

AGENDA
CITIZENS UTILITY ADVISORY BOARD

WEDNESDAY, OCTOBER 5, 2005
6:00 p.m.

JOHNSON CREEK FACILITY CONFERENCE ROOM
6101 SE JOHNSON CREEK BLVD.

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|-------|--|----------------------------|
| I. | CALL TO ORDER | CUAB Chair |
| II. | INTRODUCTIONS | CUAB Chair |
| III. | CONSENT AGENDA | CUAB Board |
| | A. September 7, 2005, Minutes | |
| IV. | REPORTS | |
| | A. Wastewater rate increase recommendation | Paul Shirey
Jay Ostlund |
| V. | DISCUSSION | |
| | A. Benefits of Clearwater plan—answers to questions
(provided at meeting) | Paul Shirey |
| VI. | MATTERS FROM THE BOARD | CUAB Members |
| VII. | INFORMATION SHARING | ALL |
| VIII. | FUTURE MEETING DATE/AGENDA ITEMS | ALL |
| IX. | ADJOURN | |

CUAB MEETING MINUTES
Wednesday, September 7, 2005
Johnson Creek Facility Conference Room
6101 SE Johnson Creek Blvd.

Members Present

Bob Hatz, Chair
Charles Bird, Vice Chair
Ed Miller

Members Absent

Betty Chandler

Staff Present

Paul Shirey, Engineering Director
Jay Ostlund, Civil Engineer

Others

Ted Kyle, Clackamas County WES

I. CALL TO ORDER

Chair Hatz called the meeting to order at 6:02 p.m.

II. INTRODUCTIONS—None.

III. CONSENT AGENDA

July 13, 2005, Minutes approved as presented.

IV. REPORTS

A. Clearwater Program Implementation

1. Ted Kyle with Clackamas County Water Environment Services (WES) presented an overview of the Clearwater Plan (attached). Mr. Kyle made several major points, including the fact that bigger is better in wastewater treatment and that capital costs for meeting future needs are nearly the same whether dealing with several treatment plants or a single plant.

The principle source of savings is in operating efficiencies and overall benefit to the environment in improving discharge quality from a single point (as opposed to multiple points).

Work has begun to implement the Clearwater Plan, by consolidating treatment services at a single location. The scheduled date to decommission the Kellogg facility is 2012. Milwaukie has agreed to pay the County service district \$4.5 million as its share of the cost to decommission Kellogg.

2. Vice Chair Bird raised a number of questions. First he expressed a strong belief in the responsibility of the Board to deliver service at the lowest possible cost. He understands that rates for utility services can represent a real financial crunch for many people.

He felt that the benefits of Clearwater had not been clearly quantified and expressed a strong desire that ratepayers not be asked to bear the total cost of the \$4.5 million payment to the County.

- a. Mr. Bird asked that staff quantify the cost in present value terms.
- b. He asked staff to provide a cost estimate to meet new environmental regulations at the existing Kellogg facility compared with a new facility at the Tri-City location.
- c. Finally, Mr. Bird requested that staff come up with three alternatives to ratepayers bearing the total cost of the \$4.5 million contribution.

Board member Miller expressed support for Mr. Bird's recommendations.

3. Chair Hatz expressed his complete support for the Clearwater Plan, based on his belief that reclaiming the Milwaukie riverfront is vital to Milwaukie's chances to grow and prosper.

- V. DISCUSSION—None.
- VI. MATTERS FROM THE BOARD—None.
- VII. OTHER—None.
- VIII. INFORMATION SHARING—None.
- IX. FUTURE MEETING DATE/AGENDA ITEMS

Wednesday, October 4, 2004
Wednesday, November 2, 2004

- X. ADJOURN

The meeting adjourned at 8:17 p.m.

Bob Hatz, Chair

Paul Shirey, Scribe

Proposed wastewater rate increase . . .

The City of Milwaukie is proposing to increase wastewater (aka "sewer") rates beginning January 1, 2006.

Why is the City Considering an Increase?

Staff is proposing a rate increase for three reasons. First, the rate needs to be adjusted in order to catch up with inflation.

Second, the system is aging, as all systems do over time, and setting aside money for unforeseen repairs is sound utility management. Staff forecasts an approximate 4% annual increase to cover these costs.

Third, with City Council and the Clackamas County Board of Commissioners recently voting to implement the Clearwater regional wastewater plan, the City needs to raise additional funds to participate. An additional 2% annual increase is proposed to raise these required funds.

Participating in Clearwater has significant regional and local benefits. Not only is it the most cost-effective and environmentally friendly wastewater option for the future, Clackamas County will remove the Kellogg Treatment Plant from Milwaukie's Riverfront.

Furthermore, Kellogg is already at capacity, with no room to grow. It would require expensive upgrades to meet new State and federal effluent discharge requirements.

The upgraded Tri-City plant will provide more reliable service to the region.

Rate Changes

The proposed residential fixed rate would increase from \$15.00 to \$15.90 per unit per bimonthly billing period.

The residential volume rate would increase from \$2.10 to \$2.25 per CCF (hundred cubic feet, or approximately 748 gallons). The volume rate is calculated annually using average winter water usage. (Summer water usage does not affect your wastewater rate.)

Based on the proposed rate, a residential customer using 14 CCF would pay \$47.10 bimonthly (vs. \$44.40 at present).

The commercial volume rate is computed using year-round water usage.

The table below demonstrates the breakdown of the current and proposed rates for residential and commercial customers.

Commercial Deduct Meter

Commercial businesses can receive an adjustment on their sewer bill by installing a deduct meter to track water usage for irrigation. It is an owner's responsibility to purchase, install, and maintain a deduct meter.

For approval and more information, call Jay Saatkamp, Water Supervisor, at 503-786-7616.

Low-Income Program

Households below a certain income level are eligible for reduced rates (see table below).

Future Increases

Based on current engineering and financial planning, future rate adjustments would vary over the next five years, averaging approximately 6.0% per year.

Citizen Input Process

To efficiently deliver wastewater services, City Council annually reviews the financial position of the wastewater system. Council employs the aid of the Citizens Utility Advisory Board, the Budget Committee, and input from customers.

Any future changes to wastewater rates will involve communication with you, the customer.

Proposed Rates				
Rate Structure	Current Rates (Bimonthly)		Proposed Rates Effective 1/1/06 (Bimonthly)	
	Fixed*	Volume (per CCF)	Fixed*	Volume (per CCF)
Residential <small>(includes multifamily residences)</small>	\$15.00	\$2.10	\$15.90	\$2.25
Low-income residential	\$7.50	\$1.05	\$7.95	\$1.10
Commercial	\$15.00	\$2.95	\$15.90	\$3.15

*Fixed charge is imposed per unit for residential, per account for commercial.

Low Income Residential Utility Program	
Qualifying Income	
One person living alone	\$23,750/yr or \$1,979/mo
More than one person in one residence	\$27,150/yr or \$2,262.50/mo
Applications can be picked up at City Hall or mailed. Questions: Phone (503) 786-7525 or visit us online at www.cityofmilwaukie.org .	

**Public hearing on
wastewater
rate increase
Tues. Nov. 15, 2005
7:00 p.m.
City Hall Chambers
10722 SE Main St.**

Anyone interested in the proposed wastewater rate increase is encouraged to attend.

If you are unable to attend, you may also send written comments to the City of Milwaukie, Engineering Department, 6101 SE Johnson Creek Blvd, Milwaukie, OR 97206. Your written comments will be presented to the City Council at the public hearing.

**For questions, contact:
Paul Shirey
Engineering Director
(503) 786-7601
6101 SE Johnson Creek Blvd.**

The Clearwater Plan

How did this come about?

A two-year study by Clackamas County Water Environment Services (WES) in cooperation with north Clackamas incorporated cities, looked at how to best provide wastewater services to the North Clackamas region, given rapid growth rates, shrinking wastewater treatment capacity, more stringent environmental standards, and the aging of the Kellogg facility.

The goal was efficient and effective treatment of wastewater while reducing ratepayer costs for the long term.

The Cities of Milwaukie, Happy Valley, Oregon City, Gladstone, and West Linn support the study's findings and have elected to participate.

The Clackamas County Board of Commissioners approved the Clearwater Plan on Sept. 1, 2005, after public input and two public hearings.

How will the Clearwater consolidation approach benefit the region?

In wastewater treatment bigger really is better. The upgraded Tri-City plant will provide more reliable service to the region.

Operation costs will decrease when wastewater is treated at one facility rather than two.

Upgrading one facility to meet stricter environmental standards will cost much less than upgrading two facilities. (Upgrading Kellogg would cost more in the long run.)

One wastewater entry point on the Willamette is environmentally preferable to two.

Combining the construction of the trunk line from Kellogg to Oregon City with the Trolley Trail Project will provide an estimated savings of \$4 million for both projects.

More information is available at the City's website at www.cityofmilwaukie.org.



Produced by Utility Billing
September 2005

Important Hearing



**Milwaukie's proposed
wastewater
rate increase**