

RESOLUTION NO. 881

A RESOLUTION ADOPTING A CONTRACT BETWEEN THE CITY OF CANBY (CITY) AND THE CANBY UTILITY BOARD (CUB) REGARDING BILLING FOR SEWER SERVICE PROVIDED TO CITIZENS OF CANBY.

WHEREAS, the City wishes to contract with CUB to provide billing services for sewer service provided to residents of Canby that receive sewer service from the City, and


WHEREAS, CUB is willing to provide said service under the terms and conditions of its proposed letter contract dated August 31, 2004 attached hereto as Exhibit "A" and by this reference incorporated herein, now therefore,

IT IS HEREBY RESOLVED by the City of Canby Council as follows:

1. That the attached letter contract, dated August 31, 2004, marked as Exhibit "A" and by this reference incorporated here, is adopted between the City and CUB.
2. That the City Administrator is directed to take the necessary action to implement the terms of the said contract.

This resolution shall take effect on September 15, 2004.

ADOPTED this 15th day of September, 2004, by the Canby City Council.


Melody Thompson - Mayor

ATTEST:


Kimberly Scheafer, City Recorder - Pro-Tem



August 31, 2004

John R. Williams
Community Development & Planning Director
City of Canby
182 N. Holly
Canby, OR 97013

Re: Letter Agreement Between Canby Utility and the City of Canby Regarding Sewer Billing

Dear John:

The purpose of this letter is to serve as a letter agreement between Canby Utility and the City of Canby concerning the provision of sewer billing services provided by Canby Utility to the City. I have summarized below my understanding of the terms and conditions of that relationship. If you concur that this letter accurately summarizes the responsibilities of the parties, I would appreciate your executing both of the duplicate originals of this letter and returning one of them to me for our file.

The terms and conditions of this relationship as I understand them are as follows:

A. Provision of Sewer Billing Service. Effective October 1, 2004, Canby Utility will bill all sanitary-sewer patrons of the city for applicable sanitary-sewer service charges. The City will pay Canby Utility \$1.30 per bill per month for the billing service rendered.

B. Term: This agreement will have a term of two years, and the contract will be subject to negotiation, extension and modification of the agreement for subsequent terms. The agreement will automatically renew for additional two-years terms unless one or both of the parties give notice of termination and/or modification of the agreement no later than two months prior to the expiration of any given term. The term of the agreement is specifically subject to the New Fees provision set forth in paragraph C and to the opt-out clause set forth in paragraph D below.

C. New Fees. The City advises that it could be assessing new fees within the next year or two to cover costs for new stormwater treatment and related infrastructure maintenance, and for street maintenance. It is anticipated that these fees would be flat fees per user, i.e. not varying month to month. Canby Utility may be willing to assume billing responsibility for these fees. This contract is subject to modification and negotiation between the parties of a rate to implement a billing protocol for these additional services.

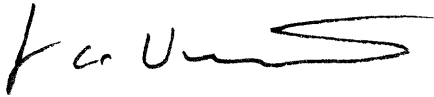
D. Opt-out Clause. The City or Canby Utility can opt out of this agreement at any time for any reason after giving 120 days notice.

E. Reporting. On a monthly basis, Canby Utility will report to the City the billings received. On an annual basis, Canby Utility will provide the City with a receivable report with aging in an amount deemed uncollectible at year end.

F. Sewer Collection Remittance. Canby Utility will remit to the City payment for sewer collections received on a bi-monthly basis. Remittance will be made by electronic transfer, if possible. The City will be responsible for providing Canby Utility with a signed ACH agreement that will allow Canby Utility to electronically transfer the funds. Remittances will be due on the 15th and last day of each month. If the 15th and/or the last day of the month fall on a weekend or a holiday, payment will not be due until the next succeeding business day.

John, Canby Utility appreciates the opportunity to provide this service to the City of Canby, and we look forward to a continuing beneficial relationship. Again, if the terms and conditions of this letter accurately reflect our agreement, I would appreciate your returning one of the signed agreements to me for my file.

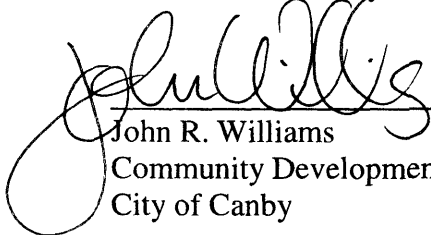
Sincerely,



Jeff Wadsworth
Finance Director
Canby Utility

cc: Dirk Borges, General Manager, Canby Utility

On behalf of the City of Canby, I agree to the terms and conditions of this agreement.



John R. Williams
Community Development and Planning Director
City of Canby

Att: J.W.



April 30, 2003

Randy Carson, City Councilor
City of Canby
P.O. Box 930
Canby, OR 97013

Dear Randy,

I understand the City is reviewing sewer costs in anticipation of a sewer rate adjustment. We are investigating rate adjustments as well. We are also considering adjustments to fees and charges.

Our staff calculated the cost to provide customer care, billing and collections for the City's sewer utility. It was clear that the 45¢ per account we charge is far below the cost to provide the services. The attached *Cost Breakdown Customer Service/Collection* shows that we should be charging the sewer utility about \$1.70 per account per month.

I believe it is important that our rates (and your rates) reflect the true cost of service. With this in mind, please pass this information along to your sewer rates committee for their cost of service analysis. The detailed analysis that supports the cost breakdown is available upon request.

Sincerely,

A handwritten signature in black ink, which appears to read "Shawn Carroll". The signature is fluid and cursive, with a long horizontal line extending from the end.

Shawn Carroll, Chairman
Canby Utility Board

Attachment

Analysis of least burdensome alternative: In-house Sewer Billings

COSTS:

	Year One	Year Two	Year Three
--	----------	----------	------------

Start-Up Costs:

Hiring Expenses	500		
Furniture	1,000		
Hardware *	1,300		
Software	5,000		
Data Conversion	6,000		
Training	3,150		
Phone/data lines *	535		
Bulk Mail Permit	150	150	150
Drop boxes *	100		
Subtotal	17,735	150	150

Operating Costs:

OSII with Benefits	37,840	41,624	45,786
Operating Overhead	17,077	17,589	18,117
Postage	19,430	20,401	21,421
Software Maintenance	1,740	1,740	1,740
Subtotal	76,087	81,355	87,065

Total City Cost	93,822	81,505	87,215
------------------------	---------------	---------------	---------------

Cub Proposal	106,896	112,241	117,853
---------------------	----------------	----------------	----------------

In-house solution:

Total Savings over Proposal	13,074	30,736	30,638	(vs. \$1.70/mo)
Total Loss over Current Rate	(65,526)	(51,794)	(56,018)	(vs. \$0.45/mo)

Per Customer Cost:

CUB Current Rate	0.45	0.45	0.45
CUB Proposed Rate	1.70	1.70	1.70
City In-house Rate	1.49	1.23	1.26

Analysis:

Our proposal exceeds costs the first year and each year thereafter.
 In-house solution can save \$13,074 in year one over proposal rate.
 In-house solution can cost only \$65,526 in first year over current rate.
 Based on data recorded, the in-house solution should be our least burdensome alternative.

Assumptions:

* denotes estimated value from year one.
 Year-to-year increase in expenses are based on 3% inflation.
 Based on 5240 customers billed monthly with customer charges increasing 3% per year.
 Allows for one full-time Office Specialist.