

UNION CITY COUNCIL WORK SESSION MINUTES
Monday September 21, 2020 – 6:00 P.M.
Leonard Almquist Council Chambers, 342 S. Main St, Union, OR 97883

This meeting was called to order at 6:00 p.m.

Roll Call: Councilor Leslie McMillan arrived at 6:17 p.m., Councilor Brian McDowell excused, Councilor Jay Blackburn arrived at 6:14 p.m., Mayor Leonard Flint, Councilor Susan Hawkins, Councilor John Farmer excused, Councilor Terra Richter, Doug Gardner with Pioneer Consulting, Dave Wildman with Anderson and Perry, and City Administrator Doug Wiggins.

The first item on tonight's agenda was the Water Rate Study Presentation. The power point presentation from Pioneer Consulting can be obtained at City Hall. Doug Gardner from Pioneer Consulting stated we have been working on this since May. This will be in layman's terms, and I am willing to explain everything. The goals and objectives are to develop fair and equitable water and sewer rates. Water and sewer rates are not equitable currently and the structures need to change. You aren't charging enough for water and charging too much for sewer. Rates are currently not self-funding. I am not recommending huge changes; we will tweak the current structure to make it work better.

If you spend a dollar your rates should make that dollar back and it is currently not doing that for you. We can't get that system of self-funding right away so this presentation will help you get to where it is self-funding.

Water allowance is too great for the charge. 1,000 cubic feet is roughly 750 gallons, they are paying for water they don't use. Low users are subsidizing larger consumers. Excess flow rate of .01 per cubic foot is a very low number. The next slide was a pie chart of current budget for water.

We are proposing an increase on rates over the next 5 years and a new revised rate structure. The rate will increase with meter size. The base charge will be for 501-1000 cubic feet and over 1000 cubic feet would cost extra.

We recommend reducing to 500 cubic feet per month and raise the monthly charge to \$34. That is an increase \$4.64 per month on water. Waste water rate will go down by \$3.30 per month on the $\frac{3}{4}$ meter. The 1" meter will start at \$78.00 and the 3" meter will start at \$400.00 per month.

More use taxes the system and therefore the higher users will need to pay more. If a user goes over 501 cubic feet the extra charge will be $\frac{3}{4}$ of 1 cent per cubic foot. Use over 1,000 cubic feet would be \$1.25. This is a true conservation-based rate.

The next slide in the presentation was a complete breakdown of current water charges and the proposed changes.

I personally feel the vacation rate should go away. You still have to pay for other utilities while you are gone why should it be any different for water.

The next slide was an impact analysis. This is a representative example of what is being proposed.

Now on the sewer, currently there is no incentive to conserve. Several projects will require additional reserves be generated. It would be better to have a flow rate. In the future you will probably have to consider this. The next slide was the average 5-year budget for sewer. The recommendation is to decrease residential sewer rates and an increase on larger meters. It will be good to consider a flow rate for the future.

The base monthly charge is according to meter size. We propose a decrease to \$50 per month for residential ¾ meter. The 1" meter pays \$125 per month and \$750 on 3" meter size per month. No step rate for sewer, but it should be considered in the future.

The next slide was the proposed sewer rates and current rates. Then, the next slide was the impact analysis. The larger meters have not been paying their fair share in a very long time. The current total rate for water and sewer services is \$82.66. The proposed rate is \$84.00 per month. An increase of \$1.34 per month. Mr. Gardner explains exactly how he analyzed the water sewer utility bill.

He explains that this proposed change gets the consumer to actually pay for what they use. Council and Doug Gardner discuss the proposed changes and why it needs to change. Councilor Blackburn asked Gardner about the cost to pump a gallon of water. Gardener answered I will get back to you with that answer.

Councilor Blackburn asked about the rate structure. Gardner answered it is designed to prevent rate shock. Councilor Blackburn asked about eliminating flow charge. Gardner explained why it needs to be phased out. I think your water rates are too low. Your rates will always be higher because of the low population.

CA Wiggins stated when we started this project I was concerned about senior citizens, I wanted to be able to help them.

70% of people aren't using the water they are paying for now. Mayor Flint this helps us meet our water conservation goals.

Gardner stated there are more and more regulations and mandates on water.

Councilor Richter asked how the rate structure works. Gardner explains that you pay a set fee for 500 cubic feet and then more if you go over. Councilor Richter asked for an average. Gardner stated he would do his best to get a number.

Council, staff, and Gardener discuss the proposed changes and the benefits and risks that come with the changes. Council continues to question Mr. Gardner on the rate study and the proposed changes. They also discussed the projects that aren't getting done because of the shortage in the budget.

Dave Wildman asked were actual expenditures considered; Gardner stated it was all based on the current budget.

Dave Wildman and Doug Gardner discussed the rate study and how the conclusions were arrived at. They also discuss the public relations aspect to inform the customers. The Union School District's 3-inch meter was discussed because it may be inefficient.

Dave Wildman and CA Wiggins discussed the block grant and how it relates to this rate study.

CA Wiggins stated it is up to Council when this goes into effect. I would like February, April, March. We will also have to discuss rate increases.

Councilor Hawkins asked about the annual increase. CA Wiggins answered this would be a 2% increase for water and sewer.

Dick Middleton 10th Street asked will Council discuss this more? Council answered yes. Mr. Middleton asked about the charges on a ¾ meter. Council, Mr. Gardner, and staff answered Mr. Middleton's question.

Mr. Middleton stated my bill is 700 or 800 cubic feet. You are getting less and paying more. Over 5 years we increase water and sewer. I think the public should get involved. Mayor Flint I appreciate the presentation and the time and questions. I don't like increases either. We can't continue what we have been doing.

Councilor Hawkins stated water will increase, but sewer will decrease. We are talking about a \$1.34 increase. We want to make it where you get charged for what you use.

CA Wiggins stated with regulations at some point we will have to stop dumping in Catherine Creek and get to a lagoon system and to get there we have to get this straightened out.

This meeting adjourned at 7:40 p.m.

Approved: _____
Mayor, Leonard Flint

Attest: _____
City Administrator/Recorder, Doug Wiggins