



Wilsonville Sewer and Stormwater Revenue Requirements



April 21, 2025



Agenda

- **Revenue Requirement:** Total amount of rate revenue needed to meet each utility's financial obligations, including capital, operating, and policy-driven commitments.
- Results will be the recommended across-the-board rate adjustment percentage.



Methodology



Key assumptions



Capital program & funding strategies



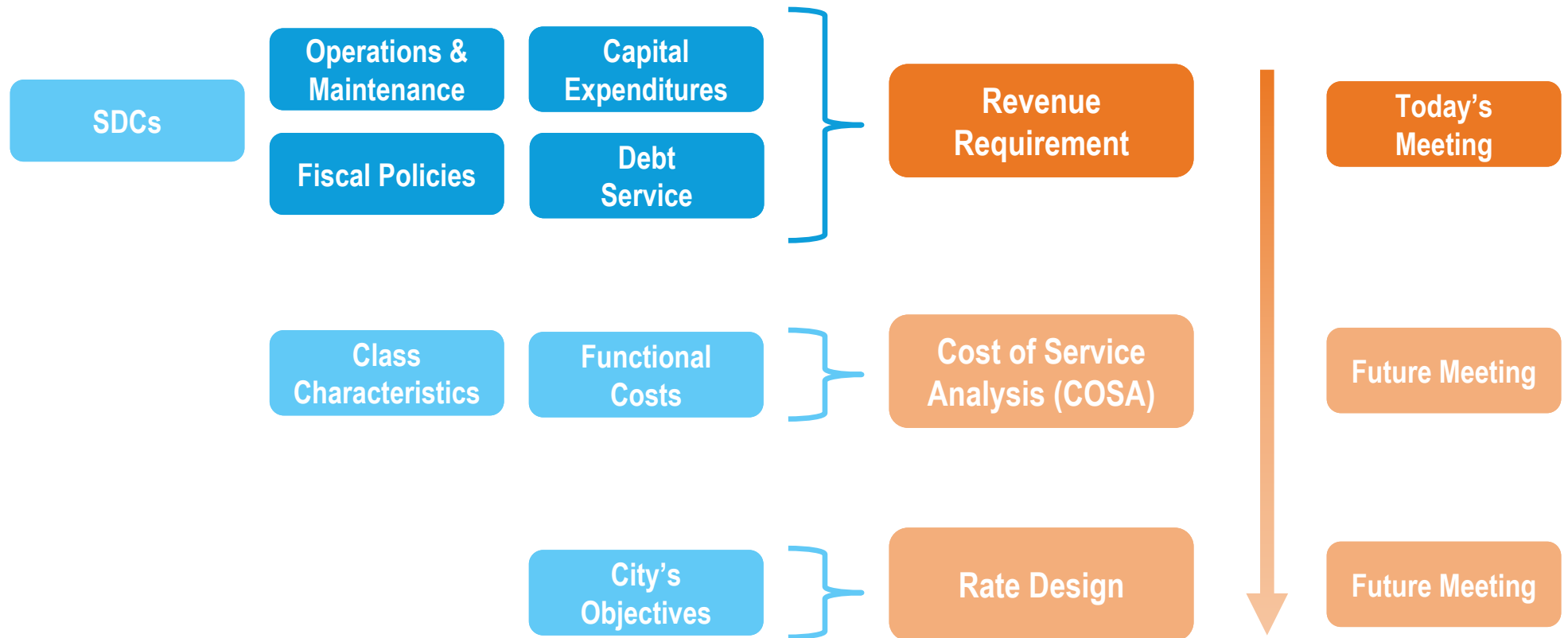
Revenue requirement forecast / scenarios



Feedback / tweaks welcome



Rate Study Overview

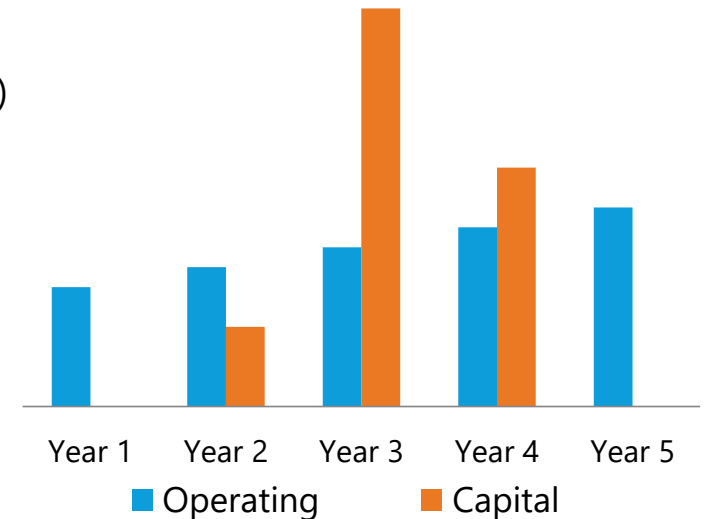




Revenue Requirement Overview

- Utility rates are set to recover the annual cost of providing service
 - » Multi-year revenue sufficiency analysis
- Fiscal policies
 - » Operating reserve (20% of operating expenses, City policy)
 - » Capital reserve (2% of fixed assets, exceeds City policy)
- Operating costs (regular / ongoing)
 - » Employee salaries and benefits
 - » Routine inspections & maintenance
 - » Professional services
- Capital costs (periodic)
 - » Infrastructure replacement and facility expansions & upgrades

Example Only





Capital Funding Philosophy (after Outside Funding)



- **Cash (pay-as-you-go)**

- » Higher near-term rates
- » Existing customers pay 100% of costs



- **Debt**

- » Lowest near-term rates... but interest cost
- » Spreads cost between existing / future customers
- » Execute projects sooner; reduce effects of inflation



- **Hybrid**

- » Cash fund repair and replacement projects
- » Debt fund large expansion projects



Existing Utility Rates

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.

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

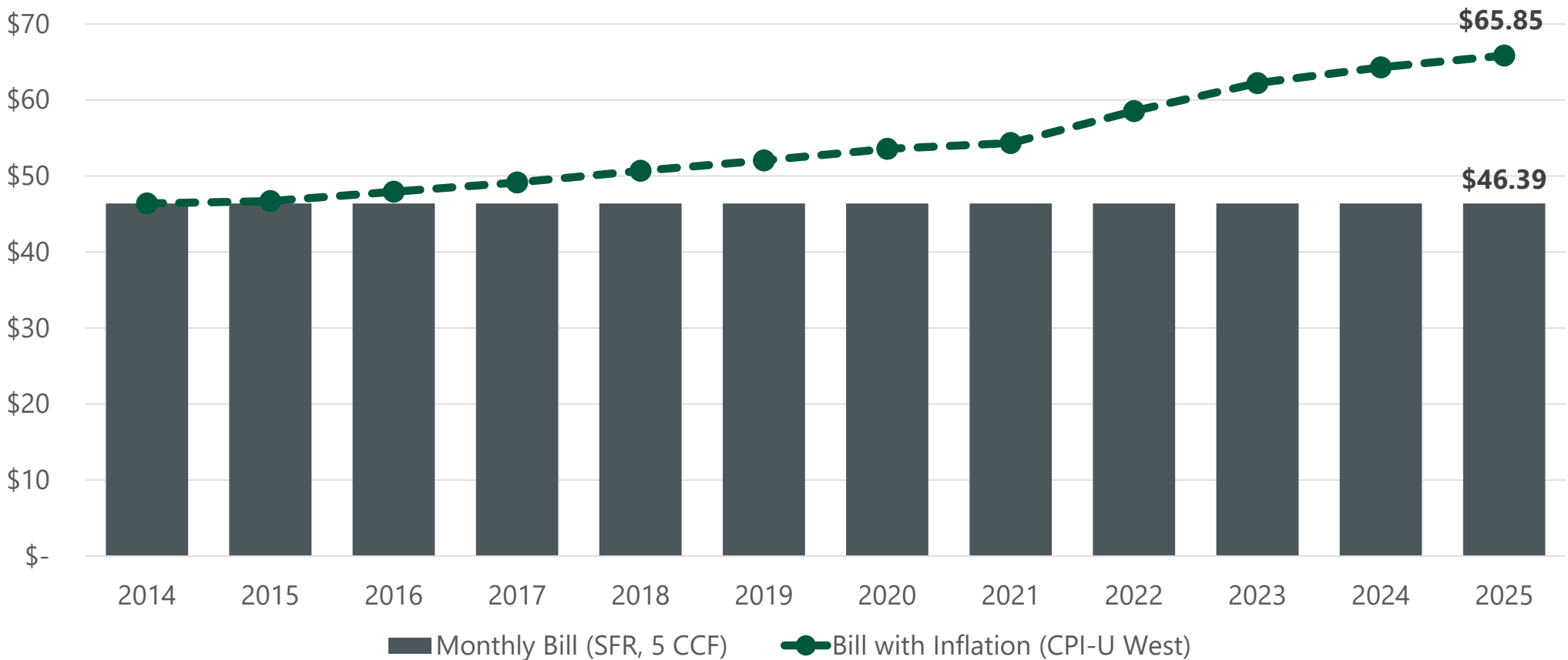
Multifamily & Non-Residential: is based on the the impervious surface area ÷ 2750 sqft and then multiplied by the residential rate.

Sewer Utility





Monthly Sewer Rates vs. Inflation

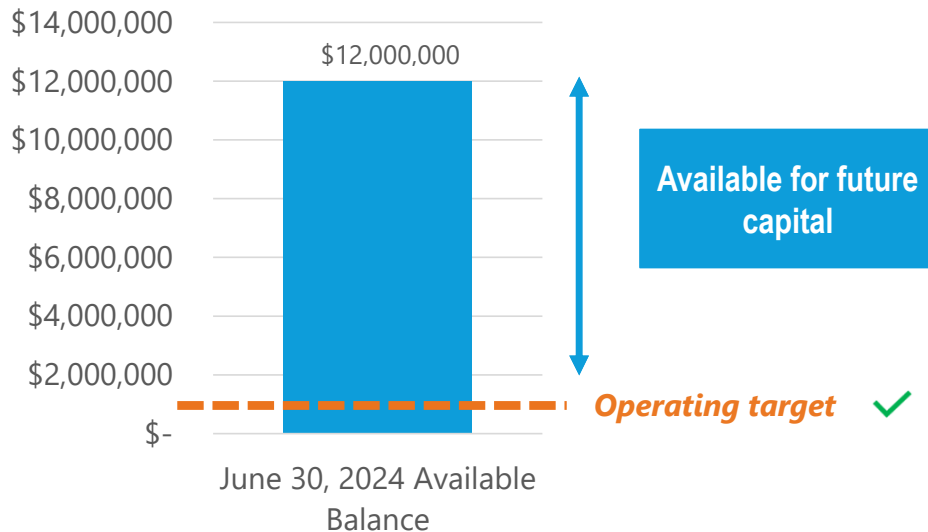




Fiscal Policies & Cash Balances - Sewer

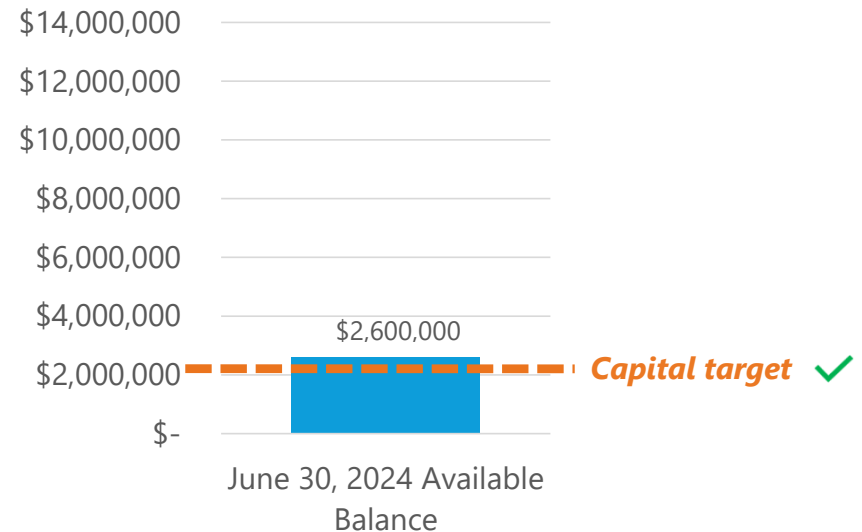
Operating Reserve (Fund 520)

- Purpose: Working capital to meet daily operating and maintenance expenditures
- Target: 20% of operating costs (~\$1.1 million)



Capital Reserve (Funds 525 and 526)

- Purpose: Emergency repairs, unanticipated capital, and project cost overruns
- Target: 2% of fixed assets (\$2.3 million)

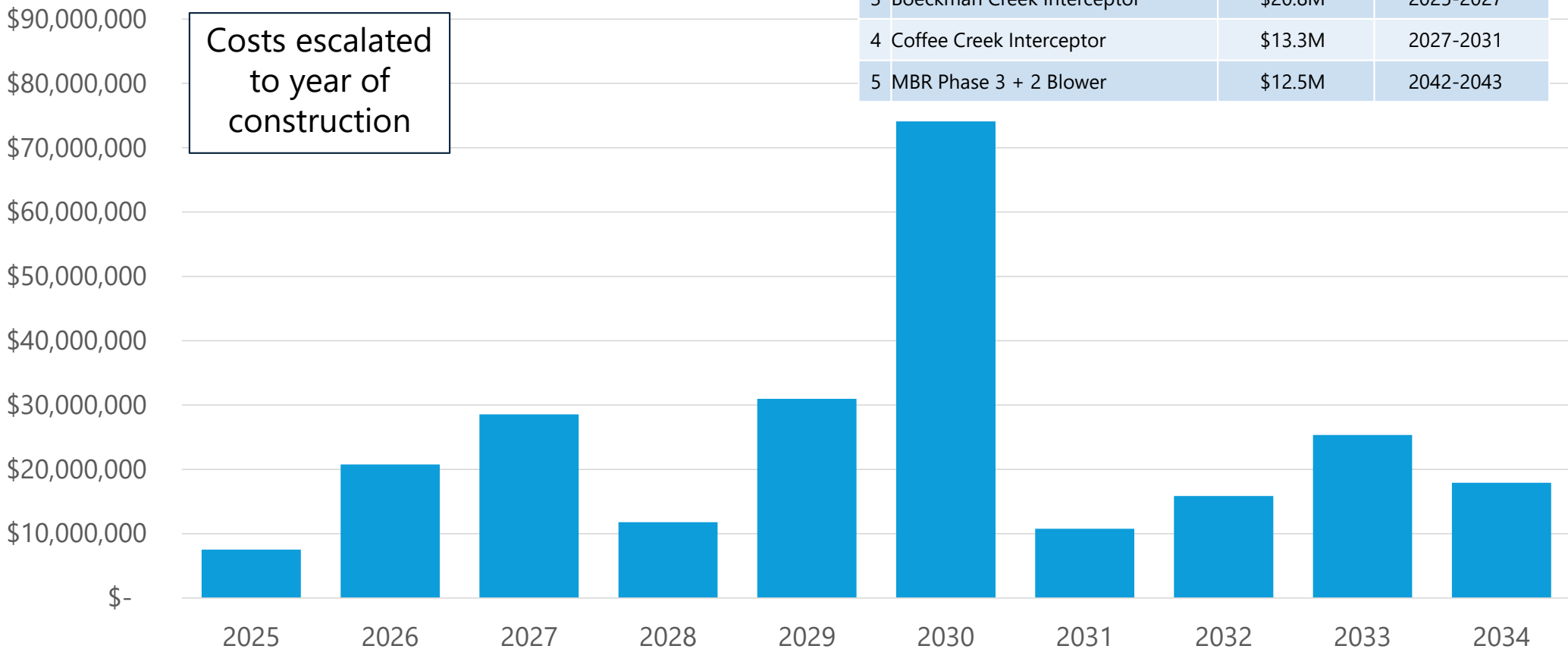




Sewer Capital Plan

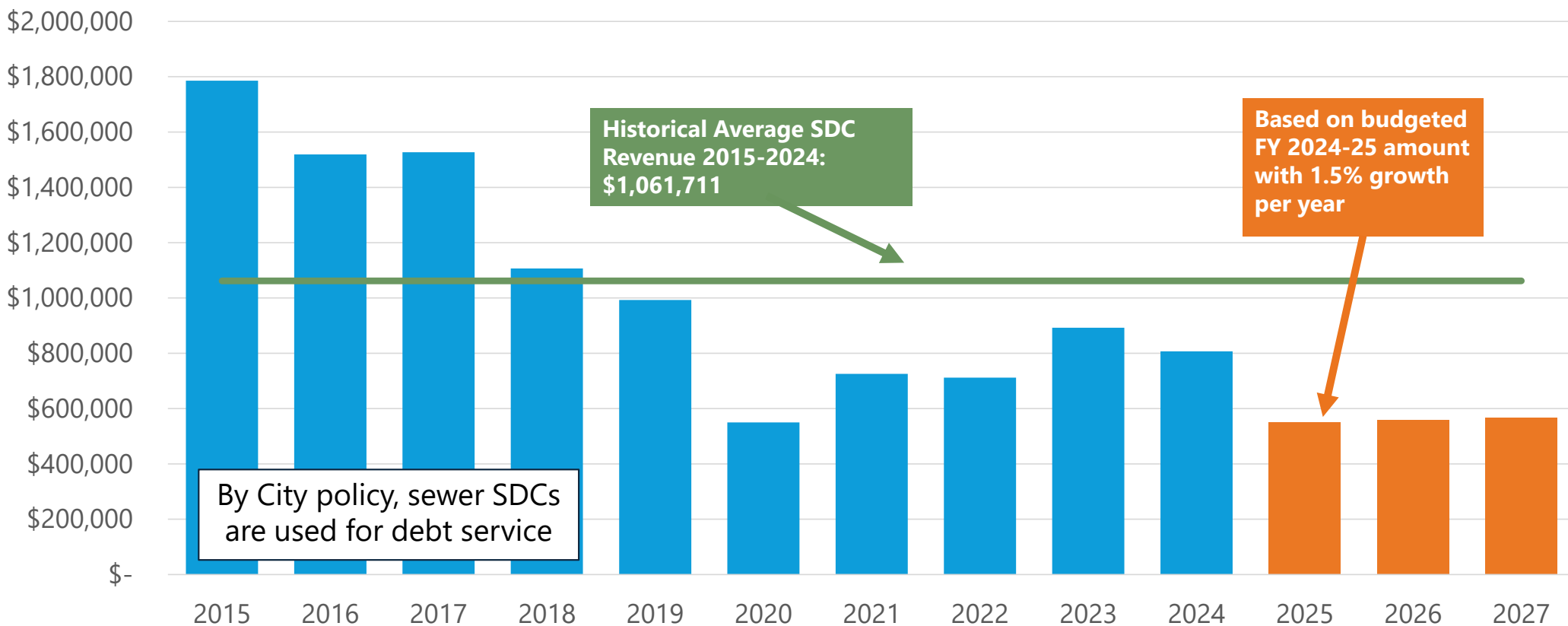
Costs escalated
to year of
construction

	Select Notable Projects	Infl. Cost	Fiscal Years
1	MBR Phase 1 + 2 Blowers + ...	\$87.8M	2028-2030
2	Solids Dryer Improvement	\$23.3M	2031-2033
3	Boeckman Creek Interceptor	\$20.8M	2025-2027
4	Coffee Creek Interceptor	\$13.3M	2027-2031
5	MBR Phase 3 + 2 Blower	\$12.5M	2042-2043





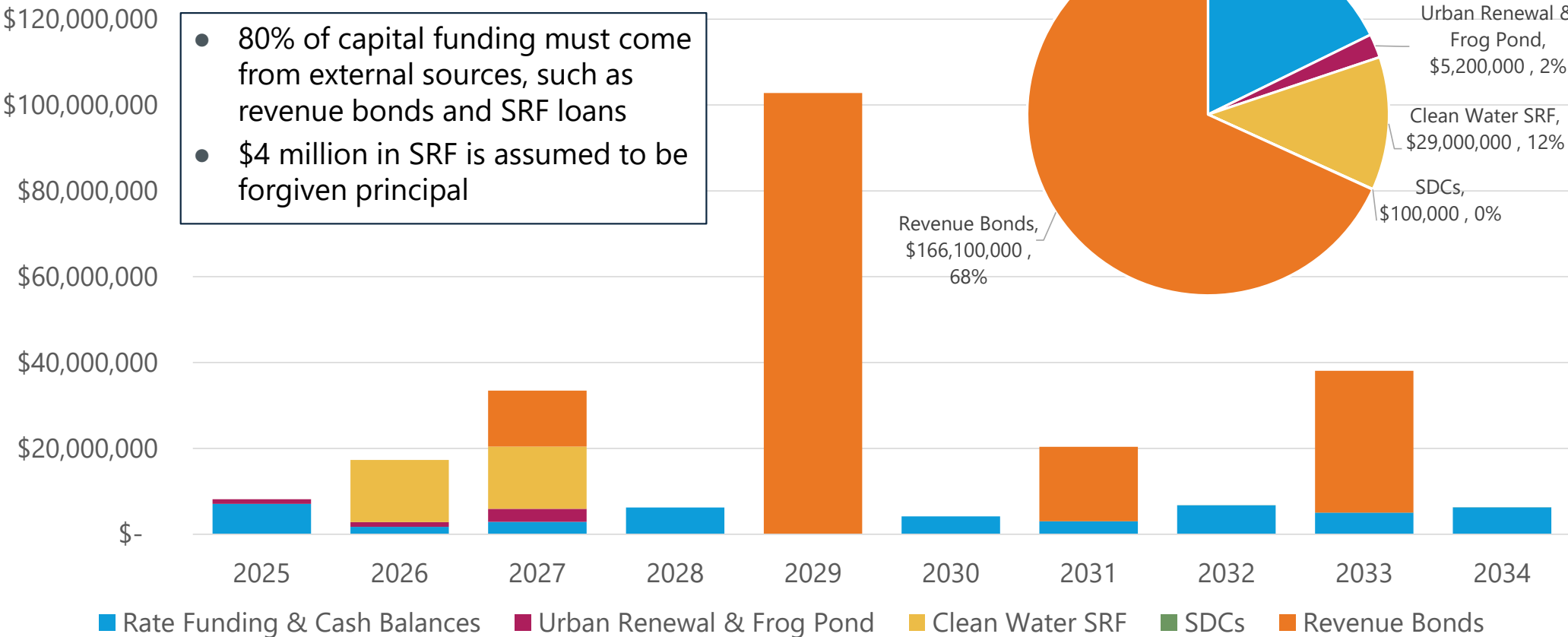
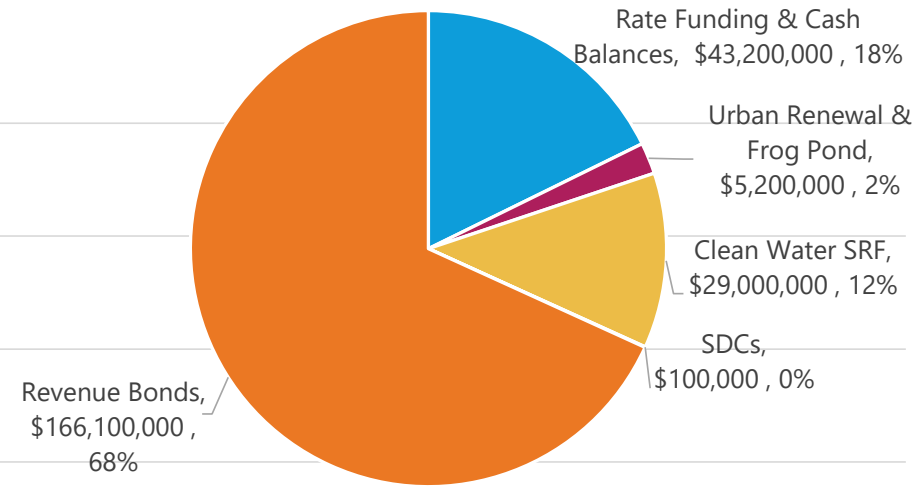
Historical Sewer SDC Revenue





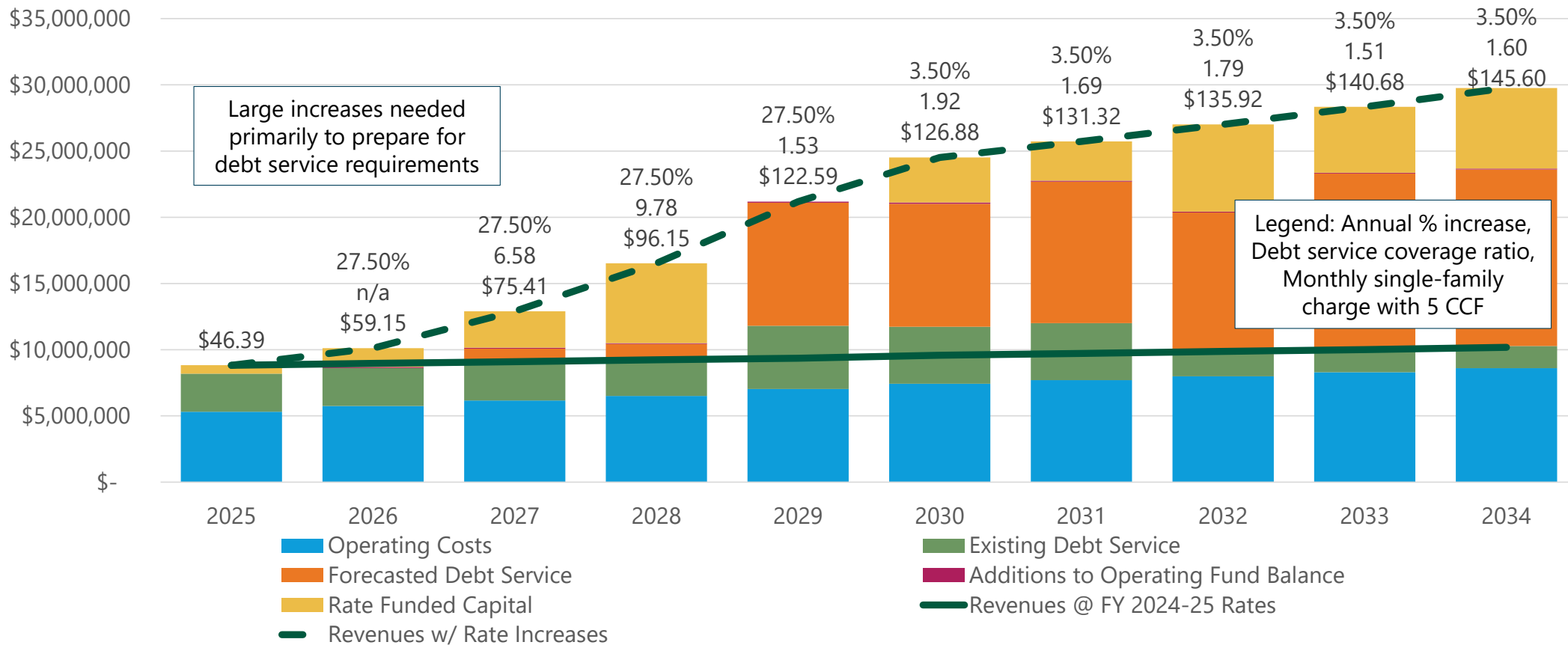
Sewer Capital Funding

- 80% of capital funding must come from external sources, such as revenue bonds and SRF loans
- \$4 million in SRF is assumed to be forgiven principal



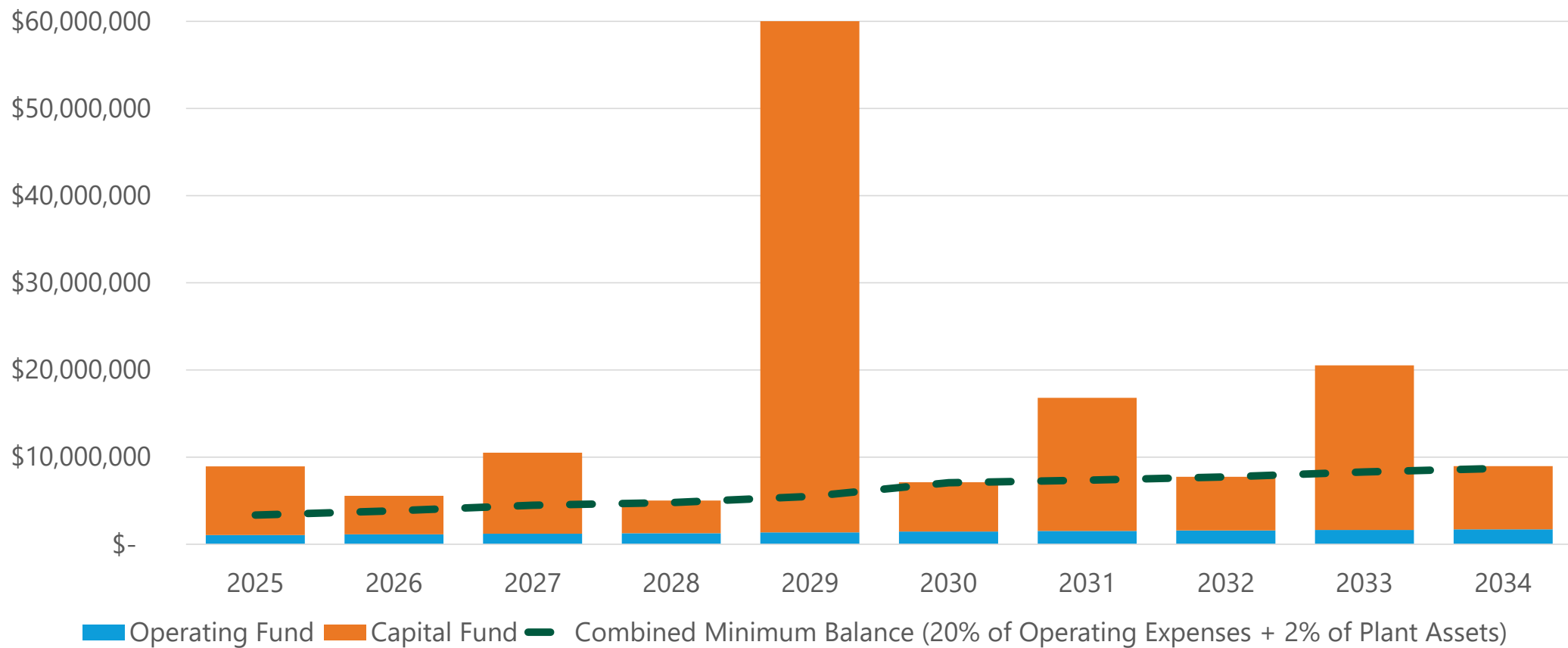


Sewer Revenue Requirement





Sewer Fund Balance Projections





Across-the-Board Sewer Rates

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Rate Increases		27.50%	27.50%	27.50%	27.50%	3.50%	3.50%	3.50%	3.50%	3.50%
<u>Fixed charge by Class</u>										
Single Family Residential/Multifamily	\$19.84	\$25.30	\$32.25	\$41.12	\$52.43	\$54.27	\$56.16	\$58.13	\$60.16	\$62.27
Non-Residential										
5/8" or 3/4"	\$31.94	\$40.72	\$51.92	\$66.20	\$84.41	\$87.36	\$90.42	\$93.58	\$96.86	\$100.25
1"	\$50.08	\$63.85	\$81.41	\$103.80	\$132.34	\$136.98	\$141.77	\$146.73	\$151.87	\$157.18
1 1/2"	\$80.33	\$102.42	\$130.59	\$166.50	\$212.28	\$219.71	\$227.40	\$235.36	\$243.60	\$252.13
2"	\$116.60	\$148.67	\$189.55	\$241.67	\$308.13	\$318.92	\$330.08	\$341.63	\$353.59	\$365.97
3"	\$201.25	\$256.59	\$327.16	\$417.13	\$531.83	\$550.45	\$569.71	\$589.65	\$610.29	\$631.65
4"	\$322.21	\$410.82	\$523.79	\$667.84	\$851.49	\$881.29	\$912.14	\$944.06	\$977.10	\$1,011.30
6"	\$624.53	\$796.28	\$1,015.25	\$1,294.45	\$1,650.42	\$1,708.18	\$1,767.97	\$1,829.85	\$1,893.89	\$1,960.18
8"	\$987.32	\$1,258.83	\$1,605.01	\$2,046.39	\$2,609.15	\$2,700.47	\$2,794.98	\$2,892.81	\$2,994.06	\$3,098.85
10"	\$1,761.37	\$2,245.75	\$2,863.33	\$3,650.74	\$4,654.70	\$4,817.61	\$4,986.23	\$5,160.74	\$5,341.37	\$5,528.32
<u>Volume Charge: per ccf of water usage over 2 units</u>										
Additional Units	\$8.85	\$11.28	\$14.39	\$18.34	\$23.39	\$24.21	\$25.05	\$25.93	\$26.84	\$27.78



Stormwater Utility

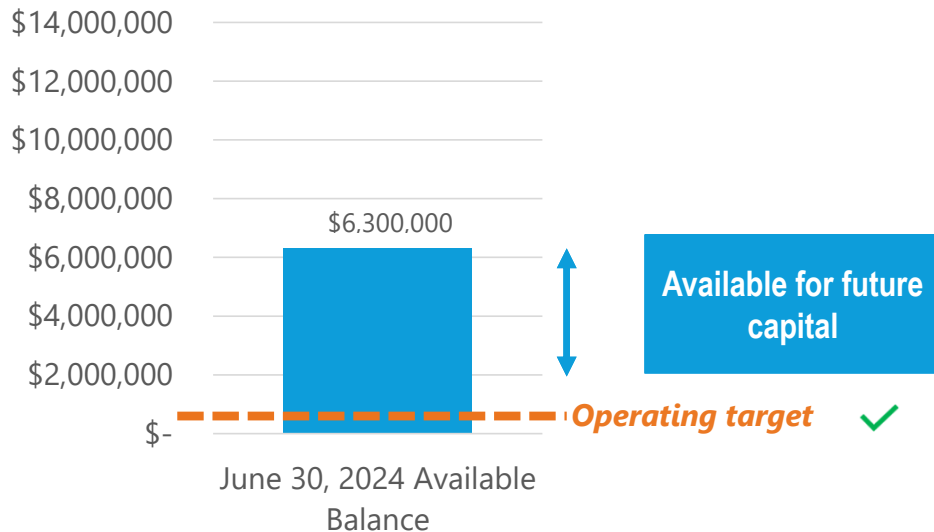




Fiscal Policies & Cash Balances - Stormwater

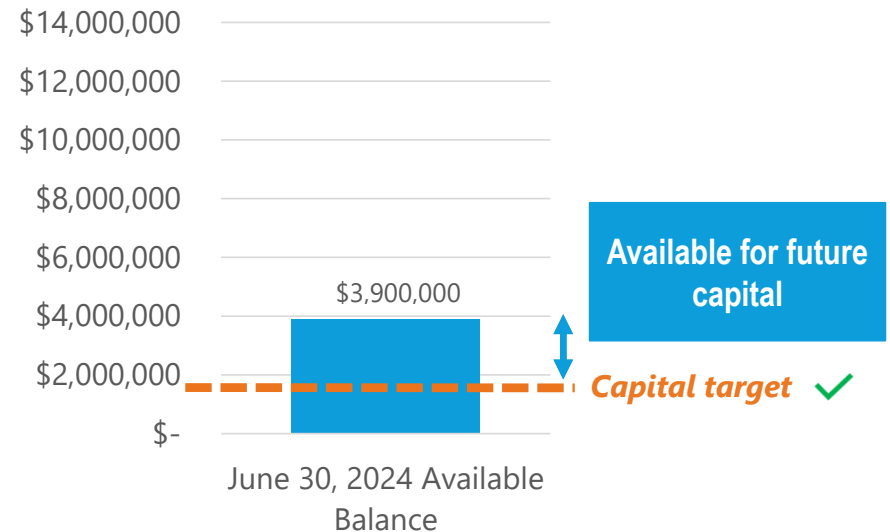
Operating Reserve (Fund 570)

- Purpose: Working capital to meet daily operating and maintenance expenditures
- Target: 20% of operating costs (~\$400,000)



Capital Reserve (Funds 575 and 576)

- Purpose: Emergency repairs, unanticipated capital, and project cost overruns
- Target: 2% of fixed assets (\$1.7 million)

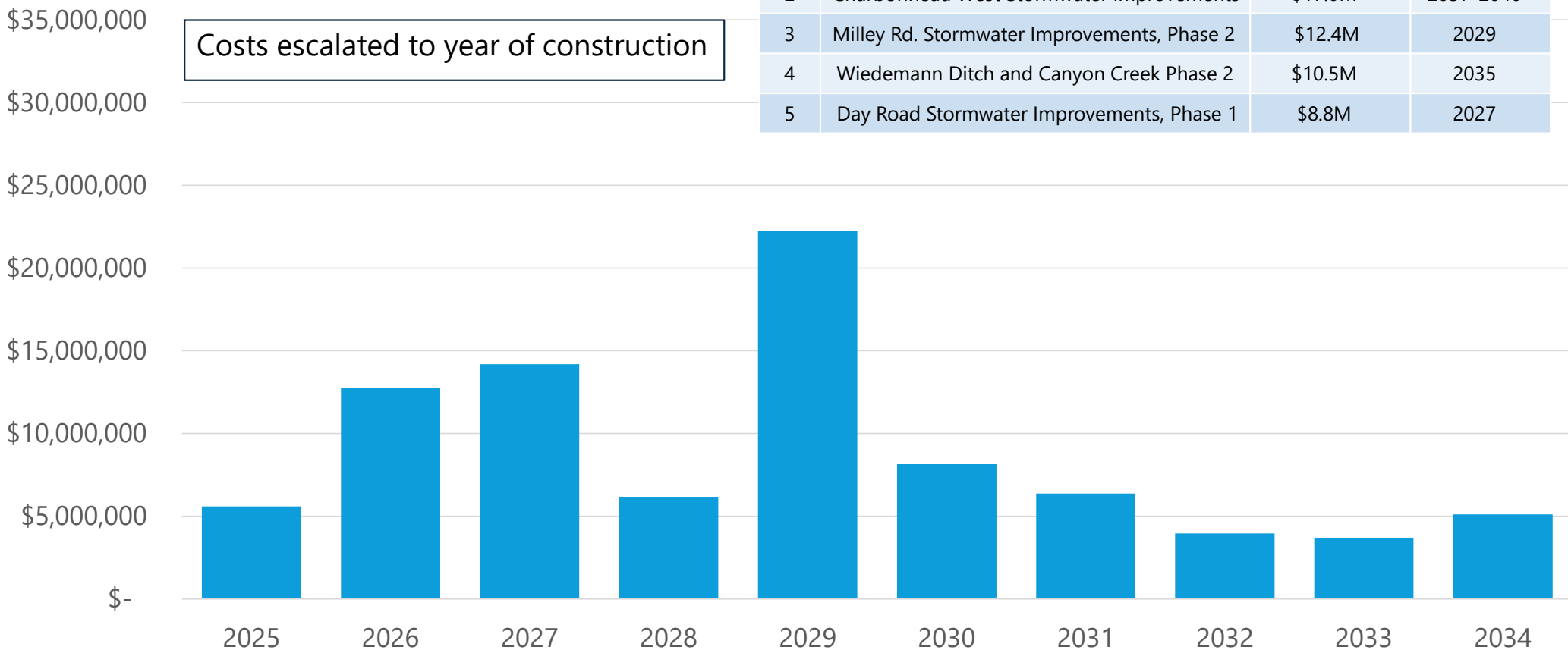




Storm Capital Plan

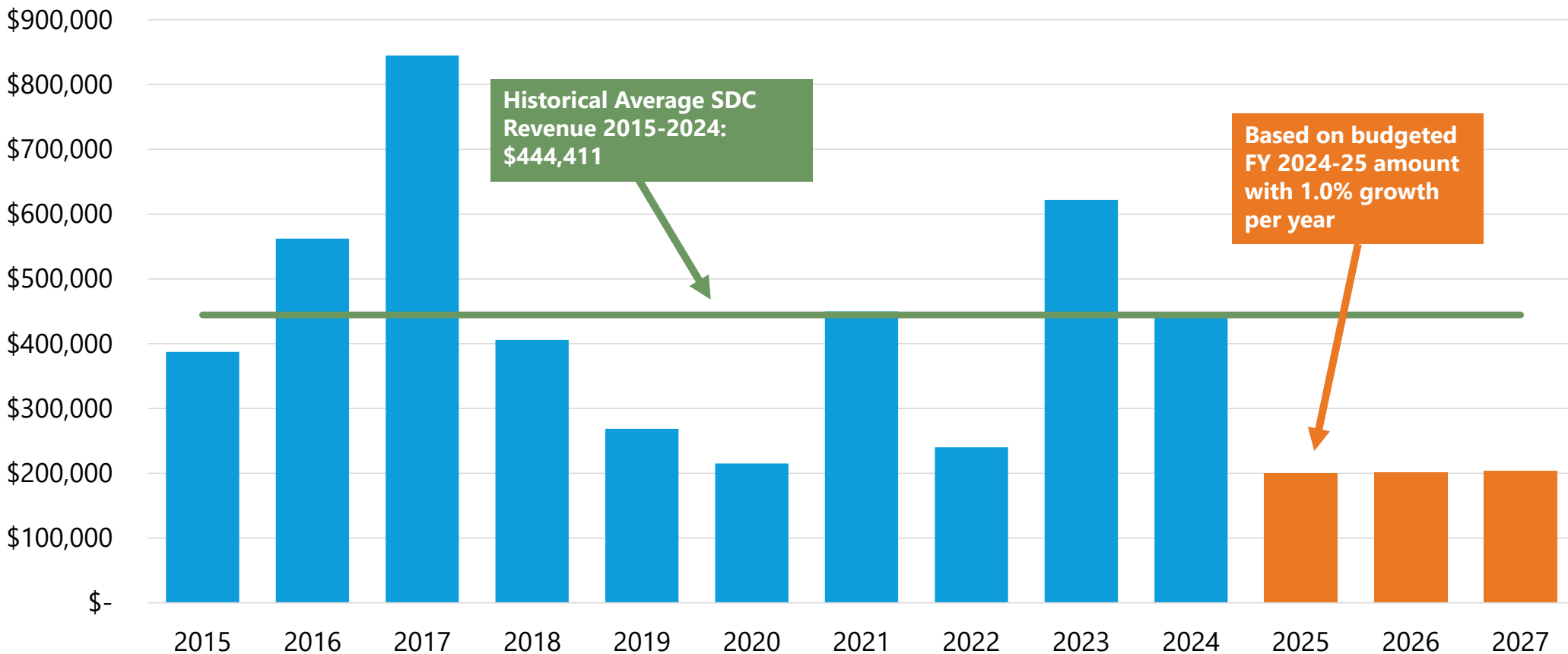
Costs escalated to year of construction

	Select Notable Projects	Infl. Cost	Fiscal Years
1	Charbonneau Repair/Replacement	\$41.4M	2025-2040
2	Charbonneau West Stormwater Improvements	\$17.0M	2037-2040
3	Milley Rd. Stormwater Improvements, Phase 2	\$12.4M	2029
4	Wiedemann Ditch and Canyon Creek Phase 2	\$10.5M	2035
5	Day Road Stormwater Improvements, Phase 1	\$8.8M	2027





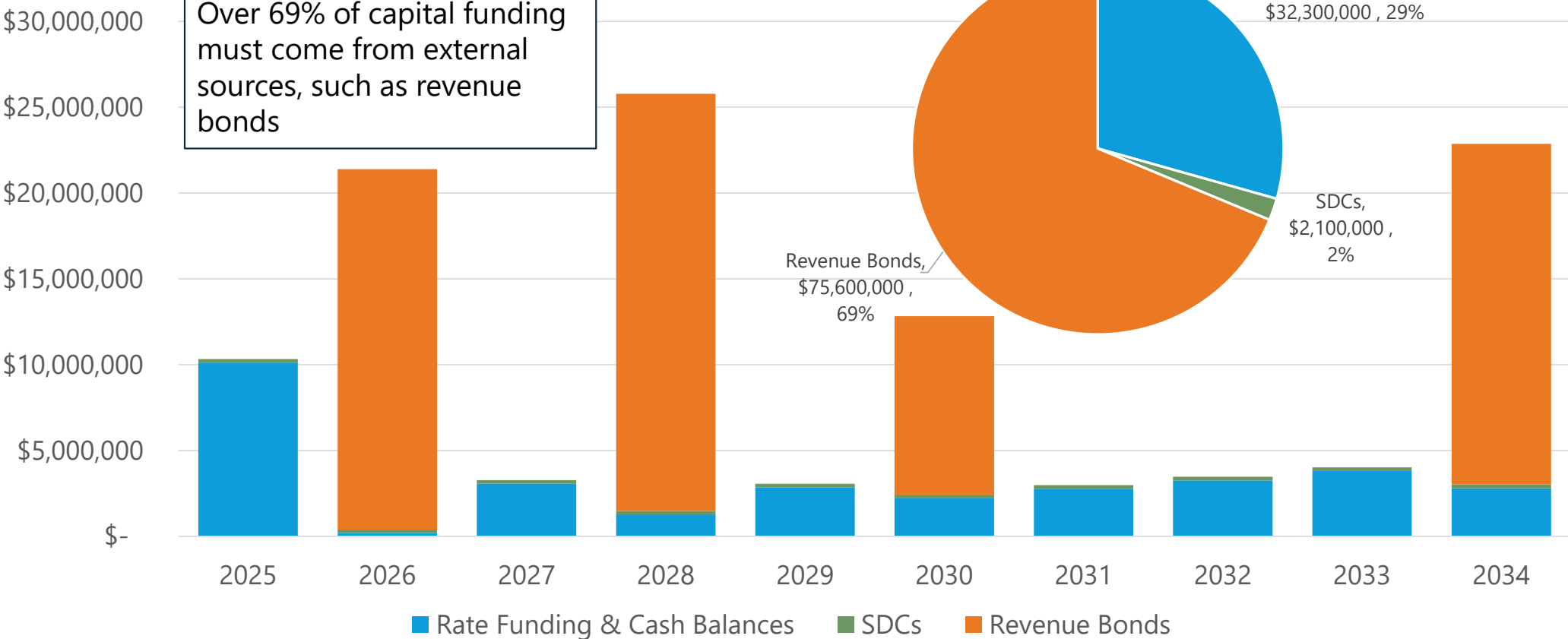
Historical Stormwater SDC Revenue





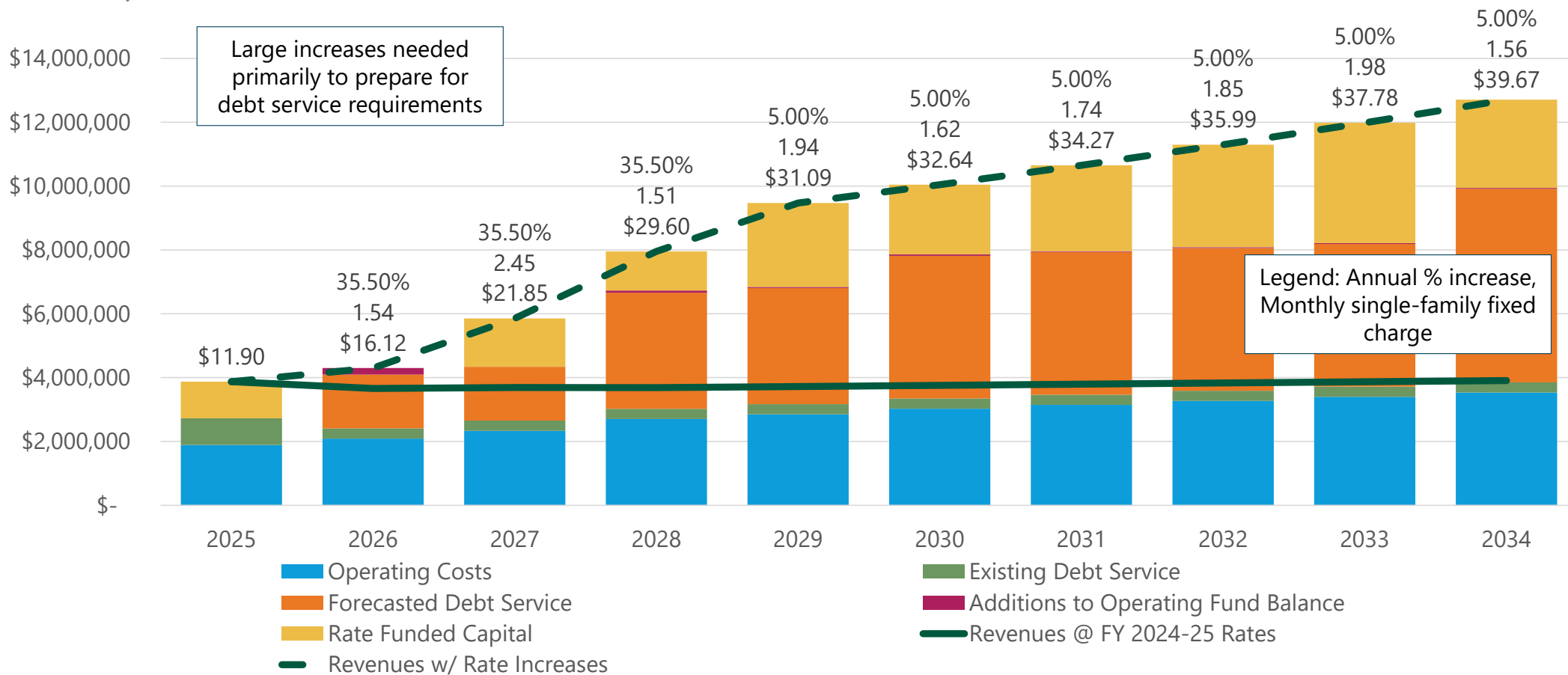
Stormwater Capital Funding

Over 69% of capital funding must come from external sources, such as revenue bonds



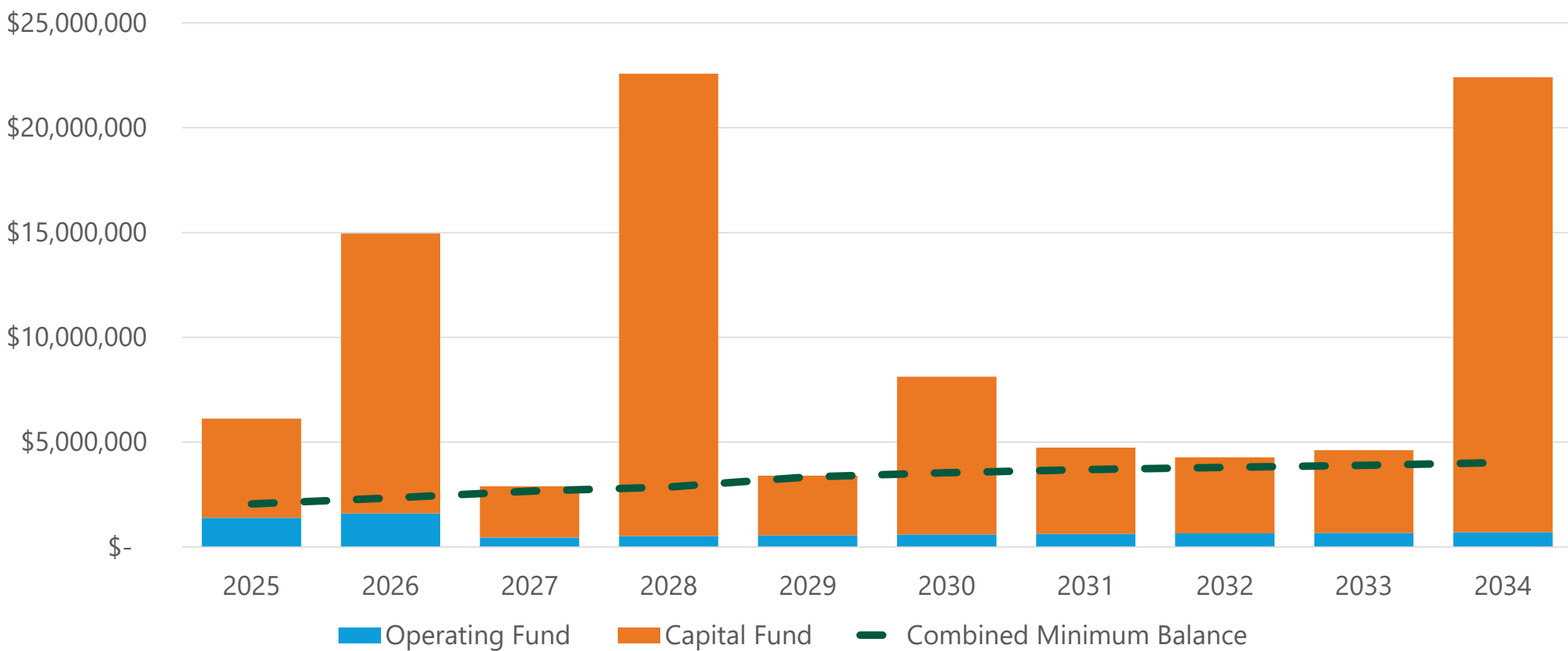


Stormwater Revenue Requirement





Stormwater Fund Balance Projections





Across-the-Board Stormwater Rates

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Rate Increases		35.50%	35.50%	35.50%	5.00%	5.00%	5.00%	5.00%	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	\$34.27	\$35.99	\$37.78	\$39.67
Non-Residential/Multi-Family										
Base Rate per ERU*	\$11.90	\$16.12	\$21.85	\$29.60	\$31.09	\$32.64	\$34.27	\$35.99	\$37.78	\$39.67
8,250 ISF** example	\$35.70	\$48.37	\$65.55	\$88.81	\$93.26	\$97.92	\$102.81	\$107.96	\$113.35	\$119.02

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

**ISF = impervious square feet



Next Steps

- **Revenue requirement scenarios?**
- **System development charge updates**
- **Cost-of-service analyses**
- **Rate design**

Thank you! Questions?

www.fcsgroup.com

