

2013 COBURG WATER RATES STUDY – PHASE 1: IN-CITY RATES

June 2013



Coburg City Council is developing recommended water utility rate adjustments starting July 1, 2013.

This flyer is designed to describe the current water system/rates and what City Council is considering.

Here are some facts about the current water rates:

- Current single family residential base water rate for inside the city users is \$33 per month, and includes the first 700 cubic feet of water consumption per month
- The City's water rates were last – partially-updated in 2008; an increase of \$3/month for the base water rate
- Since 2008, the City has been spending down Water Fund reserves to hold rates as low as possible
- Six years later, those Water Fund reserves are almost expended
- Like most all utility infrastructure, Water system costs have been slowly increasing
- Since 2008, Coburg has experienced little growth in water accounts, resulting in little growth in revenue to cover increasing costs
- Coburg's water infrastructure is also aging and there is approximately \$750K of identified deferred capital maintenance need that the City must address in order to keep the existing water system operating as intended
- Coburg's current water capacity cannot meet the needs of Coburg over the long run – the City must plan ahead for investments in securing additional water supply (a third municipal well) and storage (reservoir)
- The City is looking at the *lowest cost* options for supplying the *minimum required* additional water supply and storage needed over the next few years

As a result, Council is preparing to increase in-city water rates effective July 1, 2013. The Council has:

- Considered seven draft water rate proposals, ranging from an increase in July 2013 that will cover all anticipated operating expenses for the coming

year and also immediately start to address the funding needs for deferred capital maintenance and additional supply and storage; to deferring some rate increases, and, thus, also further deferring needed improvements in the system

- Held a citywide Open House on the topic on May 23, 2013
- Focused on two alternatives out of the seven presented:
 - A single rate increase in July 2013 that covers all anticipated operating expenses, starts to collect revenue for deferred capital maintenance needs, and starts to collect revenue for expansion of the water system supply and storage. Under this alternative, rates would result in a residential base monthly bill of \$53.
 - Rate increases over three years (July 2013, 2014, and 2015) that accomplish the same end result, but in 2013 only increase rates to cover operating expenses, then in 2014 increase rates to start to address deferred capital maintenance requirements, and finally in 2015 again increase rates in order to start collecting revenue for expansion of the supply and storage. The end result after three years is again a residential base monthly bill of \$53.

The below table compares Coburg’s current single-family residential water rate, and the possible future water rates under the two alternatives above, with other small cities water rates (including the same 700 cubic feet of consumption that is included in Coburg’s rate).

WATER RATE COMPARISONS WITH OTHER SMALL CITIES
Cottage Grove: ~\$22
Junction City: ~\$25.10
Florence: ~\$29.32
Harrisburg: ~\$29.33
Coburg – Current Rate: \$33
Sweet Home: ~\$35.75
Philomath: ~\$36.95
Falls City: ~\$39.25
Prairie City: ~\$41
Amity: ~\$41
Coburg – Rate Alternative #5, Year 1: ~\$44
Lowell: ~\$44.25
Coburg – Rate Alternative #5, Year 2: ~\$46
Lebanon: ~\$49.16
Toledo: ~\$52.50
Coburg – Rate Alternative #5, Year 3: ~\$53
Coburg – Rate Alternative #1: ~\$53
Adair Village: ~\$70.25

NOTE: Many of the cities listed above have not updated/increased their water rates in as many as eight years, and are either currently in the process of considering rate increases or will be doing so soon.

City Council memos on this topic are available at City Hall. City Council will discuss this topic at the June 11th and June 25th meetings. The next phase of the Study will analyze the out-of-city rate and the reclaimed water from the wastewater system. Please contact City Hall at 541-682-7871 with comments or questions.