



City of Salem Public Works Department
**2023-2024 UTILITY
COSA UPDATE &
RATE PROPOSAL**

**COSA UPDATE AND
SAMPLE BILLS**

Water/Wastewater Task Force
June 9, 2022

WELCOME!

Meeting Agenda

- Cost of Service Analysis (COSA) Update
- Sample Bills
- Rate Proposal Discussion
- Task Force Recommendations



RECAP OF PRIOR TASK FORCE DIRECTION

- Revenue slope scenarios for modeling*
 - 5% and 3.5%
 - 5.5% and 3.5%
 - 5% and 5%
- Provide additional information on plan assumptions

*Applied to all 3 systems (water, sewer, storm)



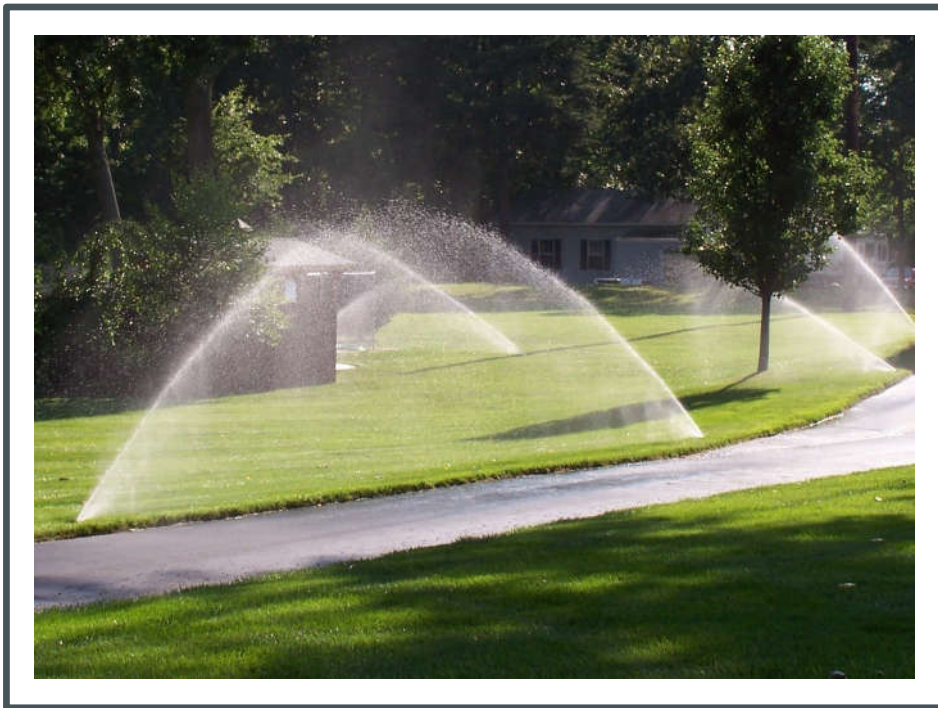


UPDATED REVENUE SLOPE SCENARIOS

Water/Wastewater Task Force



UPDATES SINCE LAST MEETING



- Revenue projections updated to reflect more recent information on customer accounts
- Forecast revenues increased about \$200,000/year (0.2%)
- Additional scenario (3.5% and 5%) also tested in context of updated forecast
- Projected days of cash charts for 3 requested scenarios

NEW SCENARIO CONSIDERED – 3.5%, 5%

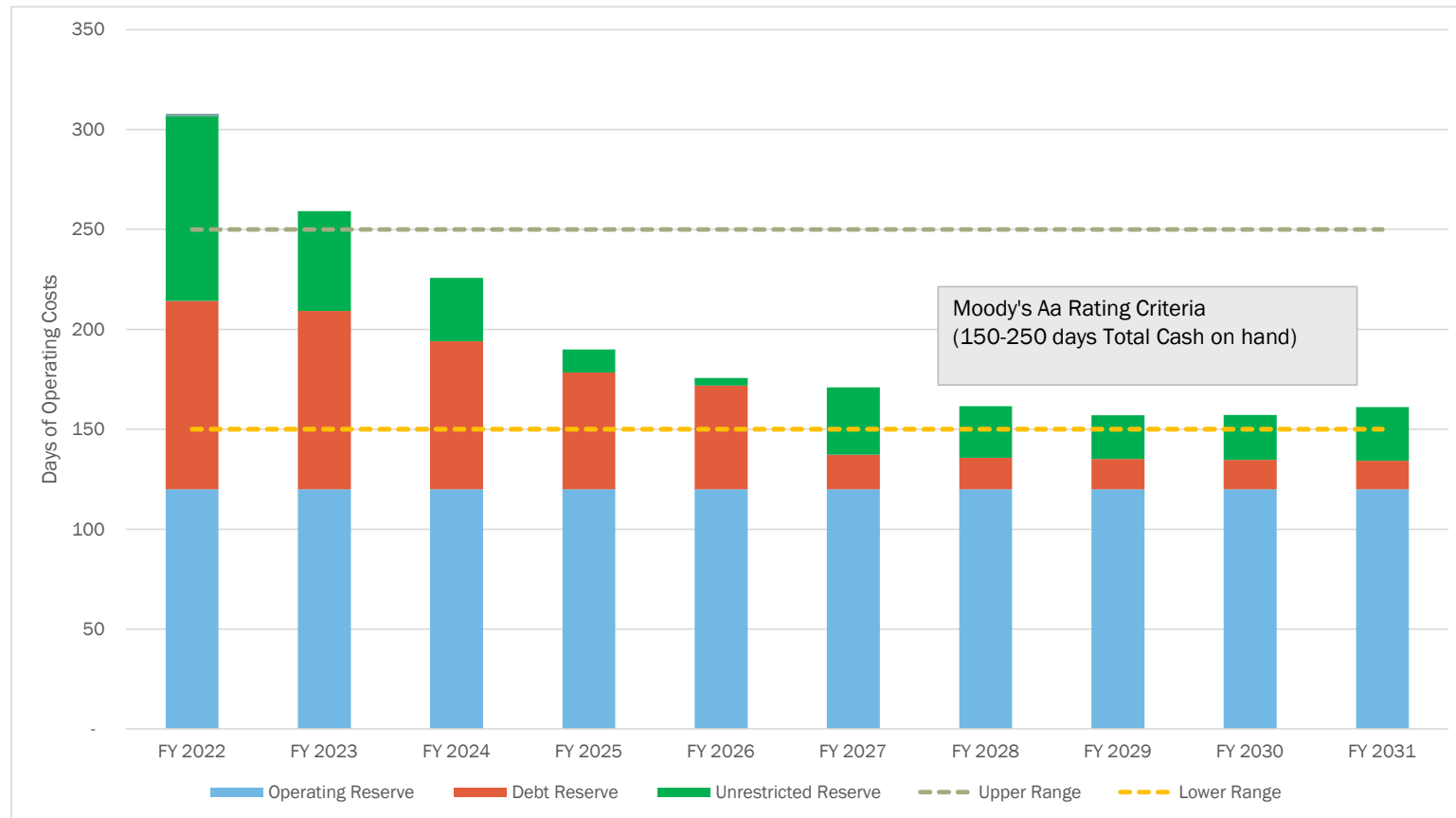
	<u>FY 2022-23</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>	<u>FY 2030-31</u>	<u>FY 2031-32</u>
	<i>Budget</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
Water Rates	3.50%	5.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Wastewater Rates	3.50%	5.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Stormwater Rates	3.50%	5.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Capital Transfer	\$28,608,800	\$21,442,180	\$26,500,000	\$ 24,090,720	\$31,068,680	\$ 33,800,000	\$ 33,800,000	\$33,800,000	\$33,800,000	\$33,800,000
Total Debt Service	\$19,083,416	\$19,101,296	\$17,363,742	\$ 14,443,562	\$13,328,753	\$ 4,583,753	\$ 4,331,753	\$ 4,331,503	\$ 4,330,253	\$ 4,332,753
Coverage Ratio	2.26	2.02	2.04	2.43	2.67	7.88	8.62	8.92	9.26	9.61
Ending Fund Balance (June 30)	\$54,745,556	\$51,388,934	\$45,473,878	\$ 43,601,898	\$44,002,012	\$ 42,943,712	\$ 43,167,992	44,777,619	47,560,887	51,848,427
120 days O&M Reserve	\$25,678,005	\$28,110,381	\$29,698,290	\$ 30,842,000	\$31,976,371	\$ 33,075,177	\$ 34,216,811	\$35,404,011	\$36,637,350	\$37,918,747
Reserve for Next Year Debt Service	\$19,101,296	\$17,363,742	\$14,443,562	\$ 13,328,753	\$ 4,583,753	\$ 4,331,753	\$ 4,331,503	4,330,253	4,332,753	4,331,353
Unrestricted Fund Balance	\$ 9,966,254	\$ 5,914,811	\$ 1,332,025	\$ (568,856)	\$ 7,441,887	\$ 5,536,782	\$ 4,619,678	5,043,354	6,590,784	9,598,326
Change in Fund Balance	(7,482,494)	(3,356,621)	(5,915,056)	(1,871,980)	400,113	(1,058,299)	224,280	1,609,627	2,783,268	4,287,540
Days of Cash on Hand										
Total	256	219	184	170	165	156	151	152	156	164

UPDATED SCENARIO A – 5%, 3.5%

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32
	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Water Rates	5.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Wastewater Rates	5.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Stormwater Rates	5.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Capital Transfer	\$28,608,800	\$21,442,180	\$26,500,000	\$ 24,090,720	\$31,068,680	\$ 33,800,000	\$ 33,800,000	\$33,800,000	\$33,800,000	\$33,800,000
Total Debt Service	\$19,083,416	\$19,101,296	\$17,363,742	\$ 14,443,562	\$13,328,753	\$ 4,583,753	\$ 4,331,753	\$ 4,331,503	\$ 4,330,253	\$ 4,332,753
Coverage Ratio	2.26	2.06	2.09	2.43	2.67	7.88	8.63	8.93	9.27	9.61
Ending Fund Balance (June 30)	\$55,441,759	\$52,889,089	\$46,996,535	\$ 45,147,395	\$45,562,963	\$ 44,520,274	\$ 44,760,319	46,385,869	49,185,219	53,489,002
120 days O&M Reserve	\$25,678,005	\$28,123,328	\$29,700,472	\$ 30,844,254	\$31,978,699	\$ 33,077,586	\$ 34,219,304	\$35,406,596	\$36,640,028	\$37,921,524
Reserve for Next Year Debt Service	\$19,101,296	\$17,363,742	\$14,443,562	\$ 13,328,753	\$ 4,583,753	\$ 4,331,753	\$ 4,331,503	4,330,253	4,332,753	4,331,353
Unrestricted Fund Balance	\$10,662,457	\$ 7,402,019	\$ 2,852,500	\$ 974,387	\$ 9,000,510	\$ 7,110,934	\$ 6,209,511	6,649,019	8,212,438	11,236,125
Change in Fund Balance	(6,786,291)	(2,552,670)	(5,892,554)	(1,849,140)	415,568	(1,042,690)	240,046	1,625,550	2,799,351	4,303,783
Days of Cash on Hand										
Total	259	226	190	176	171	162	157	157	161	169

DAYS OF OPERATING COSTS

SCENARIO A – 5%, 3.5%

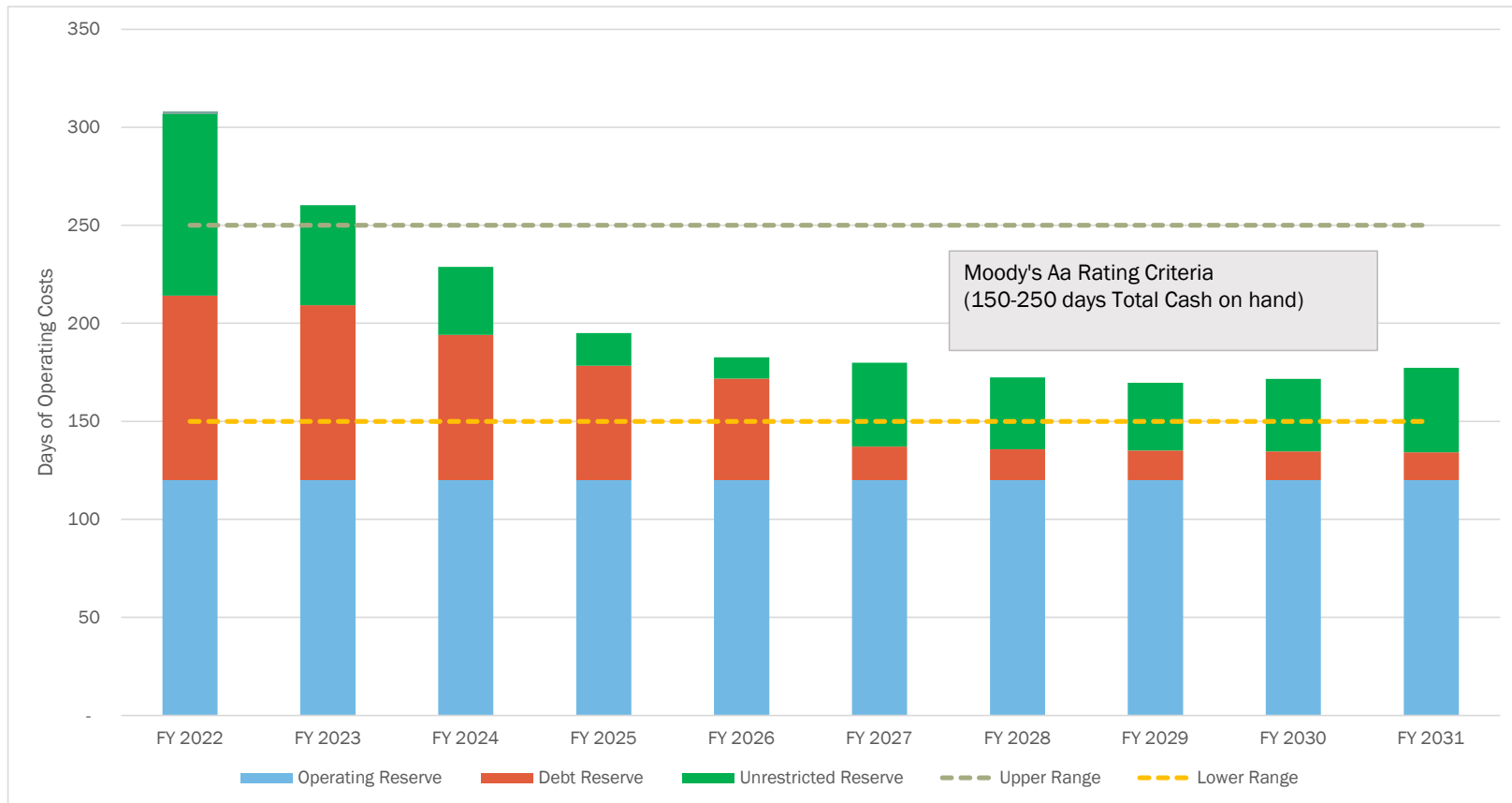


SCENARIO B – 5.5%, 3.5%

	<u>FY 2022-23</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>	<u>FY 2030-31</u>	<u>FY 2031-32</u>
	<i>Budget</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
Water Rates	5.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Wastewater Rates	5.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Stormwater Rates	5.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Capital Transfer	\$28,608,800	\$21,442,180	\$26,500,000	\$ 24,090,720	\$31,068,680	\$ 33,800,000	\$ 33,800,000	\$33,800,000	\$33,800,000	\$33,800,000
Total Debt Service	\$19,083,416	\$19,101,296	\$17,363,742	\$ 14,443,562	\$13,328,753	\$ 4,583,753	\$ 4,331,753	\$ 4,331,503	\$ 4,330,253	\$ 4,332,753
Coverage Ratio	2.26	2.07	2.12	2.46	2.71	8.01	8.76	9.07	9.42	9.77
Ending Fund Balance (June 30)	\$55,673,827	\$53,629,527	\$48,269,365	\$ 46,977,871	\$47,966,772	\$ 47,522,621	\$ 48,387,508	50,665,718	54,146,612	59,161,921
120 days O&M Reserve	\$25,678,005	\$28,131,566	\$29,708,977	\$ 30,853,041	\$31,987,778	\$ 33,086,983	\$ 34,229,034	\$35,416,678	\$36,650,476	\$37,932,350
Reserve for Next Year Debt Service	\$19,101,296	\$17,363,742	\$14,443,562	\$ 13,328,753	\$ 4,583,753	\$ 4,331,753	\$ 4,331,503	4,330,253	4,332,753	4,331,353
Unrestricted Fund Balance	\$10,894,525	\$ 8,134,219	\$ 4,116,825	\$ 2,796,076	\$11,395,241	\$ 10,103,884	\$ 9,826,971	10,918,787	13,163,382	16,898,218
Change in Fund Balance	(6,554,223)	(2,044,300)	(5,360,162)	(1,291,494)	988,902	(444,151)	864,887	2,278,210	3,480,893	5,015,310
Days of Cash on Hand										
Total	260	229	195	183	180	172	170	172	177	187

DAYS OF OPERATING COSTS

SCENARIO B – 5.5%, 3.5%

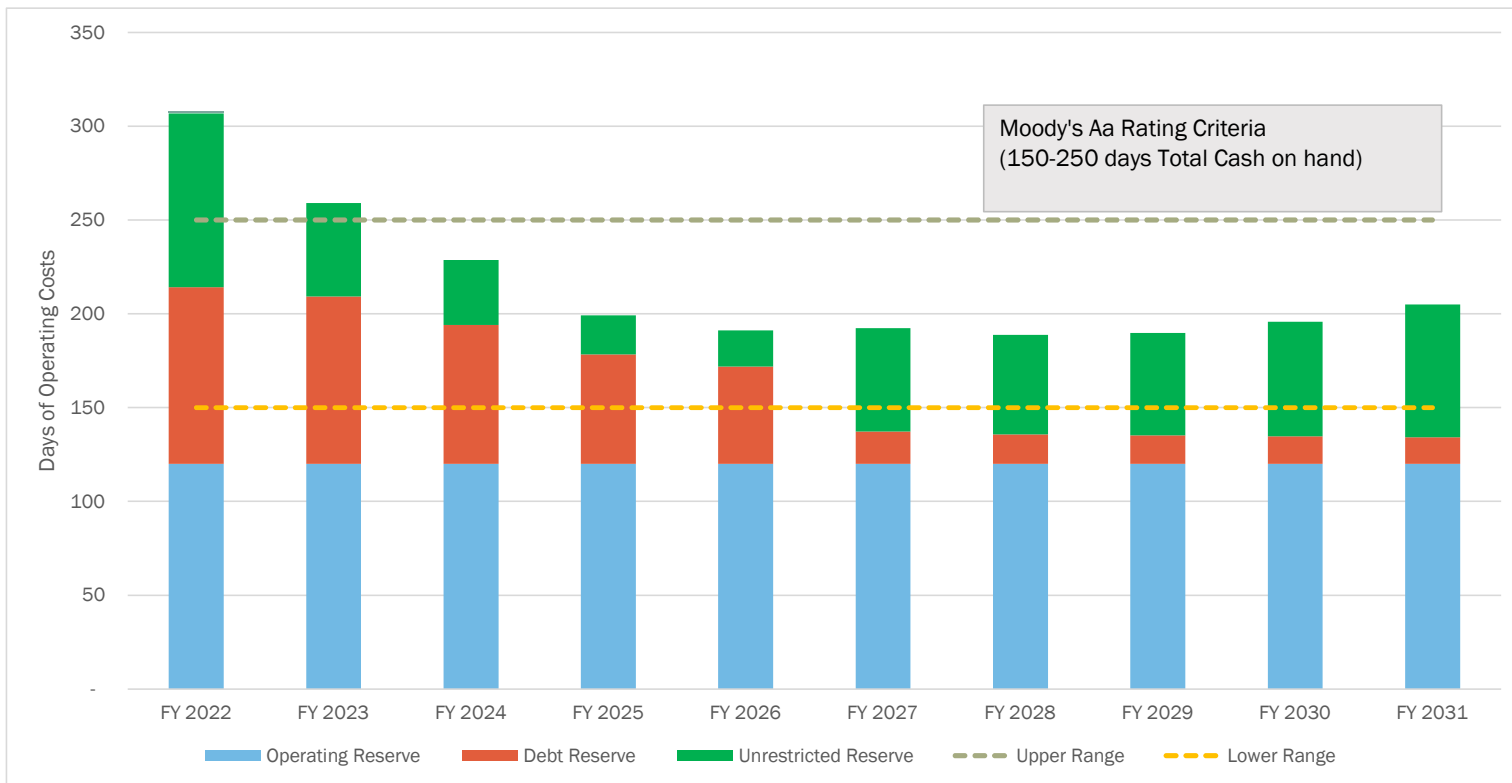


SCENARIO C – 5%, 5%

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32
	<i>Budget</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
Water Rates	5.00%	5.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Wastewater Rates	5.00%	5.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Stormwater Rates	5.00%	5.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Capital Transfer	\$28,608,800	\$21,442,180	\$26,500,000	\$ 24,090,720	\$31,068,680	\$ 33,800,000	\$ 33,800,000	\$33,800,000	\$33,800,000	\$33,800,000
Total Debt Service	\$19,083,416	\$19,101,296	\$17,363,742	\$ 14,443,562	\$13,328,753	\$ 4,583,753	\$ 4,331,753	\$ 4,331,503	\$ 4,330,253	\$ 4,332,753
Coverage Ratio	2.26	2.06	2.13	2.54	2.80	8.26	9.04	9.36	9.72	10.09
Ending Fund Balance (June 30)	\$55,441,759	\$53,620,701	\$49,325,642	\$ 49,150,513	\$51,295,331	\$ 52,058,444	\$ 54,184,186	57,779,940	62,637,235	69,090,056
120 days O&M Reserve	\$25,678,005	\$28,135,265	\$29,724,176	\$ 30,868,744	\$32,004,001	\$ 33,103,776	\$ 34,246,421	\$35,434,696	\$36,669,147	\$37,951,698
Reserve for Next Year Debt Service	\$19,101,296	\$17,363,742	\$14,443,562	\$ 13,328,753	\$ 4,583,753	\$ 4,331,753	\$ 4,331,503	4,330,253	4,332,753	4,331,353
Unrestricted Fund Balance	\$10,662,457	\$ 8,121,694	\$ 5,157,903	\$ 4,953,016	\$14,707,577	\$ 14,622,914	\$ 15,606,262	18,014,991	21,635,335	26,807,004
Change in Fund Balance	(6,786,291)	(1,821,059)	(4,295,059)	(175,128)	2,144,818	763,113	2,125,743	3,595,754	4,857,295	6,452,820
Days of Cash on Hand										
Total	259	229	199	191	192	189	190	196	205	218

DAYS OF OPERATING COSTS

SCENARIO C – 5%, 5%



FORECAST ASSUMPTIONS: BALANCING RISK

- Consider recent trends
 - Customer accounts
 - Water consumption and conservation
 - Budget expenditure rate
- Adjust for extra-ordinary circumstances
 - COVID-19 pandemic
 - Current inflation
 - Severe weather events
- Reflect local circumstances
 - Labor contract provisions
 - Industrial closures/additions
 - One-time revenue/expenses





COSA UPDATE

Water/Wastewater Task Force



REVENUE SLOPE VS. COSA



Revenue Slope

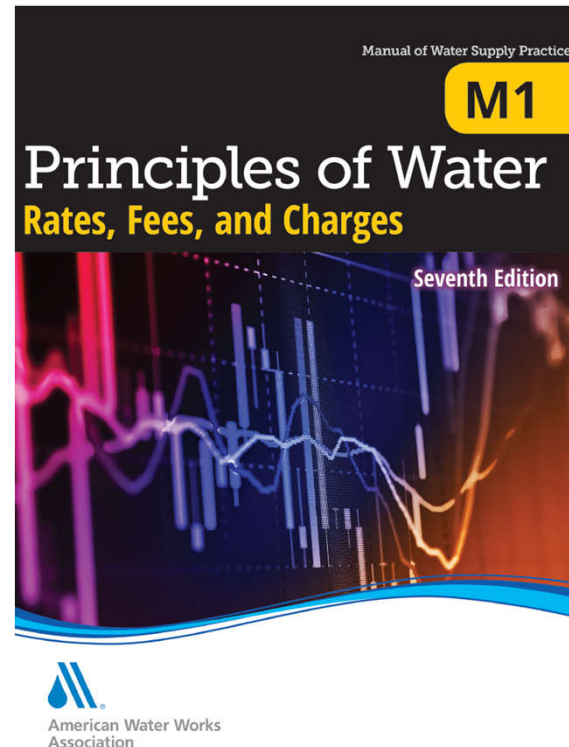
- Targeted increase in revenue from overall rate increase

Cost of Service Analysis (COSA)

- Framework for distributing revenue increase to different customers
- Bill increases vary among different type and sizes of customers

GENERAL COSA PRINCIPLES

- Evaluate how services are provided and costs incurred
 - Utility functions that are “common to all” or specific to customers or subgroups
 - How facility design and function meet different customer service needs (peak water demands, wastewater strengths, stormwater water quality and quantity costs)
 - Fixed vs. variable costs
- Recover costs from customers in proportion to service requirements



SALEM RATE SETTING OBJECTIVES

Revenue Adequacy

- Provide for needed capital and operations funding
- Sufficient revenues in times of declining consumption

Rate Stability

- Smoothing revenue slope
- Transitioning rate structure changes

Equity

- Based on cost of service
- Class-based rates
- Charging for each unit of water used

Defensible

- Follow industry standard practices
- Transparent use assumptions

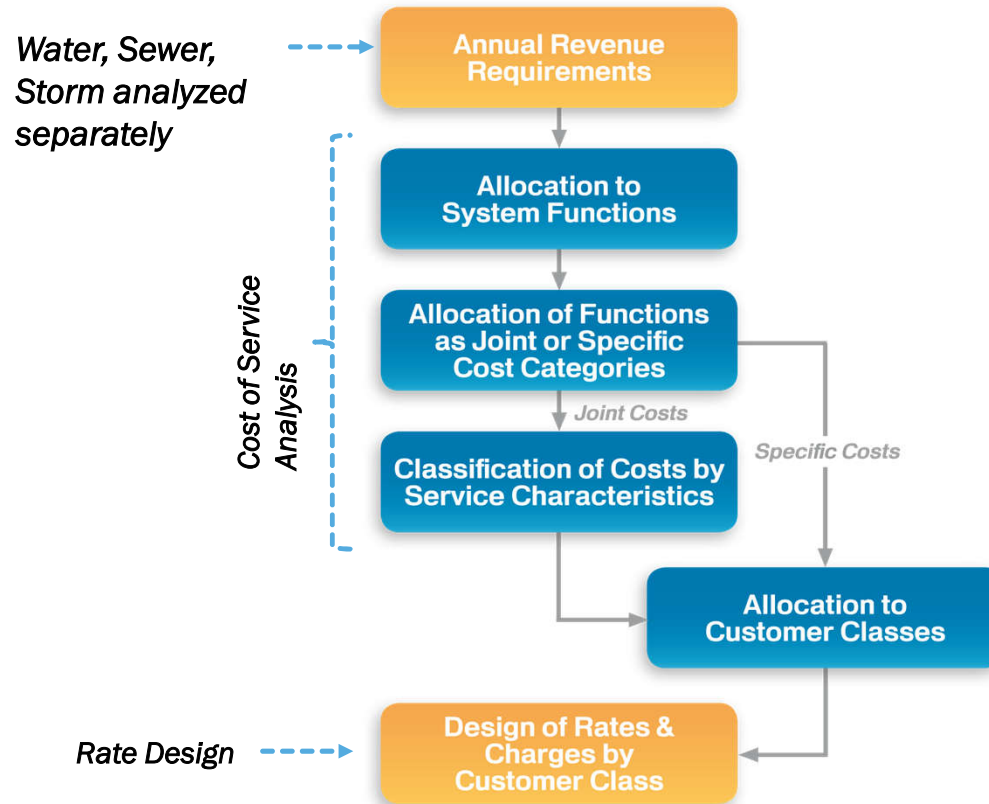
Beneficial to Economy

- Reflect community policy framework
- Incentives to industrial

Simplicity

- Reflects industry-standard levels of precision
- Data easy to collect and monitor

COST OF SERVICE PROCESS



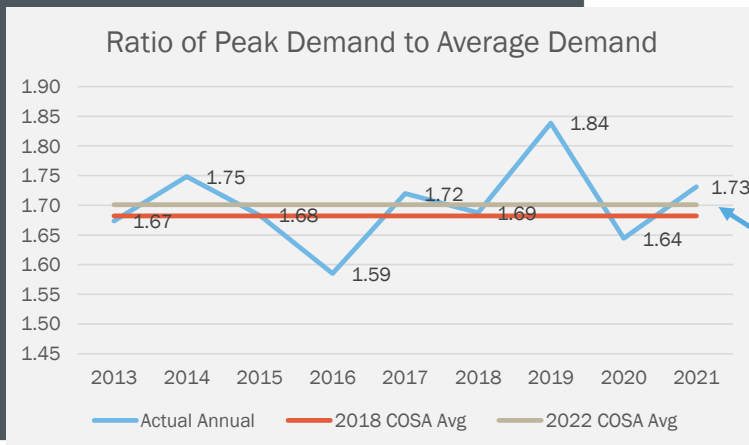
COSA UPDATES EVERY 4 YEARS

- Realign rates with:
 - Current program operating budgets (used to allocate O&M costs)
 - Past and prospective capital investment (used to allocate capital costs)
 - Water and wastewaters system operations data
 - Customer usage requirements
 - Other (non-rate) revenue sources

Utility Fund Programs and FTE	FY 2022		FY 2023	
	Program Budget	Staff	Program Budget	Staff
Stormwater Pipe Maintenance	1,276,970	4.64	1,254,770	4.89
Street Sweeping	280,000	0.00	1,110	0.01
Survey Plat / Infrastructure Plan Review and Inspection	2,246,980	9.84	2,463,770	10.20
Traffic Engineering and Permitting	23,260	0.10	24,320	0.10
Utility Billing and Customer Service	2,886,560	7.35	2,857,740	7.35
Utility Billing Field Support	552,650	4.90	559,070	4.90
Utility Franchise Fee Payment	3,906,020	0.00	4,154,210	0.00
Utility Locate	619,980	5.00	626,680	4.95
Waste Processing Facility Operation	355,460	1.09	392,680	1.09
Wastewater Lift Station Maintenance	1,173,420	3.76	1,511,050	3.76
Water and Wastewater System Controls	395,970	1.62	437,590	1.62
Water Aquifer Storage and Recovery Operations	283,610	0.68	291,930	0.62
Water Distribution System Maintenance and Improvements	4,077,120	20.22	3,983,250	19.40
Water Meter Reading	603,200	5.35	651,030	5.35
Water Meter Replacement	1,119,180	5.20	1,140,180	4.90
Water Pump Station Maintenance	1,135,200	3.00	1,245,500	3.00
Water Quality Backflow Prevention	428,300	2.61	408,030	2.40
Water Quality Monitoring	365,940	1.47	364,870	1.41
Water Reservoir Operations	344,840	2.33	451,760	2.29
Water System New Service Installation	1,088,010	6.05	1,167,780	6.05
Water Treatment Facility Maintenance	180,620	0.83	198,750	0.83
Water Treatment Operations	1,897,410	7.81	2,231,610	9.36
Watershed Monitoring	521,530	2.28	561,380	2.10

FY2023 Proposed Budget (pg. 137)

WATER SYSTEM COSA FACTORS AND IMPACTS



Factors	Relative Impacts
Geren Island capital and operating costs	+ rates for irrigation and other peak water users
Higher portion of production costs related to peak demands*	+ rates for irrigation and other peak water users
Sale of water rights revenue completed	+ rates for inside city - rates for outside city
2020 deferred wholesale rate increases	+ rates for wholesale (phased over 2 years)

*Increase in ratio of peaking demand to average demand compared to 2018 COSA

SEWER SYSTEM COSA FACTORS AND IMPACTS

Component	Current	Updated	% Change	
	1/1/2022	1/1/2023	\$	%
Flow (\$/MG)	\$ 3,607	\$ 3,506	(\$101)	-2.8%
BOD (\$/1,000 lbs)	378	391	\$13	3.6%
TSS (\$/1,000 lbs)	267	351	\$83	31.2%
Fixed - Ind	2,135	2,729	\$594	27.8%
Fixed - Inst	1,197	1,366	\$169	14.1%

BOD = Biochemical Oxygen Demand, TSS = Total Suspended Solids

Factors	Relative Impacts
Wastewater treatment operating costs & solids handling*	+ rates for higher strength users
Higher portion of sludge production attributable to TSS*	Varies for industrial/Institutional + rates for TSS relative to BOD - rates for average flow
Industrial pretreatment program costs*	Varies for industrial/institutional + rates for fixed monthly
Pumping & other wet-weather flow investment	+ rates for wet weather flow (75% from fixed charges) and small volume bills

*Increase in TSS and Fixed (Industrial pretreatment costs) compared to 2018 COSA

STORM SYSTEM FACTORS AND IMPACTS

Account-Based Costs:

- *Street sweeping
- *Dispatch
- *Billing
- *Street & Public parking

Water Quality & Quantity Costs:

- *All other operating costs plus capital costs

Factors	Relative Impacts
Increased water quality and water quantity costs	+ rates per EDU; bills for nonresidential, Tier 3 residential

Component	FY2021-22	FY2022-23	% Inc.
Account-Based (\$/Account)	\$12.22	\$12.66	3.6%
Water Quality/Quantity (\$/EDU)	\$6.70	\$7.10	6.0%

EDU = Equivalent Dwelling Unit (3,000 Sq. Ft. Impervious Area)

UTILITY RATE DESIGN

**No changes to basic structures recommended for this update*

- Base Charges
 - Invariant with volume of water used or wastewater discharged
 - Water charges vary by meter size
- Volume Charges
 - Vary by customer class and wholesale or retail area
 - Assessed based on amount of water used (winter average for wastewater)
- Stormwater Impervious Area Charges
 - 3 Tiers for residential
 - Based on measured area for all others



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



SAMPLE BILLS

Water/Wastewater Task Force



RESIDENTIAL BILLS BY SYSTEM

(SCENARIO A – 5%,3.5%)

Single Family	Month Use (ccf)	Current 1/1/2022	Proposed 1/1/2023	Proposed 1/1/2024	% Change 2022 to 2023	% Change 2023 to 2024
Water	8.0	\$33.67	\$35.40	\$36.56	5.1%	3.3%
Wastewater	5.5	36.93	38.83	40.22	5.1%	3.6%
Stormwater		18.92	19.76	20.44	4.4%	3.4%
Franchise Fee		4.48	4.70	4.86		
Total Utility Bill		\$94.00	\$98.68	\$102.08	5.0%	3.4%
<i>Dollar Change</i>			\$4.69	\$3.40		

Single Family - Low	Month Use (ccf)	Current 1/1/2022	Proposed 1/1/2023	Proposed 1/1/2024	% Change 2022 to 2023	% Change 2023 to 2024
Water	3.0	\$20.17	\$21.05	\$21.71	4.4%	3.1%
Sewer	2.0	23.56	25.07	26.08	6.4%	4.0%
Stormwater		18.09	18.87	19.52	4.3%	3.4%
Franchise Fee		3.09	3.25	3.37		
Total Utility Bill		\$64.91	\$68.24	\$70.68	5.1%	3.6%
<i>Dollar Change</i>			\$3.33	\$2.44		

Single Family - High	Month Use (ccf)	Current 1/1/2022	Proposed 1/1/2023	Proposed 1/1/2024	% Change 2022 to 2023	% Change 2023 to 2024
Water	24.0	\$81.15	\$86.82	\$89.81	7.0%	3.4%
Sewer	10.0	54.12	56.51	58.40	4.4%	3.3%
Stormwater		19.76	20.65	21.36	4.5%	3.4%
Franchise Fee		7.75	8.20	8.48		
Total Utility Bill		\$162.78	\$172.18	\$178.05	5.8%	3.4%
<i>Dollar Change</i>			\$9.40	\$5.87		

RESIDENTIAL TOTAL BILLS – ALL SCENARIOS

<i>System - Wide Revenue Slope</i>		5.0%	3.5%	5.5%	3.5%	5.0%	5.0%
	Current 1/1/2022	Proposed 1/1/2023	Proposed 1/1/2024	Proposed 1/1/2023	Proposed 1/1/2024	Proposed 1/1/2023	Proposed 1/1/2024
<i>Inside-City Residential Customer</i>							
Single Family							
Total Bill w/Franchise Fee	\$94.00	\$98.68	\$102.08	\$99.14	\$102.53	\$98.68	\$103.57
Percent Change		5.0%	3.4%	5.5%	3.4%	5.0%	4.9%
Dollar Change		\$4.69	\$3.40	\$5.14	\$3.40	\$4.69	\$4.88
Single Family - Low							
Total Bill w/Franchise Fee	\$64.91	\$68.24	\$70.68	\$68.57	\$70.99	\$68.24	\$71.70
Percent Change		5.1%	3.6%	5.6%	3.5%	5.1%	5.1%
Dollar Change		\$3.33	\$2.44	\$3.65	\$2.43	\$3.33	\$3.47
Single Family - High							
Total Bill w/Franchise Fee	\$162.78	\$172.18	\$178.05	\$172.91	\$178.77	\$172.18	\$180.65
Percent Change		5.8%	3.4%	6.2%	3.4%	5.8%	4.9%
Dollar Change		\$9.40	\$5.87	\$10.13	\$5.86	\$9.40	\$8.47

MULTIFAMILY BILLS BY SYSTEM

(SCENARIO A – 5%, 3.5%)

Multifamily - 4-plex	Month Use (ccf)	Specific Info ¹	Current 1/1/2022	Proposed 1/1/2023	Proposed 1/1/2024	% Change 2022 to 2023	% Change 2023 to 2024
Water	10.0	1.0	\$39.05	\$41.64	\$43.13	6.6%	3.6%
Wastewater	7.0	4.0	46.74	49.18	50.94	5.2%	3.6%
Stormwater		1.2	20.26	21.18	21.91	4.5%	3.5%
Franchise Fee			5.30	5.60	5.80		
Total w/Franchise Fee			\$111.35	\$117.60	\$121.78	5.6%	3.6%
<i>Dollar Change</i>				\$6.25	\$4.18		

Multifamily - Large	Month Use (ccf)	Specific Info ¹	Current 1/1/2022	Proposed 1/1/2023	Proposed 1/1/2024	% Change 2022 to 2023	% Change 2023 to 2024
Water	300.0	2.0	\$723.68	\$756.90	\$785.46	4.6%	3.8%
Wastewater	300.0	116.0	1,318.30	1,367.55	1,408.26	3.7%	3.0%
Stormwater		56.2	388.76	411.68	426.71	5.9%	3.7%
Franchise Fee			121.54	126.81	131.02		
Total w/Franchise Fee			\$2,552.28	\$2,662.94	\$2,751.45	4.3%	3.3%
<i>Dollar Change</i>				\$110.66	\$88.52		

Multifamily - Mobile	Month Use (ccf)	Specific Info ¹	Current 1/1/2022	Proposed 1/1/2023	Proposed 1/1/2024	% Change 2022 to 2023	% Change 2023 to 2024
Water	1,000	2.0	\$2,312.68	\$2,415.90	\$2,507.46	4.5%	3.8%
Wastewater	992	213.0	4,093.66	4,231.64	4,354.29	3.4%	2.9%
Stormwater		350.8	2,362.58	2,503.34	2,594.97	6.0%	3.7%
Franchise Fee			438.45	457.54	472.84		
Total w/Franchise Fee			\$9,207.37	\$9,608.42	\$9,929.55	4.4%	3.3%
<i>Dollar Change</i>				\$401.06	\$321.13		

¹ Water meter size, dwelling units, and EDUs for stormwater

MULTIFAMILY TOTAL BILLS – ALL SCENARIOS

		5.0%	3.5%	5.5%	3.5%	5.0%	5.0%
	Current	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
	1/1/2022	1/1/2023	1/1/2024	1/1/2023	1/1/2024	1/1/2023	1/1/2024
Multifamily - Fourplex							
Total Bill w/Franchise Fee	\$111.35	\$117.60	\$121.78	\$118.16	\$122.34	\$117.60	\$123.43
Percent Change		5.6%	3.6%	6.1%	3.5%	5.6%	5.0%
Dollar Change		\$6.25	\$4.18	\$6.81	\$4.17	\$6.25	\$5.83
Multifamily - Large							
Total Bill w/Franchise Fee	\$2,552.28	\$2,662.94	\$2,751.45	\$2,676.27	\$2,765.95	\$2,662.94	\$2,790.11
Percent Change		4.3%	3.3%	4.9%	3.4%	4.3%	4.8%
Dollar Change		\$110.66	\$88.52	\$123.99	\$89.68	\$110.66	\$127.17
Multifamily - Mobile Home							
Total Bill w/Franchise Fee	\$9,207.37	\$9,608.42	\$9,929.55	\$9,657.03	\$9,980.34	\$9,608.42	\$10,070.88
Percent Change		4.4%	3.3%	4.9%	3.3%	4.4%	4.8%
Dollar Change		\$401.06	\$321.13	\$449.66	\$323.31	\$401.06	\$462.45

NONRESIDENTIAL BILLS BY SYSTEM

(SCENARIO A – 5%,
3.5%)

Commercial - Large EDU	Month Use (ccf)	Specific Info ¹	Current 1/1/2022	Proposed 1/1/2023	Proposed 1/1/2024	% Change 2022 to 2023	% Change 2023 to 2024
Water	315	2.0	\$792.38	\$830.25	\$860.16	4.8%	3.6%
Wastewater	300		1,595.81	1,687.75	1,740.19	5.8%	3.1%
Stormwater		177.4	1,200.80	1,272.20	1,318.74	5.9%	3.7%
Franchise Fee			179.45	189.51	195.95		
Total w/Franchise Fee			\$3,768.44	\$3,979.71	\$4,115.05	5.6%	3.4%
<i>Dollar Change</i>				\$211.27	\$135.34		

Commercial - Small EDU	Month Use (ccf)	Specific Info ¹	Current 1/1/2022	Proposed 1/1/2023	Proposed 1/1/2024	% Change 2022 to 2023	% Change 2023 to 2024
Water	80.0	1.5	\$218.71	\$229.85	\$238.08	5.1%	3.6%
Wastewater	68.0		380.13	402.47	415.47	5.9%	3.2%
Stormwater		4.1	39.69	41.77	43.26	5.2%	3.6%
Franchise Fee			31.93	33.70	34.84		
Total w/Franchise Fee			\$670.46	\$707.79	\$731.65	5.6%	3.4%
<i>Dollar Change</i>				\$37.34	\$23.85		

Public	Month Use (ccf)	Specific Info ¹	Current 1/1/2022	Proposed 1/1/2023	Proposed 1/1/2024	% Change 2022 to 2023	% Change 2023 to 2024
Water	30.0	3.0	\$158.37	\$168.46	\$174.43	6.4%	3.5%
Wastewater	11.5		84.07	89.46	92.86	6.4%	3.8%
Stormwater		13.5	102.67	108.51	112.44	5.7%	3.6%
Franchise Fee			17.26	18.32	18.99		
Total w/Franchise Fee			\$362.37	\$384.75	\$398.71	6.2%	3.6%
<i>Dollar Change</i>				\$22.39	\$13.96		

Irrigation	Month Use (ccf)	Specific Info ¹	Current 1/1/2022	Proposed 1/1/2023	Proposed 1/1/2024	% Change 2022 to 2023	% Change 2023 to 2024
Water	483	2.0	\$1,805.63	\$1,992.39	\$2,056.74	10.3%	3.2%
Backflow Prevention			1.50	2.25	2.25		
Franchise Fee			90.36	99.73	102.95		
Total w/Franchise Fee			\$1,897.49	\$2,094.37	\$2,161.94	10.4%	3.2%
<i>Dollar Change</i>				\$196.89	\$67.57		

¹ Water meter size, dwelling units, and EDUs for stormwater

NONRESIDENTIAL TOTAL BILLS – ALL SCENARIOS

		5.0%	3.5%	5.5%	3.5%	5.0%	5.0%
	Current	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
	1/1/2022	1/1/2023	1/1/2024	1/1/2023	1/1/2024	1/1/2023	1/1/2024
Commercial - Large EDU							
Total Bill w/Franchise Fee	\$3,768.44	\$3,979.71	\$4,115.05	\$3,997.07	\$4,135.56	\$3,979.71	\$4,175.50
Percent Change		5.6%	3.4%	6.1%	3.5%	5.6%	4.9%
Dollar Change		\$211.27	\$135.34	\$228.63	\$138.49	\$211.27	\$195.79
Commercial - Small EDU							
Total Bill w/Franchise Fee	\$670.46	\$707.79	\$731.65	\$710.50	\$735.06	\$707.79	\$741.37
Percent Change		5.6%	3.4%	6.0%	3.5%	5.6%	4.7%
Dollar Change		\$37.34	\$23.85	\$40.04	\$24.57	\$37.34	\$33.58
Public							
Total Bill w/Franchise Fee	\$362.37	\$384.75	\$398.71	\$386.33	\$400.41	\$384.75	\$404.05
Percent Change		6.2%	3.6%	6.6%	3.6%	6.2%	5.0%
Dollar Change		\$22.39	\$13.96	\$23.96	\$14.08	\$22.39	\$19.29
Irrigation							
Total Bill w/Franchise Fee	\$1,897.49	\$2,094.37	\$2,161.94	\$2,104.64	\$2,172.21	\$2,089.30	\$2,197.85
Percent Change		10.4%	3.2%	10.9%	3.2%	10.1%	5.2%
Dollar Change		\$196.89	\$67.57	\$207.15	\$67.57	\$191.81	\$108.55

INDUSTRIAL BILLS BY SYSTEM

(SCENARIO A – 5%, 3.5%)

Industrial 1	Monthly Use ¹	Specific Info ²	Current 1/1/2022	Proposed 1/1/2023	Proposed 1/1/2024	% Change 2022 to 2023	% Change 2023 to 2024
Water	6,661	6.0	\$11,101.14	\$11,716.32	\$12,124.94	5.5%	3.5%
Wastewater							
Flow (mg)	5.2		18,758.48	18,232.66	18,650.11	-2.8%	2.3%
BOD (1,000 lbs)	149		56,401.41	58,412.06	60,525.79	3.6%	3.6%
TSS (1,000 lbs)	9		2,326.55	3,052.92	3,176.54	31.2%	4.0%
Fixed			2,135.07	2,728.80	2,943.48	27.8%	7.9%
Stormwater		89.9	614.55	650.95	674.74	5.9%	3.7%
Franchise Fee			4,566.86	4,739.69	4,904.78		
Total w/Franchise Fee			\$95,904.06	\$99,533.39	\$103,000.39	3.8%	3.5%
<i>Dollar Change</i>				\$3,629.33	\$3,467.00		
Industrial 2	Monthly Use ¹	Specific Info ²	Current 1/1/2022	Proposed 1/1/2023	Proposed 1/1/2024	% Change 2022 to 2023	% Change 2023 to 2024
Water	2,842	6.0	\$4,876.17	\$5,147.64	\$5,327.12	5.6%	3.5%
Wastewater							
Flow (mg)	1.7		6,276.88	6,100.93	6,240.61	-2.8%	2.3%
BOD (1,000 lbs)	9.7		3,651.10	3,781.26	3,918.09	3.6%	3.6%
TSS (1,000 lbs)	5.1		1,366.52	1,793.15	1,865.76	31.2%	4.0%
Fixed			2,135.07	2,728.80	2,943.48	27.8%	7.9%
Stormwater		113.1	769.99	815.67	845.50	5.9%	3.7%
Franchise Fee			953.79	1,018.37	1,057.03		
Total w/Franchise Fee			\$20,029.51	\$21,385.82	\$22,197.59	6.8%	3.8%
<i>Dollar Change</i>				\$1,356.31	\$811.77		

¹ Water = ccf, wastewater = mg

² Water meter size and EDUs for stormwater

INSTITUTIONAL BILLS BY SYSTEM

(SCENARIO A – 5%,
3.5%)

Institutional 1	Month Use ¹	Specific Info ²	Current 1/1/2022	Proposed 1/1/2023	Proposed 1/1/2024	% Change 2022 to 2023	% Change 2023 to 2024
Water	2,000	2.0	\$4,442.68	\$4,625.90	\$4,787.46	4.1%	3.5%
Wastewater							
Flow (mg)	1.8		6,565.47	6,381.43	6,527.54	-2.8%	2.3%
BOD (1,000 lbs)	7.0		2,646.77	2,741.12	2,840.31	3.6%	3.6%
TSS (1,000 lbs)	8.6		2,297.14	3,014.32	3,136.38	31.2%	4.0%
Fixed			1,196.68	1,365.56	1,472.97	14.1%	7.9%
Stormwater		560.0	3,764.22	3,988.66	4,134.68	6.0%	3.7%
Franchise Fee			\$1,045.65	\$1,105.85	\$1,144.97		
Total w/Franchise Fee			\$21,958.60	\$23,222.84	\$24,044.31	5.8%	3.5%
<i>Dollar Change</i>				\$1,264.24	\$821.47		

Institutional 2	Month Use ¹	Specific Info ²	Current 1/1/2022	Proposed 1/1/2023	Proposed 1/1/2024	% Change 2022 to 2023	% Change 2023 to 2024
Water	1,850	2.0	\$4,155.36	\$4,328.30	\$4,479.42	4.2%	3.5%
Wastewater							
Flow (mg)	27.05		97,580.17	94,844.87	97,016.45	-2.8%	2.3%
BOD (1,000 lbs)	38.97		14,713.90	15,238.44	15,789.86	3.6%	3.6%
TSS (1,000 lbs)	47.40		12,675.71	16,633.13	17,306.69	31.2%	4.0%
Fixed			1,196.68	1,365.56	1,472.97	14.1%	7.9%
Stormwater		514.3	3,458.03	3,664.19	3,798.33	6.0%	3.7%
Franchise Fee			6,688.99	6,803.72	6,993.19		
Total w/Franchise Fee			\$140,468.84	\$142,878.22	\$146,856.90	1.7%	2.8%
<i>Dollar Change</i>				\$2,409.38	\$3,978.68		

¹ Water = ccf, wastewater = mg

² Water meter size and EDUs for stormwater

INDUSTRIAL/INSTITUTIONAL TOTAL BILLS – ALL SCENARIOS

	Current	5.0%	3.5%	5.5%	3.5%	5.0%	5.0%
	1/1/2022	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
		1/1/2023	1/1/2024	1/1/2023	1/1/2024	1/1/2023	1/1/2024
Industrial 1							
Total Bill w/Franchise Fee	\$95,904.06	\$99,533.39	\$103,000.39	\$99,930.15	\$103,404.28	\$99,533.39	\$104,233.65
Percent Change		3.8%	3.5%	4.2%	3.5%	3.8%	4.7%
Dollar Change		\$3,629.33	\$3,467.00	\$4,026.09	\$3,474.13	\$3,629.33	\$4,700.26
Industrial 2							
Total Bill w/Franchise Fee	\$20,029.51	\$21,385.82	\$22,197.59	\$21,469.28	\$22,282.29	\$21,385.82	\$22,455.78
Percent Change		6.8%	3.8%	7.2%	3.8%	6.8%	5.0%
Dollar Change		\$1,356.31	\$811.77	\$1,439.77	\$813.00	\$1,356.31	\$1,069.96
Institutional 1							
Total Bill w/Franchise Fee	\$21,958.60	\$23,222.84	\$24,044.31	\$23,317.67	\$24,140.49	\$23,201.84	\$24,341.69
Percent Change		5.8%	3.5%	6.2%	3.5%	5.7%	4.9%
Dollar Change		\$1,264.24	\$821.47	\$1,359.07	\$822.82	\$1,243.24	\$1,139.86
Institutional 2							
Total Bill w/Franchise Fee	\$140,468.84	\$142,878.22	\$146,856.90	\$143,443.79	\$147,436.40	\$142,858.80	\$148,630.53
Percent Change		1.7%	2.8%	2.1%	2.8%	1.7%	4.0%
Dollar Change		\$2,409.38	\$3,978.68	\$2,974.94	\$3,992.61	\$2,389.95	\$5,771.74

OUTSIDE-CITY BILLS BY SYSTEM

(SCENARIO A – 5%,
3.5%)

Jan Ree/Eola Chatnicka

Single Family Residential	Month Use (ccf)	Current 1/1/2022	Proposed 1/1/2023	Proposed 1/1/2024	% Change 2022 to 2023	% Change 2023 to 2024
Water	10.0	\$45.00	\$44.38	\$45.98	-1.4%	3.6%
Wastewater	6.0	42.28	44.40	45.98	5.0%	3.6%
Total Bill		\$87.28	\$88.78	\$91.96	1.7%	3.6%
<i>Dollar Change</i>			\$1.50	\$3.18		

Commercial	Month Use (ccf)	Current 1/1/2022	Proposed 1/1/2023	Proposed 1/1/2024	% Change 2022 to 2023	% Change 2023 to 2024
Water- 1" meter	12.0	\$51.19	\$51.59	\$53.54	0.8%	3.8%
Wastewater	4.0	48.75	52.15	54.48	7.0%	4.5%
Total Bill		\$99.94	\$103.74	\$108.02	3.8%	4.1%
<i>Dollar Change</i>			\$3.80	\$4.28		

Outside City - Sewer Only

Single Family Residential	Month Use (ccf)	Current 1/1/2022	Proposed 1/1/2023	Proposed 1/1/2024	% Change 2022 to 2023	% Change 2023 to 2024
Wastewater	5.0	\$38.12	\$40.12	\$41.58	5.2%	3.6%
<i>Dollar Change</i>			\$2.00	\$1.46		

OUTSIDE CITY TOTAL BILLS – ALL SCENARIOS

		5.0%	3.5%	5.5%	3.5%	5.0%	5.0%
	Current	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
<i>Jan Ree/Eola Chatnicka</i>	1/1/2022	1/1/2023	1/1/2024	1/1/2023	1/1/2024	1/1/2023	1/1/2024
Single Family Residential							
Total Bill	\$87.28	\$88.78	\$91.96	\$89.27	\$92.44	\$88.78	\$93.37
Percent Change		1.7%	3.6%	2.3%	3.6%	1.7%	5.2%
Dollar Change		\$1.50	\$3.18	\$1.99	\$3.17	\$1.50	\$4.59
Commercial							
Total Bill	\$99.94	\$103.74	\$108.02	\$104.23	\$108.40	\$103.74	\$109.33
Percent Change		3.8%	4.1%	4.3%	4.0%	3.8%	5.4%
Dollar Change		\$3.80	\$4.28	\$4.29	\$4.17	\$3.80	\$5.59
Outside City - Sewer Only							
Single Family Residential							
Total Bill	\$38.12	\$40.12	\$41.58	\$40.35	\$41.81	\$40.12	\$42.24
Percent Change		5.2%	3.6%	5.8%	3.6%	5.2%	5.3%
Dollar Change		\$2.00	\$1.46	\$2.23	\$1.46	\$2.00	\$2.12

KEIZER BILLS BY SYSTEM

(SCENARIO A – 5%, 3.5%)

City of Keizer

Single Family Residential	Month Use (ccf)	Current 1/1/2022	Proposed 1/1/2023	Proposed 1/1/2024	% Change 2022 to 2023	% Change 2023 to 2024
Wastewater	5.0	\$33.15	\$35.09	\$36.32	5.9%	3.5%
<i>Dollar Change</i>			\$1.94	\$1.23		

Fourplex	Month Use (ccf)	Current 1/1/2022	Proposed 1/1/2023	Proposed 1/1/2024	% Change 2022 to 2023	% Change 2023 to 2024
Wastewater	10.0	\$56.61	\$59.55	\$61.53	5.2%	3.3%
<i>Dollar Change</i>			\$2.94	\$1.98		

Commercial	Month Use (ccf)	Current 1/1/2022	Proposed 1/1/2023	Proposed 1/1/2024	% Change 2022 to 2023	% Change 2023 to 2024
Wastewater	4.0	\$43.18	\$46.37	\$48.44	7.4%	4.5%
<i>Dollar Change</i>			\$3.19	\$2.07		

KEIZER TOTAL BILLS – ALL SCENARIOS

		5.0%	3.5%	5.5%	3.5%	5.0%	5.0%
<i>City of Keizer</i>	Current 1/1/2022	Proposed 1/1/2023	Proposed 1/1/2024	Proposed 1/1/2023	Proposed 1/1/2024	Proposed 1/1/2023	Proposed 1/1/2024
Single Family Residential							
Total Bill	\$33.15	\$35.09	\$36.32	\$35.32	\$36.55	\$35.09	\$36.96
Percent Change		5.9%	3.5%	6.5%	3.5%	5.9%	5.3%
Dollar Change		\$1.94	\$1.23	\$2.17	\$1.23	\$1.94	\$1.87
Fourplex							
Total Bill	\$56.61	\$59.55	\$61.53	\$59.91	\$61.90	\$59.55	\$62.54
Percent Change		5.2%	3.3%	5.8%	3.3%	5.2%	5.0%
Dollar Change		\$2.94	\$1.98	\$3.30	\$1.99	\$2.94	\$2.99
Commercial							
Total Bill	\$43.18	\$46.37	\$48.44	\$46.62	\$48.65	\$46.37	\$49.11
Percent Change		7.4%	4.5%	8.0%	4.4%	7.4%	5.9%
Dollar Change		\$3.19	\$2.07	\$3.44	\$2.03	\$3.19	\$2.74

WHOLESALE BILLS BY SYSTEM

(SCENARIO A – 5%, 3.5%)

Suburban East Salem Water District

Wholesale	Current 1/1/2022	Proposed 1/1/2023	Proposed 1/1/2024	% Change 2022 to 2023	% Change 2023 to 2024
Water - 8" and 2-6" meters	\$75,926.31	\$81,379.26	\$87,408.79	7.2%	7.4%
<i>Dollar Change</i>		\$5,452.95	\$6,029.53		

Orchard Heights Water Association

Wholesale	Current 1/1/2022	Proposed 1/1/2023	Proposed 1/1/2024	% Change 2022 to 2023	% Change 2023 to 2024
Water - 2-3" meters	\$4,266.53	\$4,645.76	\$5,057.80	8.9%	8.9%
<i>Dollar Change</i>		\$379.23	\$412.04		

City of Turner

Wholesale	Current 1/1/2022	Proposed 1/1/2023	Proposed 1/1/2024	% Change 2022 to 2023	% Change 2023 to 2024
Water - 2" and 2-6" meters	\$12,567.22	\$13,668.11	\$14,768.98	8.8%	8.1%
Sewer	28,866.84	29,620.43	30,524.92	2.6%	3.1%
Total Bill	\$41,434.06	\$43,288.54	\$45,293.90	4.5%	4.6%
<i>Dollar Change</i>		\$1,854.48	\$2,005.36		

WHOLESALE TOTAL BILLS – ALL SCENARIOS

<i>Suburban East Salem Water District</i>	5.0%	3.5%	5.5%	3.5%	5.0%	5.0%	
Current	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	
1/1/2022	1/1/2023	1/1/2024	1/1/2023	1/1/2024	1/1/2023	1/1/2024	
Wholesale							
Total Bill	\$75,926.31	\$81,379.26	\$87,408.79	\$81,956.59	\$87,986.87	\$81,958.22	\$89,143.31
Percent Change		7.2%	7.4%	7.9%	7.4%	7.9%	8.8%
Dollar Change		\$5,452.95	\$6,029.53	\$6,030.28	\$6,030.28	\$6,031.91	\$7,185.09

Orchard Heights Water Association

Wholesale							
Total Bill	\$4,266.53	\$4,645.76	\$5,057.80	\$4,671.66	\$5,096.37	\$4,683.77	\$5,148.21
Percent Change		8.9%	8.9%	9.5%	9.1%	9.8%	9.9%
Dollar Change		\$379.23	\$412.04	\$405.13	\$424.71	\$417.24	\$464.44

City of Turner

Wholesale							
Total Bill	\$41,434.06	\$43,288.54	\$45,293.90	\$43,439.52	\$45,481.61	\$43,401.22	\$45,932.51
Percent Change		4.5%	4.6%	4.8%	4.7%	4.7%	5.8%
Dollar Change		\$1,854.48	\$2,005.36	\$2,005.47	\$2,042.09	\$1,967.16	\$2,531.30



TASK FORCE RECOMMENDATIONS

Water/Wastewater Task Force



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)**

PUBLIC OUTREACH, COUNCIL HEARING & NEW RATES IMPLEMENTATION

- **July 2022**
 - Rates information web site published
 - Post cards mailed to all utility customers
- **July 25, 2022**
 - Council public hearing
- **January 1, 2023 & January 1, 2024**
 - New rates take effect
- **February 1, 2023 & February 1, 2024**
 - Customer bills reflect new rates



THANK YOU!
QUESTIONS?

Water/Wastewater Task Force
June 9, 2022

SALEM COSA FRAMEWORK (BACK-UP SLIDE)

Surcharges	Discounts	Fixed Rates	Volume Rates	Customer Classes	Special Fees
<ul style="list-style-type: none">• No pumping or other surcharges based on distance or elevation• 7.5 percent surcharge for unincorporated service areas	<ul style="list-style-type: none">• Low-income customer program• Other rate reductions reflect class-specific service considerations (e.g, industrial water rate).	<ul style="list-style-type: none">• Enhance revenue stability through incremental increases in water fixed charges• 75 percent of wet weather charges in base charge for wastewater	<ul style="list-style-type: none">• Reflect service characteristics by class• Uniform volume structure for water• Apply to winter average for non-measured wastewater customers	<ul style="list-style-type: none">• Retain Existing Customer Classifications• SF Residential• Multi-family• Commercial• Industrial• Institutional• Public• Irrigation	<ul style="list-style-type: none">• Customers with backflow assemblies pay for cost of program• Industrial customers pay for cost of special permits• Non-rate fees established for hauled waste