



City of Yamhill

A small taste of Oregon

MINUTES

CITY COUNCIL WATER RATE STUDY WORK SESSION

Wednesday, October 11, 2023,
6:00 pm

1. CALL TO ORDER

2. The work session was called to order at 6:08 p.m.

Roll call:

Present, In-Person: Mayor Yvette Potter; Councilors Kay Echuari, Shea Corrigan

Present, Virtually: Councilor, Tim Askey

Absent: Councilor, Marci Hedin

Staff Present, In-Person: Chief Greg Graven, Interim City Administrator/Police Department;
Jason Wofford, Public Works; Angie Fowler, City Recorder

Water Advisory Committee, In Person: Brian Jensen, Cathy Phillips, Paul Smoland.

Mayor Potter started the meeting by giving a general overview. This work session is for the Council to discuss and process all of the information we have received from the OAWU, and the public regarding the OAWU water rate study. There will be no public comment during the work session. However, the Council did invite the Water Advisory Committee into the discussion and will be allowing them to provide a common discussion appropriately through the work session.

The mayor read a summary of what has been happening over the last three months concerning the water rate study and the meetings that have been held regarding it.

Kay Echuari asked Brian Jensen if he got any answers to the concerns that he presented at the last Council meeting.

Brian Jensen stated that he did not. He asked what are you going to do when you run out of SDC money to pay that \$158K. You have three years left.

Jason Wofford stated that the additional money should have never come out [of the SDC's during budget] So we won't continue that trend that way.

Kay Echuari asked Brian what he was thinking.

Brian Jenson

The first thing you got to realize is that you've got to pay that debt service. You've got to have \$274,272 in that debt service money every year, because you have to have a \$58k reserve in there. The study that Tim gave at last week's meeting does not include that \$58k reserve.

So, if you just take that \$274,272 divided equally among all users, inside and outside the number I came up with is 774 [total number of all water users]. Just to pay the debt service, you need \$29.54/user each month. This number includes no CIP, no operations cost, no nothing. This is just strictly debt service.

Mayor Potter

So \$29.54 over the \$78.73?

Brian Jensen

So I looked at some other water districts rates around the state. They're averaging between \$75 to \$85 somewhere in there with no debt service. You had our debt service on top of that rate, you're up to about \$105 - \$107. I came up with \$107.90. If you.. to meet debt service, to balance the budget as proposed this year, the needs, it would have to be \$107.90 per user, per 1000 gallons of water. I kind of played around with the base rate and figured the base rate at 40% of your operating your budgeted costs. So that would take your base rate of \$42.36. And then your water 4000 gallons is a 60% number that would make your water for 4000 gallons \$106. Your water cost would be .009 per gallon or \$9/1000.

Mayor Potter

So how did you get from \$42.36 to 107.90? What does that [\$107.90] include that \$42.36 does not?

Brian Jensen

The \$42.36 is a percentage of that operating. Your budgeted amount \$987k, it's in the budget for operations, maintenance, and capital. That would be the base per meter. And the \$29.54 is debt service, and it should be for 4000 gallons of water.

Unknown Speaker

Where does an additional \$36 come from?

Brian Jensen

I mean, if you want to be equal across the board, in your debt service, your corrected budget numbers, that's where you have to be. If you wanted to reduce that number, that number is going to fluctuate a little bit, or you would receive a little bit more because you have people that go over the 4000. You're going to have a little increase in the revenue.

Mayor Potter

You're talking about the tiered system?

Brian Jensen

4000 across the board. We talked about conservation and looking at other rates around the state. Anything over 4000 gallons a month, I would recommend going to 1.5 cents per gallon or add another \$1.50. That would be a conservation measure that you fit in to kind of get people to try to conserve.

Cathy Phillips

If your \$107 meets the budget number in the debt service, what happens to the funds for the extra [water used]? You're going to have a lot of money come in there that you're not accounting for. There is a lot of people out there that use more than 4000 gallons, I know they do in the districts. What are those funds going to be used for if you have already taken care of your budgeted number with the \$107?

Brian Jensen

Put them into your CIP list and start building that back up, because we are going to be, in SDC's be 300K. We need to start building so that we can look at, you know, timelines or picture items.

Shea Corrigan

Do we know how many people are using over 4,000 gallons on a regular basis?

Brian Jensen

It was what, 5,700? That was the number that came out somewhere it says 5,700 if you average it out.

A discussion about 5,700 gallons being the average family's usage. Meaning that the average household uses 1,700 more than the allotted 4,000.

Brian Jensen

The only way you are going to be able to cut the break down very much is to cut out some CIP projects, cut out maintenances or cut out personnel.

Mayor Potter

But we're short on all of that already.

Brian Jensen

That's the only way you are going to lower that number. If we didn't have the debt service in there, you would be right around the \$75 to \$80/month mark.

Shea Corrigan

Are there any alternatives to put that back together? The debt service payment that we made on the loan?

Brian Jensen

No we will never get that back.

Mayor Potter

So, one of my concerns in increasing it almost \$30 is those who are low-income and those who are on social security- asking them to pay the higher rates for 4000. I would like to be able to provide an opportunity for them to apply to the city for a lower tier with the approval of the Council to move to a lower tier. That would give me a little more justification for this event. If we somehow were able to protect those who can't do it, we're actually creating a hardship for them.

Brian Jensen

This can give you some thoughts. Kim gave me the numbers for last year. Based on the user fees last year just equally divided by everybody. Your average bill would be \$77.94. That's the average last year across everybody.

If you take last year's average and add \$17 for debt service ...

Mayor Potter

But you said \$29.54 for debt service

Brian Jensen

There is already \$17 every month that currently comes out of the water rates. Your \$ 77.94 doesn't include all of your debt service. Currently, the rates include about \$12 that goes to your debt service. You would have to add another \$17 to pay for the additional debt service that is not being accounted for.

Mayor Potter

So \$77.94 plus....

Brian Jensen

another \$17

Yvette Potter

Well that's better than \$107.

Brian Jensen

But that doesn't meet all your needs for your CIP and your budgeted stuff. I mean, you could, if you'll have some users to go over.

Yvette Potter

The other users [that go over the 4000] will be helping to fund the other users on a lower rate. They won't be paying as much.

Brian Jensen

Yeah, if you lower some down to 2000, then you've got to match up somewhere down the line... If you used like 4.5 cents to anything over 4000, that's where your big users like the school, commercials are going to pick up – the districts. What I recommend to be fair across the board, I think we need to get to a fair playing field, especially if we want to go for grants. I recommend you bill everybody the \$29.54 for debt, bill everybody 42.36 per user (so if you have a district with 30 users you would times it by 30).

Cathy Phillips

What happened to the \$107?

Brian Jensen

Well, that doesn't include the water. I mean, if you add the water in there, then you're gonna have \$107.90 So, what's really killing you is that debt service. Debt service almost \$30 a month per user just to cover that. You didn't have that on there the rate would be at \$75-\$80.

Shea Corrigan

Is that just to make up one year's payment?

Brian Jensen

For years of payments. You got to have that debt service for the next 16 years.

Shea Corrigan

So, they just allocated monies that probably shouldn't have been allocated to it for one year.

Brian Jensen

They've been doing it ever since they just took the loan.

Jason Wofford

It was supposed to be allocated for two years; we did it for an additional two.

Brian Jensen

So, there's been \$6,000 coming out of SDC because we paid two years and then we did another two years so there's a total of \$6000. Over \$600,000 in SDC's to come out which should've been to the CIP Projects.

Mayor Potter

Why do the outside users use such a large amount more of water per user than city residents? Do we know that?

... at no point in time is it in the City want to restrict water to the districts.

Brian Jensen

Right. If you're going off of Cathy's [East Yamhill Water District] for January, 30 users at 4000 gallons that would be 120K gallons, we're only about 6000 over the 120K in January. In July and August, they were at almost 800K gallons.

Cathy Phillips

We have 33 users.

Mayor Potter

So what is our current base rate after the 10% increase?

Brian Jensen

\$73.28

Kay Echaury

So Brian, you're giving numbers \$25.54, \$42.36, is there a 3rd?

Brian Jensen

For gallons of water, it would be \$36. This number included the meter fee and up to 4000 gallons of water. You can change the numbers a little by giving a different commercial rate, I think it's just easier if you make it even across the board.

Mayor Potter

What about bulk water users: commercial, district, people who just come in and pickup water?

Jason Wofford

We no longer sell bulk water.

Discussion:

Q: Anything the city residents aren't using isn't considered bulk water?

A: Surplus water is the districts, Commercial in-town is neither surplus nor bulk.

Brian Jensen

Your big users in town would be the school when they water fields.

Shea Corrigan

My question is how many commercial accounts are there in the outside districts? Because I've read through the contracts and most of them state that the water is to be used for domestic use and residential identified as EDUs. But Willow Kinsey is hooked up to it and they don't get billed an additional rate for it. Do they? When hooked up to a water district?

Cathy Phillips

No. They pay the same amount for water per gallon as everyone else.

Shea Corrigan

Oh, are they in your district? Because they shouldn't be connected.

Cathy Phillips

When they put that system in they were happy to have it. And that was approved with the city when they did that. So most of that gets used up at the house... and they use it for processing. Right now, they have a bunch of leaks going on there, they are working on them.

That's the problem with the district contracts that you're seeing there. Those contracts were shoved down our throat in 1985. Before that, no contract made the statement of domestic water use.

Shea Corrigan

So you're saying that Willow Kinsey hooked up before these contracts?

Cathy Phillips

Yeah. We didn't have a lot of choices on that contract.

Shea Corrigan

Cathy, I just happen to have your contract in front of me. I had no idea...

Cathy Phillips

Yeah, in the 60s, when they put the original lines in. Most of those lines were ran out to town for the people that had livestock in the houses, there wasn't there was not a domestic statement in those contracts.

Shea Corrigan

Well, it just seems to me, I mean, we're looking at the necessity of having to go up to \$107.90 for everybody in order to keep our system functioning, that the people that got scraped in in the 60s, that haven't had to pay extra for commercial use or what have you, if any. And, I know that you said you've kind of forced to the signing because what are you going to do without it. But, it says right in here that you can't have that. It seems to me there should be an additional charge for a commercial account.

Mayor Potter

It can't be a commercial account. it's not designated by itself.

Cathy Phillips

And they walked in here and got a permit before they ever came to the district because we couldn't add people on just because. We had to come down here and pay we came on at the same time that they did it. and we paid the city of a fee to be added to the users of East Yamhill.

Shea Corrigan

I mean, I'm not trying to say let's bust somebody for something. What I'm thinking...

Cathy Phillips

Same thing with the Yamhill County Mushroom because that line got ran down the road for Yamhill County Mushrooms, for no other reason.

Mayor Potter

And they paid...

Cathy Phillips

I have no idea, that's in the districts, they're the same thing.

Brian Jensen

I mean, again, if you went to a 4000 gallon flat rate. Okay, for everybody, each user on the district, anything over that you would go to that higher price here. So, it will again be used as an extra 500,000 gallons over that 4000. They're going to be paying more.

Cathy Phillips

I think that you're not looking at the complete revenue package, when you get done making those changes. Because you're over 4000 gallons number that you're not having anywhere, that's not taking care of any of your budget items, that's on top up taking care of all your budget items, and your debt service. So, all that extra money that's coming in for the over 4000 gallons is a bonus in your pocket, it's going to be huge.

Mayor Potter

It's not a bonus. It's for capital improvement projects. It is actually doing the maintenance and the updates and upgrades that need to be done.

Cathy Phillips

And your \$107 is too, right. That's what you just said that would cover your budget.

Brian Jensen

It would cover 347,000 in projects.

Cathy Phillips

So, you've got everything built into that \$107.

(42:20) There was a conversation about how the water districts bill out to their customers and how they add on charges for repairing their own lines. And that they do not differentiate between residential or commercial users. They are all billed out at the same rate in East Yamhill.

Cathy Phillips

So, it seems like it would be more fair to districts to pay this, whatever the city is paying and get the 4000 gallons out of that number because that first 4000 is cheaper than the next.

(45:41) There was another conversation on how the City taxes do not contribute to the water and sewer funds. The water fund pays administrative costs for the City workers to bill, collect payments, and do other water-related work. It was also noted that the money taken out of SDC funds previously for water related debt was not contributed to by water districts.

Mayor Potter (47:25)

So are you proposing the district just pay the operations, maintenance and CIP along with debt service, but not be based 36,000 gallons, because they're going to pay per gallon anyway?

Brian Jensen

You could do that, just the debt service, the base rate, and if you wanted to give them you know, however many users that 4000, lower rate, and then anything over the 4000 per user will go to a higher rate.

Cathy Phillips

Wait, Why? I'm asking. Why would you give the outside districts a better deal in the city because I can see an issue with feedback not being good.

Brian Jensen

Well, what you would do is, You're not giving a better deal; you're paying for every gallon of water you get.

Cathy Phillips

So, then we're paying more money than everybody else? Because we're going to pay \$11.50/1000 and instead of the first 4000 at \$9.50. It'd be better for us to pay the 4000 gallon minimum then. Otherwise, you're going to pay another \$2/1000 gallons. And I'm just looking at we have small people on our water line, and we have older people [on fixed incomes] as well.

Mayor Potter

But, then you have the meter charge.

Cathy Phillips

That would end our meter charge. The 4000 time 33 would basically be our meter charge.

A conversation between Brian Jensen, Cathy Phillips, Paul Smoland and Mayor Potter clarifying what Cathy had said and how it would work.

Mayor Potter

Jason, can we get your input? What are your thoughts on this?

Jason Wofford

I think you guys have been pretty well-equipped to make a decision.

Mayor Potter

We have received lots of information, but not really heard what you would like to see happen.

Jason Wofford

No, I think you guys are on the right track and capable to make a decision with all that information.

Kay Echaury

You don't have a recommendation?

Jason Wofford

I do not have a recommendation.

Mayor Potter

Councilor Askey, online, can you give us your thoughts?

Tim Askey

Yeah, can you hear me? Um, I don't know, I still feel like we're still kind of hammering out the details like kind of personalized to Yamhill details for this. So I mean, right now I couldn't tell you which way I'm personally leaning.

Cathy Phillips

I think we need to take these numbers back in and put the numbers you're thinking about doing into last year's water usage and see where it gets you into your budget.

Paul Smoland

Because it seems like if you're charging, basically we're charging double, or you're proposing to charge double. A lot of money to help them increase the base rate.

Mayor Potter

The longer we continue to put this off, the bigger the problem. We would like to resolve the problems before it becomes out of control or an emergency situation.

Councilor Corrigan, What are your thoughts?

Shea Corrigan

Well, my initial thought is that we know it's going to be for everybody. There's no other. There's no other way. There's no one person that can come in here and explain why the water bills went down by five cents. It can't happen. With that said, , if you if you look at somebody that's on a fixed income inside or outside the city with that jump to \$107, that's going to strain some people. And then there's a way that we can look at usage, historic usage and if we can bring down to \$103 or down to \$90... I mean, that's going to be a big difference to some people. And I don't know if that's possible to see what other people have used in the past.

Brian Jensen

The numbers are going up. The usage that's in this report, the 60 million gallons, I mean, you get 79 million of use that you only collected on 68. So, you have to figure, your revenue on that 68 million because you've got the water loss. This does not even include those bills and they're not getting paid. So what percentage are you not collecting from unpaid bills 7% ,10%?

Mayor Potter

Uncollected debt or loan debt?

Cathy Phillips

Uncollected. People who are not paying their bill. They don't pay; they need to get shut off.

Mayor Potter

So we're talking about initially, before this evening, proposing the \$78.39 which would be an additional increase of about \$5, which sounded reasonable. However, with the debt service added, the \$29.54 that needs to go to debt service that's where we're having an issue.

The debt service is not coming out of the base rate it's the operations and maintenance and the CIP projects and the 4000 gallons.

Yvette Potter

Jason, do you know what is coming out of the debt service?

Jason Wofford

I believe our watershed plant and the transmission line.

Mayor Potter

So if we don't take that \$29.54/mo. out of the SDC's moving forward, where can that money come from? Say we only do \$20 instead.

Jason Wofford

I think you would have to look at that tier structure for that.

Mayor Potter

I'm having an issue with \$107. I would like to keep it under \$100 if we possibly could. I would like it if we could propose that there are ways to apply for a lower tier rate.

Jason Wofford

If they do get that lower tier rate. At what point do the overages kick in for the individual?

A discussion between Jason Wofford and Mayor Potter about how we cannot calculate the amount of people that would need assistance or how the overages would kick in until after we knew how many people would need it. It would make the calculations for budget harder to meet. It would need to be set numbers and if those numbers were exceeded it would bump them up into the regular tiered rate.

Cathy Phillips

So, if you take your \$107 times that 774 users about times that by 12, you get 993,860. So my question is...

Yvette Potter

We were getting \$580,000.

Cathy Phillips

That's just the base. So now you're going to take all the additional usage over 4,000 gallons, and they're going to have both. So that \$15 per 1000 gallon number is crazy. Because it's going to hurt a lot of people besides the fact that it's also going to put you over your numbers.

Brian Jensen

Clarified that the number we needed to hit was a little over a million. You have your operating of \$983, 685, you have to add \$274,272.

Cathy Phillips

So, what I am saying is that if you have the numbers in front of you. You should be able to say what people go over 4000 per month. Because I don't think that \$15 is necessary, it's overkill.

Brian Jensen

The total budgeted cost comes to \$1.3 million.

Cathy Phillips

Oh, so you're \$300,000 short.

Angie Fowler

Can I just say something to clarify? So, I was talking to Kim, and that 20%, or we take 20%, out of all the water payments we receive daily, I take 20% away, and that all goes toward

that debt service [of \$158,000]. Last year, the debt service was paid a couple of months early. So, it all went to water after that.

Cathy Phillips

Kim mentioned that she's overrunning. She's over what was projected.

Brian Jensen

The problem is, they're not counting that \$158,000

Angie Fowler

So that's the difference between the two years. Okay, sorry.

Yvette Potter

Say that again.

Angie Fowler

I was saying that we take 20% out of everything we receive, and that goes toward that debt service. And last year that service paid a couple of months early. So, we had it all going toward water for the last couple of months. But they're saying [to me] that [the amount paid in full last year] didn't include the \$158,000.

Yvette Potter

So had it been received those last few months, the \$158 shortage may not have happened.

Brian Jensen

Not the full amount. If you're collecting extra you're looking at paying down that loan faster and reducing our interest to that degree and shaving off a couple of years off that loan.

Mayor Potter

All right, council, we've studied this for over an hour. We've got several options, we know the numbers that we're working with. We don't like them; but, we know them. As already mentioned, it was probably Brian just the average bill currently \$77.94 the base rate.

Brian Jensen

That's going off of what was collected last year.

Mayor Potter

And last year there was \$17 that was not collected in debt?

Brian Jensen

That was *not* included in that number.

Mayor Potter

Where do you get the \$17?

Brian Jensen
That's \$158K divided by 774

Mayor Potter
That's what we need to make up for? So, does this \$29.54 include that number?

Brian Jensen
That's the total between what is coming out of the water fund and the SDC.

Kay Echauri
As a water user, I don't want it increased, I don't want it increased tonight. But I also know because I work for a school district who is running on antiquated systems and dilapidated buildings, I understand that things are in disrepair around town. And we have to be forward-thinking because that hasn't happened in the past. And things haven't been prioritized. And like Sherry said a couple of meetings ago I don't want the band-aid ripped off either. But I think it's time. Let's right what's going on and start moving forward and making progress in our city. That's my feedback.

We're talking about a \$30 increase across the board. Okay, I've done figures I'd thought it would be more like \$90. It's only a decrease of \$16.72. But, it's a better figure for me.

Shea Corrigan
The 90 figure though, I mean, here's the thing, It doesn't matter who you are, if you're the school district, or if you're a mushroom farm, or the High School, you're at \$107 you're going to be less likely to water, so your overages might go away.

Kay Echauri
Well, it would be more palatable for me to have the cost be at \$90. But that is not meeting the needs of our city. And so that doesn't make sense to me then. Its time to do things right. So we need to meet the needs of our city and make that number \$107.90 for all users.

Mayor Potter
Councilor Askey?

Tim Askey
I mean, I understand what Kay's saying, I'm not going to argue against that. I'm just I'm trying to follow the different options and stuff. Imagine, like, who, out of all the options, like, who will this one affect the most, like that? Just, kind of, run everything through my head right now.

Yvette Potter
I hear that. So, Councilor Echauri was proposing \$107.90. Yes, that's the base rate, including the 4000 gallons. And ripping the band-aid off and taking that painful move. Are you supportive of that theory? Of that proposal?

Tim Askey

I mean, yeah. Yeah, I'm supportive of doing what the city needs to meet the needs of the city. So yes.

Yvette Potter

Do you have any other options or ideas that I haven't mentioned yet?

Tim Askey

No, unfortunately.

Ten minute break

Shea Corrigan

Lafayette got in all their trouble for jacking up the rates and never really last in line what was the percentage of increase they went up? Pretty similar to what we're talking about?

(It was like a 30% increase?)

Shea Corrigan

And we're going from \$78 to \$107?

Cathy Phillip expressed her concern that she feels the tier structure is set at too high of a rate.

There was a discussion about the tier rates and if those numbers should be changed. Brian Jensen noted that that was the standard. That is what we would be paying Hillsboro if we tied into them today.

Mayor Potter

So only charging \$36 for 4000 it's costing us \$68 to produce.

Brian Jensen

So you're taking some of that out of your base at 84% of that is coming out to your base.

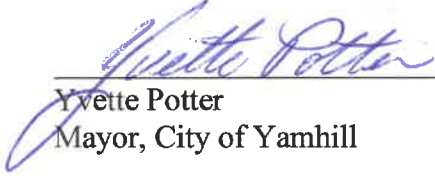
The Council reviewed the numbers again.

Mayor Potter

At this time, we are going to close the work session and go into a regular session.

The work session was adjourned at 7:35 pm.

Respectfully submitted,


Yvette Potter
Mayor, City of Yamhill


Attest:
Angie Fowler, Recorder