



CITY COUNCIL MEETING STAFF REPORT

Meeting Date: November 3, 2025		Subject: Sewer & Storm Utility Rate Update	
		Staff Member: Zach Weigel, P.E., City Engineer and Keith Katko, Finance Director	
		Department: Community Development & Finance	
Action Required		Advisory Board/Commission Recommendation	
☐ Motion ☐ Public Hearing Date: ☐ Ordinance 1 st Reading Date: ☐ Ordinance 2 nd Reading Date: ☐ Resolution ☒ Information or Direction ☐ Information Only ☐ Council Direction ☐ Consent Agenda		☐ Approval ☐ Denial ☐ None Forwarded ☒ Not Applicable	
		Comments: N/A	
Staff Recommendation: N/A			
Recommended Language for Motion: N/A			
Project / Issue Relates To:			
☐ Council Goals/Priorities:	☒ Adopted Master Plan(s): 2015 Wastewater Collection System Master Plan, 2023 Wastewater Treatment Plant Master Plan, 2024 Stormwater Master Plan		☐ Not Applicable

ISSUE BEFORE COUNCIL:

Staff will brief City Council on an update to the sewer and storm utility rates and seek feedback on utility rate design and implementation schedule scenarios.

EXECUTIVE SUMMARY:

Sewer utility rates were last increased in October 2011 by Resolution No. 2325 in preparation for a major expansion of the Wastewater Treatment Plant. The adopted resolution included consecutive rates increases of 15% in 2012, 12% in 2013, and 10% in 2014. Since that time, the sewer utility rate has not been adjusted and is not indexed for inflation.

In 2015, the storm utility rate was adjusted by Resolution No. 2507 to incorporate the storm pipe replacement needs identified in the 2014 Charbonneau Consolidated Improvement Plan. The adopted resolution included a rate increase schedule as follows:

Storm Utility Rate Increase

Date	Increase per EDU	New Rate	Percent Increase
2014	N/A	\$5.25	N/A
2015	\$1.70	\$6.95	32%
2016	\$1.70	\$8.65	24%
2017	\$0.65	\$9.30	8.0%
2018	\$0.65	\$9.95	7.0%
2019	\$0.65	\$10.60	6.5%
2020	\$0.65	\$11.25	6.0%
2021	\$0.65	\$11.90	5.5%

On January 18, 2024, City Council adopted the 2023 Wastewater Treatment Plant Master Plan (Ordinance No. 888). Also, the 2024 Stormwater Master Plan was adopted by City Council on April 1, 2024 (Ordinance No. 890). Adoption of both Master Plan documents included new Capital Improvement Project (CIP) lists, which consist of utility improvements that will be needed over the next twenty years to meet projected growth, operation and maintenance needs, and regulatory requirements.

Also impacting utility rates is the construction inflation that occurred between 2020 and 2023, with an estimated 53.8% increase according to the Federal Highway Administration: National Highway Construction Cost Index. Such an unprecedented increase in a short period of time has had a significant impact on the City's ability to fund needed sewer and storm capital improvement projects. As a result of the updated capital project list, construction inflation, and length of time since the last utility rate increase, review of the current utility rates is necessary to maintain financially sound sewer and storm utility funds.

Beginning in July 2024, the City entered into a Professional Services Agreement with FCS Group to perform a sewer and storm rate fee study that will result in a recommended update to the sewer and storm utility rate. On April 21, 2025, City Council received a briefing from the project team regarding the sewer and storm utility fund revenue requirements, identifying a draft schedule of annual rate increases necessary to fund the City's sewer and storm utilities. Based

on feedback provided by City Council, FCS Group has completed a Cost-of-Service Analysis and Rate Design for City Council consideration.

Storm Utility Rate Proposed Implementation

The storm utility fee cost-of-service analysis and rate design did not result in changes and the project team recommends an across the board rate increase as follows:

Year	2025	2026	2027	2028	2029	2030
Proposed Rate Increase		35.5%	35.5%	35.5%	5.0%	5.0%

As part of storm utility rate adjustment, the project team is recommending elimination of the storm utility rate exemption. There are currently 122 accounts across the City that are not currently charged a storm utility fee on their monthly utility bill, most of which are older accounts from the 1990's that did not have storm drainage service at that time, but since has been provided service. In addition, a major component of the storm water utility is management of runoff from public streets and facilities, as well as implementation of the City's National Pollutant Discharge Elimination System (NPDES) Municipal Separate Storm System (MS4) permit program, which affects all customers within Wilsonville.

Sewer Utility Rate Proposed Implementation

As part of the sewer utility fee cost-of-service analysis and rate design work, the project team identified three implementation scenarios for consideration by City Council

Scenario 1 (ATB) – Across-the-Board Sewer Rate Implementation

This scenario keeps the existing rate structure currently in place and applies an across-the-board increase to each customer category, consisting of residential, non-residential, and high-strength customers, as follows:

Year	2025	2026	2027	2028	2029	2030
Proposed Rate Increase		27.5%	27.5%	27.5%	27.5%	3.5%

Scenario 2 (COSA) – Cost of Service Analysis (COSA) Phase-In Sewer Rate Implementation

As part of the sewer cost of service analysis, FCS Group found that for the residential customer class, the revenue collected exceeded the cost of providing service. Conversely, FCS Group found that for the non-residential and high-strength customer classes, the cost to provide service exceeded the revenue collected. Based on current sewer data, residential customers appear to be slightly overpaying for sewer service, whereas non-residential customers are slightly underpaying.

This scenario rebalances the cost of service across the customer classes over a four-year period, such that the revenue collected closely matches the cost to provide service for each customer class, resulting in the implementation schedule as follows:

Year	2025	2026	2027	2028	2029	2030
Rate Increase (Residential)		25.44%	25.34%	25.24%	25.14%	3.5%
Rate Increase (Non-Residential)		32.00%	32.00%	32.00%	32.00%	3.5%
Rate Increase (High-Strength)		32.00%	32.00%	32.00%	32.00%	3.5%

Under Scenario 2, the sewer rate increase for residential customers is about 2% less than the across-the-board rate increase of Scenario 1, whereas non-residential and high-strength customers receive an additional 4.5% increase for the first four years of implementation.

Scenario 3 (COSA No Allowance) – COSA Phase-In w/o Allowance Sewer Rate Implementation

Under the current sewer utility fee rate structure, the first 2 CCF of water usage (100 cubic feet or 748 gallons) is included as part of the fixed charge portion of the sewer utility bill. The volume portion of the sewer utility bill only applies for water usage that exceeds 2 CCF. The City has received requests from community members in the past to remove the 2 CCF charge from the fixed amount and base the volume charge on all water usage.

Under this scenario, the rate increases by customer class includes the same phase-in rates as Scenario 2. The difference is how the rate increase is applied to the fixed charge and the volume charge. For example, the Scenario 2 and Scenario 3 rate increases for the residential customer class is provided below.

Year	2025	2026	2027	2028	2029	2030
Scenario 2 Fixed Charge Rate*	\$19.84	\$24.89	\$31.19	\$39.07	\$48.89	\$50.61
Scenario 3 Fixed Charge Rate	\$19.84	\$30.10	\$37.73	\$47.25	\$59.13	\$61.21
Scenario 2 Volume Charge Rate**	\$8.85	\$11.10	\$13.92	\$17.43	\$21.81	\$22.58
Scenario 3 Volume Charge Rate	\$8.85	\$7.69	\$9.64	\$12.07	\$15.10	\$15.64

*Includes 2 CCF in the fixed charge rate.

** Applies to volume over 2 CCF within a billing cycle.

Under this scenario, removing the 2 CCF from the fixed charge results in a higher cost for a low water user. Comparing a residential customer that uses 1 CCF, the charge under Scenario 2 would be \$24.89 as compared to \$37.79 under Scenario 3. Scenario 3 cost benefits are only realized for high volume water users.

Prior to bringing the final rate and implementation schedule for adoption, currently scheduled for December 15, 2025, the project team is seeking feedback from City Council regarding the following items:

1. Preference for sewer utility rate implementation scenario.
2. Adoption of an annual inflation adjustment to utility rates.
3. Elimination of the storm utility rate exemption.
4. Any additional feedback on the proposed utility rates and implementation schedule.

EXPECTED RESULTS:

Staff seek input from Council prior to bringing forward a final recommended sewer and storm utility rate and implementation schedule.

TIMELINE:

Public engagement for the sewer and storm utility rate and implementation schedule will occur in November and early December. Final utility rate adoption is scheduled for December 15, 2025. If adopted by City Council, the updated sewer and stormwater utility rate and implementation schedule will go into effect on January 1, 2026.

CURRENT YEAR BUDGET IMPACTS:

The consultant work is included in the Fiscal Year (FY) 2205-26 Capital Improvement Program (CIP) budget.

COMMUNITY INVOLVEMENT PROCESS:

Prior to adoption of the final utility rate and implementation schedule, the project team will be holding a virtual open house with interested community members and businesses and coordination with the top ten industrial users for their input into the fee analysis. As part of the utility fee increase adoption, articles will be printed in the Boones Ferry Messenger, flyers included in the monthly bills, and information provided on the City's website.

POTENTIAL IMPACTS OR BENEFIT TO THE COMMUNITY:

The updated sewer and storm utility fee will provide the funding necessary to maintain existing utility assets and meet regulatory requirements, helping to maintain a financially sound sewer and storm utility program.

ALTERNATIVES:

N/A

CITY MANAGER COMMENT:

N/A

ATTACHMENTS:

1. Wilsonville Sewer and Stormwater Cost of Service and Rate Review Slide Deck



Wilsonville Storm & Sewer Cost of Service and Rate Design

November 3, 2025



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Agenda

- **Cost of Service:** Total amount of rate revenue needed from a customer class to pay for the cost to serve that class.
- The results will be integrated with the revenue requirement analysis to ensure the utility is properly funded.
- The focus is on sewer (no changes to stormwater).



Revenue requirement review



Methodology



Cost-of-service results



Rate design and sample bills

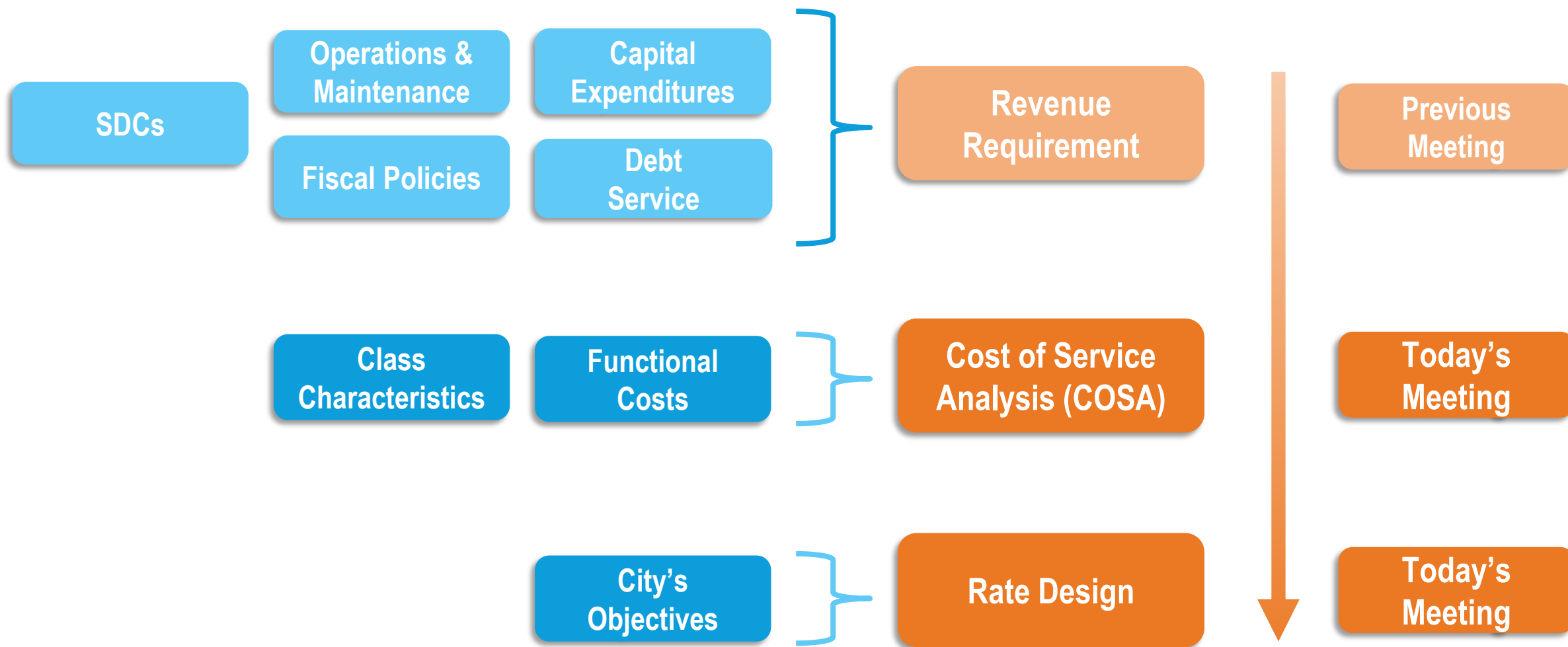


Feedback / tweaks welcome



Rate Study Overview

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Stormwater Utility





Existing Storm Utility Rates

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Storm Water Fee:

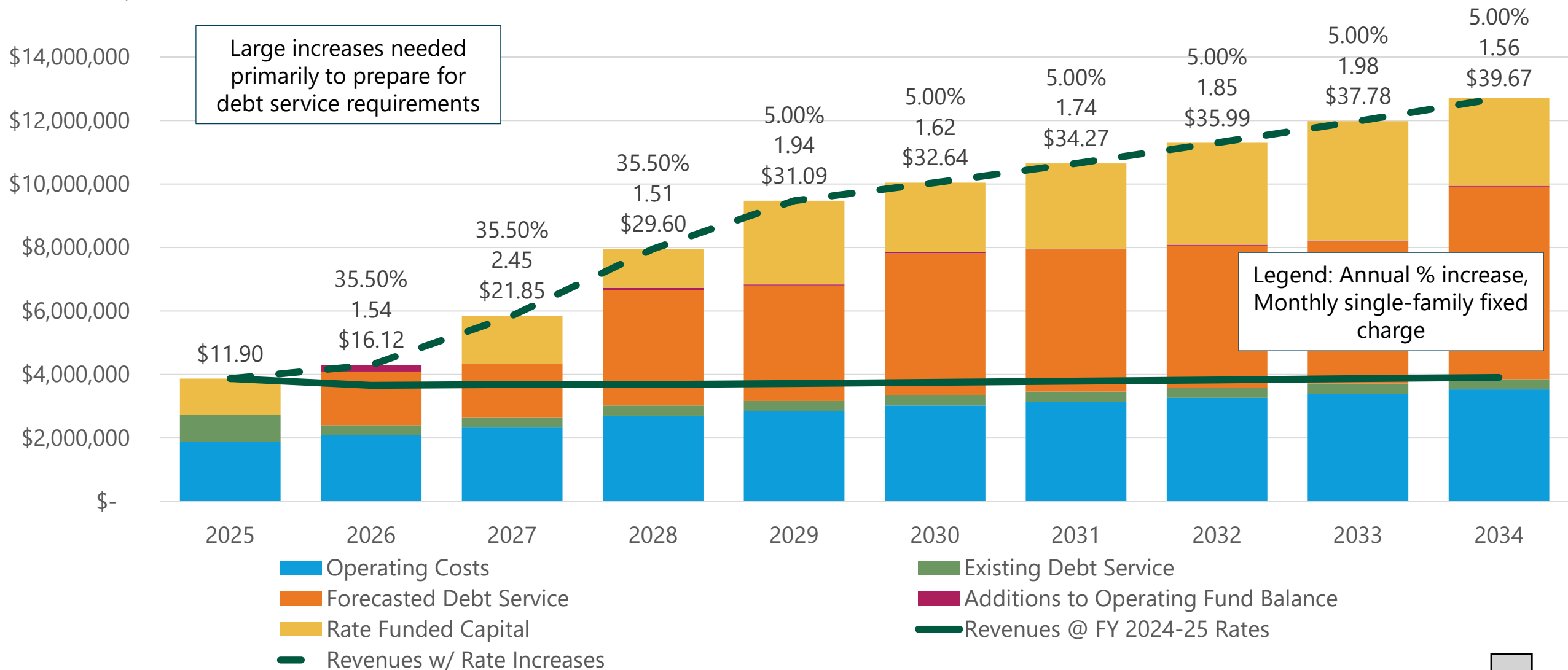
Supports complying with state and federal environmental protection laws

	<u>1/1/2022</u>	<u>1/1/2023</u>	<u>1/1/2024</u>
Residential	11.90	11.90	11.90
Multifamily & Non-Residential: is based on the the impervious surface area ÷ 2750 sqft and then multiplied by the residential rate.			



Stormwater Revenue Requirement

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Across-the-Board Stormwater Rates

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	2025	2026	2027	2028	2029	2030
Rate Increases		35.50%	35.50%	35.50%	5.00%	5.00%
<u>Fixed charge by Class</u>						
Single Family Residential	\$11.90	\$16.12	\$21.85	\$29.60	\$31.09	\$32.64
Non-Residential/Multi-Family						
Base Rate per ERU*	\$11.90	\$16.12	\$21.85	\$29.60	\$31.09	\$32.64
8,250 ISF** example	\$35.70	\$48.37	\$65.55	\$88.81	\$93.26	\$97.92

**Assumes an equivalent residential unit (ERU) of 2,750 impervious square feet*

***ISF = impervious square feet*

Sewer Utility





Existing Sewer Utility Rates

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Sewer Base Fees (includes the first 2 units)

<u>Water Meter Size</u>	<u>1/1/2022</u>	<u>1/1/2023</u>	<u>1/1/2024</u>
Residential/Multifamily	19.84	19.84	19.84
Non-Residential:			
5x8" or 3/4"	31.94	31.94	31.94
1"	50.08	50.08	50.08
1 1/2"	80.33	80.33	80.33
2"	116.60	116.60	116.60
3"	201.25	201.25	201.25
4"	322.21	322.21	322.21
6"	624.53	624.53	624.53
8"	987.34	987.34	987.34
10"	1761.37	1761.37	1761.37

Additional Sewer Units

	<u>1/1/2022</u>	<u>1/1/2023</u>	<u>1/1/2024</u>
Additional units	8.85	8.85	8.85

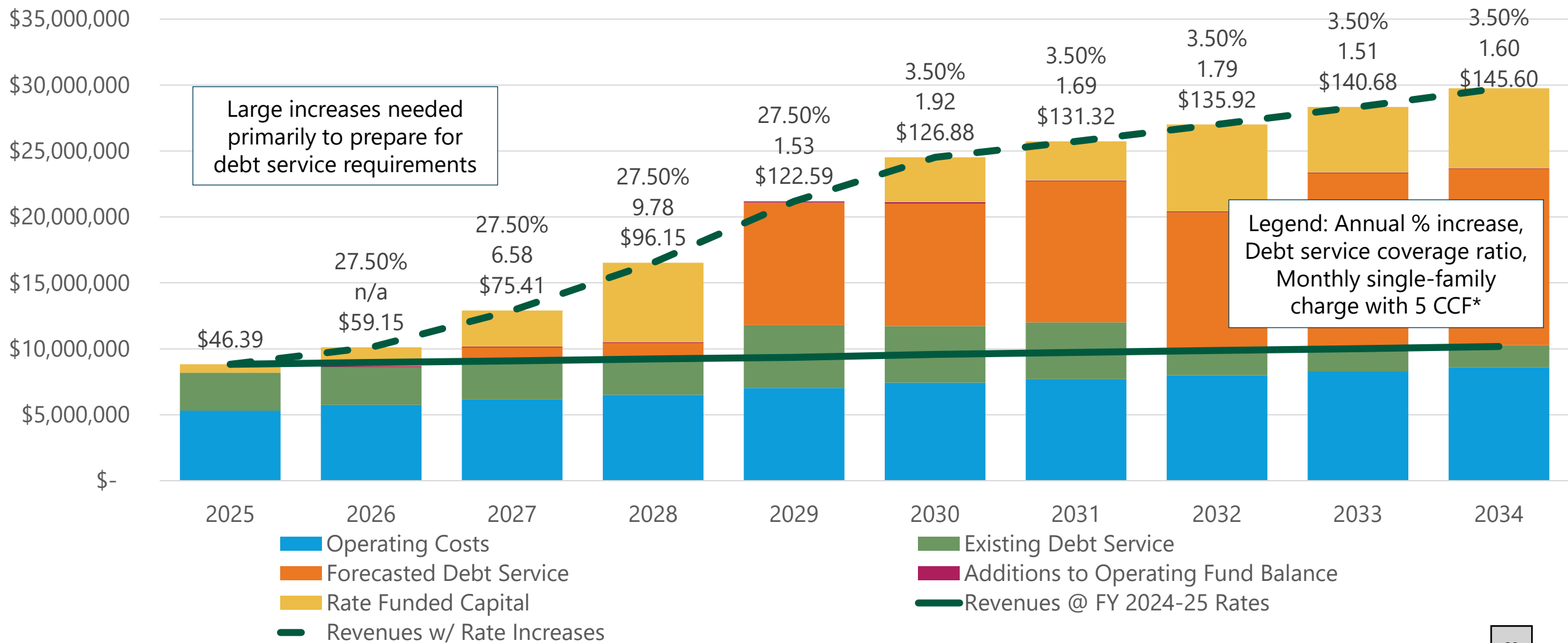
Residential sewer charges are based on the winter average. The winter average is based on the water consumption between November through March. This most accurately reflects indoor water use. New customers are based on the system wide residential average. Averages are re-calculated each April.

Multifamily and Non-Residential is based on monthly water use as irrigation is separately metered.



Sewer Revenue Requirement

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Sewer Utility Cost of Service



How Will Costs Be Equitably Distributed?

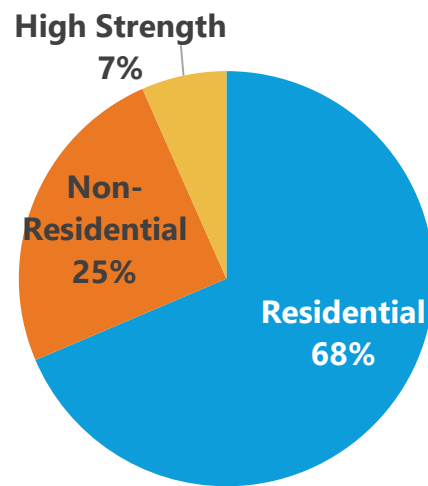
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Revenue requirement: How big is the pie?



Cost of service: How should the pie be sliced?

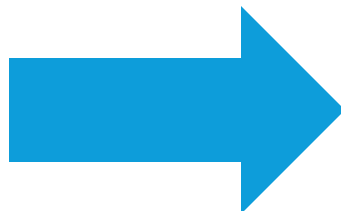
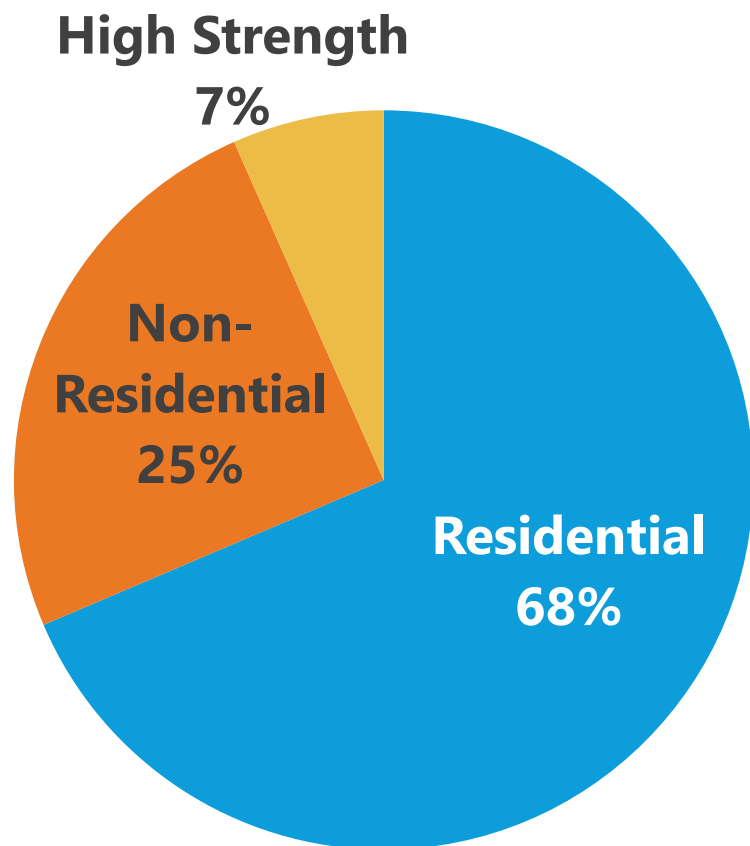
Existing Revenue Collection



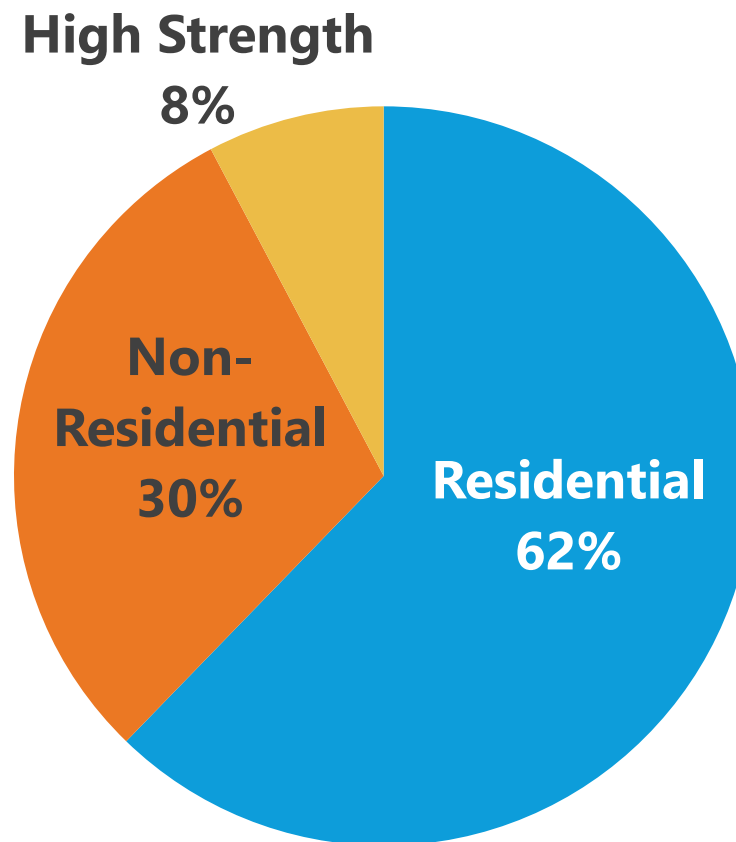


Cost-of-Service Shifts

Existing Revenue Collection



Cost of Service

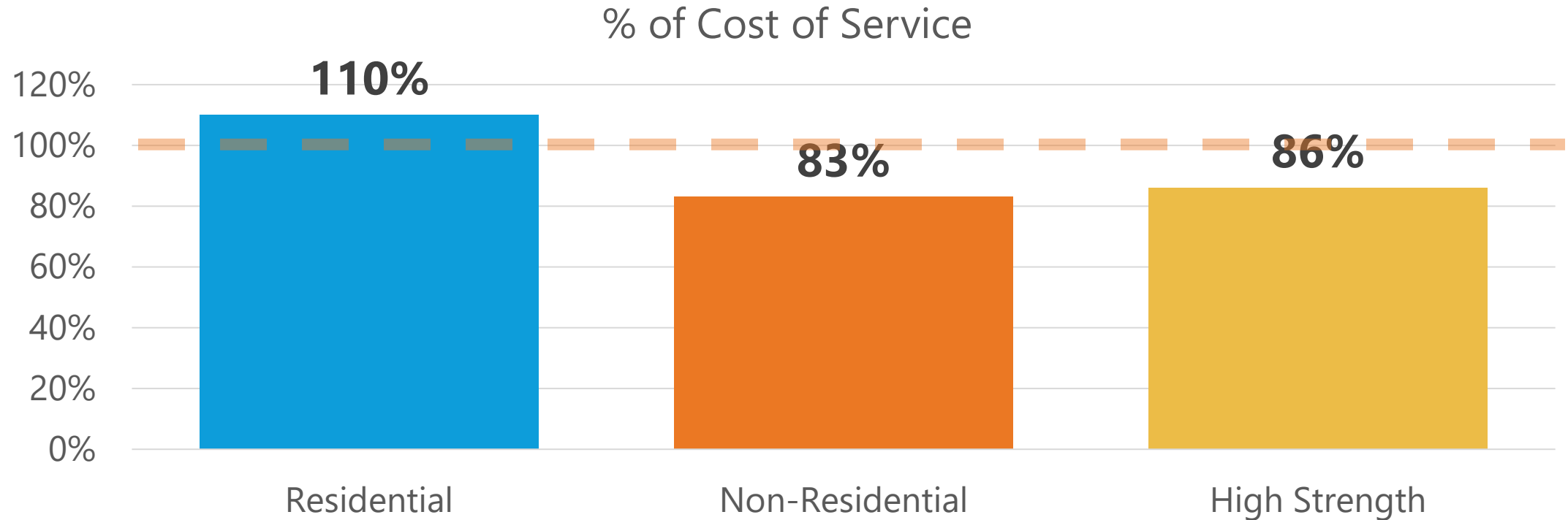




COSA Results (FY 2025-26)

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- Typical results fall within +/- 5% of the cost-of-service
- COSA indicates a need for a non-residential and high strength rate increase





Phase-in Schedule

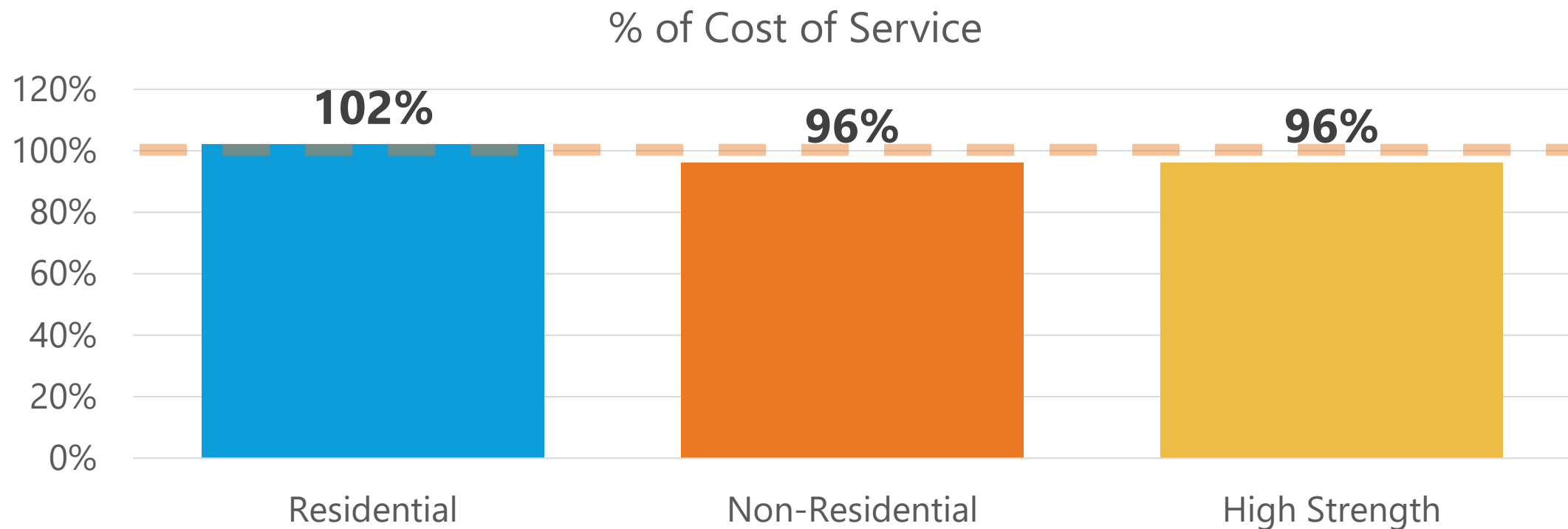
	2026	2027	2028	2029	2030
Overall Revenue Increase	27.50%	27.50%	27.50%	27.50%	3.50%
Residential	25.44%	25.34%	25.24%	25.14%	3.50%
Non-Residential	32.00%	32.00%	32.00%	32.00%	3.50%
High Strength	32.00%	32.00%	32.00%	32.00%	3.50%

- Residential increases are less than the overall revenue increase because they are currently overpaying
- Non-residential and High Strength increases are higher than the average because they are currently underpaying



COSA Results (FY 2029-30)

- Typical results fall within +/- 5% of the cost-of-service
- COSA indicates a need for a non-residential and high strength rate increase



Rate Design





Three Scenarios

- Rates assumed to go into effect on January 1 of each fiscal year
- **Scenario 1 (ATB):** Across-the-board rate increases
 - Maintains the existing rate structure
- **Scenario 2 (COSA):** Use the COSA phase-in to set rate increases by class
 - Improves class equity over five years
- **Scenario 3 (COSA No Allowance):** As Scenario 2, but without the 2 CCF allowance
 - Improves class equity over five years
 - Increases revenue stability by raising the fixed charge



Scenario 1: Across-the-Board Sewer Rates

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	2025	2026	2027	2028	2029	2030
Overall Revenue Increase		27.50%	27.50%	27.50%	27.50%	3.50%
<u>Fixed charge by Class</u>						
Single Family Residential/Multifamily	\$19.84	\$25.30	\$32.25	\$41.12	\$52.43	\$54.27
Non-Residential						
5/8" or 3/4"	\$31.94	\$40.72	\$51.92	\$66.20	\$84.41	\$87.36
1"	\$50.08	\$63.85	\$81.41	\$103.80	\$132.34	\$136.98
1 1/2"	\$80.33	\$102.42	\$130.59	\$166.50	\$212.28	\$219.71
2"	\$116.60	\$148.67	\$189.55	\$241.67	\$308.13	\$318.92
3"	\$201.25	\$256.59	\$327.16	\$417.13	\$531.83	\$550.45
4"	\$322.21	\$410.82	\$523.79	\$667.84	\$851.49	\$881.29
6"	\$624.53	\$796.28	\$1,015.25	\$1,294.45	\$1,650.42	\$1,708.18
8"	\$987.32	\$1,258.83	\$1,605.01	\$2,046.39	\$2,609.15	\$2,700.47
10"	\$1,761.37	\$2,245.75	\$2,863.33	\$3,650.74	\$4,654.70	\$4,817.61
<u>Volume Charge: per CCF of water (>2 CCF)</u>						
Additional units	\$8.85	\$11.28	\$14.39	\$18.34	\$23.39	\$22.58



Scenario 2: COSA Phase-in

	2025	2026	2027	2028	2029	2030
Residential Revenue Increase		25.44%	25.34%	25.24%	25.14%	3.50%
Non-Residential Revenue Increase		32.00%	32.00%	32.00%	32.00%	3.50%
<u>Fixed charge by Class</u>						
Single Family Residential/Multifamily	\$19.84	\$24.89	\$31.19	\$39.07	\$48.89	\$50.61
Non-Residential						
5/8" or 3/4"	\$31.94	\$42.16	\$55.65	\$73.46	\$96.97	\$100.36
1"	\$50.08	\$66.11	\$87.26	\$115.18	\$152.04	\$157.36
1 1/2"	\$80.33	\$106.04	\$139.97	\$184.76	\$243.88	\$252.41
2"	\$116.60	\$153.91	\$203.16	\$268.18	\$353.99	\$366.38
3"	\$201.25	\$265.65	\$350.66	\$462.87	\$610.99	\$632.37
4"	\$322.21	\$425.32	\$561.42	\$741.07	\$978.22	\$1,012.45
6"	\$624.53	\$824.38	\$1,088.18	\$1,436.40	\$1,896.05	\$1,962.41
8"	\$987.32	\$1,303.26	\$1,720.31	\$2,270.80	\$2,997.46	\$3,102.37
10"	\$1,761.37	\$2,325.01	\$3,069.01	\$4,051.09	\$5,347.44	\$5,534.61
<u>Volume Charge: per CCF of water (>2 CCF)</u>						
Residential (additional units)	\$8.85	\$11.10	\$13.92	\$17.43	\$21.81	\$22.58
Non-Residential (additional units)	\$8.85	\$11.68	\$15.42	\$20.35	\$26.87	\$27.81



Scenario 3: COSA Phase-in (No Allowance)

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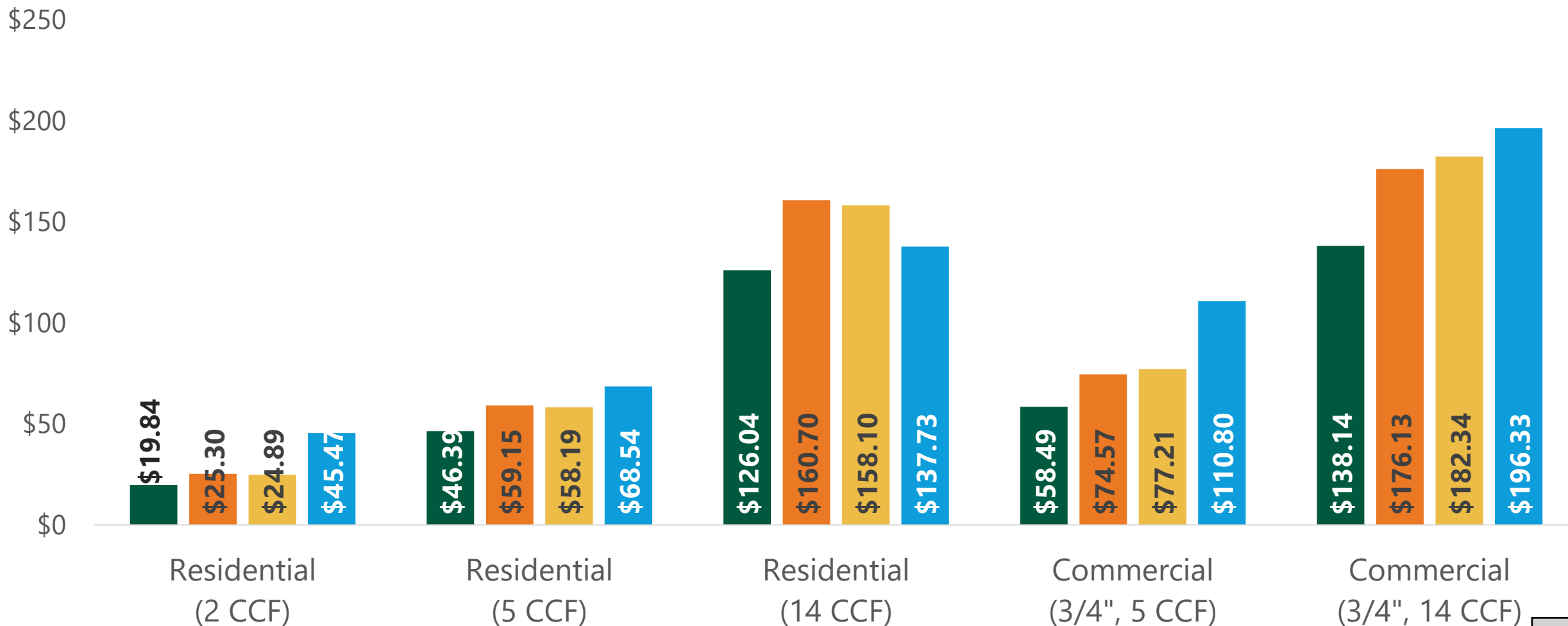
	2025	2026	2027	2028	2029	2030
Residential Revenue Increase		25.44%	25.34%	25.24%	25.14%	3.50%
Non-Residential Revenue Increase		32.00%	32.00%	32.00%	32.00%	3.50%
<u>Fixed charge by Class</u>						
Single Family Residential/Multifamily	\$19.84	\$30.10	\$37.73	\$47.25	\$59.13	\$61.21
Non-Residential						
5/8" or 3/4"	\$31.94	\$63.29	\$83.54	\$110.27	\$145.56	\$150.66
1"	\$50.08	\$99.23	\$130.99	\$172.90	\$228.23	\$236.22
1 1/2"	\$80.33	\$159.17	\$210.11	\$277.34	\$366.09	\$378.91
2"	\$116.60	\$231.04	\$304.97	\$402.57	\$531.39	\$549.99
3"	\$201.25	\$398.77	\$526.38	\$694.82	\$917.17	\$949.27
4"	\$322.21	\$638.45	\$842.76	\$1,112.44	\$1,468.43	\$1,519.82
6"	\$624.53	\$1,237.50	\$1,633.50	\$2,156.22	\$2,846.21	\$2,945.82
8"	\$987.32	\$1,956.36	\$2,582.40	\$3,408.76	\$4,499.57	\$4,657.05
10"	\$1,761.37	\$3,490.13	\$4,606.97	\$6,081.20	\$8,027.19	\$8,308.14
<u>Volume Charge: per CCF of water</u>						
Residential (additional units)	\$8.85	\$7.69	\$9.64	\$12.07	\$15.10	\$15.64
Non-Residential (additional units)	\$8.85	\$9.50	\$12.54	\$16.56	\$21.86	\$22.62



Sample Monthly Bills by Usage and Customer

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■ 2025 Rates ■ 2026 Rates (ATB) ■ 2026 Rates (COSA) ■ 2026 Rates (COSA w/o allowance)





Sample Monthly Bills by Usage and Customer

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Customer	2025 Rates	2026 Rates (ATB)	2026 Rates (COSA)	2026 Rates (COSA w/o allowance)
Residential (2 CCF)	\$19.84	\$25.30	\$24.89	\$45.47
Residential (5 CCF)	\$46.39	\$59.15	\$58.19	\$68.54
Residential (14 CCF)	\$126.04	\$160.70	\$158.10	\$137.73
Commercial (3/4", 5 CCF)	\$58.49	\$74.57	\$77.21	\$110.80
Commercial (3/4", 14 CCF)	\$138.14	\$176.13	\$182.34	\$196.33



High Strength Sample Bill

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Charge	Amount	Units	2025 Rates	2026 Rates (ATB)	2026 Rates (COSA)
Flow Charge	2,173	CCF	\$19,231	\$24,520	\$25,385
BOD Charge	3,244	lbs.	\$3,342	\$4,260	\$4,411
TSS Charge	679	lbs.	\$699	\$891	\$923
Total			\$23,272	\$29,671	\$30,719

Next Steps

- **November - Public Engagement**
- **December 15, 2025 - Adopt proposed rate increases**



Council Feedback

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- **Preference for sewer utility rate scenario.**
 - » **Scenario 1 – Across-the-Board**
 - » **Scenario 2 – Phase-In**
 - » **Scenario 3 – No Allowance/Phase-In**
- **Adoption of annual utility rate inflation adjustment.**
- **Elimination of storm utility rate exemptions.**
- **Proposed utility rates and implementation schedule.**

Thank you! Questions?

www.fcsgroup.com

