

City of Sherwood, Oregon

ORDINANCE NO. 91-923

AN ORDINANCE AMENDING ORDINANCE NO. 514, REGULATING CITY WATER SERVICE AND CHARGES, AS ORIGINALLY ADOPTED ON MAY 5, 1961, AND SUBSEQUENTLY AMENDED, AND ESTABLISHING AN EFFECTIVE DATE

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WHEREAS, the City adopted Ordinance No. 514, regulating water service and charges in the City of Sherwood, on May 5, 1961, and has subsequently amended said Ordinance several times, most recently in 1989 through Ordinance No. 89-902; and

WHEREAS, Ordinance No. 87-861 requires annual consideration of water rate adjustments; and

WHEREAS, indexed increases to budgetary line items are 5% in FY 1991-92, which is actually less than the national cost of living index; and

WHEREAS, "flat" rate charges may be impacted by State Ballot Measure 5 and the current City water rate structure includes a flat charge, and;

WHEREAS, "measured" rate charges have been determined to be more equitable and may result in better individual water conservation efforts, and

WHEREAS, the City Council received and considered staff reports on this issue on January 9, 1991 and directed staff to prepare a revised water rate ordinance for consideration in March, 1991, and

WHEREAS, current City water rates are published as monthly rates but charged bi-monthly, and it would be more appropriate to express the rates as bi-monthly, and

WHEREAS, the charge for the first 100 gallons of water used should be higher than subsequent increments to cover the fixed costs of operating a water system, and

WHEREAS, after due consideration of the impact on the citizens of Sherwood of various water rates prepared and presented to the City Council, and the factors put forward in the body of this Ordinance, and in accordance with Ordinance No. 514, Section 5g, which mandates the annual consideration of water rate adjustments, the Council has determined that a flat rate monthly minimum for water useage is inappropriate and that all water usage should be measured and charged.

NOW THEREFORE, THE CITY ORDAINS AS FOLLOWS:

Section 1. Water User Charges. Sections 5a and 5b of Ordinance No. 514, as most recently amended by Ordinance No. 89-902, are hereby further amended to read:

(a) In-City Rates:

The following bi-monthly rates shall be charged customers for use of water supplied within the corporate limits of the City of Sherwood

<u>1st 100 gallons</u>	<u>Each additional 100 gallons</u>
\$1.50	\$.115

(b) Out-of-City Rates:

The following bi-monthly rates shall be charged customers for the use of water supplied without the corporate limits of the City of Sherwood.

<u>1st 100 gallons</u>	<u>Each additional 100 gallons</u>
\$3.00	\$.25

Section 2. Reserve Charges. The Reserve charge provided for in Section 5f of Ordinance No. 514 as amended by Ordinance No. 89-902, is hereby repealed. The City Manager is hereby directed to have twelve percent (12%) of the annual revenue from water user charges deposited in the City Water System Replacement Reserve Fund in lieu of charging out a separate Reserve.

Section 3. Effective Date. This ordinance shall become effective on May 1, 1991 so as to be coincident with the normal City water billing cycle.

Duly passed by the City Council this 13<sup>th</sup> day of March, 1991.

Approved by the Mayor this  
13<sup>th</sup> day of March, 1991.

Rick A. Hohnbaum  
Rick A. Hohnbaum, Mayor

Attest:

Polly Blankenbaker  
Polly Blankenbaker, City Recorder

AYE      NAY

Birchill	<u>✓</u>	<u>      </u>
Boyle	<u>absent</u>	<u>      </u>
Hohnbaum	<u>✓</u>	<u>      </u>
Hitchcock	<u>✓</u>	<u>      </u>
Kennedy	<u>✓</u>	<u>      </u>



90 NW Park Street  
Sherwood, Oregon 97140  
625-5522 FAX 625-5524

January 22, 1991

Dear Sherwood Water Customer:

The Sherwood City Council has been considering a major modification to the City water rate system. At present, all customers are charged a "flat rate" depending on meter size for the first 4000 gallons used every month. Thereafter a fixed amount is charged regardless of meter size for every 1000 gallons used. In addition, a "standby" charge is assessed customers with sprinklered fire protection, a "system replacement reserve charge" is applied to all accounts, and a senior discount is allowed.

As you all know, the voters of the State recently enacted a constitutional tax limitation measure (Measure 5). Current legal analysis indicates that certain utility flat rates may be subject to the new rules under Measure 5. The City has also been working with Oregon Water Resources on water conservation measures. Flat rates are often regarded as inducements to excessive water use. Therefore, the Council has determined that conversion of our water billing system to "full measured" consumption is appropriate at this time. In other words, every gallon used is charged out at an equal rate (under the present "flat" system, all customers paid the same whether 4 or 4000 gallons were used).

The Council directed that two goals be kept in mind: overall City water revenues should not increase because of this change, and each individual customers bill should remain roughly the same. The first goal was achieved, the second goal was reached for all but 5% of our customers.

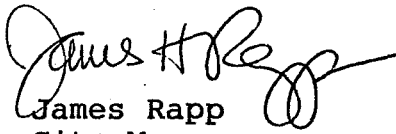
Unfortunately, you appear to be one of our customer's for which a change in individual bills may be forthcoming. Typically, residential or business uses that use large amounts of water will almost inevitably end up paying more in a "full measured" system. What we primarily see are some heavy industries, food markets and restaurants, apartment

housing, and some institutional uses being subject to an increase. Either of necessity or practice such activities are often not water conservers. Some customers will see increases month in and month out, others will be impacted only in the summer months. Although it may be of little solace, most City water customers will see no change, and many will see their bills actually decrease as a result of conversion to a measured system.

Please contact City Finance Director Polly Blankenbaker or Accounting Clerk Carol Roos for more information. In many cases, the average monthly increase is under \$2 - \$3, so this change will not necessarily be that significant. And, now that water consumption is fully measured, you can have an immediate impact on your water bill by adopting water conservation practices.

The Council will be considering a new rate ordinance in March and the adjusted rates should appear on your July 1991 bill.

Sincerely,

  
James Rapp  
City Manager

JR:rls

cc: Mayor and Council

Date: December 26, 1990  
To: Mayor and Council  
Through: Jim Rapp, City Manager  
From: Polly Blankenbaker, Director of Finance & Admin. Serv.  
Subject: Revenue Neutral Measured Water Rates

In an effort to conform to the new rules under Measure 5, I recommend that the City institute a measured consumption charge of \$.70 for the first 100 gallons of water used and \$.11 for each 100 gallons thereafter. Flat rates, as we partially use now, are deemed "property taxes" under Measure 5. Measured rates, as I am recommending, are not.

I arrived at this recommendation by calculating the actual usage of every account using 6 different formulas for 5 billing periods (10 months). The 10 month difference between our current collections and the recommended measured rate would be a loss in overall revenue of \$2,113.11. The higher rate for the first 100 gallons is an acceptable recognition of certain fixed overhead costs (line maintenance, billing, etc.) that need to be recovered whether a customer uses 1 gallon or 100,000 gallons.

I have identified every account that will receive an increase or decrease of at least \$20 in any two month billing period under the recommended measured rate, totaled the difference between current and proposed rates for each such account over all 5 billing periods modeled, and arrived at a monthly average increase or decrease. Attached is a print-out of the 55 customers that will experience an average monthly increase or at least an increase of \$20 in any given billing period. Out of over 870 individual accounts this is about as close to "customer neutral" one can get without beginning to significantly reduce overall Water Fund revenue. The great majority of our residential customers should actually receive small decreases as a result of the switch to measured rates. Several business and institutional users will also receive average monthly decreases ranging from Therm Tec (\$3.90) to the Intermediate School (net decrease of \$64.22 for two meters). Companies such as Allied, Bilet Products, Goodrich, etc., all show average decreases.

In examining the accounts with increases, there is a predominance of "water intensive" commercial businesses such as restaurants and markets, a couple of industries that use considerable water in their manufacturing processes, and practically all the "single meter" multi-family housing developments in the City. Such users tend not to be water conservers. Senior housing seems to be a partial exception to the multi-family "rule". For example,

Stewart Terrace and Sherwood Park will receive average monthly reductions of \$14.29 and \$34.95 respectively.

Other accounts showing increases include customers with known leaks for which our present rate structure has never proven an incentive to make repairs, and those with large properties that are heavily irrigated, have pools, etc. Nearly all of the single-family residential customers showing up on the increase list come in at under an average \$7.00 increase a month. These accounts "pop" over the \$20 plus increase per billing cycle in the summer months, presumably due to heavy lawn and garden irrigation. Council will note that the names of some customers appear more than once, these accounts have multiple meters.

Currently we have a flat per month charge based on meter size for the first 4,000 gallons (regardless of consumption), \$.70 per 1000 gallons thereafter, a depreciation charge based on meter size, and a rate based on the line size for fire standby. The new measured rate will combine all these rates. We also provide a \$1.00 per month reduction for senior citizens. This discount would be eliminated.

We also surveyed adjoining water districts to see what their rate structures and assessment of Measure 5 looked like. Unfortunately, it seems that special district attorneys are advising that such districts are not "local governments" under Measure 5. Therefore no conversions from flat rates are presently proposed. The City's of Newberg and Tualatin charge rates higher than Sherwood, but still include a base charge as with our present system. Neither City has started a conversion process as yet, although it is being discussed.

The proposed formula seems to be the most equitable for all customers and has the added benefit of serving to encourage water conservation. It also has several administrative and billing advantages both to the customer and the City. For example, under the flat rate, our customers were charged even if they were away on vacation and used little or no water. The only alternative was a water shut-off and subsequent turn-on for which we charge special fees. Under a measured rate, the customer has greater control over their water bill. If water is not used as a result of vacation or whatever, charges will not be incurred.

The proposed rate structure meets our understanding of the requirements of Measure 5. However, Council should be aware that as a result of legislation and litigation further adjustments may be necessary, perhaps even before the end of the fiscal year. Our SDC Study consultant (ECO Northwest) will be auditing this and all other City fees and charges for Measure 5 compliance as the realities of that measure come to light.

ACCOUNT NUMBER	ACCOUNT NAME	MARCH	MAY	JULY	SEPT	NOV	DIFF	AVG MO INC
100500	H. Beeler	-0.10	-1.02	-1.14	25.74	-1.14	22.34	2.23
100600	L. Bahns	-2.06	-2.02	-0.82	31.58	-1.94	24.74	2.47
102000	RAINBOW MKT	-18.60	53.82	75.38	85.18	69.22	265.00	26.50
103510	ST. FRANCIS CH	-10.62	-8.97	4.10	47.02	42.18	73.71	7.37
104100	H. Coleman	2.66	1.93	1.66	21.46	-1.58	26.18	2.62
104200	E. Schulmerich	-7.10	1.06	7.78	31.06	-3.62	29.18	2.92
105300	CLANCY'S	23.54	33.30	35.46	36.66	36.70	165.66	16.57
110500	A. Olson	2.66	5.78	4.94	25.54	8.26	47.18	4.72
111300	R. Drill	25.90	42.54	32.02	28.06	24.86	153.38	15.34
111700	G. Riedel	-1.90	-1.46	1.34	21.46	7.86	27.30	2.73
200500	VILLAGE GREEN	24.88	19.24	22.76	47.07	26.04	139.99	14.00
200620	INTERMEDIATE SC	-83.78	-83.78	-83.18	694.68	-74.81	369.13	36.91
201000	DOCTORS OFFICE	-54.00	0.02	-0.26	61.22	8.70	15.68	1.57
201300	STEWART TER	-30.08	-11.36	14.44	103.12	-5.80	70.32	7.03
202600	M. Gardner	-4.18	4.26	4.54	27.22	-1.34	30.50	3.05
205100	CONDO MGMT	11.48	22.68	30.60	53.72	44.60	163.08	16.31
205500	CONDO MGMT	88.76	98.88	113.24	157.48	152.84	611.20	61.12
206000	L. Fletcher	21.98	11.66	-9.30	-12.90	8.50	19.94	1.99
208400	A. Pedwell	-4.54	2.26	7.82	35.22	10.30	51.06	5.11
300700	SHARIS	102.42	136.34	131.10	164.14	143.62	677.62	67.76
300800	TACO TIME	8.26	19.34	31.30	58.22	37.26	154.38	15.44
300900	FOOD PAVILION	-3.42	3.66	8.78	34.18	6.02	49.22	4.92
301000	SHOPPING CNTR	43.68	47.08	47.52	61.36	71.68	271.32	27.13
301520	W. WEST	31.70	-1.90	81.62	44.46	8.66	164.54	16.45
301530	PRIDE DISP	-25.84	-25.88	-25.52	92.00	97.12	111.88	11.19
301900	PGE	-20.07	-21.17	21.58	-22.60	-20.29	-62.55	-6.26
303100	G. Harvey	-0.70	6.18	10.26	36.46	7.62	59.82	5.98
304300	PEDDLER	71.24	89.60	99.52	138.44	110.72	509.52	50.95
304900	SMITH FARM	243.16	298.36	319.56	650.36	319.56	1831.00	183.10
305600	CHERRY TREE MKT	22.86	-58.00	-9.80	79.96	-1.64	33.38	3.34
305700	R. Bolivar	-4.18	-0.34	2.14	26.54	0.82	24.98	2.50
306530	HIGH SCHOOL	-42.06	-123.62	-52.62	126.10	162.50	70.30	7.03
306540	HIGH SCHOOL	-78.57	8.16	-59.92	523.04	51.80	444.51	44.45
309200	A. Schmidt	-6.74	-4.26	34.98	-3.90	-3.26	16.82	1.68
310900	S. Sturges	-12.40	-8.42	-3.82	27.90	-5.78	-2.52	-0.25
401800	L. Carlock	417.59	-10.29	-6.33	-2.42	-4.62	393.93	39.39
402300	M. KING APT	152.58	166.58	166.86	204.90	162.50	853.42	85.34
403410	LINWOOD APT	1.52	-3.28	-2.32	178.72	2.72	177.36	17.74
407900	H. Nichols	-5.74	1.74	8.02	25.90	4.98	34.90	3.49
410600	H. Lenz	-4.26	-1.46	-0.98	33.30	1.22	27.82	2.78
411500	W. Korb	0.38	4.82	4.74	30.98	2.86	43.78	4.38
411510	D. McKeel	-5.82	-3.14	-3.46	26.96	6.22	20.78	2.08
500400	PEND DEV APTS	-12.38	-5.74	-3.90	24.66	-4.58	-1.94	-0.19
510500	FIRE HOUSE	-0.98	-4.88	0.94	34.54	16.54	46.16	4.62
511330	FRONTIER LEATHE	823.20	745.40	720.00	308.40	164.80	2761.80	276.18
514920	THERM TEC	-35.68	-21.04	22.76	7.92	-13.00	-39.04	-3.90
600700	G. Haliski	-3.82	-3.10	3.42	27.30	5.86	29.66	2.97
603500	D. Reynolds	14.58	10.42	16.26	27.38	14.34	82.98	8.30
606400	L. Miller	-2.94	-2.74	-0.42	44.93	-6.00	32.83	3.28
609900	L. Harrington	-0.30	1.30	3.62	23.98	5.78	33.78	3.38
611100	B. Stevens	-5.78	-0.34	7.54	29.18	-1.66	28.94	2.89



611620 M. Fulmer	-4.10	-2.66	3.22	23.14	0.34	19.94	1.99
612000 C. Morris	-1.62	4.54	14.18	2.42	40.62	60.14	6.01
702000 R. Huff	7.54	8.38	14.62	24.22	13.46	68.22	6.82
708700 DEPEND FNDRY	67.12	70.56	109.80	151.52	93.68	492.68	49.27

-1691.45	-1799.34	-625.80	3201.88	-1647.40	-2113.11	-211.31
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