

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

**SETTING WASTEWATER USER FEES AND SUPERSEDING THE FEE
SCHEDULE ADOPTED BY ADMINISTRATIVE ORDER NO. 58-23-20-F.**

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. On March 13, 2024, I issued Administrative Order No. 58-24-03, ordering that notice be given of the opportunity to submit written comments on my proposal to set new wastewater user fees. The Notice specified that comments on the proposed rates for regional wastewater service could be submitted orally at the public hearing which would be held by the Metropolitan Wastewater Management Commission (MWMC) on April 12, 2024, and that written comments could otherwise be submitted to the City's Public Works Finance Manager until 9:00 a.m. on April 11, 2024. No comments were received within the time or in the manner described in the Notice.

C. Based on my investigation of the revenue needs of the City in providing wastewater services using the criteria in EC 6.411(2), I find that the wastewater user fees should be amended as proposed. (See Exhibit B)

D. The unamended wastewater user fees adopted by Administrative Order No. 58-23-20-F are incorporated into the Fee Schedule attached as Exhibit A to this Order.

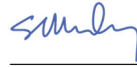
On the basis of these findings, I order that:

1. A copy of this Order shall be promptly forwarded to the Mayor and City Councilors. Unless reviewed by the Council pursuant to EC 6.411(1)(f), this Order shall become final on the 11th day after the date it is rendered.

2. Notwithstanding the effective date of this Order as set forth above, the Wastewater User Fee Schedule attached as Exhibit A to this Order is the schedule of fees to be charged for the described services, effective for all bills issued on or after July 1, 2024.

3. The Fee Schedule attached to Administrative Order No. 58-23-20-F is superseded by the Wastewater User Fee Schedule attached as Exhibit A to this Order, effective for all bills issued on or after July 1, 2024.

Dated this 13th day of May, 2024.



Sarah Medary
City Manager

Unless reviewed by Council pursuant to EC 6.411(1)(f), this Order becomes final on May 24, 2024.

MR
MR

LLR
LLR

WASTEWATER USER FEES
(Effective for all bills issued on or after July 1, 2024)

<u>RATE COMPONENT</u>	<u>FY24</u> <u>Rate</u>	<u>FY25</u> <u>Rate</u>
RESIDENTIAL:		
<u>Per Account Fee:</u>		
City of Eugene	No charge	No charge
MWMC.....	\$15.16	\$15.99
<u>Sanitary Sewer Flow-Based Charge per 1,000 Gallons of Water Used:</u>		
City of Eugene	\$3.020	\$3.201
MWMC.....	\$3.016	\$3.182
Total flow-based charge per 1,000 gallons of water used	\$6.036	\$6.383
TYPICAL RESIDENTIAL BILLING: (Per Account charge + 5 times the total flow-based charge)	\$45.34	\$47.88
COMMERCIAL/INDUSTRIAL:		
<u>Per Account Fee, All Commercial/Industrial Classes:</u>		
City of Eugene	No charge	No charge
MWMC.....	\$15.16	\$15.99
<u>Sanitary Sewer Flow-Base Charge Per 1,000 Gallons of Water Used by Customer Class:</u>		
<u>Low Strength Customer:</u>		
City of Eugene	\$3.020	\$3.201
MWMC.....	\$4.055	\$4.278
Total flow-base charge per 1,000 gallons of water used	\$7.075	\$7.479
<u>Medium Strength Customer:</u>		
City of Eugene	\$3.020	\$3.201

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

<u>RATE COMPONENT</u>	<u>FY24</u> <u>Rate</u>	<u>FY25</u> <u>Rate</u>
MWMC.....	\$5.906	\$6.231
Total flow-base charge per 1,000 gallons of water used	\$8.926	\$9.432
High Strength Customer:		
City of Eugene	\$3.020	\$3.201
MWMC.....	\$8.381	\$8.842
Total flow-base charge per 1,000 gallons of water used	\$11.401	\$12.043
Very High Strength Customer:		
City of Eugene	\$3.020	\$3.201
MWMC.....	\$10.863	\$11.460
Total flow-base charge per 1,000 gallons of water used	\$13.883	\$14.661
Super High Strength Customer:		
City of Eugene	\$3.020	\$3.201
MWMC.....	\$13.339	\$14.073
Total flow-base charge per 1,000 gallons of water used	\$16.359	\$17.274
SEPTAGE HAULERS/HAULED WASTE (NON-SEPTAGE):		
City of Eugene	No charge	No charge
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

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-F

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

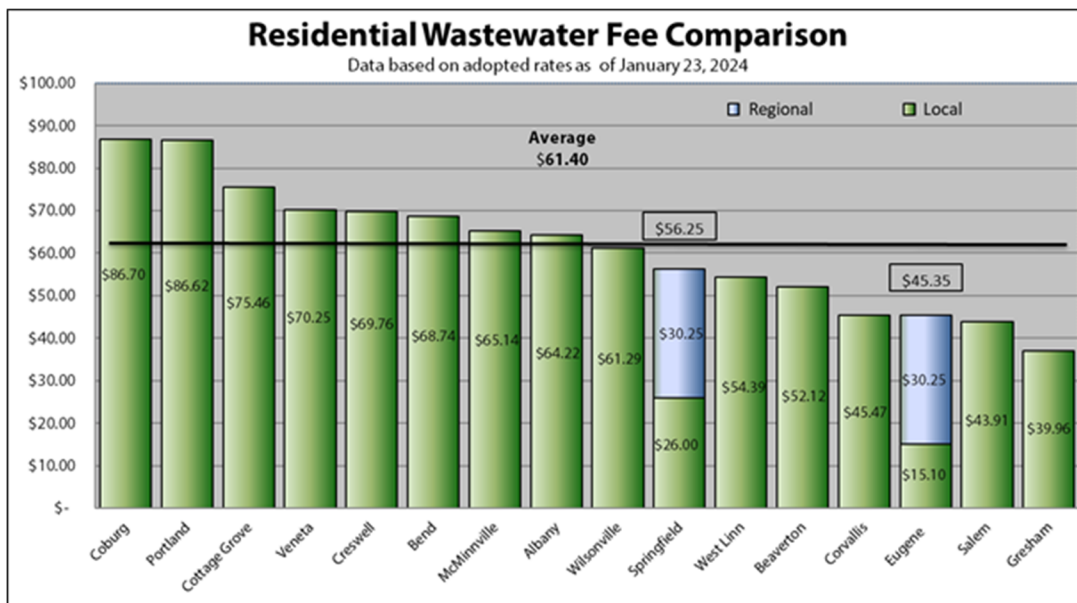
What is MWMC’s Recommendation for FY25?

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?



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.