



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD



TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital
 FROM: Lance Robertson, Public Affairs Manager; Jeannine Parisi, Community and Local Government Outreach Coordinator
 DATE: December 18, 2013
 SUBJECT: Stormwater and Wastewater Charges
 OBJECTIVE: Information Only

At the December Board meeting, Commissioner Brown requested updated rate projections for City of Eugene storm water and wastewater fees collected as part of the EWEB bill.

The first table below shows five years of rate changes for the wastewater component of the bill. Please note that wastewater charges have two components: a local user fee set by the City of Eugene and a regional fee set by the Metropolitan Wastewater Management Commission (MWMC). The fee is based on water consumption¹, so the monthly costs are estimates for a typical residential customer.

Table 1. Wastewater Rate History FY09 through FY14

	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>
Local rate per kgal	1.368	1.696	1.849	1.904	1.961	1.961
Cost @ 5kgal/month	6.84	8.48	9.25	9.52	9.81	9.81
% change		24%	9%	3%	3%	0%
Regional rate per kgal	1.684	1.986	2.085	2.168	2.255	2.324
Cost @ 5kgal/month	8.42	9.93	10.43	10.84	11.28	11.62
Regional basic charge	<u>8.46</u>	<u>9.98</u>	<u>10.48</u>	<u>10.90</u>	<u>11.34</u>	<u>11.68</u>
Total Regional Cost	16.88	19.91	20.91	21.74	22.62	23.3
% change		18%	5%	4%	4%	3%
Total Combined WW Charge/month	\$23.72	\$28.39	\$30.16	\$31.26	\$32.43	\$33.11
% change		20%	6%	4%	4%	2%

¹ Wastewater charges are based on actual water meter readings for December – April and use average winter consumption for the other months to account for outdoor usage.

The cumulative change to monthly wastewater charges since 2009 was about \$9.40; currently the average residential customer pays about \$33/month for wastewater fees. Please note that as part of the new billing agreement between EWEB and the City of Eugene, wastewater is now contributing to EWEB's bill payment assistance for limited income customers. Previously, only the City's storm water utility participated in supporting Customer Care.

Looking ahead over the next few years, city staff project annual increases close to the Consumer Price Index for the local portion of the wastewater fee. For the regional component of the wastewater fee, the rate forecast reviewed by the MWMC in April 2013 projected a four percent rate change in FY14-15. The updated rate analysis for FY14-15 is pending completion and staff was unable to provide a longer range forecast.

On the storm water side, earlier projections estimated annual increases in the four – five percent range. However, with the current \$3 million gap in the City's General Fund, storm water charges are much more uncertain. One proposal to help close the budget gap transfers approximately \$600,000 of storm water services from the General Fund to the Storm water Fund. Aligning the funding for maintenance of parks and open space that benefit the City's storm water program acknowledges the direct correlation of the value of those services to the storm water system. If this proposal is approved, additional increases may be needed to create a stable storm water fund.

The table below shows the changes in monthly storm water rates since 2009. Since charges are based on the size of the building's footprint, values below are for a medium tier residential property (greater than 1000 sq ft and less than 3000 sq ft).

Table 2. Storm water Rate History FY09 through FY14

	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>
Rate/Month	\$9.40	\$9.82	\$9.82	\$10.89	\$11.39	\$11.39
% change		4%	0%	11%	5%	0%

The cumulative bill impact from storm water increases since 2009 is about \$2 more per month. Here are some other facts discovered during this review that may lend some additional context.

- The large increase to wastewater fees in 2010 (20%) was a direct result of the closure of the Hynix facility.
- A 1% storm water rate increase adds about 11 cents to the average residential customer monthly bill; a 1% electric rate increase adds about \$1.10 per month.

- A 1% increase to both the regional and local portion of the wastewater fee has about the same bill impact as a 1% water rate increase for the typical household (about thirty-five cents/month)
- The City of Springfield's charges for both storm and wastewater are higher than Eugene's. According to the 2012 City memo referenced by Commissioner Brown, there was about a \$10/month differential in wastewater fees.

Each year, the City supplies EWEB with an updated storm water and wastewater rate brochure for inclusion in the July billing cycle. This brochure is also posted on the EWEB website to help customers better understand the different charges on their bill.