

1. 2:00 P.M. Agenda

Documents:

[2024-04-25 Public Works And Streets WS Agenda.pdf](#)

2. Meeting Material

Documents:

[Utility Workgroup Summary.pdf](#)

[Water Rate Review.pdf](#)



**CITY OF YACHATS
PUBLIC WORKS & STREETS COMMISSION
WORK SESSION MEETING**

Thursday April 25, 2024 at 2:00pm

To Be Held Via Zoom & In Person Located at:
Commons Bldg., Civic Meeting Room 1
441 Hwy 101 N., Yachats OR 97498

Join Zoom Meeting

<https://us02web.zoom.us/j/85436408508>

Meeting ID: 854 3640 8508

AGENDA

I. Utility Rate Analysis

This meeting is open to the public and all interested persons are invited to attend. This meeting will be audio taped. All items to be considered by the Commission must be submitted to City Hall no later than one week prior to the meeting. Minutes of all public meetings are available for review on the City website at www.yachatsoregon.org. In accordance with ORS 192.630, City of Yachats will make a good faith effort to provide accommodations for any person desiring to attend a public meeting, if the request is made at least 48 hours in advance of the meeting time. The meeting room is physically accessible to persons with mobility devices; a sign language or foreign language interpreter may be available, with advance notice. Call City Hall at 541- 547-3565 or Oregon Relay 1- 800-735-2900 (TDD) two days in advance.
Posted 04/24/24 By: Kimmie Jackson, Deputy City Recorder

Last year, if you remember, we were approached to look ahead to how we are going to start making up some shortfall in income for upcoming larger Water & Wastewater projects. We were given 4 possible approaches:

1. Eliminate the Industry Standard 'free water' for the larger meters.
2. Required monthly fee for those vacant lots with pre-paid SDC's but no meter installed (93 lots).
3. A premium imposed on the 125 licensed Vacation Rental properties.
4. Raise handling fee for Hotel/Motel/Restaurant from 5-10%

These items could create up to a \$222,000 added revenue.

Through discussion about those other ideas were raised at the meeting:

1. Raise Commercial rates in Summer to subsidize added visitors
2. More water used pay more..... per unit/gallon
3. Give savings or credit for Conservation of water
4. Increase license fee for Vacation Rentals
5. Make changes so Residential users don't subsidize Commercial users

Not a lot of time was spent in discussion. It was apparent that more time than just Commission meetings was needed and a Workgroup was formed. Several meetings and outside hours from this group has produced a couple of options to approach modifying the utility rates for more equability.

These two approaches you are going to be shown may or may not be the solution. They have attempted to meet the goals we identified:

1. **Better equity in charging for consumption.**
2. **Keep the approach simple and easy to understand**
3. **Encourage Water Conservation**
4. **Easy to implement**

It is not to say that either approach is or is not a solution. You need to ask questions, you need to be able to understand the approaches. Both of these will introduce a lot of information. Verify that you understand the terminology they use. Keep in mind, as our discussions become more public you will be asked questions and need to be able to answer them.

What do you as a Commissioner want to address in modifying the Utility Rates? What is important to you?

Undeveloped lots with no service
undeveloped lots with meter service installed
Single family residence full time occupied
Single family residence limited use, 2nd home
Single family residence as a Vacation Rental
Commercial Business with low volume water use
Commercial Business with high volume water use
Conservation
Year round or high visitor periods

Can you make an argument to Residents and Businesses to support a modification of rates and impact to them.

We will not be making decisions at this meeting. The goal is to hear options to date..... better options may come out of the discussion? If one of the approaches appears to be more workable, we need to identify that and work to continue to develop that approach. We want discussion and questions.

There may additional items from just the 2 approaches to implement to raise income. These need to be brought out as you brainstorm at the meeting. We will want to discuss further next month and on until we are all comfortable in an approach. The overall approach and other ideas may need to be implemented in Phases. Keep an open mind and think of the Community as a whole to improve our Water and Wastewater service.



Water Rate Review

Draft 4/25/2024

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Preliminary Background Information

In 2019 Yachats hired a consultant from the Oregon Association of Water Utilities (OAWU) for the follow:

- Provide examples of rates which meet the projected capital, operation and maintenance (O&M) costs of the system
- Determine equitable costs among the different types of system users
- Encourage efficient use of the water
- Are relatively simple to administer, understand, and are consistent with industry standards

Yachats took OAWU's recommendations and adopted its first industrial approach to water rates in 2020

- It was a goal to review the results a year later to see if it was working, but the pandemic delayed this effort. It wasn't until 2022 that we had a smooth year of water usage to evaluate water rates.
- An additional consideration made by the city manager and council was that South Lincoln uses an industrial rate structure and it would make it easier to assimilate water sharing in the future.

Profile of 926 Water Users

	764	Single Family Residents	82.5%
	125	Vacation Units	13.5%
	37	Classified as Commercial	4.0%
Total	926		100.0%

Top 50 Water Users

After an extensive analysis it has been found that if you add up the top 50 users water demand it is equivalent to around 55% of the cities total water production. The top 50 list begins at 10 units a month and continues to 100's of units a month.

Fixed and Variable Revenue

Water rate collections has two methods to produce its yearly revenue

Base Rate revenues are “Fixed”

- Base Rate per meter size is a steady revenue source that can be depended upon because it doesn't change unless the base rate is adjusted.
- Fixed revenue is used primarily for operations and maintenance (O&M) of the water departments budget.

Water Sales are “Variable”

How much water the city sales can vary year to year, but it can be estimated. But there will always be variables.

- During the pandemic water sales was reduced
- Weather affects water sales. Hot and sunny = High Tourism, Cool and rainy = Low tourism

	Meter Base Cost			
Connection size	5/8"	1"	2"	
Base Rate	\$55.60	\$77.83	\$161.23	
Units Included w/base	2	2.8	5.8	
Residential	747	4	0	
Commercial	28	0	9	
Vacation Rentals	125	0	0	
Outside	11	0	0	Total
# of Meters	913	4	9	926
	Year Revenue Totals			
Connection size	5/8"	1"	2"	
Monthly	\$50,763	\$311	\$1,451	\$52,525
Yearly	\$609,154	\$3,736	\$17,413	\$630,302
%	96.64%	0.59%	2.76%	
	Year			
Base rate total of the 53 top users	\$48,300	8%		
Everyone else	\$582,002	92%		
Total	\$630,302			

Water Sales Revenue for a Year

A total of 46,088,356 Gallon which is equivalent to 61,615 Units.

Yachats sales water in Units

1 unit = 100 cubic feet

1 unit = 748 gallons

1 cubic foot = 7.48 gallons

Water Sales Revenue					
Classification	Units	%	Unit cost	Sales	
53 top users	34,229	55.6%	\$6.91	\$236,522	55.5%
Total free units	22,668	36.8%	\$0.00	\$0	
Free units not used	4,320	-7.0%	\$0.00	\$0	
Everything else	9,038	14.7%	\$6.91	\$62,452	
Total	61,615			\$298,974	

Total Revenue for the Year	
Meter Base Revenue	\$630,302
Water Sales Revenue	\$298,974
Total	\$929,276