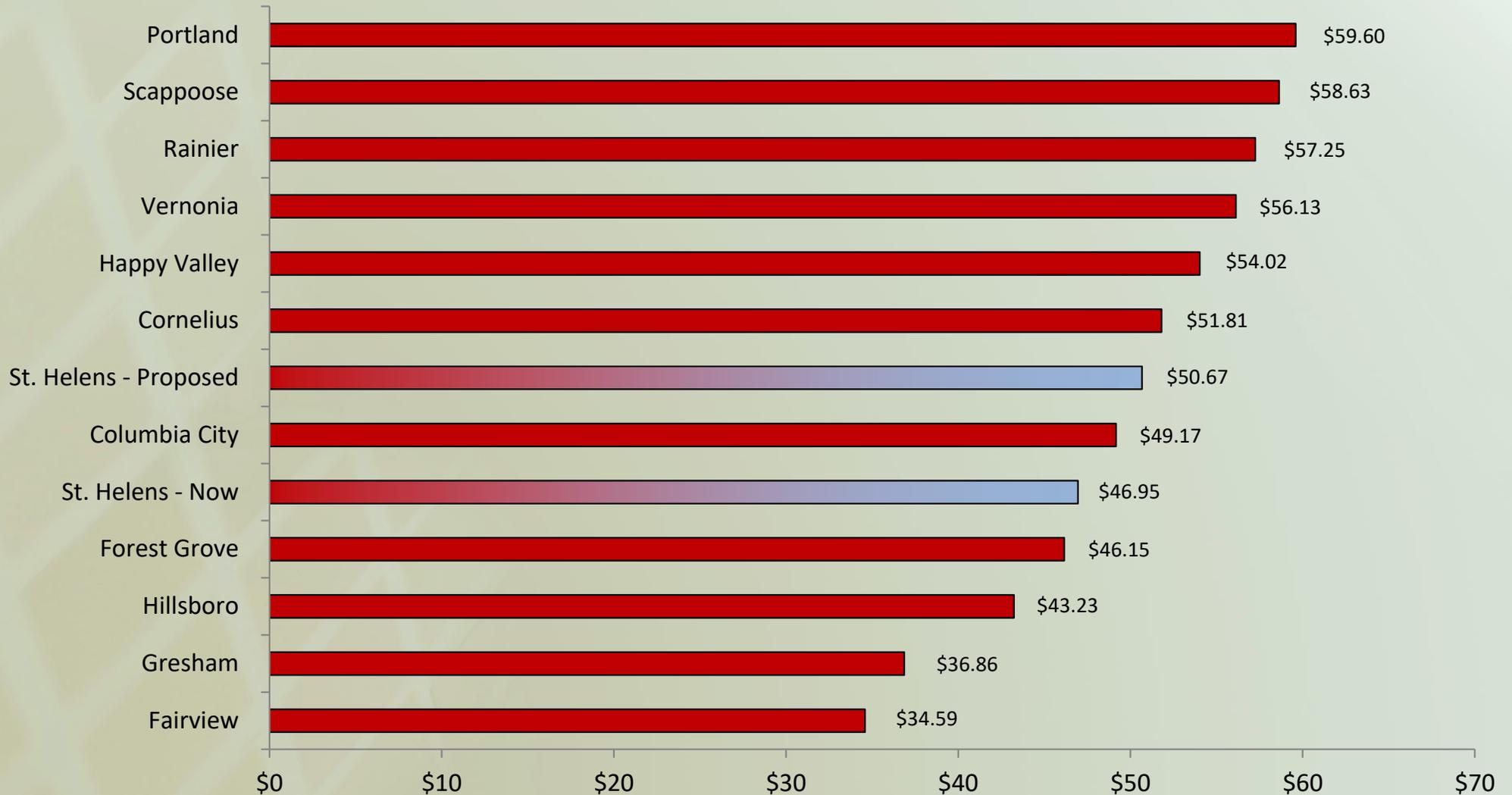
Sewer – Continued



Sewer – Neighboring Communities Monthly Bills



Neighboring Communities' Wastewater Rates for 5 Ccf of Winter Average Monthly Flow - May, 2022



Stormwater



- Stormwater is weak with low monthly rates (\$11.71 per EDU) and about \$1.4 million in fund balance.
 - ✓ Even with just \$100k budgeted for capital in the upcoming FY23, we will need a rate increase just to cover current costs on July 1, 2022.
 - ✓ Without significant rate increases it is simply unfeasible to include master plan capital projects into the forecast of a “pay-as-you-go” strategy.
 - ✓ If the Council is willing to use debt to fund the prescribed master plan CIPs, we can make it work but we will most certainly double current stormwater rates over the five-year forecast.

Stormwater – Debt Funding of Master Plan CIP



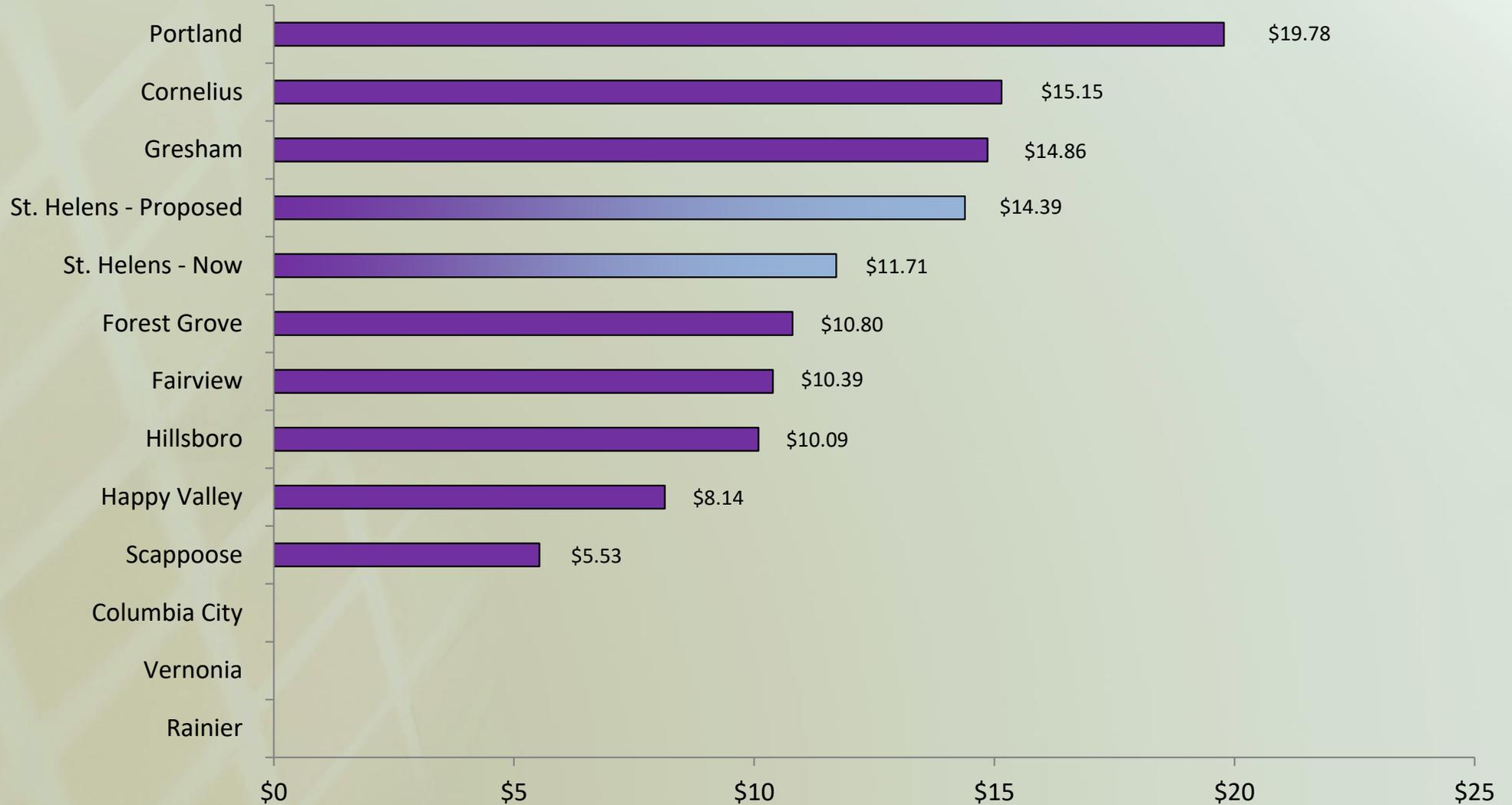
Forecast of Monthly Stormwater Rates - \$ per Equivalent Drainage Unit (EDU)



Stormwater – Neighboring Communities Monthly Bill



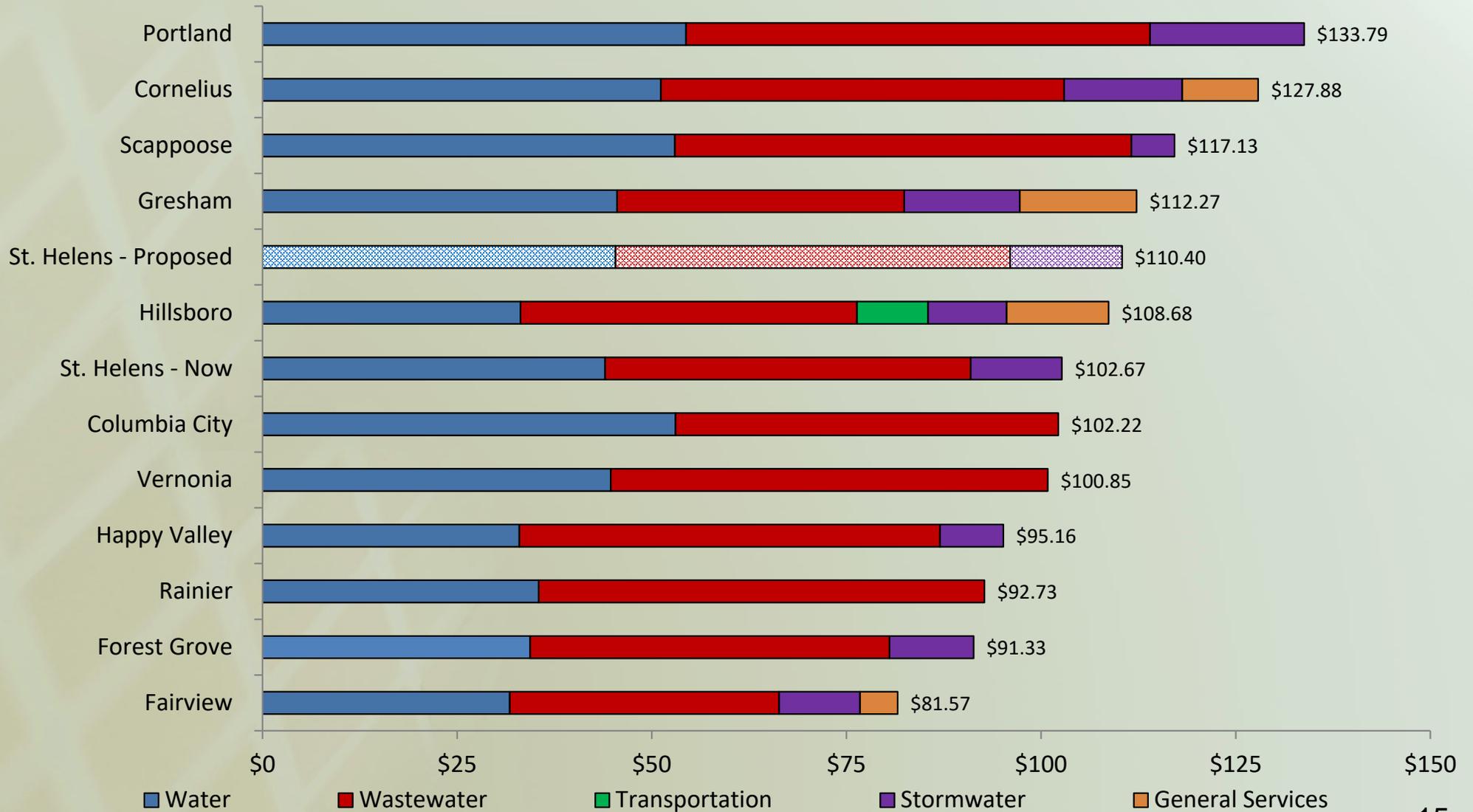
Neighboring Communities' Monthly Stormwater Rates - May, 2022



Regional Utilities Rates Recap



Regional Utilities Rates per Month - May, 2022



Next Steps



- Next week you will be presented with the proposed fiscal 2022-2023 budget for the City
- The most critical inputs to this budget is utilities rates.
- Staff recommends you adopt the recommend rate increases for the three utility services on July 1, 2022; thus, helping to balance the overall City budget

Questions

