CITY COUNCIL MEETING
STAFF REPORT

Meeting Date: March 16, 2026	**Subject: Resolution No. 3229** Establishing and Imposing Just and Equitable Sewer User Fees and Repealing Resolution No. 2325 and Resolution No. 1987. **Staff Member:** Zach Weigel, P.E. City Engineer and Keith Katko, Finance Director **Department:** Community Development & Finance
Action Required	**Advisory Board/Commission Recommendation**
☒ Motion ☒ Public Hearing Date: March 16, 2026 ☐ Ordinance 1st Reading Date: ☐ Ordinance 2nd Reading Date: ☒ Resolution ☐ Information or Direction ☐ Information Only ☐ Council Direction ☐ Consent Agenda	☐ Approval ☐ Denial ☐ None Forwarded ☒ Not Applicable **Comments:** N/A
Staff Recommendation: Staff recommends Council adopt Resolution No. 3229.	
Recommended Language for Motion: I move to adopt Resolution No. 3229 with alternative *(select 1 or 2)*.	
Project / Issue Relates To:	

☐Council Goals/Priorities:	☒Adopted Master Plan(s): 2015 Wastewater Collection System Master Plan, 2023 Wastewater Treatment Plant Master Plan	☐Not Applicable

ISSUE BEFORE COUNCIL:

A City of Wilsonville resolution establishing and imposing just and equitable sewer user fees and repealing Resolution No. 2325 and Resolution No. 1987, Capital Improvement Project (CIP) #2066.

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. Since that time, the sewer utility rate has not been adjusted and is not indexed for inflation.

On January 18, 2024, City Council adopted the 2023 Wastewater Treatment Plant Master Plan (Ordinance No. 888). The adopted plan included an updated Capital Improvement Project (CIP) list consisting of sewer treatment plant improvements that will be needed over the next 20 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 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 utility fund.

Beginning in July 2024, the City entered into a Professional Services Agreement with FCS Group to perform a sewer rate fee study, resulting in a recommended sewer utility rate and implementation schedule. Based on feedback provided by City Council during two (2) work sessions with the project team, a recommended sewer utility rate increase and implementation schedule was presented to City Council for adoption at a public hearing on December 15, 2025.

Based on testimony provided by community members at the public hearing, City Council directed staff to reassess the estimated population growth and the resulting timing of sewer capital improvement projects. City Council further directed staff to update the sewer utility rate increase and implementation schedule reflective of the updated population growth and project timing.

Since then, the project team has reviewed population projections from more current sources than utilized by the 2024 Wastewater Treatment Plant (WWTP) Master Plan, including the Housing Needs and Capacity Analysis adopted by City Council (Ordinance No. 898) on June 16, 2025. Based on this newer data, the project team reduced the population growth projections over the next 20 years from 2.9% annually to 1.8% - 2.0% annually.

Based on the population growth adjustment, the project team determined that a number of the WWTP expansion projects can be delayed several years. While this delay allows the sewer utility rate increase to be implemented over a longer period of time, the estimated cost of those projects increases due to inflation occurring over those additional years. For example, the largest sewer capital project, the Membrane Bioreactor (MBR) Phase 1, was identified as a necessary WWTP improvement by 2030 at an estimated cost of $87.8 million and is now scheduled for 2038 at an estimated cost of $102.3 million.

Because population growth is not the only factor that determines when WWTP projects are needed, the project team reviewed anticipated commercial and industrial growth projections over the next 20 years. The components that make up commercial and industrial sewage treatment, including sewer flow rate, Biochemical Oxygen Demand (BOD), and Total Suspended Solids (TSS), were reviewed against the updated WWTP project schedule. The project team determined that the new schedule will likely accommodate the anticipated 20 year commercial and industrial growth.

A summary of WWTP project schedule modifications resulting from the updated population growth assumptions are as follows:

Project Name	Master Plan Schedule	Updated Schedule
Seismic Improvements	2025 – 2026	2027 – 2031
Foundation Mitigation	2025 – 2026	2027 – 2031
MBR Phase 1	2030	2038
New Cooling Towers	2034	2042
MBR Phase 2	2037	2043
Outfall Improvements	2038	Deleted
MBR Phase 3	2042	Deleted

Taking into consideration the updated WWTP expansion project timetable, FCS Group re-analyzed the sewer utility rate and implementation schedule necessary fund the City's sewer program and identified two alternatives. Both alternatives result in a 10-year sewer utility rate implementation schedule. However, the project team recommends that Council adopt the first five years of rate increases, as provided on the following page, and reassess the utility rate in 2030 when the Wastewater Collection System Master Plan update is completed.

The sewer utility rate schedule previously recommended at the December 15, 2025 City Council public hearing is provided on the following page for comparison purposes. The sewer utility rates listed in the following tables are for the residential customer class only. The full rate structure for all customer classes is available in **Attachment 1** for the Original Sewer Rate Proposal, **Resolution Option 1 - Exhibit A** for Option 1, and **Resolution Option 2 - Exhibit A** for Option 2.

Original Sewer Rate Proposal

Date	Base Rate Increase	New Base Rate	Volume Rate Increase	New Volume Rate
2026	$5.05	$24.89	$2.25	$11.10
2027	$6.30	$31.19	$2.82	$13.92
2028	$7.88	$39.07	$3.51	$17.43
2029	$9.82	$48.89	$4.38	$21.81

Option 1: Flat – Existing Structure

Date	Base Rate Increase	New Base Rate	Volume Rate Increase	New Volume Rate
2026	$3.07	$22.91	$1.37	$10.22
2027	$3.07	$25.98	$1.37	$11.59
2028	$3.07	$29.05	$1.37	$12.96
2029	$3.07	$32.13	$1.37	$14.33
2030	$3.07	$35.19	$1.37	$15.70

Option 2: Flat – Utility Assistance Program

Date	Base Rate Increase	New Base Rate	Volume Rate Increase	New Volume Rate
2026	$3.28	$23.12	$1.46	$10.31
2027	$3.28	$26.40	$1.47	$11.78
2028	$3.28	$29.68	$1.46	$13.24
2029	$3.28	$32.96	$1.46	$14.70
2030	$3.28	$36.24	$1.46	$16.15

Option 1 – This alternative provides for a flat rate increase over a five-year implementation schedule based on the updated WWTP project list adjusted for more current population growth projections. The City's current utility billing structure is not changed under this alternative.

Option 2 – This alternative is the same as Option 1 with the only difference being a change to the City's current utility billing structure through implementation of the utility assistance program under consideration by City Council as part of **Resolution Option 2**. Implementation of the program results in slightly higher sewer utility rate for the residential customer class.

The customer assistance program contemplated in **Resolution Option 2** will provide discounted sewer base rates to low-income residential customers. Staff has discussed this program with Wilsonville Community Sharing, which is able to administer the program on behalf of the City. The program will be periodically reviewed by City Council, which may consider expanding it to other City utilities in the future.

The adopted sewer rate increase will go into effect on April 1, 2026 and then January 1 of each year after that. At the time the sewer rate increase implementation schedule is completed, an annual inflationary adjustment will begin and continue each year thereafter, unless the sewer rate is reassessed before then as part of the Wastewater Collection System Master Plan update.

EXPECTED RESULTS:
The updated sewer utility rate will provide the estimated revenue necessary to fund staffing, materials, and capital improvements necessary to maintain and operate the sewer utility, replace worn out, outdated infrastructure and meet regulatory requirements, helping to maintain a financially sound sewer utility program.

TIMELINE:
If adopted by City Council, the selected sewer fee and implementation alternative will go into effect beginning on April 1, 2026.

CURRENT YEAR BUDGET IMPACTS:
The consultant work is included in the Fiscal Year (FY) 2025-26 Capital Improvement Program (CIP) Budget.

COMMUNITY INVOLVEMENT PROCESS:
The project team has held two work sessions with City Council to discuss the sewer utility rate and implementation schedule on April 21, 2025 and on November 3, 2025. On November 17, 2025, notice of the proposed sewer utility rate increase was mailed to the top ten sewer customers within Wilsonville, inviting questions, comments, and concerns to be shared with the project team.

A public open house was held on December 2, 2025, with an estimated 50 interested sewer utility customers in attendance to learn about the sewer utility rate, proposed fee increase and implementation schedule, and engage in a question-and-answer session with the project team. Advance notice of the open house was sent via postcard to every sewer customer within Wilsonville, published in the Boones Ferry Messenger, and posted through Let's Talk, Wilsonville! and social media.

A project webpage with up-to-date sewer utility rate information has been maintained and updated by the project team for the duration of the project.

POTENTIAL IMPACTS OR BENEFIT TO THE COMMUNITY:
The updated sewer utility rate and implementation schedule will provide the revenue necessary to maintain a financially sound sewer utility program, helping to make sure sewer is properly treated, isn't backing up into homes and businesses, making for clean streams and rivers and a healthy environment.

ALTERNATIVES:
The project team has provided two alternatives for City Council consideration for adoption. In the event Council approves implementation of a utility assistance program, staff recommends adoption of Sewer Utility Rate Schedule - Option 2. However, staff recommends adoption of Sewer Utility Rate Schedule – Option 1 should Council decide against creation of a utility assistance program at this time.

CITY MANAGER COMMENT:
N/A

ATTACHMENTS:
1. Sewer Utility Rate Schedule from December 15, 2025 Public Hearing (Information Only)
2. Resolution No. 3229 – Option 1
    A. Sewer User Fee Schedule – Option 1
3. Resolution No. 3228 – Option 2
    A. Sewer User Fee Schedule – Option 2