

ADMINISTRATIVE ORDER NO. 58-24-03
of the
City Manager of the City of Eugene

**REGARDING THE OPPORTUNITY TO COMMENT ON A PROPOSAL TO
AMEND THE WASTEWATER USER FEE SCHEDULE.**

The City Manager of the City of Eugene finds as follows:

A. Section 6.411 of the Eugene, Code, 1971 (EC), authorizes the City Manager to determine and set fees and charges to be imposed by the City for wastewater service, regional wastewater service, and stormwater service. Pursuant to that authority, on May 25, 2023, I issued Administrative Order No. 58-23-20-F amending the Wastewater User Fee Schedule.

B. In accordance with EC 6.411(1), I have conducted an investigation of the revenue needs of the City in providing wastewater services and have considered the following criteria: (1) the amount charged for the services in the past; (2) the fee increase proposal currently being considered by the Metropolitan Wastewater Management Commission (MWMC); (3) applicable federal and state regulations; (4) amounts charged by the City of Springfield and other such service providers for comparable services; (5) the revenue needed to pay the City's costs and debt obligations related to wastewater facilities, the expected need for financial reserves and contingencies, and other sources of revenue; (6) other relevant adopted policies of the council; (7) the terms of any applicable intergovernmental agreement relating to wastewater; (8) obtaining equity between different classes of ratepayers; and (9) the value of the use and occupancy of the City's right-of-way by the City wastewater system. (See Exhibit B)

C. Based on my investigation and consideration, I propose to amend the wastewater user fees as set forth in the Notice attached as Exhibit A to this Order, to be implemented and effective for all bills issued on or after July 1, 2024.

On the basis of these findings, I order that:

1. Pursuant to EC 6.411(1)(d), the Metropolitan Wastewater Management Commission is hereby authorized to conduct a public hearing on the proposed regional (MWMC) wastewater rates.

2. A Notice substantially conforming to the Notice attached as Exhibit A shall be:

a. Provided to the Mayor and City Councilors, the news media, any person who has requested notice, interested governmental agencies (including the United States Environmental Protection Agency, the Department of Environmental Quality, the Metropolitan Wastewater Management Commission, and the Eugene Water & Electric Board);

- b. Posted at two locations at City Hall; and
- c. Published on two separate occasions in the Register Guard Newspaper.

Dated this 03/13/2024 day of March, 2024.

MLM
MLM

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LLR

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MR



Sarah Medary
City Manager

NOTICE OF TWO PUBLIC HEARINGS
FY 2024-25 REGIONAL WASTEWATER USER RATES
and MWMC WASTEWATER PROGRAM BUDGET AND
CAPITAL IMPROVEMENTS PROGRAM

Notice is hereby given that two (2) public hearings will be held by the Metropolitan Wastewater Management Commission (MWMC), located at Springfield City Hall, Library Meeting Room, 225 Fifth Street, Springfield, Oregon, commencing at 7:30 am on Friday, the 12th day of April 2024, in person or via a virtual Zoom webinar. To attend virtually, registration is required: Zoom Webinar ID is 875 2783 7092, Zoom link: https://us06web.zoom.us/webinar/register/WN_xlfNFY2TRcimcKz1m9u07g or to join by phone: 877.853.5247.

The first public hearing will consider the regional wastewater user rates listed below, including septage and hauled waste (non-septage) rates proposed to become effective on bills rendered on or after July 1, 2024. Interested persons may e-mail comments to WWOFFICE@EUGENE-OR.GOV or submit written comments to James McClendon, Public Works Wastewater Finance Manager, 410 River Avenue, Eugene, OR 97404. The current and proposed monthly fees are set out below.

<u>RATE COMPONENT</u>	<u>Current Rate</u>	<u>Proposed FY25 Rate</u>
RESIDENTIAL:		
Per Account Fee: MWMC	\$15.16	\$15.99
Sanitary Sewer Flow-Based Charge per 1,000 Gallons of Water Used: MWMC.....	\$3.016	\$3.18
TYPICAL RESIDENTIAL BILLING:..... (Per Account charge + 5 times the total flow-based charge)	\$30.24	\$31.89
COMMERCIAL/INDUSTRIAL:		
Per Account Fee, All Commercial/Industrial Classes: MWMC.....	\$15.16	\$15.99
Sanitary Sewer Flow-Base Charge Per 1,000 Gallons of Water Used by Customer Class:		
Low Strength Customer: MWMC	\$4.055	\$4.28
Medium Strength Customer: MWMC.....	\$5.906	\$6.23
High Strength Customer: MWMC	\$8.381	\$8.84
Very High Strength Customer: MWMC	\$10.863	\$11.46
Super High Strength Customer: MWMC	\$13.339	\$14.07
SEPTAGE HAULERS/HAULED WASTE (NON-SEPTAGE):		
MWMC Septage: flow rate/1,000 gallons	\$139.00	\$148.00
MWMC Hauled Waste (non-septage): flow rate/1,000 gallons.....	\$139.00	\$148.00

The second public hearing will be for the purpose of reviewing the Regional Wastewater Program Budget and Capital Improvements Program for fiscal year 2024-25. Persons interested in this topic, may submit e-

Exhibit A to
Administrative Order No. 58-24-03

mail comments to MINMAN@SPRINGFIELD-OR.GOV or submit written comments to Misty Inman, MWMC Secretary, 225 Fifth Street, Suite 101, Springfield, OR 97477

To be considered, email and written comments must be received by 9:00 am on April 11, 2024. Oral comments can be made at the public hearing on April 12. After reviewing these matters, the Commission may consider adopting the following: 1) the MWMC wastewater user rate schedule to become effective on bills rendered on or after July 1, 2024; and 2) the 2024-25 Regional Wastewater Program Budget and Capital Improvements Program. The proposed MWMC user rate schedule and the Budget and Capital Improvements Program documents are available beginning April 5, 2024 and can be viewed at www.mwmcpartners.org, then click on Meetings. Documentation supporting the proposed fees may be reviewed at <https://www.eugene-or.gov/450/Wastewater-Fees>.

Dates of Publication: March 31 and April 1, 2024

CITY MANAGER’S FINDINGS

Investigation of Wastewater Service Revenue Needs Pursuant to EC 6.411(2)

All properties connected to the public wastewater system pay wastewater fees. Eugene provides local wastewater collection services, and the Metropolitan Wastewater Management Commission (MWMC), a partnership of Lane County and the cities of Eugene and Springfield, operates the regional wastewater collection and treatment facilities. All changes to fees proposed by this Order are for the regional wastewater collection and treatment facilities.

The MWMC anticipates a 5.5% increase in the rate for regional user fees, effective July 1, 2024. An adjustment of 5.5% will increase the regional portion of the monthly wastewater bill for a typical residential customer from \$30.24 to \$31.89, which is a \$1.65 per month increase.

The MWMC also charges a fee for waste that is hauled and unloaded at the treatment facility, referred to as the Septage Hauler/Hauled Waste (Non-Septage) fee. The MWMC anticipates a 6.5% rate increase for the fee, which will also become effective July 1, 2024. The current rate of 13.9 cents per gallon was based on a cost of service analysis, and the rate change became effective on July 1, 2022 (Fiscal Year 2022-2023, or simply FY23), which was a 5% adjustment over the previous rate of 13.2 cents per gallon.

Due to cost increases for operations and maintenance (O&M) activity since FY23, the cost of service rate model has been reviewed and adjusted for the FY25 rate evaluation. The rate model provides a costing methodology based on the relative volume and strength of septage waste to residential waste. The model takes into account O&M costs, additional wear and tear on equipment, administration, and MWMC capital costs. The current septage rate of \$0.139 per gallon (\$139 per 1,000 gallons) will be insufficient to achieve full cost recovery in the coming fiscal year. The model’s projection for FY25 indicates the cost of service will most likely be \$0.148 per gallon, which is a 6.5% rate increase. Only a significant increase or decrease in the expected volume of septage/hailed waste unloaded at the treatment plant would change the cost of service.

What has been charged in the past?

	FY24	FY25
RESIDENTIAL:		
Per Account Fee: MWMC	\$15.16	\$15.99
Sanitary Sewer Flow-Based Charge per 1,000 Gallons of Water Used: MWMC	\$3.02	\$3.18
TYPICAL RESIDENTIAL BILLING:		
(Per Account charge + 5 times the total flow-based charge)	\$30.24	\$31.89
COMMERCIAL/INDUSTRIAL:		
Per Account Fee, All Commercial/Industrial Classes: MWMC	\$15.16	\$15.99

**Exhibit B
to Administrative Order No. 58-24-03**

Sanitary Sewer Flow-Base Charge Per 1,000 Gallons of Water Used by Customer Class:	FY24	FY25
Low Strength Customer: MWMC	\$4.06	\$4.28
Medium Strength Customer: MWMC	\$5.91	\$6.23
High Strength Customer: MWMC	\$8.38	\$8.84
Very High Strength Customer: MWMC	\$10.86	\$11.46
Super High Strength Customer: MWMC	\$13.34	\$14.07
SEPTAGE HAULERS/HAULED WASTE (NON-SEPTAGE):		
MWMC Septage: flow rate/1,000 gallons	\$139.00	\$148.00
MWMC Hauled Waste (non-septage): flow rate/1,000 gallons	\$139.00	\$148.00

What is MWMC’s Recommendation for FY25?

MWMC is proposing a 5.5% increase in the rate for the regional wastewater user fee and a 6.5% rate increase for the Septage Hauler/Hauled Waste fee, effective July 1, 2024. MWMC is holding a public hearing specific to the proposal on April 12, 2024, and its recommendation will follow.

What are the Federal and State regulations impacting FY25’s proposed rate increase?

The Oregon Department of Environmental Quality is charged with implementing state and federal rules governing the operation of wastewater treatment plants. As such, the DEQ has issued a National Pollutant Discharge Elimination System (NPDES) Permit (number 102486) for the Eugene/Springfield Water Pollution Control Facility (i.e., the regional treatment plant at 410 River Ave, Eugene). The permit describes conditions and limitations to ensure public health and safety and protection of the environment. The FY25 budget for the regional wastewater program will provide funding for the City to carry out operations and maintenance activities and services necessary under the NPDES permit.

How does the proposed rate compare to other similar service providers?

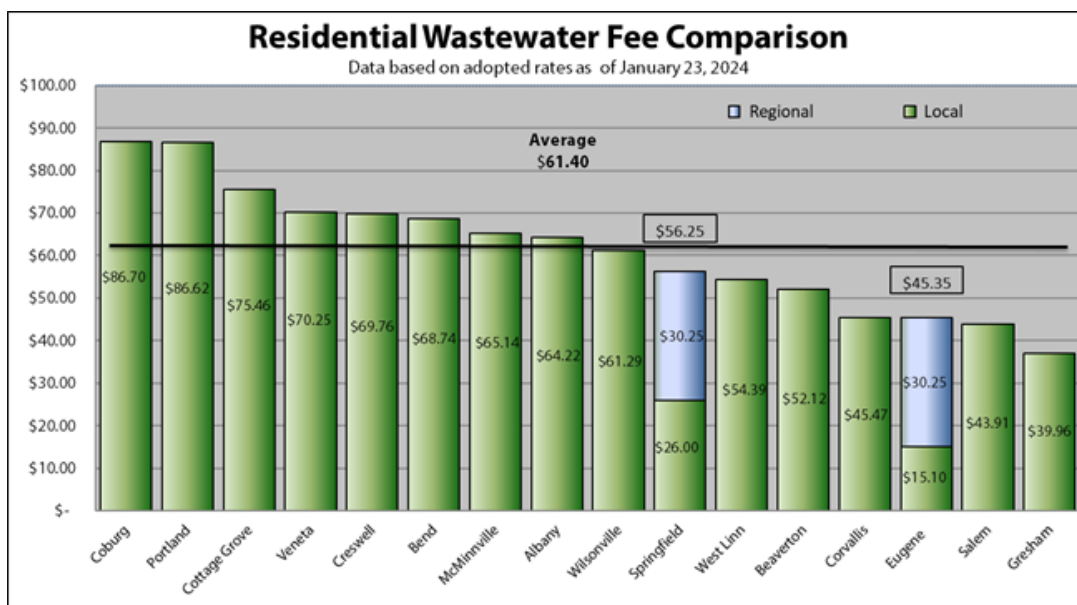


Exhibit B
to Administrative Order No. 58-24-03

What is the revenue needed to pay for service proposed in the FY24/25 budget?

MWMC is billed monthly for the operating charges and City of Eugene is reimbursed accordingly. MWMC reimburses the City of Eugene for all operating charges through regional wastewater user fee revenues that are collected by EWEB, sent to City of Eugene, and then passed through to MWMC.

Likewise, the cost of service for the Septage Hauler/Hauled Waste customers is included in the operating charges that are billed to MWMC. City of Eugene is reimbursed by MWMC for all operating charges. City staff administer the regional Septage Hauler/Hauled Waste program, including customer billing, and the revenue received is then passed through to MWMC.

With a 5.5% increase for the MWMC user-fee rate and 6.5% increase for the Septage Hauler/Hauled Waste rate, sufficient revenues will be generated to fund daily operations, planned capital projects and debt service obligations while maintaining positive cash flow and capital reserves for investments in capital improvements associated with MWMC's recently reissued National Pollution Discharge Elimination System (NPDES) permit.

Rate scenarios were presented for commission review and consideration at the March 8 MWMC meeting and included here for reference:

- 5.5% rate increase for regional wastewater user fee to include debt service payments so that the obligation for two bonds could be completed within roughly two years.
- 4.5% rate increase for regional wastewater user fee if not including debt service to complete the obligation for two bonds within roughly two years.

Are there other relevant policies adopted by the City Council impacting the FY24/25 proposed rates?

There are no other relevant policies adopted by the City Council that will impact MWMC's FY25 proposed rates.

Are any IGAs impacting the FY24/25 proposed rates?

There are no new intergovernmental agreements between the City of Eugene and another entity that will have a new and material impact to the City's wastewater program.

Do the rates establish an equity between different classes of rate payers?

The wastewater fee schedule is a flow-based fee set up to charge customers whose residence or business use more water, and thus requires more wastewater to be treated, to pay a higher fee. There is one rate charged per thousand gallons of water used for residential customers and five different categories of rates for commercial customers depending upon the strength and characteristics of the wastewater discharged to the public sewer system.

Is the wastewater program paying an appropriate value for the use and occupancy of the City's right-of-way system?

The MWMC facilities located within the City of Eugene are not in the right-of-way.