



CITY COUNCIL MEETING STAFF REPORT

Meeting Date: April 21, 2025		Subject: Sewer & Storm Utility Rate Review	
		Staff Member: Zach Weigel, P.E., City Engineer Keith Katko, Finance Director	
		Department: Community Development & Finance	
Action Required		Advisory Board/Commission Recommendation	
<input type="checkbox"/> Motion <input type="checkbox"/> Public Hearing Date: <input type="checkbox"/> Ordinance 1 st Reading Date: <input type="checkbox"/> Ordinance 2 nd Reading Date: <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Information or Direction <input type="checkbox"/> Information Only <input type="checkbox"/> Council Direction <input type="checkbox"/> Consent Agenda		<input type="checkbox"/> Approval <input type="checkbox"/> Denial <input type="checkbox"/> None Forwarded <input checked="" type="checkbox"/> Not Applicable	
		Comments: N/A	
Staff Recommendation: N/A			
Recommended Language for Motion: N/A			
Project / Issue Relates To:			
<input type="checkbox"/> Council Goals/Priorities:	<input checked="" type="checkbox"/> Adopted Master Plan(s): 2015 Wastewater Collection System Master Plan, 2023 Wastewater Treatment Plant Master Plan, 2024 Stormwater Master Plan	<input checked="" type="checkbox"/> Not Applicable	

ISSUE BEFORE COUNCIL:

Staff will provide a briefing on sewer and storm utility rates and discuss next steps.

EXECUTIVE SUMMARY:

Sewer utility rates were last increased in October 2011 by Resolution No. 2325 in preparation for a major expansion of the Wastewater Treatment Plant. The adopted resolution included consecutive rate increases of 15% in 2012, 12% in 2013, and 10% in 2014. Since that time, the sewer utility rate has not been adjusted. In 2015, the storm utility rate was adjusted by Resolution No. 2507 to incorporate the storm pipe replacement needs identified in the 2014 Charbonneau Consolidated Improvement Plan. The adopted resolution included a rate increase schedule as follows:

Storm Utility Rate Increase

Date	Increase per EDU	New Rate	Percent Increase
2014	N/A	\$5.25	N/A
2015	\$1.70	\$6.95	32%
2016	\$1.70	\$8.65	24%
2017	\$0.65	\$9.30	8.0%
2018	\$0.65	\$9.95	7.0%
2019	\$0.65	\$10.60	6.5%
2020	\$0.65	\$11.25	6.0%
2021	\$0.65	\$11.90	5.5%

On January 18, 2024, City Council adopted the 2023 Wastewater Treatment Plant Master Plan (Ordinance No. 888). Also, the 2024 Stormwater Master Plan was adopted by City Council on April 1, 2024 (Ordinance No. 890). Adoption of both Master Plan documents included new Capital Improvement Project (CIP) lists, which consist of utility improvements that will be needed over the next twenty years to meet projected growth, operation and maintenance needs, and regulatory requirements.

Also impacting utility rates is the construction inflation that occurred between 2020 and 2023, with an estimated 53.8% increase according to the Federal Highway Administration: National Highway Construction Cost Index. Such an unprecedented increase in a short period of time has had a significant impact on the City's ability to fund needed sewer and storm capital improvement projects. As a result of the updated capital project list, construction inflation, and length of time since the last utility rate increase, review of the current utility rates is necessary to maintain financially sound sewer and storm utility funds.

Beginning in July 2024, the City entered into a Professional Services Agreement with FCS Group to perform a sewer and storm rate and System Development Charge (SDC) fee study that will result in a recommended update to the sewer and storm utility rate and SDC fee. FCS Group has completed the first task associated with this work, which includes performance of a Revenue Requirement Analysis and identifying a schedule of annual rate increases necessary to fund the City's sewer and storm utilities. The anticipated rate increases are as follows:

Sewer Utility Rate

Date	Increase	New Rate	Percent Increase
2025	N/A	\$19.84	N/A
2026	\$5.46	\$25.30	27.5%
2027	\$6.95	\$32.25	27.5%
2028	\$8.87	\$41.12	27.5%
2029	\$11.31	\$52.43	27.5%
2030	\$1.84	\$54.27	3.5%

*Minimum Residential Fee

Storm Utility Rate

Date	Increase	New Rate	Percent Increase
2025	N/A	\$11.90	N/A
2026	\$4.22	\$16.12	35.5%
2027	\$5.73	\$21.85	35.5%
2028	\$7.75	\$29.60	35.5%
2029	\$1.49	\$31.09	5.0%
2030	\$1.55	\$32.64	5.0%

*Single Family Residential Fee

The project team would like to answer any questions from City Council and receive feedback prior to advancing to the next step in the work by FCS, which includes a Cost-of-Service Analysis and Rate Design. This in-depth analysis will build upon the revenue requirement results and assess the cost of sewer treatment and collection systems by customer type, including Single Family, Multi-Family, Public, Restaurant, Commercial, and Industrial, to ensure that the costs are allocated appropriately, leading to a final recommended utility rate design and implementation schedule. The Project Team will seek Council input on the Cost-of-Service and Rate Design at a future meeting, prior to adoption of the final rate and fee schedule.

EXPECTED RESULTS:

The Revenue Requirement Analysis provides the basis for Cost-of-Service Analysis and the final recommended rate and fee schedule. Staff seeks input from Council prior to moving forward with the Cost-of-Service Analysis and final recommended rate and fee schedule.

TIMELINE:

The Project Team will be presenting results of the Sewer and Storm System Development Charge (SDC) fee analysis in May 2025. Final utility rate and SDC adoption are anticipated for Quarter 3, 2025.

CURRENT YEAR BUDGET IMPACTS:

The consultant work is included in the current CIP budget. Funds not spent in the Fiscal Year (FY) 2024-25 budget will be rolled over to the FY2025-26 fiscal year to ensure adequate funds are available for the completion of this work.

COMMUNITY INVOLVEMENT PROCESS:

Prior to adoption of a final utility rate and SDC fee schedule, the project team will be holding a virtual open house with interested community members, stakeholder meetings with the Home Builders Association and local developers, and coordination with top ten industrial users for their input into rate and fee analysis. Prior to any rate or fee increase becoming effective, articles will be printed in the Boones Ferry Messenger, flyers included in the monthly utility bills, and information provided on the City's website.

POTENTIAL IMPACTS OR BENEFIT TO THE COMMUNITY:

The updated utility rate and SDC fee will provide the funding necessary to support planned growth, maintain existing utility assets, and meet regulatory requirements, helping to maintain a financially sound sewer and storm utility program.

ALTERNATIVES:

N/A

CITY MANAGER COMMENT:

N/A

ATTACHMENTS:

1. Wilsonville Sewer and Stormwater Revenue Requirements Slide Deck – April 21, 2025