

RESOLUTION NO. 2152

A RESOLUTION AMENDING RESOLUTION NO. 1987 TO INCREASE SEWER USER FEES BY 10% PER YEAR EFFECTIVE JANUARY 1, 2009 THROUGH JANUARY 2012.

WHEREAS, sewer user rates were established in Resolution 1987, effective May 1, 2006, as the result of a rate study conducted by Galardi and Associates which concluded that rates would need to increase by approximately 100% to pay for anticipated future debt service and operating costs related to proposed changes to the wastewater treatment plant; and

WHEREAS, Resolution 1987 approved a 55% increase thus leaving other increases to the future, and

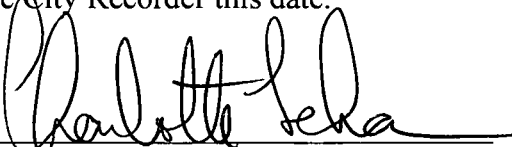
WHEREAS, the current estimate for wastewater treatment plant expansion has increased from \$45 million to \$55 million with debt service costs due to increase accordingly; and

WHEREAS, staff recommends a four year series of 10% increases to sewer rates to achieve the level determined by the rate study, such increases are delineated in Exhibits A, B, C and D to this Resolution. Another rate study is anticipated once the construction and operating costs are known and further adjustments may be necessary at that time.

NOW, THEREFORE, THE CITY OF WILSONVILLE RESOLVES AS FOLLOWS:

1. The Sewer User Fees table in Resolution 1987 shall be replaced by the updated table per Exhibit A and shall be effective January 1, 2009.
2. Future increases are approved for January 1, 2010 per Exhibit B, and January 1, 2011 per Exhibit C, and January 1, 2012 per Exhibit D.

ADOPTED by the Wilsonville City Council at a regular meeting thereof this 17th day of November 2008 and filed with the Wilsonville City Recorder this date.



CHARLOTTE LEHAN, MAYOR

ATTEST:



Sandra C. King, MMC, City Recorder

SUMMARY OF VOTES:

Mayor Lehan	Yes
Councilor Knapp	Yes
Councilor Ripple	Excused
Councilor Kirk	Yes
Councilor Núñez	Excused

**CITY OF WILSONVILLE
SEWER USER FEES
EFFECTIVE JANUARY 1, 2009
EXCLUSIVE OF 4% FRANCHISE FEE**

MINIMUM CHARGES ALL CUSTOMERS				
Customer Class	Monthly Volume Included in Minimum Charge in CCF	Minimum Charge	Increase in Minimum Charge for Pretreatment Program per Meter Size	Adjusted Minimum Charge
Single Family Residential	2	\$ 11.13	\$ -	\$ 11.13
Multi-Family	2	\$ 11.13	\$ -	\$ 11.13
All Public	2	\$ 11.13	\$ -	\$ 11.13
Commercial & Industrial by Meter Size				
5/8" X 3/4"	2	\$ 11.13	\$ 6.79	\$ 17.92
3/4"	2	\$ 11.13	\$ 10.18	\$ 21.31
1"	2	\$ 11.13	\$ 16.96	\$ 28.09
1-1/2"	2	\$ 11.13	\$ 33.92	\$ 45.06
2"	2	\$ 11.13	\$ 54.27	\$ 65.41
3"	2	\$ 11.13	\$ 101.75	\$ 112.88
4"	2	\$ 11.13	\$ 169.59	\$ 180.72
6"	2	\$ 11.13	\$ 339.16	\$ 350.30
8"	2	\$ 11.13	\$ 542.66	\$ 553.80
10"	2	\$ 11.13	\$ 976.79	\$ 987.92

VOLUME CHARGES	
Customer Class	Volume Charge \$/ccf Before Pretreatment Adjustment
Single Family Residential	\$ 4.96
Multi-Family	\$ 4.96
All Public	\$ 4.96
Eating Places	\$ 4.96
Commercial	\$ 4.96
Industrial	\$ 4.96

HIGH STRENGTH SURCHARGE (PRETREATMENT ADJUSTMENT)	
BOD	\$0.704 per pound
TSS	\$0.704 per pound

NOTES
CCF = hundred cubic feet. Each 100 cubic feet equals approximately 748 gallons.

**CITY OF WILSONVILLE
SEWER USER FEES
EFFECTIVE JANUARY 1, 2010
EXCLUSIVE OF 4% FRANCHISE FEE**

MINIMUM CHARGES ALL CUSTOMERS				
Customer Class	Monthly Volume Included in Minimum Charge in CCF	Minimum Charge	Increase in Minimum Charge for Pretreatment Program per Meter Size	Adjusted Minimum Charge
Single Family Residential	2	\$ 12.24	\$ -	\$ 12.24
Multi-Family	2	\$ 12.24	\$ -	\$ 12.24
All Public	2	\$ 12.24	\$ -	\$ 12.24
Commercial & Industrial by Meter Size				
5/8" X 3/4"	2	\$ 12.24	\$ 7.47	\$ 19.71
3/4"	2	\$ 12.24	\$ 11.19	\$ 23.43
1"	2	\$ 12.24	\$ 18.66	\$ 30.90
1-1/2"	2	\$ 12.24	\$ 37.32	\$ 49.56
2"	2	\$ 12.24	\$ 59.70	\$ 71.94
3"	2	\$ 12.24	\$ 111.93	\$ 124.17
4"	2	\$ 12.24	\$ 186.55	\$ 198.79
6"	2	\$ 12.24	\$ 373.08	\$ 385.32
8"	2	\$ 12.24	\$ 596.93	\$ 609.17
10"	2	\$ 12.24	\$ 1,074.47	\$ 1,086.71

VOLUME CHARGES	
Customer Class	Volume Charge \$/ccf Before Pretreatment Adjustment
Single Family Residential	\$ 5.46
Multi-Family	\$ 5.46
All Public	\$ 5.46
Eating Places	\$ 5.46
Commercial	\$ 5.46
Industrial	\$ 5.46

HIGH STRENGTH SURCHARGE (PRETREATMENT ADJUSTMENT)	
BOD	\$0.774 per pound
TSS	\$0.774 per pound

NOTES
CCF = hundred cubic feet. Each 100 cubic feet equals approximately 748 gallons.

**CITY OF WILSONVILLE
SEWER USER FEES
EFFECTIVE JANUARY 1, 2011
EXCLUSIVE OF 4% FRANCHISE FEE**

MINIMUM CHARGES ALL CUSTOMERS				
Customer Class	Monthly Volume Included in Minimum Charge in CCF	Minimum Charge	Increase in Minimum Charge for Pretreatment Program per Meter Size	Adjusted Minimum Charge
Single Family Residential	2	\$ 13.46	\$ -	\$ 13.46
Multi-Family	2	\$ 13.46	\$ -	\$ 13.46
All Public	2	\$ 13.46	\$ -	\$ 13.46
Commercial & Industrial by Meter Size				
5/8" X 3/4"	2	\$ 13.46	\$ 8.22	\$ 21.68
3/4"	2	\$ 13.46	\$ 12.31	\$ 25.77
1"	2	\$ 13.46	\$ 20.53	\$ 33.99
1-1/2"	2	\$ 13.46	\$ 41.05	\$ 54.51
2"	2	\$ 13.46	\$ 65.67	\$ 79.13
3"	2	\$ 13.46	\$ 123.12	\$ 136.58
4"	2	\$ 13.46	\$ 205.21	\$ 218.67
6"	2	\$ 13.46	\$ 410.39	\$ 423.85
8"	2	\$ 13.46	\$ 656.62	\$ 670.08
10"	2	\$ 13.46	\$ 1,181.92	\$ 1,195.38

VOLUME CHARGES	
Customer Class	Volume Charge \$/ccf Before Pretreatment Adjustment
Single Family Residential	\$ 6.01
Multi-Family	\$ 6.01
All Public	\$ 6.01
Eating Places	\$ 6.01
Commercial	\$ 6.01
Industrial	\$ 6.01

HIGH STRENGTH SURCHARGE (PRETREATMENT ADJUSTMENT)	
BOD	\$0.852 per pound
TSS	\$0.852 per pound

NOTES
CCF = hundred cubic feet. Each 100 cubic feet equals approximately 748 gallons.

**CITY OF WILSONVILLE
SEWER USER FEES
EFFECTIVE JANUARY 1, 2012
EXCLUSIVE OF 4% FRANCHISE FEE**

Exhibit D

MINIMUM CHARGES ALL CUSTOMERS				
Customer Class	Monthly Volume Included in Minimum Charge in CCF	Minimum Charge	Increase in Minimum Charge for Pretreatment Program per Meter Size	Adjusted Minimum Charge
Single Family Residential	2	\$ 14.81	-	\$ 14.81
Multi-Family	2	\$ 14.81	-	\$ 14.81
All Public	2	\$ 14.81	-	\$ 14.81
Commercial & Industrial by Meter Size				
5/8" X 3/4"	2	\$ 14.81	\$ 9.04	\$ 23.85
3/4"	2	\$ 14.81	\$ 13.54	\$ 28.35
1"	2	\$ 14.81	\$ 22.58	\$ 37.39
1-1/2"	2	\$ 14.81	\$ 45.16	\$ 59.97
2"	2	\$ 14.81	\$ 72.24	\$ 87.05
3"	2	\$ 14.81	\$ 135.43	\$ 150.24
4"	2	\$ 14.81	\$ 225.73	\$ 240.54
6"	2	\$ 14.81	\$ 451.43	\$ 466.24
8"	2	\$ 14.81	\$ 722.28	\$ 737.09
10"	2	\$ 14.81	\$ 1,300.11	\$ 1,314.92

VOLUME CHARGES	
Customer Class	Volume Charge \$/ccf Before Pretreatment Adjustment
Single Family Residential	\$ 6.61
Multi-Family	\$ 6.61
All Public	\$ 6.61
Eating Places	\$ 6.61
Commercial	\$ 6.61
Industrial	\$ 6.61

HIGH STRENGTH SURCHARGE (PRETREATMENT ADJUSTMENT)	
BOD	\$0.937 per pound
TSS	\$0.937 per pound

NOTES
CCF = hundred cubic feet. Each 100 cubic feet equals approximately 748 gallons.

**FINANCE DEPARTMENT
STAFF REPORT**

Date: November 17, 2008
To: Honorable Mayor and City Council
From: Gary S. Wallis, Finance Director
Subject: Sewer Rate Increase

SUMMARY:

Initiate a four year series of 10% increases in sewer rates beginning January 1, 2009 with a final increase in January 2012. Increases for January would be reflected on the bills mailed in February. The increase is related to debt service on bonds to be sold when the treatment plant is improved and expanded.

BACKGROUND:

In March 2006 our rate consultant, Debbie Galardi, presented to Council the impacts of the proposed wastewater treatment plant improvements and expansions. At that time the estimated construction costs was \$45 million and sewer user charges would need to increase by over 100%. Council approved a 55% increase for May 1, 2006. (SDC rates increased by approximately 140%.) A second increase of 37% was projected for October 2008. In lieu of another large increase, staff proposes a series of smaller increases.

Since the last rate study the estimated cost for the plant has increased from \$45 million to \$55 million. While part of the cost will be paid from system development charges, user rates will need to pay a significant portion. The final user charge rate won't be known until the construction and operating costs are determined.

What will be the impact of the increase on a homeowner? For the first year, 80% of our residential accounts will experience a monthly increase between \$1.52 and \$3.40. The range is based on average winter water consumption of 3 to 7 units (2,200 to 5,200 gallons) per month. The high end represents a household with a wintertime average of 7 units and a current bill of \$33.98 that will increase to \$37.38. Commercial accounts are based on actual monthly water use. The high strength surcharge will also increase by 10% under this Resolution.

Beyond the first year what are the proposed monthly sewer rate changes? The following table summarizes the current rate and the proposed rates for each of the four years. Of our residential customer base, 55% are at or below the 5 unit level. Those with 6 and 7 units comprise another 25%, thus altogether 80% are at or below the 7 unit consumption level.

	Consumption					
	Level	Currently	1/1/2009	1/1/2010	1/1/2011	1/1/2012
Single family - average	5 units	\$ 23.65	\$ 26.02	\$ 28.62	\$ 31.48	\$ 34.63
Single family - upper middle	7 units	\$ 33.98	\$ 37.38	\$ 41.11	\$ 45.23	\$ 49.75
Multifamily	Avg per unit	\$ 25.00	\$ 27.50	\$ 30.25	\$ 33.28	\$ 36.61

How do the current and proposed rates compare to other communities?

	Monthly Sewer
Wood Village	\$ 45.36
Hillsboro	\$ 37.48
Wilsonville - Jan 2009	\$ 37.38
Albany	\$ 35.84
Newberg	\$ 35.14
Wilsonville - Nov 2008	\$ 33.98
Portland	\$ 30.79
Beaverton	\$ 30.31
Lake Oswego	\$ 28.64
Gresham (Jan 2009)	\$ 24.09

*Source: Gresham survey, June 2008 and rates on web sites
Residential 7 units average.
Hillsboro based on actual water used during summer*

The amounts do not include the city's 4% franchise fee. No change is proposed in that rate.

What will happen to the cash accumulated in the sewer fund from these rate increases? Any excesses will remain in the sewer operating fund and be available for funding a debt service reserve (thus reducing the amount to be borrowed), paying for the owners representative contract or funding a portion of the construction costs (similarly reducing the amount to be borrowed).

RECOMMENDATION:

Staff recommends approval of the Resolution.