

ADMINISTRATIVE ORDER NO. 58-23-20-F
of the
City Manager of the City of Eugene

**SETTING WASTEWATER USER FEES AND SUPERSEDING THE FEE
SCHEDULE ADOPTED BY ADMINISTRATIVE ORDER NO. 58-22-15-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 23, 2022, I issued Administrative Order No. 58-22-15-F amending the Wastewater User Fee Schedule.

B. On April 26, 2023, I issued Administrative Order No. 58-23-20, ordering that notice be given of the opportunity to submit written comments on my proposal to set new wastewater user fees. The Notice specified that comments on the proposed rates for local (City of Eugene) wastewater service could be submitted orally at the public hearing which would be held remotely on May 10, 2023, at noon using virtual meeting technology, and that written comments could otherwise be submitted to the City's Public Works Financial Manager until 5 p.m. on May 10, 2023. There were no attendees at the public hearing, however, two written comments were submitted prior to the public hearing and those comments are addressed in the City Manager's Findings attached as Exhibit B to this Order.

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 comment that was submitted, I find that the wastewater user fees should be amended as proposed. (See Exhibit B)

D. The unamended wastewater user fees adopted by Administrative Order No. 58-22-15-F are incorporated into the Fee Schedule attached as Exhibit A to this Order.

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 Fee Schedule attached as Exhibit A to this Order is the schedule of fees to be charged for the described services, effective for all bills issued on or after July 1, 2023.

3. The Fee Schedule attached to Administrative Order No. 58-22-15-F is superseded

by the Wastewater User Fee Schedule attached as Exhibit A to this Order, effective for all bills issued on or after July 1, 2023.

Dated this 05/25/2023 **day of** May _____, **2023.**


Matt Rodrigues (May 25, 2023 08:36 PDT)



Sarah Medary
City Manager

Unless reviewed by Council pursuant to EC 6.411(1)(f), this Order becomes final on
July 1 _____, **2023.**

WASTEWATER USER FEES
(Effective for all bills issued on or after July 1, 2023)

<u>RATE COMPONENT</u>	<u>FY24 Rate</u>	<u>FY25 Rate</u>
RESIDENTIAL:		
<u>Per Account Fee:</u>		
City of Eugene	No charge	No charge
MWMC.....	\$15.16	*
<u>Sanitary Sewer Flow-Based Charge per 1,000 Gallons of Water Used:</u>		
City of Eugene	\$3.020	\$3.201
MWMC.....	\$3.016	*
Total flow-based charge per 1,000 gallons of water used.....	\$6.036	*
TYPICAL RESIDENTIAL BILLING: (Per Account charge + 5 times the total flow-based charge)	\$45.34	*
COMMERCIAL/INDUSTRIAL:		
<u>Per Account Fee, All Commercial/Industrial Classes:</u>		
City of Eugene	No charge	No charge
MWMC.....	\$15.16	*
<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	\$3.020	\$3.201
MWMC.....	\$4.055	*
Total flow-base charge per 1,000 gallons of water used	\$7.075	*
<u>Medium Strength Customer:</u>		
City of Eugene	\$3.020	\$3.201

Exhibit A to
Administrative Order No. 58-23-20-F

<u>RATE COMPONENT</u>	<u>FY24 Rate</u>	<u>FY25 Rate</u>
MWMC.....	\$5.906	*
Total flow-base charge per 1,000 gallons of water used	\$8.926	*
High Strength Customer:		
City of Eugene	\$3.020	\$3.201
MWMC.....	\$8.381	*
Total flow-base charge per 1,000 gallons of water used	\$11.401	*
Very High Strength Customer:		
City of Eugene	\$3.020	\$3.201
MWMC.....	\$10.863	*
Total flow-base charge per 1,000 gallons of water used	\$13.883	*
Super High Strength Customer:		
City of Eugene	\$3.020	\$3.201
MWMC.....	\$13.339	*
Total flow-base charge per 1,000 gallons of water used	\$16.359	*
SEPTAGE HAULERS/HAULED WASTE (NON-SEPTAGE):		
City of Eugene	No charge	No charge
MWMC Septage: flow rate/1,000 gallons.....	\$139.00	*
MWMC Hauled Waste (non-septage): flow rate/1,000 gallons.....	\$139.00	*

*These figures have not been determined because MWMC had not set FY25 fees at the time the City of Eugene adopted its fees.

CITY MANAGER'S FINDINGS

Investigation of Wastewater Service Revenue Needs Pursuant to EC 6.411(2) and Response to the Public Comments Regarding the Proposed 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.

The City of Eugene is proposing to increase local wastewater user fees by 11%, effective July 1, 2023 and 6%, effective July 1, 2024. As a reminder, rates were held flat in FY21, in response to the community-wide economic pressures caused by the COVID-19 pandemic. Rates increased by 4% in FY22 and 7% in FY23 to keep pace with our existing service level. The rate increases in FY24 and FY25 are necessary to balance this fund and end the 6-year forecast window with a balance available that is close to the City's two-month operating reserve target. This fund experienced ongoing revenue losses through the COVID-19 pandemic and the City implemented two years of underspending to compensate for the economic pressures of rising costs and declining revenue. Temporary measures, such as deferring maintenance activities and idling a full repair crew (by holding positions vacant), helped to offset the revenue loss, but deferring further maintenance activities is not a sustainable option for the wastewater system. The higher-than-average rate increases in FY24 and FY25 are necessary to return to an appropriate preventative maintenance cycle for the wastewater system.

The City has evaluated the resources needed to adequately maintain the 43 miles of service lateral pipes that were clarified to be under City maintenance responsibility in 2017. Assuming maintenance responsibility for this part of the system is requiring another maintenance crew in order to provide the preventative and repair services without deferring work in other parts of the system. The cost for this additional repair crew is included in the 2023-2025 proposed rate increases. The City also had to address the state mandated change in CDL driver training by contributing to a CDL driver trainer for the City (this fund is contributing its appropriate share of .18 FTE). Inflationary pressures experienced by this industry are also addressed within these rate increases, as well as programming an update to the 20-year-old customer information system that manages the wastewater accounts for the City.

This proposed rate increase will increase the local portion of the monthly wastewater bill for a typical residential customer¹ from \$13.61 to \$15.10, a \$1.49 per month increase, in the first year of the biennium (effective July 2023). During the second year of the biennium, the local portion of the monthly wastewater bill will increase from \$15.10 to \$ 16.01 a \$0.91 per month increase.

The Metropolitan Wastewater Management Commission (MWMC) anticipates a 4.5% increase in regional user fees, effective July 2023. A 4.5% increase will increase the regional portion of the monthly wastewater bill for a typical residential customer from \$28.94 to \$30.24, a \$1.30 per month increase. MWMC is currently scheduled to make a rate decision on April 14, 2023.

¹ While the average usage is declining over time, for consistency in public presentations, we continue to refer to a "typical" residential wastewater customer as one who uses 5,000 gallons per month.

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With these proposed increases, wastewater rates are lower than all but one comparable city in Oregon. For example, assuming 2.5% Springfield local rate increase², Springfield’s monthly wastewater charge for a typical residential customer (regional and local combined) will be \$56.25, compared with Eugene’s \$45.34.

What has been charged in the past?

<u>RATE COMPONENT</u>	<u>Current Rate</u>	<u>Proposed FY24 Rate</u>	<u>Proposed FY25 Rate</u>
RESIDENTIAL:			
<u>Per Account Fee:</u>			
City of Eugene	No charge	No charge	No charge
MWMC.....	\$14.51	\$15.16	*
<u>Sanitary Sewer Flow-Based Charge per 1,000 Gallons of Water Used:</u>			
City of Eugene	\$2.721	\$3.020	\$3.201
MWMC.....	\$2.886	\$3.016	*
Total flow-based charge per 1,000 gallons of water used.....	\$5.607	\$6.036	*
TYPICAL RESIDENTIAL BILLING: (Per Account charge + 5 times the total flow-based charge)	\$42.55	\$45.34	*
COMMERCIAL/INDUSTRIAL:			
<u>Per Account Fee, All Commercial/Industrial Classes:</u>			
City of Eugene	No charge	No charge	No charge
MWMC.....	\$14.51	\$15.16	*
<u>Sanitary Sewer Flow-Base Charge Per 1,000 Gallons of Water Used by Customer Class:</u>			
<u>Low Strength Customer:</u>			
	\$2.721	\$3.020	\$3.201

² At this time, Springfield staff anticipates a 2.5% increase in FY24.

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<u>RATE COMPONENT</u>	<u>Current Rate</u>	<u>Proposed FY24 Rate</u>	<u>Proposed FY25 Rate</u>
City of Eugene			
MWMC.....	\$3.880	\$4.055	*
Total flow-base charge per 1,000 gallons of water used	\$6.601	\$7.075	*
Medium Strength Customer:			*
City of Eugene	\$2.721	\$3.020	\$3.201
MWMC.....	\$5.652	\$5.906	*
Total flow-base charge per 1,000 gallons of water used	\$8.373	\$8.926	*
High Strength Customer:			
City of Eugene	\$2.721	\$3.020	\$3.201
MWMC.....	\$8.020	\$8.381	*
Total flow-base charge per 1,000 gallons of water used	\$10.741	\$11.401	*
Very High Strength Customer:			
City of Eugene	\$2.721	\$3.020	\$3.201
MWMC.....	\$10.395	\$10.863	*
Total flow-base charge per 1,000 gallons of water used	\$13.116	\$13.883	*
Super High Strength Customer:			
City of Eugene	\$2.721	\$3.020	\$3.201
MWMC.....	\$12.765	\$13.339	*
Total flow-base charge per 1,000 gallons of water used	\$15.486	\$16.359	*
SEPTAGE HAULERS/HAULED WASTE (NON-SEPTAGE):			
City of Eugene	No charge	No charge	No charge
MWMC Septage: flow rate/1,000 gallons	\$139.00	\$139.00	*
MWMC Hauled Waste (non-septage): flow rate/1,000 gallons.....	\$139.00	\$139.00	*

What is MWMC’s Recommendation for FY24?

MWMC is proposing a 4.5% increase in regional user fees, effective July 2023. On April 14, 2023, MWMC is holding a public hearing on that proposal. Its recommendation will follow.

What are the Federal and State regulations impacting FY24/25’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 FY24/25 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?

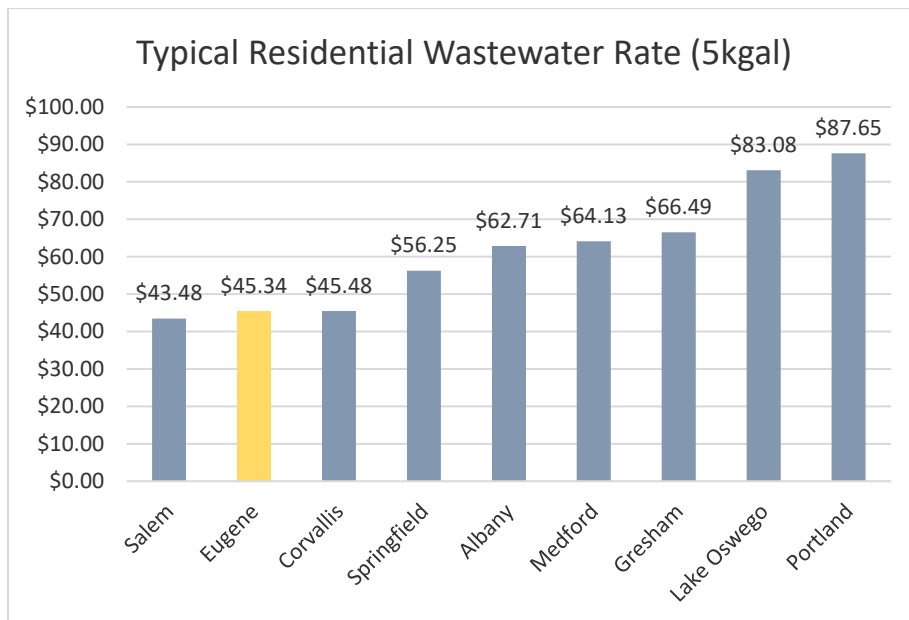


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What is the revenue needed to pay for service proposed in the FY24/25 budget?

Sources of Funds:	FY24	FY25
Beginning Working Capital	\$2,096,418	\$1,694,543
Current Rate Revenue	\$12,238,000	\$13,584,000
Rate Increase Revenue	\$1,346,000	\$815,000
Other Revenue	\$391,306	\$391,306
Total Resources	\$16,071,724	\$16,484,849

Uses of Funds:		
Operations & Maintenance	\$8,890,164	\$9,327,403
Capital Projects	\$2,290,000	\$2,290,000
Administration	\$1,773,258	\$2,117,565
Utility Right of Way Fee	\$796,400	\$876,000
Utility Administration	\$627,359	\$559,477
Ending Working Capital	\$1,694,543	\$1,314,404
Total Requirements	\$16,071,724	\$16,484,849

Rate Increase - Proposed	11.0%	6.0%
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**The rate increase is included in the cost of the above programs.*

Are there other relevant policies adopted by the City Council impacting the FY24/25 proposed rates?

There are no other relevant policies adopted by the City Council that will impact the FY24/25 proposed rates.

Are any IGAs impacting the FY24/25 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.

Percentage of Revenue for Use in the Right-of-Way

Cable TV	5%
EWEB	6%
Telecommunications (including Internet access)	7%
NW Natural Gas	5%
COE Stormwater	6%
COE Wastewater	6%

Comments and Responses

There were no participants in the public hearing held for this matter. Written comments received pertained to stormwater fees, wastewater fees, or both. The following written comments were received, each followed by the City response.

Bob Siegmund – “In your Memo dated April 27, 2023, you referenced the need to hire one .18 FTE position for a CDL driver trainer. Can you tell me why the Oregon Legislature believed this was necessary?”

COE response - The Oregon Legislature passed a law that requires anyone wishing to get a CDL to complete an entry-level driver training course from an authorized provider, effective February 7, 2022. In response to this legal change, and the lack of authorized providers ready to offer classes, the City of Eugene Public Works department implemented its own entry-level training course, to help increase the number of employees who could become eligible for a Commercial Driver’s License. The department relies on CDL drivers in numerous programs critical to maintaining the City’s stormwater and wastewater infrastructure. You can read more about the Oregon Legislature’s decision with this following link: (<https://www.oregon.gov/odot/dmv/pages/driverid/cdlget.aspx>). While we do not want to speak on behalf of the Legislature, their documents did state safety on the roadways as a primary concern that was voiced throughout the discussions of this new requirement.

Bob Siegmund – “In a paragraph titled Stormwater User Fees you indicated that it was necessary to "contribute 1.0 FTE to a department team that addresses the increased clean-up necessary along our waterways and rights-of-way to keep hazardous waste from impacting our water quality." I assume we are talking about activities related and caused by those experiencing homelessness. It's my understanding that the city of Eugene has received substantial state and federal funds to deal with the city's homeless population. Why can't those funds be used to pay for this added work?”

COE response - The City has received one-time funding through the federal legislation passed in response to the COVID-19 pandemic. This funding was used to address the impacts of the unhoused population within Eugene, including right-of-way (ROW) clean-up efforts, starting in 2020. However, this funding was one-time and will be expended by the end of this current fiscal year (ending June 30, 2023). The need to continue the clean-up efforts is ongoing, and multiple eligible funding sources within the City will be contributing to the ongoing clean-up effort. The

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ROW clean-up team also addresses the increasing illegal dumping of debris, trash, etc. that is occurring across the City, presenting hazards for pedestrians, bicyclists, motorists, and harm to our waterways if this debris makes it way to storm drains and into our waterway system.

Bob Siegmund – “It's my understanding that cities and other public organizations around the country are experiencing high non-payment of water and sewer fees. Can you tell me what percentage of monthly fees are going uncollected by your organization and is the uncollected percentage eventually paid by those of us who are paying each month on time? As you know, ever increasing fees for wastewater and stormwater are beginning to be a true burden on all city residents especially seniors.”

COE response - According to our records, the uncollectable accounts average \$5,000 per month, which is 1% of our total stormwater and wastewater billed revenue. This percentage is very low, meaning we collect the majority of our stormwater and wastewater fees, the amount being paid by rate payers over time is immaterial.

Jessica Headrick / Homeowner's Association (HOA) Board representing the Terraces at the Pavilion – “We support reasonable and proportionate increases in the stormwater and wastewater fees needed to maintain and improve critical infrastructure, however we are very concerned about the magnitude of these proposed fee increases noticed on April 28, 2023 and effective on July 1st, 2023. These proposed fee increases are likely to cause some hardship on our homeowners, as our annual budget did not take into account 11% and 6% fee increases on such short notice. An initial analysis indicates that these proposed fee increases will raise our stormwater and wastewater bills by at least \$600 for the remaining 6 months of this year if they go into effect.

We strongly recommend that you consider the hardship these proposed fee increases will have on all residents, and that you factor in the regressive nature of these fee increases that will affect all residents of Eugene. Please consider moderating your proposed fee increases to more reasonable and acceptable increases, in the order of no more than 3% annual increases.

Inflation continues to affect everyone, and The New York Times reported on April 7th that “Inflation has outstripped wage growth for 22 consecutive months, as calculated by economists at J.P. Morgan.” We understand your costs are increasing as well, but we ask that your fee increases are reasonable and palatable to all residents working tirelessly to make ends meet in this persistent and difficult inflationary environment.”

COE response- No change is being made to the fee schedule as a result of the comments.