

**ADMINISTRATIVE ORDER NO. 58-18-05-F**  
**of the**  
**City Manager of the City of Eugene**

**AMENDMENT OF THE WASTEWATER USER FEE SCHEDULE AND  
REPEAL OF ADMINISTRATIVE ORDER NO. 58-17-06-F.**

**The City Manager of the City of Eugene finds as follows:**

**A.** Section 6.411 of the Eugene, Code, 1971 (EC), authorizes the City Manager to determine and set fees and charges to be imposed by the City for wastewater service, regional wastewater service, and stormwater service. Pursuant to that authority, on May 8, 2017, I issued Administrative Order No. 58-17-06-F amending the Wastewater User Fee Schedule.

**B.** On May 22, 2018, I issued Administrative Order No. 58-18-05 ordering that notice be given advising the public of the opportunity to submit comments on my proposal to amend the wastewater user fees. The current and proposed fees were set out in the Notice attached as Exhibit A to that Administrative Order. The Notice provided that written or oral comments would be received at the public hearing to be held in the Public Works Engineering Les Lyle conference room, 99 E. Broadway, 4th floor, Eugene, Oregon, on June 6, 2018 at noon, and that written comments could otherwise be submitted until 5:00 p.m. on June 6, 2018.

**C.** Based on my investigation of the revenue needs of the City in providing wastewater services using the criteria in EC 6.411(2), and after considering the comments submitted, I find that the amended wastewater user fees should be amended as proposed. (See Exhibit A)

**On the basis of these findings, I order that:**

**1.** A copy of this Order shall be promptly forwarded to the Mayor and City Councilors. Unless reviewed by the Council pursuant to EC 6.411(1)(f), this Order shall become final on the 11th day after the date it is rendered.

**2.** Notwithstanding the effective date of this Order as set forth above, the Wastewater User Fees attached as Exhibit B are established as the fees to be charged for the described services, effective for all bills issued on or after July 1, 2018.

**4.** Administrative Order No. 58-17-06-F is repealed as of the effective date of the fees attached as Exhibit A to this Order.

**Dated this 18th day of June, 2018.**

  
**Jon R. Ruiz**  
**City Manager**

**Unless reviewed by Council pursuant to EC 6.411(1)(f), this Order becomes final on June 29, 2018.**

**CITY MANAGER’S FINDINGS**

Investigation of Wastewater Service Revenue Needs Pursuant to EC 6.411(2)  
and Responses to Public Comments Regarding 2018 Wastewater User Fee Amendments

All properties connected to the public wastewater system pay wastewater fees. Eugene provides local wastewater collection services, and the Metropolitan Wastewater Management Commission (MWMC), a partnership of Lane County and the cities of Eugene and Springfield, operates the regional wastewater collection and treatment facilities.

In order to continue the same level of services through FY19, an investigation of revenue needs was conducted. The results of the investigation included the following factors, as outlined in Eugene code 6.411. In summary, the investigation supports the need to increase wastewater rates by 4% in FY19.

**What has been charged in the past?**

| <b><u>RATE COMPONENT</u></b>  | <b><u>FY16</u></b> | <b><u>FY17</u></b> | <b><u>Current Rate FY18</u></b> | <b><u>Proposed Rate FY19</u></b> |
|---|--------------------|--------------------|---------------------------------|----------------------------------|
| <b>RESIDENTIAL:</b>   |                    |                    |                                 |                                  |
| <u>Per Account Fee:</u>   |                    |                    |                                 |                                  |
| City of Eugene .....  | No Charge          | No Charge          | No Charge                       | <b>No Charge</b>                 |
| MWMC .....  | \$12.33            | \$12.58            | \$12.96                         | <b>\$13.28</b>                   |
| <u>Sanitary Sewer Flow-Based Charge per 1,000 Gallons of Water Used:</u>                  |                    |                    |                                 |                                  |
| City of Eugene .....  | \$2.091            | \$2.174            | \$2.261                         | <b>\$2.351</b>                   |
| MWMC .....  | \$2.453            | \$2.502            | \$2.577                         | <b>\$2.641</b>                   |
| Total flow-based charge per 1,000 gallons of water used .....                             | \$4.544            | \$4.676            | \$4.838                         | <b>\$4.992</b>                   |
| <b>TYPICAL RESIDENTIAL BILLING:</b> .....   |                    |                    |                                 |                                  |
| (Per Account charge + 5 times the total flow based charge)                                | \$35.05            | \$35.96            | \$37.15                         | <b>\$38.24</b>                   |
| <b>COMMERCIAL/INDUSTRIAL:</b>   |                    |                    |                                 |                                  |
| <u>Per Account Fee, All Commercial/Industrial Classes:</u>                                |                    |                    |                                 |                                  |
| City of Eugene .....  | No Charge          | No Charge          | No Charge                       | <b>No Charge</b>                 |
| MWMC .....  | \$12.33            | \$12.58            | \$12.96                         | <b>\$13.28</b>                   |
| <u>Sanitary Sewer Flow-Base Charge Per 1,000 Gallons of Water Used by Customer Class:</u> |                    |                    |                                 |                                  |
| <u>Low Strength Customer:</u>   |                    |                    |                                 |                                  |
| City of Eugene .....  | \$2.091            | \$2.174            | \$2.261                         | <b>\$2.351</b>                   |
| MWMC .....  | \$3.297            | \$3.363            | \$3.464                         | <b>\$3.551</b>                   |
| Total flow-base charge per 1,000 gallons of water used .....                              | \$5.388            | \$5.537            | \$5.725                         | <b>\$5.902</b>                   |
| <u>Medium Strength Customer:</u>  |                    |                    |                                 |                                  |
| City of Eugene .....  | \$2.091            | \$2.174            | \$2.261                         | <b>\$2.351</b>                   |
| MWMC .....  | \$4.804            | \$4.900            | \$5.047                         | <b>\$5.173</b>                   |

| <b><u>RATE COMPONENT</u></b>                                   | <b><u>FY16</u></b> | <b><u>FY17</u></b> | <b><u>Current Rate FY18</u></b> | <b><u>Proposed Rate FY19</u></b> |
|--|--------------------|--------------------|---------------------------------|----------------------------------|
| Total flow-base charge per 1,000 gallons of water used .....   | \$6.895            | \$7.074            | \$7.308                         | <b>\$7.524</b>                   |
| <b>High Strength Customer:</b>                                 |                    |                    |                                 |                                  |
| City of Eugene .....   | \$2.091            | \$2.174            | \$2.261                         | <b>\$2.351</b>                   |
| MWMC .....   | \$6.816            | \$6.952            | \$7.161                         | <b>\$7.340</b>                   |
| Total flow-base charge per 1,000 gallons of water used .....   | \$8.907            | \$9.126            | \$9.422                         | <b>\$9.691</b>                   |
| <b>Very High Strength Customer:</b>                            |                    |                    |                                 |                                  |
| City of Eugene .....   | \$2.091            | \$2.174            | \$2.261                         | <b>\$2.351</b>                   |
| MWMC .....   | \$8.834            | \$9.011            | \$9.281                         | <b>\$9.513</b>                   |
| Total flow-base charge per 1,000 gallons of water used .....   | \$10.925           | \$11.185           | \$11.542                        | <b>\$11.864</b>                  |
| <b>Super High Strength Customer:</b>                           |                    |                    |                                 |                                  |
| City of Eugene .....   | \$2.091            | \$2.174            | \$2.261                         | <b>\$2.351</b>                   |
| MWMC .....   | \$10.848           | \$11.065           | \$11.397                        | <b>\$11.682</b>                  |
| Total flow-base charge per 1,000 gallons of water used .....   | \$12.939           | \$13.239           | \$13.658                        | <b>\$14.033</b>                  |
| <b>SEPTAGE HAULERS/HAULED WASTE (NON-SEPTAGE):</b>             |                    |                    |                                 |                                  |
| City of Eugene .....   | No Charge          | No Charge          | No Charge                       | <b>No Charge</b>                 |
| MWMC Septage: flow rate/1,000 gallons.....                     | \$127.00           | \$127.00           | \$127.00                        | <b>\$127.00</b>                  |
| MWMC Hauled Waste (non-septage): flow rate/1,000 gallons ..... |                    |                    | \$127.00                        | <b>\$127.00</b>                  |

**What is MWMC’s Recommendation for FY19?**

On April 13, 2018, MWMC adopted resolution 18-04, which approved a 2.5% increase in regional wastewater rates over the current rates.

**What are the Federal and State regulations impacting FY19’s proposed rate increase?**

The Oregon Department of Environmental Quality is charged with implementing state and federal rules governing the operation of wastewater treatment plants. As such, the DEQ has issued a National Pollutant Discharge Elimination System (NPDES) Permit (number 100980) for the Eugene/Springfield Water Pollution Control Facility. The permit describes conditions and limitations to ensure public health and safety and protection of the environment. The FY19 proposed budget for the wastewater program will provide funding for the City to carry out operation and maintenance activities and services necessary under the NPDES permit.

**How does the City of Eugene’s proposed rate compare to other similar service providers?**



**What is the revenue needed to pay for service proposed in the FY19 budget?**

|  | Proposed<br>FY19            |
|--|-----------------------------|
| <b>Sources of Funds:</b>                       |                             |
| Beginning Working Capital                      | \$ 904,224                  |
| Current Rate Revenue                           | \$ 10,309,577               |
| Rate Increase Revenue                          | \$ 410,423                  |
| Other Revenue                                  | \$ 305,187                  |
| <b>Total Resources</b>                         | <u><u>\$ 11,929,411</u></u> |
| <br>   |                             |
| <b>Uses of Funds:</b>                          |                             |
| Operations & Maintenance                       | \$ 8,968,399                |
| ROW Usage Fees                                 | \$ 643,000                  |
| Capital Program (Rehabilitation, new capacity) | \$ 2,140,000                |
| Ending Working Capital                         | \$ 178,012                  |
| <b>Total Requirements</b>                      | <u><u>\$ 11,929,411</u></u> |

Rate Increase - Proposed 4%

**Are there other relevant policies adopted by the City Council impacting the FY19 proposed rates?**

There are no other relevant policies adopted by the City Council that will impact the FY19 proposed rates.

**Are any IGAs impacting the FY19 proposed rates?**

There are no new intergovernmental agreements between the City of Eugene and another entity that will have a new and material impact to the City’s wastewater program.

**Do the rates establish an equity between different classes of rate payers?**

The wastewater fee schedule is a flow-based fee set up to charge customers whose residence or business use more water, and thus requires more wastewater to be treated, to pay a higher fee. There is one rate charged per thousand gallons of water used for residential customers and five different categories of rates for commercial customers depending upon the strength and characteristics of the wastewater discharged to the public sewer system.

**Is the wastewater program paying an appropriate value for the use and occupancy of the City’s right-of-way system?**

The City of Eugene wastewater program is paying a similar charge for the use and occupancy of the City of Eugene’s right-of-way system, when compared to other utilities in the area.

|                | <b>% Revenue paid<br/>for use of ROW</b> |
|----------------|--|
| EWEB           | 6%                                       |
| NW Natural Gas | 6%                                       |
| Cable/Internet | 7%                                       |
| COE Stormwater | 6%                                       |
| COE Wastewater | 6%                                       |

## Public Hearing Comments and Responses

In response to the notice of the proposed amendments, four people submitted written comments and one person provided comments at the public hearing held on June 6, 2018. A summary of the comments and responses are as follows:

### 1. Comments regarding the rate increase process.

- Concern about the process of holding a public hearing and submitting comments after the City Manager has already signed the order.
- Questioned whether having the public hearing at noon on a Wednesday was a good schedule for getting public testimony.
- Is there citizen oversight or is it the staff that decides the budget and fees?

**Response:** Eugene Code (EC), 1971, authorizes the City Manager through the administrative order process to determine and set fees and charges to be imposed by the City for wastewater service and stormwater service. Pursuant to EC 6.411(1), the City Manager is required to conduct an investigation of revenue needs and to base the fees and charges on that investigation and the applicable criteria set out in EC 6.411(2).

The City provides a variety of opportunities for citizen input. In addition to complying with Code requirements related to public hearing notifications, the City conducts a number of outreach efforts. The City maintains a web site with information about rate adjustments, time and location of public hearings, and other information. The process allows for the submittal of electronic and written comments, and/or attending the public hearing. The City notified local media on May 30, 2018. On May 23, June 5 and 6, 2018, KEZI ran a story which included information about the public hearing. The City has tried different meeting times over the past few years, including noon, afternoon and evening in order to accommodate different schedules. The number of people in attendance was minimal regardless of the time. The City will continue to evaluate alternative public hearing times to better accommodate and encourage public input.

The Public Works Stormwater Policy Team is comprised of the Public Works Director and division managers. As part of the annual budget process, the policy team reviews and recommends the stormwater operating and capital budget. The City of Eugene's Budget Committee is a standing committee composed of an equal number of City Council members and appointed citizen members. The committee reviews the proposed operating and capital budget and makes a recommendation on the budget to the City Council for final enactment.

The Budget Committee reviews the City's annual budget in accordance with Oregon's Local Budget Law and Oregon Administrative Rules. The Committee makes recommendations to the City Council on the annual budget, the Financial Management Goals and Policies, and on specific issues as directed by the Council. Budget Committee may also meet to discuss updates to long-range financial plans and policies.

### 2. Comments regarding Eugene Water and Electric Board (EWEB) budget and rates.

- EWEB cut 24 million dollars from their budget.
- EWEB has not had any rate increases in the last 3 years.
- The City needs to look at their budget in a different way and limit rate increases to inflation.

**Response:** Below is a summary of rate changes for electric, water, regional and local

wastewater and stormwater.

Summary of EWEB/MWMC/COE Rate Changes

| FY   | Electric | Water | MWMC<br>(regional)<br>WW | City<br>(local)<br>WW | Storm |
|------|----------|-------|--------------------------|-----------------------|-------|
| FY09 | -1.0%    | 17.0% | 11%/7%                   | 4.0%                  | 4.0%  |
| FY10 | 5.0%     | 18.1% | 18.0%                    | 24.0%                 | 4.5%  |
| FY11 | 1.9%     | 7.3%  | 5.0%                     | 9.0%                  | 0.0%  |
| FY12 | 8.1%     | 7.1%  | 4.0%                     | 3.0%                  | 11.0% |
| FY13 | 5.5%     | 5.0%  | 4.0%                     | 3.0%                  | 4.5%  |
| FY14 | 5.8%     | 20.0% | 3.0%                     | 0.0%                  | 0.0%  |
| FY15 | 4.0%     | 5.7%  | 3.5%                     | 2.8%                  | 6.5%  |
| FY16 | 0.0%     | 4.9%  | 2.0%                     | 3.8%                  | 6.5%  |
| FY17 | 2.5%     | 3.6%  | 2.0%                     | 4.0%                  | 7.5%  |
| FY18 | 0.0%     | 2.0%  | 3.0%                     | 4.0%                  | 4.0%  |
| FY19 | 0.0%     | -2.8% | 2.5%                     | 4.0%                  | 4.0%  |

*Source: Eugene Water & Electric Board for Electric/Water*

*Source: City of Eugene: regional, local and storm*

*FY09: Regional Inc. 7/1/08: 11%; 12/1/08: 7%*

*FY15: Stormwater rate increase effective 9/1/14*

*FY17: Regional/Local WW effective 7/16, Stormwater effective 9/1/2016*

*FY18: Regional WW/Local WW/Storm is proposed*

**3. Comments regarding use of funds.**

- Administration costs are higher than capital costs
- There should be an emphasis placed on reducing costs.
- Is there a nexus between stormwater management and parks programs?
- City Manager and Council robs wastewater and other accounts for the City Hall and unrelated projects.

**Response:** The administration cost center is approximately 12% of the stormwater operating and capital fund. The amount of administration costs for overhead is consistent with other funds.

The capital program that is funded by user fees includes rehabilitation, replacement and restoration of the system. Capacity enhancing projects are funded by System Development Charges (SDCs) and are not part of user fees.

The FY15 budget adopted by City Council included the transfer to the stormwater fund of several services with a stormwater nexus that had previously been paid from the General Fund. These stormwater services include tree maintenance within parks, management of natural areas, leaf removal from turf and landscape beds, and other vegetation maintenance. All of these provide direct stormwater benefits. No parks operation and maintenance costs without a nexus to stormwater have been transferred to the stormwater fund or are being paid for through stormwater fees.

To accomplish the expansion of City Hall, the Eugene City Council authorized the Public Works

Department to contribute non-General Funds, including Stormwater and Wastewater, to accommodate the cost of the construction of a 4th floor shelled space as essentially a down payment on future space in City Hall. It is expected that Public Works staff will occupy either the 4th floor or similar space in a subsequent phase of the City Hall redevelopment project.

**4. Comments regarding inflation and rate increases:**

- Objection to the increase in fees for wastewater and stormwater.
- What costs warrant the 4% increase?
- What will the money be used for?
- What percentage of these funds are allocated to wastewater and stormwater needs, and what percentage is used for other purposes?
- Has there been any reduction in the amount of money from the general fund for these line items?

**Response:** Stormwater user fees fund stormwater operations and capital investment for system rehabilitation, replacement and restoration. In an effort to maintain reasonable rates, the City continually seeks efficiencies and service adjustments. The proposed 4% increase is needed to continue to provide the current level of service and to maintain a growing inventory of stormwater green infrastructure facilities. The current level of service and greater number of green infrastructure facilities enable the City to protect public health and safety by preventing flooding, enhance fish and wildlife habitat, and protect and improve water quality in our rivers and streams. The rationale for the rate increase also includes avoiding large rate increases in future years, the funding of capital reserves for replacement of assets without the need to issue debt, and provides services over the long term in a financially sustainable manner.

Wastewater user fees fund the construction, operation, maintenance, and debt service of the wastewater collection and treatment system. The proposed 4% increase is needed to maintain existing local wastewater services necessary under the National Pollutant Discharge Elimination System (NPDES) permit. The Metropolitan Wastewater Management Commission's (MWMC) regional wastewater treatment facility that serves both Eugene and Springfield is requesting a 2.5% rate increase. MWMC's rate is independent of Eugene's rate.

Both the stormwater and wastewater fees are collected and spent out of their respective funds, therefore 100% is being spent on their respective program areas. None of these expenses are part of the General Fund budget.

**5. Comment regarding low-income assistance.**

- With the passage of the parks bond and maintenance levy, this is an increased burden.
- How can low income people afford all these extra fees?

**Response:** There are customer assistance programs that are designed to help income-eligible customers with their utility bills, including stormwater and wastewater fees. For more information on how to access these programs, contact Eugene Water and Electric Board (EWEB) who is the billing agent for the City of Eugene.

**6. Comment regarding electric vs stormwater costs.**

- A school pays more in stormwater costs than it does in electricity to heat the building for a year.

- A school uses rainwater to irrigate and flush toilets then the remainder of the stormwater drains to the swales onsite and does not go to the stormwater system.

**Response:** City of Eugene verified that the information about this school is inaccurate. The City cannot release details about a customer's account without the customer's authorization.

**WASTEWATER USER FEE SCHEDULE**  
(Effective for all bills issued on or after July 1, 2018)

| <u><b>RATE COMPONENT</b></u>  | <u><b>Rate</b></u> |
|---|--------------------|
| <b>RESIDENTIAL:</b>   |                    |
| <u>Per Account Fee:</u>   |                    |
| City of Eugene .....  | No Charge          |
| MWMC .....  | \$13.28            |
| <u>Sanitary Sewer Flow-Based Charge per 1,000 Gallons of Water Used:</u>                                |                    |
| City of Eugene .....  | \$2.351            |
| MWMC .....  | \$2.641            |
| Total flow-based charge per 1,000 gallons of water used.....  | \$4.992            |
| <b>TYPICAL RESIDENTIAL BILLING:</b> .....<br>(Per Account charge + 5 times the total flow based charge) | \$38.24            |
| <b>COMMERCIAL/INDUSTRIAL:</b>   |                    |
| <u>Per Account Fee, All Commercial/Industrial Classes:</u>  |                    |
| City of Eugene .....  | No Charge          |
| MWMC .....  | \$13.28            |
| <u>Sanitary Sewer Flow-Base Charge Per 1,000 Gallons of Water Used by Customer Class:</u>               |                    |
| <u>Low Strength Customer:</u>   |                    |
| City of Eugene .....  | \$2.351            |
| MWMC .....  | \$3.551            |
| Total flow-base charge per 1,000 gallons of water used.....   | \$5.902            |
| <u>Medium Strength Customer:</u>  |                    |
| City of Eugene .....  | \$2.351            |
| MWMC .....  | \$5.173            |
| Total flow-base charge per 1,000 gallons of water used.....   | \$7.524            |
| <u>High Strength Customer:</u>  |                    |
| City of Eugene .....  | \$2.351            |

| <b><u>RATE COMPONENT</u></b>                                  | <b><u>Rate</u></b> |
|---|--------------------|
|   |                    |
| MWMC .....  | \$7.340            |
| Total flow-base charge per 1,000 gallons of water used.....   | \$9.691            |
| <b>Very High Strength Customer:</b>                           |                    |
| City of Eugene .....  | \$2.351            |
| MWMC .....  | \$9.513            |
| Total flow-base charge per 1,000 gallons of water used.....   | \$11.864           |
| <b>Super High Strength Customer:</b>                          |                    |
| City of Eugene .....  | \$2.351            |
| MWMC .....  | \$11.682           |
| Total flow-base charge per 1,000 gallons of water used.....   | \$14.033           |
| <b>SEPTAGE HAULERS/HAULED WASTE (NON-SEPTAGE):</b>            |                    |
| City of Eugene .....  | No Charge          |
| MWMC Septage: flow rate/1,000 gallons.....                    | \$127.00           |
| MWMC Hauled Waste (non-septage): flow rate/1,000 gallons..... | \$127.00           |