



WATER/WASTEWATER TASK FORCE MAY 12, 2022

TYPICAL RESIDENTIAL BILL COMPARISON
PANDEMIC IMPACT ON UTILITY RATE
REVENUE

EMERGENCY UTILITY ASSISTANCE
PROGRAM

REINSTATEMENT PRACTICES

NON-RATE WASTE STREAM FEE
ADJUSTMENTS

BACKFLOW FEE ADJUSTMENT





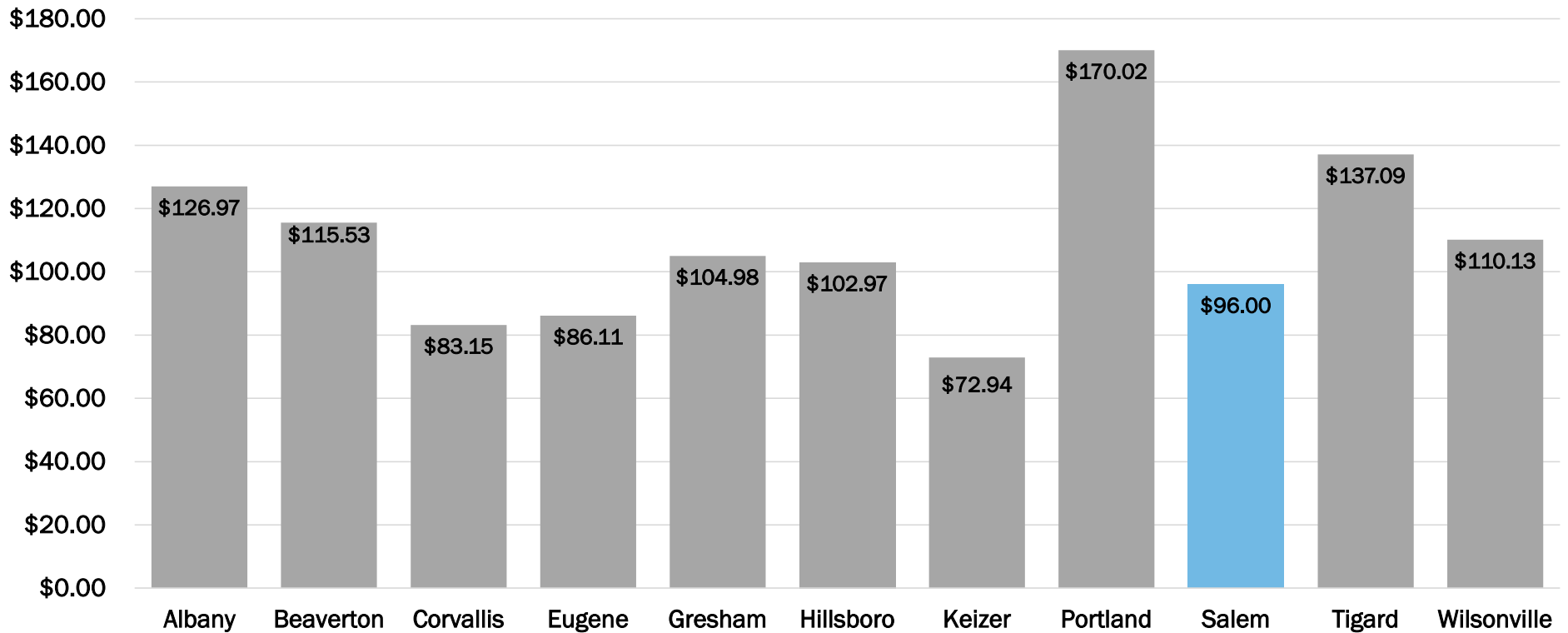
TYPICAL RESIDENTIAL BILL COMPARISON



HOW SALEM COMPARES

(AS OF APRIL 2022)

Average Monthly Residential Utility Bill - All Utilities



HOW SALEM COMPARES

(AS OF APRIL 2022)

Monthly Residential Bill Comparison by Utility Type and Total Monthly Charge

Water	Wastewater	Stormwater	TOTAL Charges
Tigard \$ 73.04	Portland \$ 72.30	Portland \$ 31.25	Portland \$ 170.02
Portland \$ 66.47	Albany \$ 59.09	Salem \$ 19.87	Tigard \$ 137.09
Beaverton \$ 57.62	Wilsonville \$ 55.24	Eugene \$ 15.45	Albany \$ 126.97
Albany \$ 55.97	Tigard \$ 48.80	Tigard \$ 15.25	Beaverton \$ 115.53
Gresham \$ 52.60	Hillsboro \$ 47.88	Gresham \$ 14.86	Wilsonville \$ 110.13
Wilsonville \$ 42.99	Beaverton \$ 46.08	Hillsboro \$ 12.59	Gresham \$ 104.98
Hillsboro \$ 42.50	Keizer \$ 44.07	Albany \$ 11.91	Hillsboro \$ 102.97
Salem \$ 35.35	Salem \$ 40.78	Wilsonville \$ 11.90	Salem \$ 96.00
Corvallis \$ 33.04	Corvallis \$ 40.25	Beaverton \$ 11.83	Eugene \$ 86.11
Eugene \$ 32.70	Eugene \$ 37.96	Corvallis \$ 9.86	Corvallis \$ 83.15
Keizer \$ 20.43	Gresham \$ 37.52	Keizer \$ 8.45	Keizer \$ 72.94
Average \$ 46.61	Average \$ 48.18	Average \$ 14.84	Average \$ 109.63

UTILITY RATE COMPONENTS

- **Water**
 - Volume determined by number of units used. 748 gallons per unit.
 - Base fee determined by meter size.
- **Wastewater**
 - Volume determined by winter average water usage.
 - Base fee determined by customer class; dwelling units for multifamily
- **Stormwater**
 - Impervious area measured or based on residential tiers.
 - Base fee per account.



Utility Bill Estimator

Account Class: Residential
 Wastewater Volume: 6
 Stormwater Area 2,800
 Water Meter Size: 5/8"
 Consumption Units 8

Bill Estimates	2022
Water	
Volume	\$21.60
Base Fee	\$12.07
Wastewater	
Volume	\$22.92
Base Fee	\$15.92
Stormwater	
Impervious Area	\$6.70
Base Fee	\$12.22
Backflow	
Franchise Fee	\$4.57
Total	\$96.00



PANDEMIC IMPACT ON UTILITY RATE REVENUE

WATER SALES

DELINQUENCIES

ASSISTANCE
PROGRAMS

FEDERAL REVENUE
REPLACEMENT



INSIDE CITY CONSUMPTION 2019 TO 2022

Units of Water Sold

Customer Class	FY 2019	FY 2020	FY 2021	Est. FY 2022	Change 2019 to 2022
Residential	4,012,878	3,783,908	4,190,359	4,109,526	2.4%
Multiple Dwellings	1,708,295	1,683,137	1,801,715	1,845,243	8.0%
Irrigation	505,944	390,570	463,153	461,127	-8.9%
Commercial	1,392,210	1,331,823	1,338,611	1,432,188	2.9%
Industrial	434,580	388,577	374,542	332,148	-23.6%
Institutional	419,539	459,341	386,998	357,863	-14.7%
Public Building	169,893	150,996	120,473	125,629	-26.1%
Total Inside City	8,643,339	8,188,352	8,675,851	8,663,724	0.2%
Percent Change		-5.3%	6.0%	-0.1%	

- Estimated loss of \$1,215,000 in FY 2020



12-MONTH PAYMENT PLAN

\$1,348,000 placed on
payment plan

29 percent payment rate
for accounts on the plan

\$954,000 (est.) referred
to collection agency

- March 2020 – stopped disconnections
- April 2020 – Council expanded Emergency Utility Assistance Program - \$500,000
- August 2020 – Council approved payment plan
- January/February 2021 – set up accounts
- March 2021 – first invoices due
- June 2021 – first delinquencies referred to collection
- May 2022 – last delinquencies referred to collection

AMERICAN RESCUE PLAN ACT (ARPA)

Replace lost public sector revenue, using this funding to provide government services up to the amount of revenue lost due to the pandemic

- \$2,669,000 reduction in resources
- \$2,572,000 replacement revenue allocated by City Council
- Anticipated in May 2022
- All assumptions included in modeling





EMERGENCY UTILITY ASSISTANCE PROGRAM



EMERGENCY UTILITY ASSISTANCE

- 2016 - \$150 max/account, funded by donations, up to \$10,000 match from utility revenue
- 2020 - \$500 max/account, funded by donations, \$500,000 one-time utility revenue allocation
- Current Status:
 - \$500 limit expires December 31, 2022
 - Utility allocation anticipated to be depleted by spring 2023

Recommendation:

Permanently increase the limit to \$500 per account and allocate up to \$300,000 of utility revenue annually for the Emergency Utility Assistance Program beginning 2023





REINSTATEMENT PRACTICES AND DISCONNECTION FEE

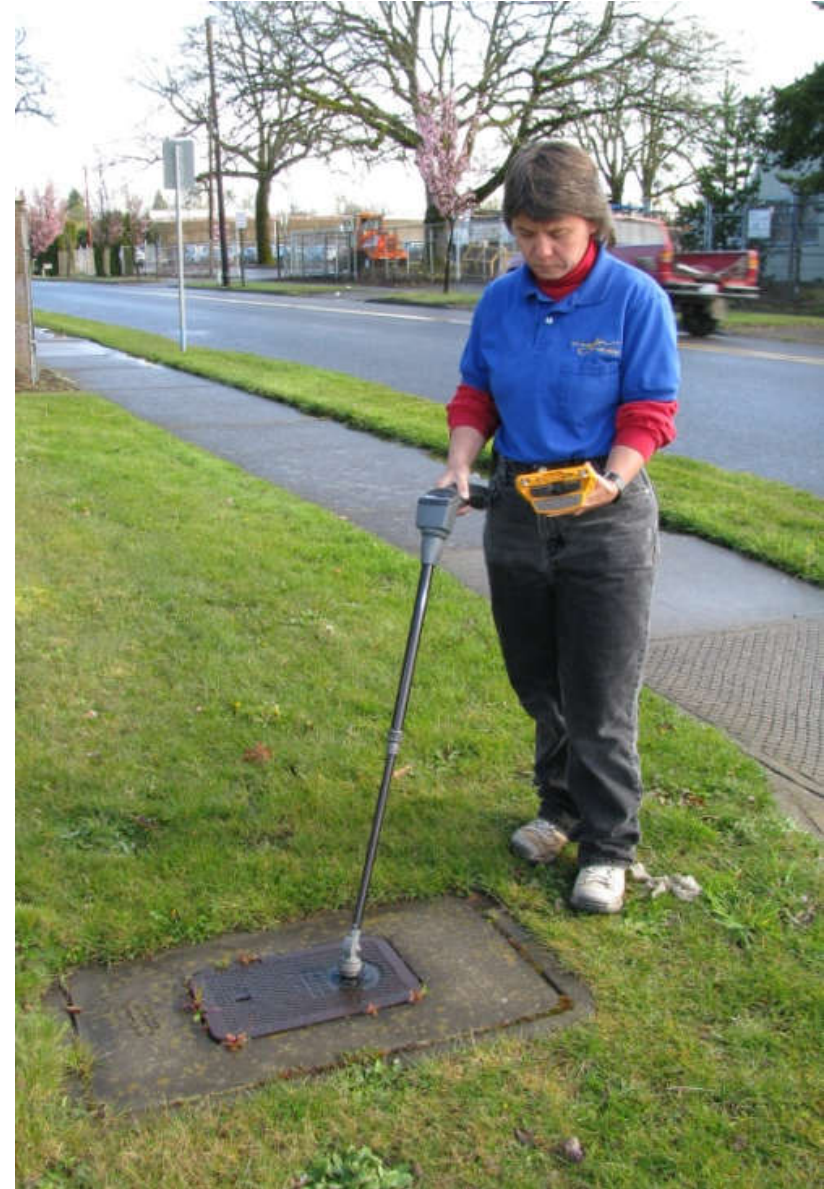


UTILITY ACCOUNT BILLING CYCLE

- Customer bill issued
- Payment due 25 days later
- No payment - First late notice with seven additional days to pay
- No payment – Second late notice with seven additional days to pay
- Typical days from bill date to disconnection for non-payment = 39 days minimum

REINSTATEMENT PRACTICES

- Same day reinstatement if confirmation of payment is received or payment plan is approved
- Cost: \$30,000 to \$50,000 annually in staff time
- Addresses need for prompt service with vulnerable populations



DISCONNECTON FEE

- Disconnection fee generated an average of \$213,000 annually prior to pandemic
- \$25 disconnection fee was waived during pandemic and has not been reinstated
- Fee is not included in the draft master fee schedule for FY 2023

RECOMMENDATION

- Retain practice of same-day reinstatement with payment
- Eliminate \$25 disconnection fee from fee schedule



WASTE STREAM FEE ADJUSTMENTS

LEACHATE

SEPTAGE

DOMESTIC SLUDGE



WASTE STREAM FEE ADJUSTMENTS

Last Fee Adjustment:

- 2012 - Leachate
- 2016 - Septage
- 2018 - Domestic Sludge





Recommendation	Current Fee Per Gal	Proposed 1/1/23	Proposed 1/1/24
Leachate	\$0.030	\$0.035	\$0.040
Septage	\$0.12	\$0.13	\$0.14
Domestic Sludge	\$0.06	\$0.07	\$0.08

WASTE STREAM FEE ADJUSTMENTS



BACKFLOW FEE ADJUSTMENTS



BACKFLOW ASSEMBLIES

- City must track compliance
- Affects 13,330 of 46,000 accounts inside Salem (30 percent)
- Distribute cost of program to accounts required to have backflow assemblies



FEE HISTORY / COST RECOVERY

- 2012 to 2016 - \$1.25/month
- 2017 to 2022 - \$1.50/month

Fiscal Year	Recovery Rate
FY 2019	78%
FY 2020	79%
FY 2021	78%
FY 2022	75%

RECOMMENDATION

Increase fee to:

\$1.90/month on January 1, 2023

\$2.25/month on January 1, 2024



NEXT STEPS



TASK FORCE MEETING SCHEDULE

- April 25, 2022
 - Introduction and background
- May 12, 2022
 - Non-Rate Policy issues
- May 26, 2022
 - Cost of Service Results
 - Utility Rate Proposal
- June 9, 2022
 - Rate Proposal Discussion & Recommendation
- June 23, 2022 (If necessary)
 - Task Force Recommendation

MEETING TOPICS AFTER RATE PROPOSAL

- June 23 or July 14, 2022
 - Status report on major projects and capital needs
 - Mixed Use Metering
 - Accessory Dwelling Units/Middle Housing
 - Distressed Water Systems
 - New Utility Billing System
 - Future Policy issues