

RESOLUTION NO. 2023-17

**RESOLUTION FIXING WATER RATES FOR THE
CITY OF FOREST GROVE, EFFECTIVE JULY 1, 2023,
AND REPEALING RESOLUTION NO. 2022-43**

WHEREAS, Forest Grove Code Section 50.07 authorizes the City Council to fix water rates by resolution; and

WHEREAS, the City Council has determined that water fund revenue requirements will necessitate that water rates be increased by three (3%); and

WHEREAS, a duly-noticed Public Hearing was held June 12, 2023.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF FOREST GROVE AS FOLLOWS:

Section 1: That the water rates within the city limits of Forest Grove shall be as follows:

| SF RESIDENTIAL CUSTOMER CLASS | | | | |
|-------------------------------|-----------------------|----------------------------|-----------------------------|--------------------------|
| METER SIZE | BILLING INTERVAL RATE | MONTHLY USAGE RATES | | |
| | | TIER 1 0 kgal to 7 kgal | TIER 2 7 kgal to 15 kgal | TIER 3 15 kgal & Over |
| 3/4" & Less | \$27.23 | \$2.06 | \$4.36 | \$6.32 |
| 1" | \$38.12 | \$2.06 | \$4.36 | \$6.32 |
| 1.5" | \$56.21 | \$2.06 | \$4.36 | \$6.32 |
| 2" | \$77.94 | \$2.06 | \$4.36 | \$6.32 |

| MF RESIDENTIAL CUSTOMER CLASS | | | COMMERCIAL CUSTOMER CLASS | | |
|-------------------------------|-----------------------|---------------------------|---------------------------|--------------------|---------------------------|
| METER SIZE | BILLING INTERVAL RATE | MONTHLY USAGE RATE (kgal) | METER SIZE | MONTHLY FIXED RATE | MONTHLY USAGE RATE (kgal) |
| 3/4" & Less | \$27.23 | \$2.96 | 3/4" & Less | \$27.23 | \$3.14 |
| 1" | \$38.12 | \$2.96 | 1" | \$28.12 | \$3.14 |
| 1.5" | \$56.21 | \$2.96 | 1.5" | \$56.21 | \$3.14 |
| 2" | \$77.94 | \$2.96 | 2" | \$77.94 | \$3.14 |
| 3" | \$100.06 | \$2.96 | 3" | \$123.76 | \$3.14 |
| 4" | \$147.57 | \$2.96 | 4" | \$201.98 | \$3.14 |
| 6" | \$279.41 | \$2.96 | 6" | \$358.19 | \$3.14 |
| 8" | \$437.68 | \$2.96 | 8" | \$563.29 | \$3.14 |

| INDUSTRIAL CUSTOMER CLASS | | | COMPOUND METERS | | |
|---------------------------|-----------------------|---------------------------|-----------------------------|---------|---|
| METER SIZE | BILLING INTERVAL RATE | MONTHLY USAGE RATE (kgal) | MONTHLY FIRE SERVICE CHARGE | \$78.35 | MFR compound meter example: 2" domestic plus compound meter: \$140.22 |
| 2" | \$77.94 | \$2.73 | FIRE SERVICE | | |
| 3" | \$142.63 | \$2.73 | MONTHLY FIRE SERVICE CHARGE | \$9.45 | |
| 4" | \$214.06 | \$2.73 | | | |
| 6" | \$412.46 | \$2.73 | | | |
| 8" | \$650.52 | \$2.73 | | | |

| | USAGE RATE (kgal) |
|--|-------------------|
| FIRE HYDRANT WATER <i>(permit required)</i> | \$3.54 |

| | ANNUAL RATE |
|---|-------------|
| WATER STAND-BY SERVICE <i>(meter out of service for 7+ months)</i> | \$68.74 |

Section 2: That the following rules shall govern the definition of various customer classes:

- a. Whenever one water meter serves more than one type of customer class, the higher of the two rates shall be charged for all water used.
- b. In order to be classified as a residential water user, the water customer must meet the following definition:

The term residential user is applicable to all single family, multiple family, and mobile home buildings where residential customers receive metered water service, and which structures house family dwelling units. A residential dwelling unit is defined to include dwelling units designed for permanent occupation by family and which include kitchens and bathroom facilities.

- c. In order to be classified as an industrial water user, a water utility customer must meet all three requirements listed below:
 - (1) A water system customer's status is determined by using the Standard Industrial Classification Manual and the customer must belong to a major industrial group in Division A (agriculture, forestry, and fishing), Division B (mining), Division D (manufacturing), or

Division F (wholesale trade) as defined in most current Standard Industrial Classification Manual.

- (2) A water system customer's historical annual water use, documented by City of Forest Grove Water Utility water billing records, must equal or exceed an average of 10,000 gallons per day.
 - (3) A water system customer's water meter size must equal or exceed two inches in diameter.
- d. A water user who does not meet the requirements contained in Section 2(b) residential user or section 2(c) industrial user shall be classified and billed for water as a commercial class customer.
 - e. Any water taken from fire hydrant or other unmetered facility other than for an authorized city use shall be charged at the rate listed in Section 1 above for Fire Hydrant Water, plus the current permit fee.

Section 3: That the billing interval charge when there is no water consumption shall be the billing interval fixed rate contained in Section 1 of the meter size and customer class for the service being provided.

Section 4: That the following rules shall govern the definition of a meter on stand-by service:

- a. A meter on stand-by service is out of service;
- b. The property owner may make application for stand-by service to the City, or the City may place a water meter on stand-by at its discretion after seven (7) or more months of non-use;
- c. The water meter must be out of service for seven (7) or more consecutive months from the date the property owner applies, or the seven (7) preceding months if the City places a meter on stand-by;
- d. If a meter is taken off of stand-by service before the passage of seven (7) consecutive months, Section 3 will apply retro-actively from the date the meter was placed on stand-by;
- e. Once brought back into service, the water meter must remain in service for twelve (12) consecutive months before becoming eligible to be placed on stand-by service again;
- f. If the water meter remains on stand-by service for sixty (60) or more consecutive months, in order to put the meter back in service, the prevailing meter drop-in charges will apply.

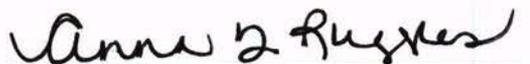
Section 5: That the applicable rate for water service outside the city limits shall be those contained in Section One (1) through Section Four (4), plus 100%, except as otherwise noted.

Section 6: The above water rates shall become effective July 1, 2023.

Section 7: Resolution No. 2022-43 is hereby repealed upon the effective implementation date of the foregoing water rates.

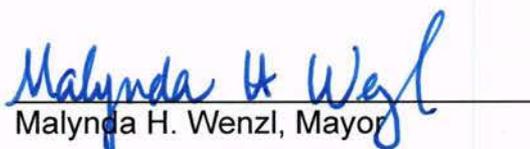
Section 8: This resolution is effective immediately upon its enactment by the City Council.

PRESENTED AND PASSED this 12th day of June, 2023.



Anna D. Ruggles, City Recorder

APPROVED by the Mayor this 12th day of June, 2023.



Malynda H. Wenzl, Mayor



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CITY RECORDER USE ONLY:

AGENDA ITEM #: F. 3.

MEETING DATE: 06.12.2023

FINAL ACTION: RESO 2023-17

CITY COUNCIL STAFF REPORT

TO: *City Council*

FROM: *Jesse VanderZanden, City Manager*

MEETING DATE: *June 12, 2023*

PROJECT TEAM: *Paul Downey, Assistant City Manager/Finance Director
Gregory Robertson, Public Works Director*

SUBJECT TITLE: *Water Rate Increase Effective July 1, 2023*

ACTION REQUESTED:

| | | | | | | | | | | | | | |
|--------------------------|-----------|--------------------------|-------|-------------------------------------|---|--------------------------|------------|--------------------------|--------------------------|--------|--------------------------|--------------------------|---------------|
| <input type="checkbox"/> | Ordinance | <input type="checkbox"/> | Order | <input checked="" type="checkbox"/> | X | <input type="checkbox"/> | Resolution | <input type="checkbox"/> | <input type="checkbox"/> | Motion | <input type="checkbox"/> | <input type="checkbox"/> | Informational |
|--------------------------|-----------|--------------------------|-------|-------------------------------------|---|--------------------------|------------|--------------------------|--------------------------|--------|--------------------------|--------------------------|---------------|

X all that apply

ISSUE STATEMENT:

The attached resolution for Council consideration proposes to increase water rates by 3.0% effective July 1, 2023.

BACKGROUND:

The City increased water rates by 2% on July 1, 2019, and by 3% on July 1, 2022. The City did not increase water rates during the height of COVID-19 in 2020. The City has completed the update of the Water Master Plan and is commencing an update to the water rates and System Development Charge (SDC) which will incorporate the results of that study.

The water rates and SDC study update will look at current and projected operating costs, capital maintenance costs and costs to expand the water capital infrastructure, the timing of those capital costs, how the costs will be funded (rates vs debt financing) and revenue available to fund all costs including debt service payments for any future debt incurred for projects.

Staff has reviewed the Water Fund’s financial position. At July 1, 2023 the Water Fund’s Beginning Fund Balance is projected to be approximately \$15.25 million and the Water SDC Fund’s Beginning Fund Balance is projected to be approximately \$8.01 million. These fund balances have been accumulated over time to help pay for upcoming capital projects.

The Water Master Plan has \$45.9 million in capital improvements over the next five years and an additional \$16.7 million in capital improvements in years 6-10. Additional resources, including future issuance of debt, which will be backed by water fund revenues, will be required to do those

projects. Debt rating agencies like to see smaller annual incremental rate increases over time rather than large single rate increase when rating potential issuance of debt.

In addition, the Water Fund is continuing to see upward pressure on personnel costs and supplies as higher than expected inflation is still occurring. Due to these cost increases and the need to ensure water rate revenue keeps pace with those costs increases, staff is proposing a 3% rate increase to be effective July 1, 2023. This proposed increase will follow Council's established direction trying to do smaller incremental increases over time instead of significant one-time rate increases. A chart comparing how Forest Grove's residential water rates using 7,000 gallons per month compares with the other agencies in the Joint Water Commission is attached.

FISCAL IMPACT:

For a single-family residential user using 7,000 gallons of water per month, the proposed 3.0% increase will increase the water bill by \$1.21 per month from \$40.44 to \$41.65 per month.

At the June 26, 2023, City Council meeting, the City Council will be asked to approve a 4% increase in sewer and SWM rates if those increases are approved by the Clean Water Services (CWS) Board. For a single-family residential user, that would increase sewer rates by \$2.18 per month and SWM rates by \$0.45 (45 cents) per month. The total monthly increase for all of these fees to a residential customer using 7,000 gallons of water per month would be \$3.84 per month.

STAFF RECOMMENDATION:

Staff recommends the Council approve the attached resolution.

ATTACHMENT(s):

Resolution Fixing Water Rates as of July 1, 2023, and Exhibit A to the Resolution

**CITY OF FOREST GROVE
LEGISLATIVE RESOLUTION SCRIPT
AGENDA ITEM F. 3.**

RESOLUTION NO. 2023-17 FIXING WATER RATES (3% INCREASE) FOR THE CITY OF FOREST GROVE, EFFECTIVE JULY 1, 2023, AND REPEALING RESOLUTION NO. 2022-43

Instructional Note: Only read text in blue.

Staff Report: Paul Downey, Assistant City Manager/Finance Director, will now present the staff report. Is there any correspondence that has been received after publication of the written report?

Councilor Questions: Do any Councilors have clarifying questions of staff? If none;

If resolution requires a Public Hearing proceed below.

After Staff Report – Public Testimony:

I will now open the Public Hearing on **Resolution No. 2023-17:**

1. City Recorder is there anyone via Zoom who would like to comment on the proposed Resolution? [If so, please use the "Raise Hand" option. Please state your name and address for the record. Please limit your comments to three minutes.]
2. Members of the audience who signed-in may now present testimony on the proposed Resolution. [If you wish to testify, please provide your name and address for the record and limit comments to three minutes]. Call Proponents? Opponents? Others?
3. Is there anyone else in the audience who did not sign-in but would like to testify? If so, please come forward and provide your name and address for the record and limit comments to three minutes.

After individual testimony: Do any City Councilors have clarifying questions of the testimony provided?

After the allocated time for this agenda item or if no testimony is offered ask for a motion.

Motion: I will now ask for a motion to adopt **Resolution No. 2023-17** by title.

State The Motion: This motion is...to adopt **RESOLUTION NO. 2023-17 FIXING WATER RATES (3% INCREASE) FOR THE CITY OF FOREST GROVE, EFFECTIVE JULY 1, 2023, AND REPEALING RESOLUTION NO. 2022-43**

Is there a second? **After Seconded:** Do any Councilors wish to comment on the motion?

After Council Deliberations: City Manager please read the Resolution by title only.

City Recorder, please call the roll.

- Formally announce the vote of the motion and adoption of the resolution.

CITY COUNCIL ACTION AMENDMENTS

Note 1: If there are any modifications/amendments to the proposed Resolution / Exhibit A, ask for a motion to amend; if yes, read amendment in full, ask for a second to amend and City Council votes on the amendment.

- Ask City Recorder for roll call vote; and
- Formally announce the vote of the amended motion and adoption of the resolution.



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NOTICE OF PUBLIC HEARING PROPOSED RATE INCREASES FOR THE CITY OF FOREST GROVE

NOTICE IS HEREBY GIVEN that the Forest Grove City Council will hold Public Hearings on **Monday, June 12, 2023**, at **7:00 p.m.** or thereafter, in the Community Auditorium, 1915 Main Street, Forest Grove, and via Zoom video conferencing, to consider the following rate increases for the City of Forest Grove. If enacted by City Council, the proposed increases would be effective July 1, 2023:

- **ADMINISTRATIVE FEES AND CHARGES AND AQUATIC FEES** by approximately five percent (5%) for City of Forest Grove with some building fees, such as minimum building permit fees increasing more than five percent (5%).
- **WATER RATES:** All customer classes to achieve an overall 3.0 percent (3%) water revenue increase. Approximately \$1.22 per month increase average residential customer.
- **WASTE MANAGEMENT SOLID WASTE RATES:** Metro is increasing the solid waste tipping fee as of July 1, 2023, by \$13.85 per ton from \$123.45 per ton to \$137.30 per ton. Based on the Metro increase, Waste Management is requesting an average 2.3% increase in residential and commercial solid waste rate increases effective July 1, 2023.

The hearings will be held in a “hybrid” format allowing the public to attend the meetings virtually via Zoom and in-person. A copy of the Zoom meeting agenda with Zoom instructions and staff report are available seven days prior to the hearing and are published on the City’s website at <https://www.forestgrove-or.gov/meetings>. To provide testimony via Zoom, please email aruggles@forestgrove-or.gov. For assistance, please call the City Recorder’s Office at (503) 992-3235.

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Anna D. Ruggles, CMC, City Recorder
City of Forest Grove

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