

City of Cottage Grove: Sewer Rate Update



**Presented to the Cottage Grove
City Council**

Monday, April 12, 2021

Prepared by FCS GROUP



Key Assumptions

Annual Cost Inflation

- Salaries: 1.65%
- Benefits: 3.07%
- Other Operating Costs: 1.77%
- Construction Costs: 2.79%

Annual Growth Rates

- Customer Growth Rate: 0.90%

Operating Forecast

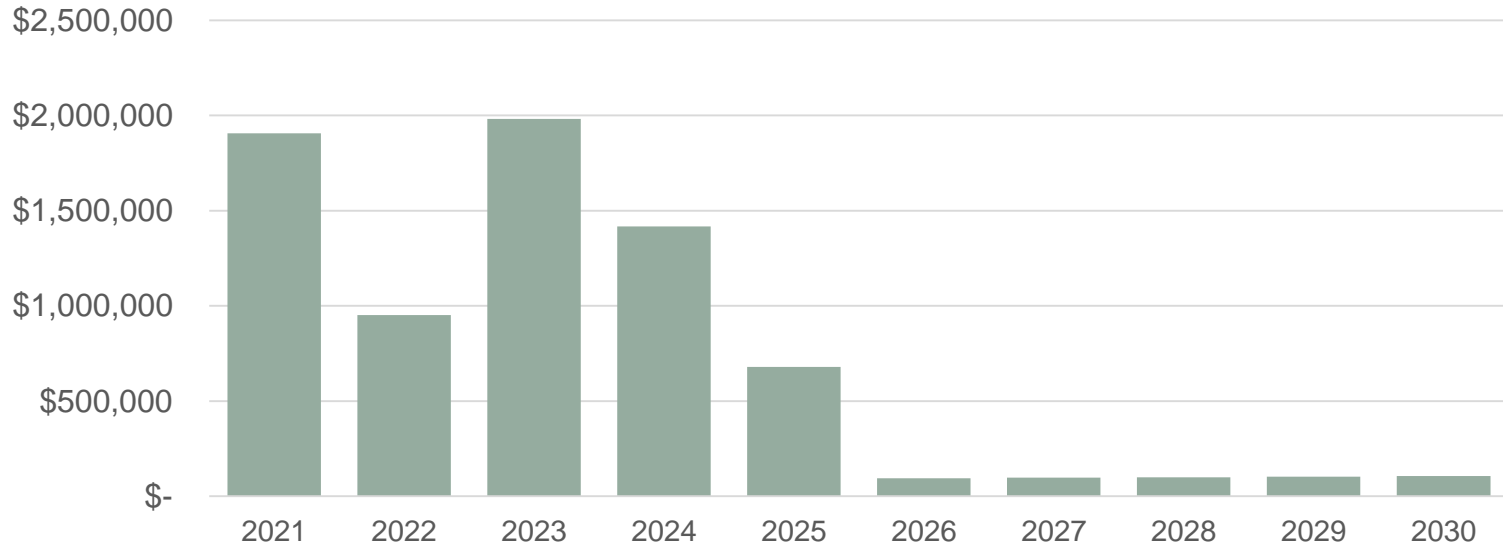
- Rate revenue based on detailed customer statistics, escalated by the anticipated customer growth
- Operating costs and non-rate revenues based on FY 2021 Budget
 - Adjusted for inflation in future years

Financial Policies

- Min. Fund Balance Target: 45 days of O&M
- Capital Contingency Reserve: \$190k



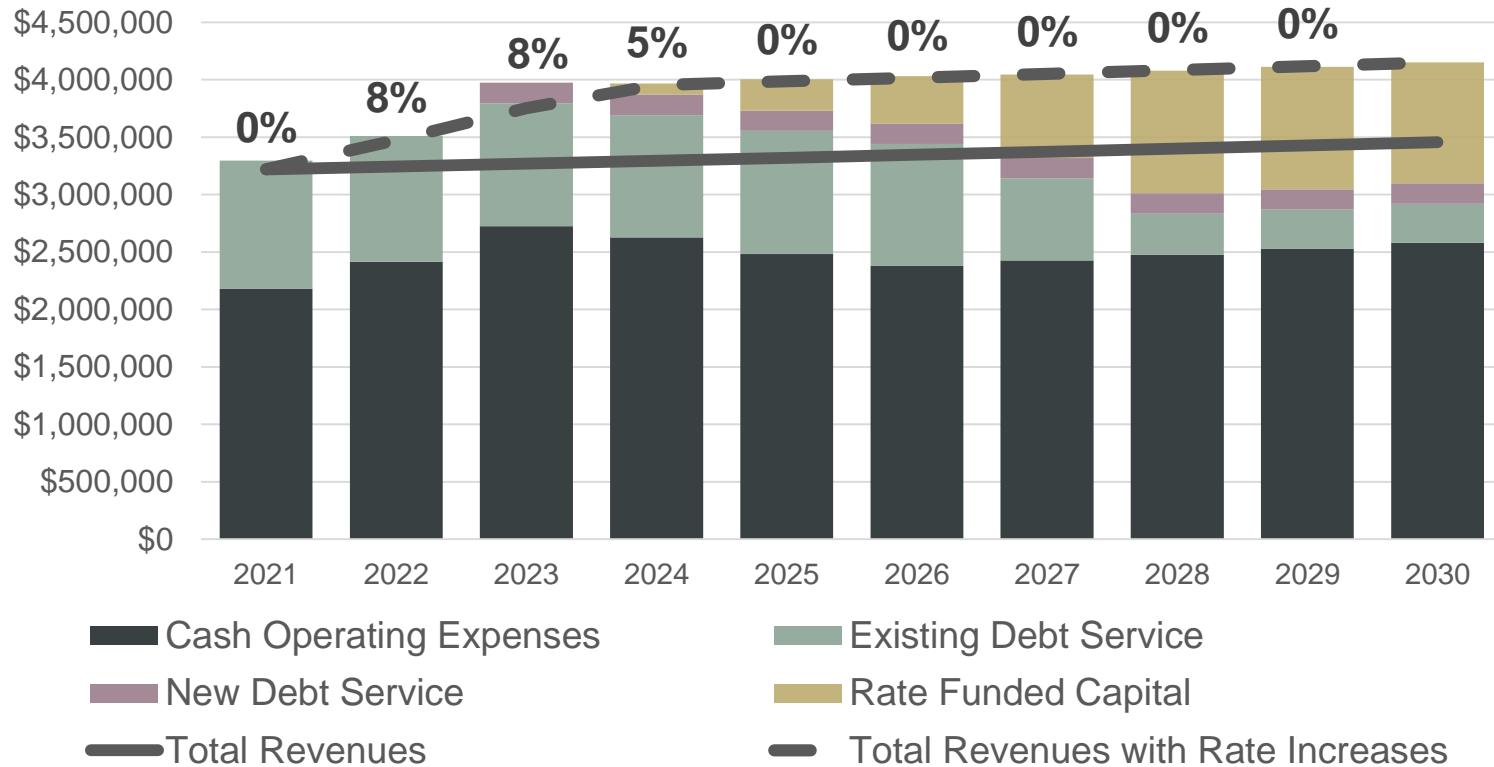
Capital Needs Forecast



- **A total of \$7.4 million in projects in the ten-year forecast period**
- **A revenue bond of \$2.2 million in FY 2023 is required to help fund the capital plan**



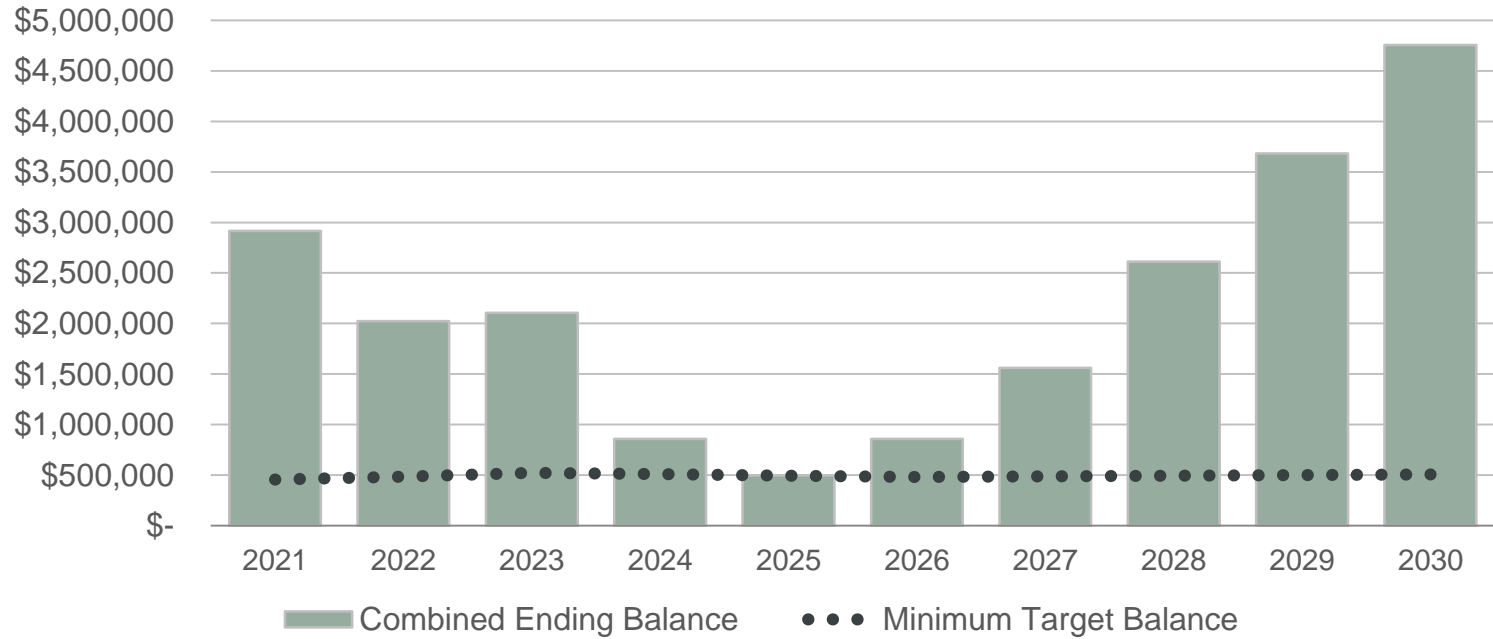
Revenue Requirement Forecast



- **Rate increases are required to pay for the capital plan and to cover operating expenses**
- **The new revenue bond increases debt service**



Fund Balances





Sewer Rates

Recommended Rate Schedule	Existing	ATB	ATB	ATB	ATB
Date of Adjustment	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024
Annual System-Wide Rate Increase		8.0%	8.0%	5.0%	0.0%
<u>System User Fee</u>					
<u>Inside City</u>					
Base Charges					
Residential	\$ 9.07	\$ 9.80	\$ 10.58	\$ 11.11	\$ 11.11
Commercial	9.07	9.80	10.58	11.11	11.11
Industrial	9.07	9.80	10.58	11.11	11.11
Schools	9.07	9.80	10.58	11.11	11.11
Assisted Rate	3.73	4.03	4.35	4.57	4.57
Volume Charges					
Residential	\$ 4.66	\$ 5.03	\$ 5.44	\$ 5.71	\$ 5.71
Commercial	4.66	5.03	5.44	5.71	5.71
Industrial	4.66	5.03	5.44	5.71	5.71
Schools	4.66	5.03	5.44	5.71	5.71
Assisted Rate	4.66	5.03	5.44	5.71	5.71

Outside-City customers are charged 150% of the above rates



Sewer Rates

Recommended Rate Schedule	Existing	ATB	ATB	ATB	ATB
Date of Adjustment	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024
Annual System-Wide Rate Increase		8.0%	8.0%	5.0%	0.0%
<u>System Improvement Fee</u>					
<u>Inside City</u>					
5/8" x 3/4"	\$ 21.32	\$ 23.03	\$ 24.87	\$ 26.11	\$ 26.11
1"	53.32	57.59	62.19	65.30	65.30
1-1/2"	106.65	115.18	124.40	130.62	130.62
2"	170.65	184.30	199.05	209.00	209.00
3"	341.26	368.56	398.05	417.95	417.95
4"	533.23	575.89	621.96	653.06	653.06
6"	1,053.01	1,137.25	1,228.23	1,289.64	1,289.64
8"	1,705.33	1,841.76	1,989.10	2,088.55	2,088.55
Sewer-Only Accounts	21.32	23.03	24.87	26.11	26.11

Outside-City customers are charged 150% of the above rates



Sewer Rates Comparison

City	Sewer Rates (5,000 gallons)
Coburg	\$86.70
Harrisburg	\$72.48
Junction City	\$63.17
Veneta	\$59.50
Cottage Grove (Proposed)	\$57.99
Sandy	\$55.95
Creswell	\$55.73
Cottage Grove (Current)	\$53.69
Corvallis	\$40.82
Eugene	\$39.25

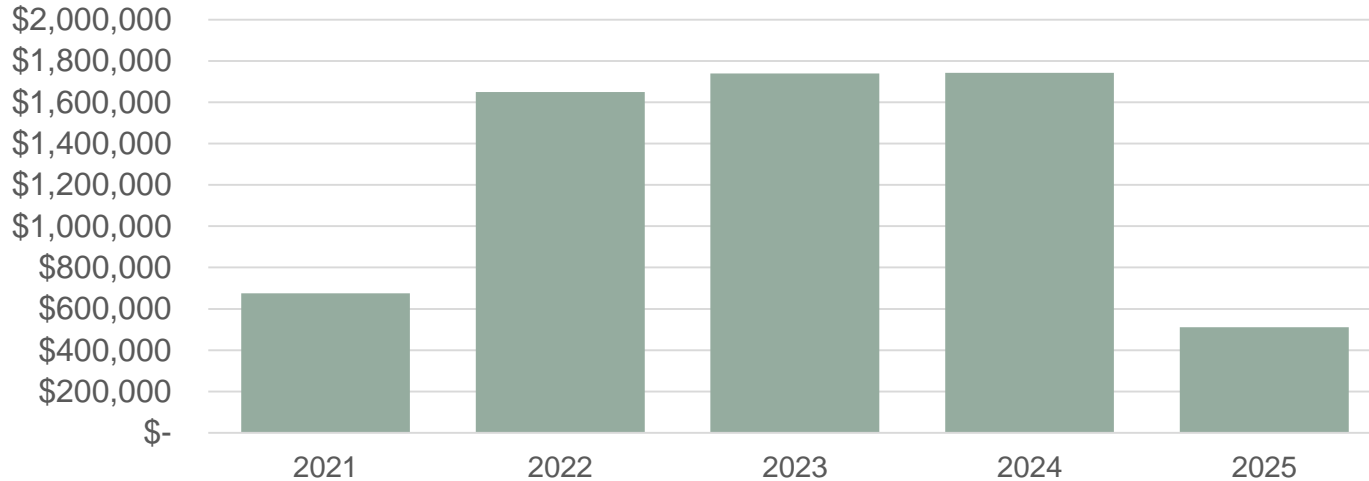


Utility Rate Increases: Sewer, Water, and Stormwater

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Sewer	8.0%	8.0%	5.0%	0.0%	0.0%
Water	0.0%	0.0%	0.0%	0.0%	0.0%
Stormwater	0.0%	0.0%	0.0%	0.0%	0.0%



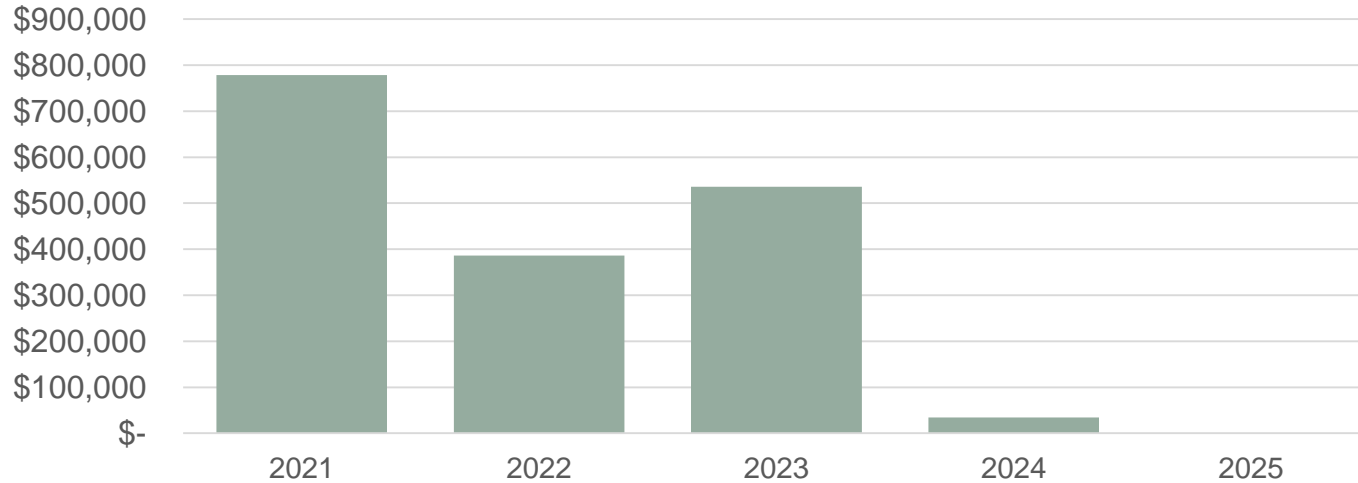
Capital Needs Forecast: Water



- **A total of \$3.8 million in projects in the next five years**
- **A revenue bond of \$1.3 million in FY 2023 is required to help fund the capital plan**



Capital Needs Forecast: Stormwater



- **A total of \$1.7 million in projects in the next five years**
- **Rates and SDCs are sufficient to cover the capital costs**

Thank you!

Questions?

John Ghilarducci – Principal
(425) 336-1865
johng@fcsgroup.com

Doug Gabbard – Project Manager
(503) 252-3001
DougG@fcsgroup.com

www.fcsgroup.com