

SECTION I

INTRODUCTION

In March 2008, the City of Cottage Grove (City) retained FCS GROUP to perform a comprehensive study of rates and system development charges (SDCs) for its water, wastewater, and stormwater utilities, as well as system development charges for its parks and transportation services. The purpose of the study was to evaluate fiscal policies, revenue requirements, cost-of-service findings, rate designs, and SDCs for each service.

A. STUDY ELEMENTS

The major scope elements of the study included:

1. Develop capital cost bases for both the rate and SDC analyses. We worked with sub-consultants DKS Associates, Don Ganer & Associates, and Murray, Smith & Associates. DKS Associates and Don Ganer & Associates performed the cost estimates for the transportation and park systems, respectively. Murray, Smith & Associates performed the cost estimates for the water, wastewater, and stormwater systems.
2. Analyze water, wastewater, stormwater, transportation, and parks system development charges and establish a schedule of updated charges for each service.
3. Develop a revenue requirement analysis for the water, wastewater, and stormwater utilities to determine the total amount of rate revenue needed to meet each utility's financial obligations, including capital, operating, and policy-driven commitments, for the study period.
4. Conduct cost of service analyses by identifying utility costs as they relate to various components of the system(s) and allocate those costs to customer classes based on each customer class's relative usage of and demand for the system(s).
5. Develop rate structures for each utility that recover total utility costs and take into consideration the cost of service results, pricing objectives such as conservation-based water rate structures, and other practical considerations.
6. Present study findings and recommendations to the City Council and public as requested.
7. Document study results in a project report, including technical appendices containing the detailed analyses.

B. STUDY PROCESS

The study process involved several iterations of analyses and refinements to the SDC calculations. Workshops were held with City staff and the City Council to discuss policy issues and options, review findings, validate input parameters, and receive direction.

Final study findings incorporated recommended policies, and most recent available data.

C. REPORT ORGANIZATION

As requested by City staff, we prepared the study report in two separate volumes. This volume provides an overview of the methodologies, and summarizes final study findings for the water, wastewater, stormwater, parks, and transportation SDC analyses. Volume II is organized as follows. After the Section I Introduction, Section II explains the system development charge calculation methodology followed. SDC study findings for the water, wastewater, stormwater utilities, and parks and transportation services are presented in Sections III, IV, V, VI, and VII respectively. The spreadsheet model outputs and presentation materials are provided at the end of the report in Appendices I and II.

Volume I provides an overview of the methodologies used, and summarizes final study findings and recommendations for the water, wastewater, and stormwater rate analyses. This volume was delivered under separate cover.