

Council Communication

May 17, 2016, Business Meeting

Public Hearing to Consider Redistribution and Increasing Water rates and Increasing Wastewater, Transportation, and Storm Drain Utility Rates

FROM:

Michael R. Faught, Public Works Director, Public Works Department, faughtm@ashland.or.us

SUMMARY:

This is a public hearing to consider rate increases for water, sewer, street and storm drain fees. Per the Cost of Service Study there is a re-distribution of costs in the water rate structure which includes a net overall 8% increase (5% residential). In addition, the proposed increases include an 8% wastewater rate increase across-the-board, a 2.7% transportation utility fee increase, and a 2.7% storm drain fee increase. If adopted these increases would cost a typical residence an additional \$5.83 per month: \$2.63 for water, \$2.85 for wastewater, \$.23 for transportation and \$.12 for storm drain. The system fees collected would be used to support maintenance, operations and capital expenditures in order to maintain regulatory compliance. If approved, the new rates will become effective July 1, 2016.

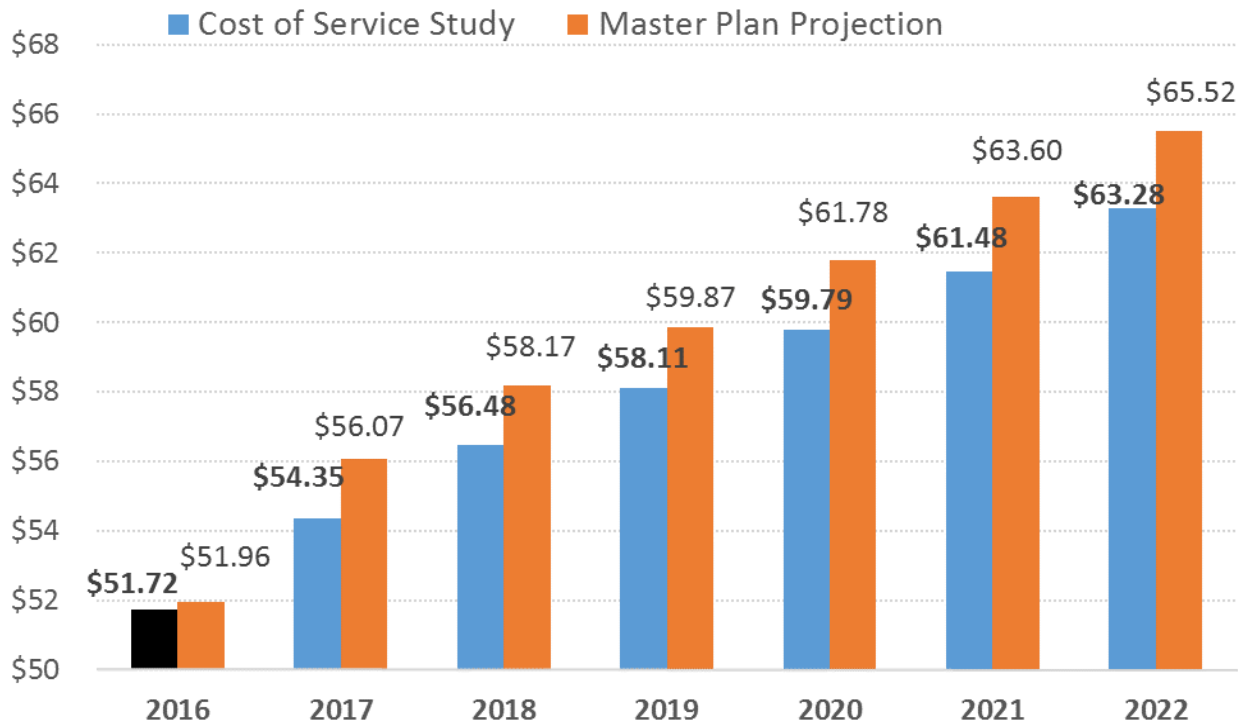
BACKGROUND AND POLICY IMPLICATIONS:

Redistribution of costs among customer classes and rate increases to the water fund are recommended based on the recently adopted Water Cost of Service Study. A summary of changes to the water fund are as follows:

- Two separate base fees that will be reflected on the bill as one charge;
- One-inch meter services will be set to equal ¾ inch services for those households required to upsize for fire suppression sprinkler systems;
- Commercial customers are separated into commercial, institutional, and potable water irrigation customers;
- All potable irrigation customers, both commercial and residential, billed the flat base fee year round;
- Larger meter sizes will pay relatively more than under the current rate structure as meter ratios are changed to reflect American Water Works Association standards;
- Residential rates will increase by 5%; and
- Talent Irrigation District (TID) non-potable customer rates will be reduced from \$.0055 to \$.0022 per cubic foot on the metered accounts, and non-metered accounts will be increased from \$170.01 to \$183.11 per acre per year.



Figure 2
Typical Monthly Bill for ¾" Single Family Home



This recommended rate increase is for the second year of the biennium budget. If approved, the new rates will become effective July 1, 2016.

Adopting the proposed water rate increase ensures adequate revenue streams to fund the capital projects and day-to-day operations as outlined in the adopted Water Rate Cost of Service Study. Some examples of water capital projects include; a new 2.5 million gallon per day treatment plant; new water storage tank; piping of the Talent Irrigation District (TID) ditch; increased pumping capacity of the regional emergency Talent/Ashland/Phoenix (TAP) line; and replacement of aging pipes, etc.

Comparisons of the current and proposed rates for a residential .75 inch meter using 1,000 cubic feet are as follows:



Table 29
Calculated Typical Home Bill for 1,000 Cubic Feet

Residential Charges	Fiscal Year Ending						
	2016 <i>current</i>	2017 1	2018 2	2019 3	2020 4	2021 5	2022 6
Flat Charges							
Customer Charge		\$11.74	\$12.19	\$12.54	\$12.89	\$13.25	\$13.64
Service Charge	\$23.50	\$13.75	\$14.27	\$14.68	\$15.10	\$15.52	\$15.98
Total Flat Charges	\$23.50	\$25.48	\$26.46	\$27.21	\$27.99	\$28.78	\$29.61
Use Charges							
Tier 1 per cu. ft.	\$0.0243	\$0.0246	\$0.0256	\$0.0263	\$0.0271	\$0.0278	\$0.0287
Tier 2 per cu. ft.	\$0.0299	\$0.0307	\$0.0319	\$0.0329	\$0.0338	\$0.0348	\$0.0358
Tier 1 Charges (300 cu ft)	\$7.29	\$7.37	\$7.67	\$7.89	\$8.12	\$8.35	\$8.60
Tier 2 Charges (700 cu ft)	\$20.93	\$21.50	\$22.36	\$23.01	\$23.68	\$24.35	\$25.07
Total Use Charges	\$28.22	\$28.87	\$30.02	\$30.89	\$31.80	\$32.70	\$33.67
Bill for 3/4" using 1,000 cu. ft.	\$51.72	\$54.35	\$56.48	\$58.11	\$59.79	\$61.48	\$63.28
Percentage Increase		5%	4%	3%	3%	3%	3%

Source: HEC.

Wastewater Fund Proposed Rate Increase

The proposed 8% wastewater rate increase is less than projected in the adopted Wastewater Master Plan. This change is a result of increased Food and Beverage Tax revenues and 1% loan fees for a large portion of planned capital projects. The plan outlines \$10.8 million in high priority capital projects to ensure compliance with all regulatory requirements and meet Ashland's current and future wastewater system demands.

Wastewater Fund				
	2016-17	2017-18	2018-19	2019-20
Recommended Rates in Master Plan	10%	10%	5%	5%
Actual Proposed Rates	8%	5%	4%	3%

If approved, the proposed 8% wastewater rate increase will be effective July 1, 2016.

Adopting the proposed wastewater rate increase ensures adequate revenue streams to fund the capital projects and day-to-day operations as outlined in the plan. Some examples of the wastewater capital projects include; effluent outfall relocation and Bear Creek shading; a new oxidation ditch at the treatment plant; new sewer capacity pipes that parallel Bear Creek; and pipe replacement projects.

A comparison of the current residential rates and the proposed rates are as follows:



Single Family Residential		
	July 2015	July 2016
Monthly Service Charge	\$27.41	\$29.60
Quantity Charge per cf	\$0.04089	\$0.04416

Transportation Utility Fee

Staff recommends the transportation utility fee be increased by 2.7% to cover the increasing costs of future capital improvements. The proposed increase is inflationary, however a financial consultant is in the process of determining long-term funding needs for the program. It is important to note that staff has identified \$13 million in backlogged street maintenance projects on Collector and Neighborhood Collector streets. If approved, this proposed street utility fee increase would be effective July 1, 2016.

Revenues for the street maintenance fund include; state gas taxes; transportation utility fees; state and federal grants; system development charges (SDCs); and franchise fees. The state gas tax and transportation utility fees are primarily used to fund the day-to-day operations, debt service and a portion of the capital projects (sidewalk replacement, slurry seals, non-grant funded overlays, etc.). The State gas tax is not indexed, so inflation causes the purchasing power of this revenue source to decline over time. Since rates have not been increased with the rate of inflation, the overall revenue has not kept pace with operational needs.

The comparison of the current to the proposed transportation utility rates with a 2.7% increase is as follows:

Transportation Fee			
	July 2015	July 2016	Unit
Single Family	\$8.60	\$8.83	Per month

Storm Drain Fee

Staff is recommending a 2.7% inflationary rate increase in the storm drain fund effective July 1, 2016. Funding for this program comes from the storm drain fee and SDCs. In this case, the storm drain fee does not cover the costs necessary to meet funding requirements. This means the Street Fund is subsidizing the storm water program. To that end, the new storm water master plan will include a financial component recommending a rate structure that pays for the program.

The following provides a cost comparison between the existing storm drain fee and the proposed 2.7% rate increase.

Storm Drain Fee			
	July 2015	July 2016	Unit
Single Family	\$4.52	\$4.64	Per month



FISCAL IMPLICATIONS:

The proposed rate increases are built into the proposed FY2016/17 budget. The proposed water re-distribution and subsequent rate increase is based on the adopted Water Cost of Service Study, the wastewater increase is based on the finance department's evaluation of the fund needs resulting from increased food and beverage revenues, and both the transportation and the storm water fees reflect inflation costs.

Fund	% Change	Monthly Increase
Water	5%	\$2.63
Wastewater	8%	\$2.85
Transportation Utility Fee	2.7%	\$0.23
Storm Drain Fee	2.7%	\$0.12
Total		\$5.83

STAFF RECOMMENDATION AND REQUESTED ACTION:

Staff recommends Council approve the attached resolutions reallocating and raising water rates as recommended in the adopted Water Cost of Service Study, an 8% wastewater rate increase and a 2.7% increase in both the street utility fee and the storm water fee effective July 1, 2016.

SUGGESTED MOTION:

Move approval of resolutions titled,

“A resolution adopting a transportation utility fee schedule pursuant to Ashland Municipal Code Section 4.26 and repealing Resolution 2015-12”

and

“A resolution adopting a storm drain utility fee schedule pursuant to Ashland Municipal Code Section 4.27.050 and repealing Resolution 2015-11”

and

“A resolution revising rates for water service pursuant to Ashland Municipal Code Section 14.04.030 and repealing Resolution 2015-09”

and

“A resolution revising rates for wastewater (sewer) service pursuant to Ashland Municipal Code Section 14.08.035 and repealing Resolution 2015-10.”

ATTACHMENTS:

Resolution regarding Transportation Utility Fee

Resolution regarding Storm Drain Fee

Resolution regarding Water Rates

Resolution regarding Wastewater Rates

Additional Links:

1. Adopted Water Cost of Service Study may be viewed online Master Plan documents may be viewed online at: [http://www.ashland.or.us/SIB/files/2012%20CWMP-Carollo\(1\).pdf](http://www.ashland.or.us/SIB/files/2012%20CWMP-Carollo(1).pdf)
2. The adopted Wastewater Master Plan may be viewed online at: <http://www.ashland.or.us/Page.asp?NavID=14696>



RESOLUTION NO. 2016-

**A RESOLUTION ADOPTING A TRANSPORTATION UTILITY FEE
SCHEDULE PURSUANT TO ASHLAND MUNICIPAL CODE SECTION
4.26 AND REPEALING RESOLUTION 2015-12**

THE CITY OF ASHLAND RESOLVES AS FOLLOWS:

SECTION 1. The “Transportation Utility Rate Schedule,” marked “Exhibit A” and attached to this Resolution, is adopted as the transportation utility fee incorporating a 2.7% rate increase effective July 1, 2016.

SECTION 2. One copy of this Resolution and “Exhibit A” shall be maintained in the office of the City Recorder and shall be available for public inspection during regular business hours.

SECTION 3. The fees adopted pursuant to this Resolution shall be effective July 1, 2016.

SECTION 4. Resolution 2015-12 is repealed on the effective date of this Resolution.

SECTION 5. The fees imposed by this Resolution are classified as not subject to the limits of Section 11b of Article XI of the Oregon Constitution (Ballot Measure No. 5).

This resolution was read by title only in accordance with Ashland Municipal Code §2.04.090 duly PASSED and ADOPTED this ____ day of _____, 2016.

Barbara Christensen, City Recorder

SIGNED and APPROVED this ____ day of _____, 2016.

John Stromberg, Mayor

Reviewed as to form:

David Lohman, City Attorney

Exhibit A
City of Ashland
TRANSPORTATION UTILITY FEES WITHIN THE CITY LIMITS

RESOLUTION 2016
Effective Date, July 1, 2016

Transportation Fee	2.8% rate increase effective 7/1/2015	2.7% rate increase effective 7/1/2016	Unit
A. Single Family	\$ 8.60	\$ 8.83	Per month
B. Multiple Family	6.56	6.73	Per month per unit
C. Retail Store	1.16	1.19	Per month per 100 sq ft.
D. Wholesale Use	0.66	0.67	Per month per 100 sq ft.
E. Office Use	0.77	0.79	Per month per 100 sq ft.
F. Medical/Dental Use	1.03	1.05	Per month per 100 sq ft.
G. Service Use	1.03	1.05	Per month per 100 sq ft.
H. Restaurant/Bar Use	3.07	3.15	Per month per 100 sq ft.
I. Manufacturing Use	0.66	0.67	Per month per 100 sq ft.
J. Warehousing Use	0.38	0.39	Per month per 100 sq ft.
K. Hotel/Motel Use	3.07	3.15	Per month per guest room
L. Institutional and all other accounts not classified above. Including nursing homes and retirement homes	3.07	3.15	Per month per required parking spaces as specified in Chapter 18.92.
M. Churches and places of Worship	Exempt	Exempt	

NOTE: Users with in the Downtown Overlay District shall be charged on the same basis as elsewhere within the city. The minimum fee per month for any commercial account is:

\$ 8.60 \$ 8.83

RESOLUTION NO. 2016-

**A RESOLUTION ADOPTING A STORM DRAIN UTILITY FEE
SCHEDULE PURSUANT TO ASHLAND MUNICIPAL CODE SECTION
4.27.050 AND REPEALING RESOLUTION 2015-11.**

THE CITY OF ASHLAND RESOLVES AS FOLLOWS:

SECTION 1. The “Storm Drain Utility Fee Schedule,” marked “Exhibit A” and attached to this Resolution, is adopted as the Storm Drain Utility fee incorporating a 2.7% rate increase effective July 1, 2016.

SECTION 2. One copy of this Resolution and “Exhibit A” shall be maintained in the office of the City Recorder and shall be available for public inspection during regular business hours.

SECTION 3. The Fees adopted pursuant to this Resolution shall be effective July 1, 2016.

SECTION 4. Resolution 2015-11 is repealed on the effective date of this Resolution.

SECTION 5. The fees imposed by this Resolution are classified as not subject to the limits of Section 11b of Article XI of the Oregon Constitution (Ballot Measure No. 5).

This resolution was read by title only in accordance with Ashland Municipal Code §2.04.090 duly PASSED and ADOPTED this ____ day of _____, 2016.

Barbara Christensen, City Recorder

SIGNED and APPROVED this ____ day of _____, 2016.

John Stromberg, Mayor

Reviewed as to form:

David Lohman, City Attorney

Exhibit A
City of Ashland
STORM DRAINAGE UTILITY FEES WITHIN THE CITY LIMITS

RESOLUTION 2016-
Effective Date, July 1, 2016

Storm Drainage Fee	2.8% rate increase effective 7/01/15	2.7% rate increase effective 7/01/16	Unit
A. Single Family	\$ 4.52	\$ 4.64	Per month
B. Condominium, 1-9 Units	1.94	1.99	Per month per unit
C. Multi-Family, 1-9 Units	1.94	1.99	Per month per unit
D. Mobile Home & Trailer, 1-9 Units	1.94	1.99	Per month per unit
E. All other uses not classified above	1.50	1.54	Per 1,000 square feet impervious area
F. Minimum charge per account	4.52	4.64	Per month

NOTE: Users with in the Downtown Overlay District shall be charged on the same basis as elsewhere within the city. The minimum fee per month for any commercial account is:

\$ 4.52 \$ 4.64

RESOLUTION NO. 2016-_____

**A RESOLUTION REVISING RATES FOR WATER SERVICE PURSUANT
TO ASHLAND MUNICIPAL CODE SECTION 14.04.030 AND
REPEALING RESOLUTION 2015-09.**

THE CITY OF ASHLAND RESOLVES AS FOLLOWS:

SECTION 1. The water rate charges and rates as shown on the water rate schedule attached as Exhibit "A" shall be effective for actual or estimated consumption on or after July 1, 2016.

Prorated calculations are permitted for any bills prepared for a partial month or billing period that overlaps the effective date of this Resolution.

Miscellaneous Charges and Connection Fees established by previous resolutions remain in effect until revised by separate Council Action.

SECTION 2. Copies of this resolution shall be maintained in the Office of the City Recorder.

SECTION 3. Classification of the fee. The fees specified in Section 1 and Section 2 of this resolution are classified as not subject to the limits of Section 11b of Article XI of the Oregon Constitution (Ballot Measure 5).

SECTION 4. Resolution 2015-09 is repealed.

This resolution was duly PASSED and ADOPTED this ____ day of _____, 2016, and the effective date is July 1, 2015 upon signing by the Mayor.

Barbara Christensen, City Recorder

SIGNED and APPROVED this ____ day of _____, 2016.

John Stromberg, Mayor

Reviewed as to form:

David Lohman, City Attorney

City of Ashland, Oregon**Water Service**

All water service provided by the City of Ashland shall be in accordance with Chapter 14.04 of the Ashland Municipal Code.

Billing:

The minimum monthly charge shall be the sum of the Customer Charge; Meter Charge; plus Quantity Charge, if applicable; and Miscellaneous Charges, if applicable. Billing shall occur monthly with charges due and payable upon receipt.

Customer Charge:

A single customer charge is applied to each water account regardless of the number of metered water services.

Customer Charge, per account	July 2015	July 2016
Per month		\$11.74

Meter Charge:

The meter charge applies to all metered water services and does not include any water consumption.

Meter Charge, per meter	July 2015	July 2016
0.75" and Fire Guard meters	\$23.50	\$13.75
1" meter	\$46.99	\$14.34
1.5" meter	\$66.99	\$65.61
2" meter	\$88.24	\$104.27
3" meter	\$184.50	\$209.08
4" meter	\$282.07	\$331.60
6" meter	\$528.92	\$652.47
8" meter	\$881.49	\$1,034.38

Quantity Charge:

All customers will be charged the following rates per cubic foot of water used.

Residential, per dwelling unit October - May	July 2015	July 2016
0-300 cf per cycle	\$0.0243	\$0.0246
301 to 1,000 cf per cycle	\$0.0299	\$0.0307
1,001 to 2,500 cf per cycle	\$0.0400	\$0.0415
Over 2,500 cf per cycle	\$0.0517	\$0.0537
Residential, per dwelling unit June - September		
0-300 cf per cycle	\$0.0243	\$0.0246
301 to 1,000 cf per cycle	\$0.0299	\$0.0307
1,001 to 2,500 cf per cycle	\$0.0400	\$0.0415
2,501 to 3,600 cf per cycle	\$0.0517	\$0.0537
Over 3,600 cf per cycle	\$0.0673	\$0.0691

City of Ashland, Oregon
Water Service

Residential irrigation October - May	July 2015	July 2016
0 to 1,000 cf per cycle		\$0.0307
1,001 to 2,500 cf per cycle		\$0.0415
Over 2,500 cf per cycle		\$0.0537
Residential irrigation June - September		
0 to 1,000 cf per cycle		\$0.0307
1,001 to 2,500 cf per cycle		\$0.0415
2,501 to 3,600 cf per cycle		\$0.0537
Over 3,600 cf per cycle		\$0.0691

Commercial, less than 2" meter	July 2015	July 2016
0-2,500 cf per cycle		\$0.0307
> 2,500 cf per cycle		\$0.0415
Commercial, 2" or larger meter		
0-15,000 cf per cycle		\$0.0307
> 15,000 cf per cycle		\$0.0415

Institutional (governmental and municipal)	July 2015	July 2016
Per cubic foot		\$0.0294

Commercial and institutional Irrigation	July 2015	July 2016
October to May		\$0.0331
June to September		\$0.0449

Miscellaneous Charges:

TID Irrigation:

TID, unmetered service	July 2015	July 2016
Per season, per acre or portion of acre	\$170.01	\$183.11
TID, metered service		
Meter Replacement Charge*, by meter size		
0.75" meter		\$1.18
1" meter		\$1.77
1.5" meter		\$2.79
2" meter		\$3.76
3" meter		\$8.06
4" meter		\$17.51
6" meter		\$24.28
8" meter		\$29.27
Quantity Charge	\$0.0055	\$0.0022

**Meter replacement charge is assessed each month, regardless of consumption.*

City of Ashland, Oregon**Water Service**

Fire Protection Service:

Fire Protection Service	July 2015	July 2016
Customer Charge, if applicable		\$11.74
Meter Replacement Charge		\$1.18
Meter Charge	\$23.50	\$13.75
Quantity Charge		\$0.0338
Unmetered Fire Protection Service	\$23.50	\$13.75

Bulk Water:

For water provided on a temporary basis through a bulk meter on a fire hydrant, the following charges apply:

Bulk Water	July 2015	July 2016
Deposit*	\$1,859.28	\$1,859.28
Basic Fee	\$234.77	\$234.77
Quantity Charge		\$0.0338

**Deposit is refundable less basic fee, quantity charge, and any damage to the city meter, valve, wrench, and/or hydrant.*

Outside City Limits:

All rates and charges for water service provided outside the city limits will be 1.5 times the rates for water service provided within the city limits.

RESOLUTION NO. 2016-

**A RESOLUTION REVISING RATES FOR WASTEWATER (SEWER)
SERVICE PURSUANT TO ASHLAND MUNICIPAL CODE SECTION
14.08.035 AND REPEALING RESOLUTION 2015-10.**

THE CITY OF ASHLAND RESOLVES AS FOLLOWS:

SECTION 1. The wastewater (sewer) rate charges and rates as shown on the wastewater (sewer) rate schedule attached as Exhibit "A" shall be effective for actual or estimated consumption on or after July 1, 2016.

Prorated calculations are permitted for any bills prepared for a partial month or billing period that overlaps the effective date of this Resolution.

Miscellaneous Charges and Connection Fees established by previous resolutions remain in effect until revised by separate Council Action.

SECTION 2. Copies of this resolution shall be maintained in the Office of the City Recorder.

SECTION 3. Classification of the fee. The fees specified in Section 1 and Section 2 of this resolution are classified as not subject to the limits of Section 11b of Article XI of the Oregon Constitution (Ballot Measure 5).

SECTION 4. Resolution 2015-10 is repealed.

This resolution was duly PASSED and ADOPTED this ____ day of _____, 2016, and the effective date is July 1, 2016 upon signing by the Mayor.

Barbara Christensen, City Recorder

SIGNED and APPROVED this ____ day of _____, 2016.

John Stromberg, Mayor

Reviewed as to form:

David Lohman, City Attorney

City of Ashland, Oregon

Sewer Service

All sewer service provided by the City of Ashland shall be in accordance with Chapter 14.08 of the Ashland Municipal Code.

Sewer quantity charges shall be adjusted annually in April based on the winter water consumption for the months of January, February, and March for all customers whose quantity charge is not determined by actual consumption.

No exception from these rates will be allowed for unoccupied units.

Billing:

The minimum monthly charge shall be the sum of the Monthly Service Charge and Quantity Charge. Billing shall occur monthly with charges due and payable upon receipt.

Service Charge:

Residential	July 2015	July 2016
Monthly Service Charge, per unit	\$27.41	\$29.60
Quantity Charge, per cf	\$0.04089	\$0.04416
Quantity charge is based on winter water average in excess of 400 cubic feet, per unit		

Quantity Charge for single family residential water accounts with no consumption during the months of January, February and March will be based on 700 cubic feet.

Multi-family residential accounts are all accounts in which more than one residential dwelling is attached to the same water service and shall be assessed a Monthly Service Charge for each unit. Quantity Charge for multi-family residential water accounts with no consumption during the months of January, February and March will be based on 500 cubic feet per unit.

Commercial, Industrial, and Governmental	July 2015	July 2016
Monthly Service Charge	\$28.61	\$30.89
Quantity Charge, per cf	\$0.04540	\$0.04903
Quantity charge is based on actual monthly consumption		

Mixed residential and commercial accounts will be billed as commercial.

For commercial, industrial or governmental users where monthly water consumption is not measured through City water meters, the sewer rate will be established as follows: The annual water consumption will be estimated utilizing water consumption records of similar users or water consumption record of past use, if available. Quantity Charge is based on the twelve month average estimated water consumption. This rate shall be effective beginning in the month after the rate is determined until the rate schedule is amended by resolution of the City Council. Water consumption determined in this manner shall be lowered if the user can demonstrate through the use of a meter approved by the City that the actual consumption of the user is less than the estimate.

City of Ashland, Oregon**Sewer Service**

Special cases:

Greenhouses, Churches, and Schools (K-12) operating on a nine month school year	July 2015	July 2016
Monthly Service Charge	\$28.61	\$30.89
Quantity Charge, per cf	\$0.04540	\$0.04903
Quantity charge is based on winter water average in excess of 400 cubic feet		

Bed and Breakfasts and Ashland Parks Bathrooms	July 2015	July 2016
Monthly Service Charge	\$28.61	\$30.89
Quantity Charge, per cf	\$0.04540	\$0.04903
Quantity charge is based on the sum of the winter water consumption		

Exemptions to commercial and industrial sewer rates:

- A. If a commercial, industrial, or governmental user can demonstrate that the volume of sewage discharged by the user is less than 50% of the water consumed, the City Administrator may adjust the quantity charge accordingly.
- B. Water sold through an irrigation meter is exempt from sewer charge.

Sewer rates outside the city limits:

- A. The sewer user charge shall apply to those sewer users permitted under Section 14.08.030 of the Ashland Municipal Code.
- B. The sewer rates for users outside the city limits shall be two times the sewer charges for inside the city limits.
- C. Quantity charge for metered residential accounts is based on the average winter water consumption in excess of 400 cubic feet, per unit, per month and shall be adjusted annually in April.
- D. Quantity charge for unmetered residential accounts will be calculated on an average winter water usage of 700 cubic feet for single family residences, and 500 cubic feet, per unit, for multi-family residences.
- E. Quantity charge for commercial, industrial, and governmental accounts will be based on actual monthly water consumption.