



# City of Oregon City

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## Staff Report

File Number: 14-488

**Agenda Date:** 9/17/2014

**Status:** Agenda Ready

**To:** City Commission

**Agenda #:** 7a.

**From:** Public Works Director John Lewis

**File Type:** Resolution

### **SUBJECT:**

Resolution No. 14-17, Sanitary Sewer Rate Increases

### **RECOMMENDED ACTION (Motion):**

Move to adopt Resolution No. 14-17, increasing sanitary sewer rates in accordance with the August 2014 FCS Final Model and rate adjustment recommendations for the Wastewater Rate Study.

### **BACKGROUND:**

The City last updated its Sanitary Sewer Master Plan in 2003. Sewer master planning for a City of Oregon City's size and complexity is considered necessary every 10 years.

Over the last 2 years the City contracted with Brown and Caldwell (B&C) to evaluate the City's sanitary sewer system and develop a Sanitary Sewer Master Plan (SSMP) which provides detailed collection system modeling results and the capital improvement project plans for existing and future development needs. The new SSMP identifies four areas within the City's existing sanitary sewer collection system which currently have capacity deficiencies during wet weather (both the 5-yr-24-hr & 10-yr-24-hr design storm event conditions). In some cases these capacity deficiencies result in pipe system surcharge and limited overflows discharging inadequately treated sewage into surfacewater.

The City of Oregon City's Comprehensive Land Use Plan requires that the rate of community growth and development may not exceed the community's ability to provide essential public serves, including a sanitary sewer system. Policy 11.2.3 of the City's Comprehensive Plan requires that the City "...provide enough collection capacity to meet standards established by the Oregon Department of Environmental Quality (DEQ) to avoid discharging inadequately treated sewage into surfacewater".

The new master plan identifies areas with current system capacity concerns, build out capacity concerns, and areas within the system most likely to have leakage or other types of problems. Specifically, the plan is a detailed assessment based on a variety of information and analysis. The plan also provides the City with a detailed understanding of necessary capital improvements, system rehabilitation and replacement recommendations, the cost of the improvements and program recommendations, and recommendations for best management practices.

City staff has also been working with FCS Group, gathering information from the results of the Sanitary Sewer Master Plan, analyzing customer and revenue and expense data, and running rate analysis to support funding the improvements necessary to remedy system deficiencies and accommodate future growth. FCS Group has completed a rate and system development charge study to coincide with the findings of the Sanitary Sewer Master Plan. FCS Group has incorporating the findings included in the master plan, reviewing current and expected operations costs, and incorporating base assumptions for financial targets.

The study concluded that revenue requirements indicate that the rates are not sufficient over the 10-year projected review period. The proposed sanitary sewer charges are summarized below:

Effective October 1, 2014 the proposed new rate per Equivalent Residential Unit (ERU) will be \$24.90.

Effective July 1, 2015 the proposed new rate per ERU will be \$28.63

Assignment of ERU's to classes of service shall be as follows;

Residential = 1 ERU per residential unit

Commercial = 1 ERU per each 1,000 cu. ft., or fraction thereof, per month, of metered consumption.

**BUDGET IMPACT:**

Amount:

FY(s): Not applicable

Funding Source: Sewer Fund