

Coburg, Oregon

Sewer Funding Issues Public Meeting

November 17, 2009

FUNDING ISSUES

- **Financial Plan**
- **Local Improvement District (LID) Assessments**
- **Sewer Rates**



FINANCIAL PLAN



Financing Plan

	Original		Expected Result		% Change
	\$	%	\$	%	
Grants, Preliminary	\$6,265,675	26%	\$9,265,675	37%	48%
Loans, Preliminary	17,565,696	72%	15,125,436	60%	-14%
URA Cash Contribution	700,000	3%	700,000	3%	0%
Totals	\$24,531,371	100%	\$25,091,111	100%	2%

Financing Progress To Date

- SRF will reduce the 3rd loan amount to a maximum of \$2.5 million—Saves \$4.3 million

- City applied to USDA for
 - \$3 million shortfall
 - \$4.3 million reduction of SRF loan

- USDA preliminary offer
 - \$3 million grant
 - \$4.3 million loan (40 year term @ 3.5%)

Results of Financing

- Reduces debt by about \$2.0 million
- Reduces annual debt service

From: \$919,707

To: \$801,459

A net annual savings of \$118,248

LOCAL IMPROVEMENT DISTRICTS (LIDs)



LIDs

Current: 3 LIDs

- Collection LID in the northwest
- Collection LID in the southeast
- Wastewater Treatment Plant (WWTP) LID for all of the City except vacant land

Proposed Change: 1 LID

- 1 LID for the entire City
- Includes Collection and WWTP
- Includes vacant parcels

LID Assessment Criteria— Preliminary

Comp Land Use	Buildout Flow Rate (gpad)	Factor
Campus Industrial	1,000	0.83
Central Business	1,000	0.83
Highway Commercial	1,500	1.25
Light Industrial	1,000	0.83
Mixed Use Master Plan	1,500	1.25
Neighborhood Residential	1,680	1.40
Public Facilities	1,000	0.83
Parks	250	0.21
Traditional Residential	1,200	1.00



LID Assessments (\$/Sq Ft)— Preliminary

	Amount to be Assessed		
	\$1,820,000	\$2,820,000	\$3,820,000
	Assessments per Sq. Ft. of Property		
Comp Land Use	\$0.094	\$0.145	\$0.196
Campus Industrial	\$0.078	\$0.120	\$0.163
Central Business	\$0.078	\$0.120	\$0.163
Highway Commercial	\$0.117	\$0.181	\$0.246
Light Industrial	\$0.078	\$0.120	\$0.163
Mixed Use Master Plan	\$0.117	\$0.181	\$0.246
Neighborhood Residential	\$0.131	\$0.203	\$0.275
Public Facilities	\$0.078	\$0.120	\$0.163
Parks	\$0.020	\$0.030	\$0.041
Traditional Residential	\$0.094	\$0.145	\$0.196

SEWER RATES



Revenue Requirements From Rates

- **Total annual costs**
 - O&M costs
 - Debt service
 - Reserves
- **Less: other revenues**
 - URA revenues
 - LID revenues
 - Interest earnings
 - Other
- **Equals: revenues needed from sewer rates**

Determine Number of Users

- **Equivalent Dwelling Units (EDUs)**
 - ❑ The average household uses 770 cf/winter month
 - ❑ 1 household = 1 EDU
 - ❑ Multi-family, mobile home parks with 1 meter per development, commercial, and industrial customers pay based on the number of EDUs per month

- **Current estimate of EDUs = 820**
 - ❑ **Future changes**
 - Short-run economic conditions
 - Long-run growth

Estimate of Sewer Rate

Actual Rate Will Be Determined by City Council

(Staff recommendation will be +/- 10% of rates shown below)

	2009	2010	2011	2012	2013
	2010	2011	2012	2013	2014
Growth Rate	0.5%	0.0%	0.0%	0.0%	1.0%
Number of EDUs	820	820	820	820	828
Number of New EDUs	35	-	-	-	8
% Rate Increases		15%	15.00%	10.00%	5.00%
Sewer Rate/EDU/Month	\$56.00	\$64.40	\$74.10	\$81.50	\$85.60

Final Determination of Rates

- Continue to refine the financing package
- Refine the estimate of users
- Evaluate alternative rate models for efficiency and equity
- Range by 2013 is likely bounded by
 - \$92 high end
 - \$78 low end



DISCUSSION

