



Staff Report

For City Council Meeting - 6/5/2024

Subject - Ordinances/Resolutions - Resolution #995 A Resolution Adjusting Water Rates in the City of Gearhart

Synopsis: In the past year, Gearhart City Council approved a 15% increase to water rates, implemented water conservation block pricing, and approved a much-needed water ordinance update that addressed processing and legalities. These changes stemmed from recommendations made within a 2023 Water Rate Study. Included was the goal for Council to revisit annual water rate increases prior to budget approval. The budget process determined a 10% increase is needed for the upcoming fiscal year in order to keep future sustainability on track.

Council Options:

- 1) Resolve to approve Resolution #995;
- 2) Make changes and motion to approve as amended;
- 3) Take other action.

Recommendation: Staff recommends Council motion to approve Resolution #995.

Recommended Motion

Move to approve Resolution #995 to increase the water rates and tapping fees in Gearhart by 10% for fiscal year 2024-2025.

Legal Analysis: This resolution adjusts the base water rates and tapping fees. It keeps the water conservation block pricing intervals in place and repeals Resolution #991. The resolution requests implementation on July 1, 2024 with it taking effect the first billing cycle July 21st for the start of FY24-2025 for the ease of system proration.

Financial Analysis: Gearhart's 2023 Water Rate Study identified goals and processes surrounding water rates that staff and Council discussed for future implementation.

- Begin transferring \$40,000 annually from the water fund to the water reserve account starting in the fiscal year 2024-2025 if revenue is available. (done)
- Consider rate increases annually to cover rising costs and achieve a 90-day operating expense reserve in 3-5 years. (on track - ongoing)

- Increase the water reserve account to fund future projects, including exploring grant and low-interest loan opportunities. Report yearly to the council on labor, materials, services, CPI, COLA, and other factors during the budget cycle in spring. (on track - report planned prior to FY25-2026 budget season)
- Continue water conservation projects, including better leak detection, updated meter installations, and promoting resident water conservation efforts. (ongoing)

Respectfully Submitted,

A handwritten signature in blue ink, consisting of a stylized, cursive 'C' followed by a horizontal line that extends to the right and then curves back down.

Chad



RESOLUTION NO. 995

A RESOLUTION ADJUSTING WATER RATES IN THE CITY OF GEARHART

WHEREAS, the City of Gearhart Water Department is an enterprise fund and revenues must pay expenses; and

WHEREAS, the need for water conservation measures are addressed in the City's Water Management and Conservation Plan; and

WHEREAS, the Gearhart City Council supported a 15% water rate increase for FY 23-2024 and water conservation block pricing mid-year to help reduce demand by providing an economic incentive for customers to conserve water; and

WHEREAS, the Gearhart City Council vowed to continue annual rate increases to cover rising costs, keep up with capital improvements, and achieve a 90-day operating expense reserve in 3-5 years.

NOW THEREFORE, THE CITY OF GEARHART RESOLVES TO INCREASE MINIMUM CHARGE BASE WATER RATES AND TAPPING FEES BY 10% AS IDENTIFIED BELOW:

Section 1. Gearhart's Water Rate Schedule shall be as follows:

Meter Size	Bi-Monthly Minimum Charge	Monthly Allowance in Gallons
5/8" x 3/4"	\$ 49.35	7,480
1"	\$ 93.61	14,960
1-1/2"	\$ 202.40	14,960
2"	\$ 328.90	14,960
3"	\$ 614.79	14,960
4"	\$ 703.34	14,960
6"	\$ 1,118.26	14,960

For water usage above the monthly allowance in gallons (the minimum):

Base Rate of \$8.15 per 748 gallons of metered water consumption.

Allowances outside city limits for gallons remain the same as in City times 1 ½ (1.5).

The base rate will apply with or without one of the (4) block pricing multipliers below:

<i>Consumption Block (CONS)</i>	<i>Block Description</i>	<i>Base Rate</i>	<i>Block Pricing Multiplier</i>	<i>Block Rate</i>
1 to 10	Included (bi-monthly minimum)	\$0.00	n/a	\$0.00
11 to 30	Base Block - no surcharge	\$8.15	1.00	\$8.15
31 to 50	Conservation Block #1 - 10% surcharge	\$8.15	1.10	\$8.97
over 50	Conservation Block #2 - 20% surcharge	\$8.15	1.20	\$9.78

Section 2. Tapping Fees shall be as follows:

The tapping fee shall be for a 3/4 inch tap and 5/8 by 3/4 inch meter with a service line up to 50 feet in length. Any service line over 50 feet in length shall be charged labor and materials plus 25 percent for the difference between 50 feet and the property line or meter location.

5/8" x 3/4" meter \$1,454.75

1" or larger meter \$1,454.75 plus larger meter and materials costs

Section 3. City Resolution 991 is hereby repealed in its entirety.

Section 4. The Gearhart City Council concludes it is appropriate to update the water rates and further finds the schedule of proposed water rates herein specified and established are just, reasonable, and necessary.

Section 5. The water rates established by this resolution are separate from, and in addition to, any other applicable taxes, fees, assessments, or charges, including but not limited to water rates, which are required by the City or represent a condition of a land use or development approval.

Section 6. Effective Date. This resolution shall become effective immediately upon its passage by the Gearhart City Council with an implementation date of July 1, 2024 to be assessed for the first time on the July 21, 2024 billing cycle and thereafter.

APPROVED and PASSED by the City Council of Gearhart at their regular meeting on the 5th day of June, 2024 by the vote of ____ ayes and _____ nays.

Mayor Kerry Smith

ATTEST:

Chad Sweet, City Administrator

GEARHART WATER RATE INCREASE COMPARISON SHEET 2024

Approved rate increase effective 7.1.2024

YOUR METER SIZE	CON RANGE <small>1 CON = 748 Gallons</small>	MAXIMUM GALLONS BEFORE BILLED **OVERAGES	CURRENT IN CITY RATES	<u>PROPOSED IN CITY RATES</u>	CURRENT OUTSIDE CITY RATES <small>(City rate x 1.5)</small>	<u>PROPOSED OUTSIDE CITY RATES</u> <small>(City rate x 1.5)</small>
*5/8" - 3/4"	0-10	7,480	\$44.86	\$49.35	\$67.29	\$74.03
1"	0-20	14,960	\$85.10	\$93.61	\$127.65	\$140.42
1 1/2"	0-20	14,960	\$184.00	\$202.40	\$276.00	\$303.60
2"	0-20	14,960	\$299.00	\$328.90	\$448.50	\$493.35
3"	0-20	14,960	\$558.90	\$614.79	\$838.35	\$922.19
4"	0-20	14,960	\$639.40	\$703.34	\$959.10	\$1,055.01
6"	0-20	14,960	\$1,016.60	\$1,118.26	\$1,524.90	\$1,677.39

*current per DAY City rate is \$.74 [$.7477 \times 60 = \44.86] / Outside City rate is \$1.12 [$1.1215 \times 60 = \67.29]

*proposed per DAY City rate is \$.82 [$.8225 \times 60 = \49.35] / Outside City rate is \$1.23 [$1.2338 \times 60 = \74.03]

**OVERAGE SURCHARGES (All Meter Sizes)

current

base: CONS between 11-30 are \$7.41 each In City / \$11.115 Outside (City rate x 1.5)

10%: CONS between 31-50 are \$8.15 each In City / \$12.225 Outside (City rate x 1.5)

20%: CONS 51 and up are \$8.89 each In City / \$13.335 Outside (City rate x 1.5)

proposed

base: CONS between 11-30 are \$8.15 each In City / \$12.225 Outside (City rate x 1.5)

10%: CONS between 31-50 are \$8.97 each In City / \$13.455 Outside (City rate x 1.5)

20%: CONS 51 and up are \$9.78 each In City / \$14.67 Outside (City rate x 1.5)

TAPPING FEES (In City & Outside)

5/8" - 3/4" meters

\$1,322.50 to **\$1,454.75** *plus larger meter & material costs

1" & larger meters

\$1,322.50 to **\$1,454.75** *plus larger meter & material costs