

A close-up photograph of water splashing, with several droplets captured in mid-air above a central point of impact. The water surface is covered in concentric ripples. The entire image has a blue color cast.

# Southwood Park Water District Rate Committee Meeting

Feb. 10, 2021

# Introduction:

- Southwood Park Water District has a problem
- We have a backlog of overdue & ongoing maintenance
- We need an influx of cash to keep our district operating smoothly for the long haul
- We're here to discuss most equitable way to raise water rates

# How did we get here?

- When I moved into the neighborhood 42 years ago, I supposed that the water bill I paid covered all the water district's expenses. Little did I know that our low water rates were at the expense of funds needed for crucial repairs & updates. I only learned that a couple years ago when several water board members resigned & recommended that the neighborhood annex to Lake Oswego for reliable ongoing water service.
- When the neighborhood voted to remain independent, it was widely understood that water rates would need to rise to cover years of deferred maintenance

## The Good:

- Our water comes from a deep aquifer that, according to one source, may originate near the base of Mt. Hood
- The supply appears to be ample
- The water is hard but quite pure
- It didn't require any treatment for years
- As more neighbors installed sprinkler systems & pools, some without backflow systems, it became necessary to add chlorine

## The Bad:

- We've put off raising rates in part because of the pandemic, but as it appears that will become less an issue by mid- to late-summer, we need to get a new rate structure in place soon.
- Besides ongoing maintenance, the board has identified several expensive items that we need to address soon:
  1. Painting the water tower outside & relining its interior
  2. Replacing the submersible water pump
  3. Replacing segments of distribution pipe that fail
  4. Upgrading the pipe from the tank through the vault to 8"

# Current Rates & Income

- Our current monthly base rate is \$18/month, billed bi-monthly
  - $\$18 \times 12 \text{ months} \times 298 \text{ households} = \$64,368$
- We currently charge \$1.75/ccf
  - One ccf = 748 gallons
  - Last year we pumped ~19 million gallons
  - $19 \text{ million} / 748 = 25,400 \text{ ccf}$
  - $25,400 \text{ ccf} \times \$1.75/\text{ccf} = \$44,450$
- $\$64,368 + 44,450 = \$108,818 \text{ income/year}$
- We have other misc. income streams, such as new account fees, extra charges for larger (1") service lines + others

# Neighboring District Rates

Water District	Monthly Fee*	Rate/ccf**
Lake Grove	5/8" - \$39.90	1-6ccf \$2.02
	3/4" - \$43.88	7-20ccf \$2.93
		21+ccf \$4.60
Lake Oswego	\$28.79	0-8 ccf \$3.03
		9-16 ccf \$4.35
		>17 ccf \$8.15
Palatine Hill	\$75.00`	Incl. 1st 10 ccf
		10-50 ccf \$5.50
		50-100 ccf \$6.50
		>100 ccf \$9.00
Raleigh	\$11.47	1-18ccf \$2.10
		18+ccf \$3.22
Rivergrove	\$17.90	\$2.87
Southwood	\$18.00	\$1.75
Tigard	\$30.31	1-6ccf \$3.92
		7-15ccf \$5.72
		16+ccf \$6.55
Tualatin Valley	5/8" - \$16.99	1-28ccf \$5.62
	3/4" - \$18.71	28+ccf \$8.01
West Slope	\$17.65	\$5.41
* These are monthly rates, sometimes billed bi-monthly		
**One ccf = 748 gallons		

- Comparing this to other district rates:
  - Our monthly (base) rate is probably a little low & could be increased a moderate amount
  - But we're giving away our water!
  - We charge \$1.75/ccf
  - Other districts charge from \$2.02 - \$5.62/ccf for lowest tier users
  - Some districts have a tiered system, with 2 or 3 tiers that charge higher rates to bigger users
  - Some districts charge a lot (up to \$9.00/ccf!) for biggest residential users



- We can also increase other fees,
  - Increase monthly base fee for properties with 1” service lines?
  - Charge double base fees for properties with ADUs?

# How much are we going to need?

- Top priority, painting & relining tank, may cost ~\$115,000 - 150,000 + other needed upgrades
- Some gratuitous water tower pictures....
- Each other priority comes with similar price tags



- Questions:
  - What kind of time frame do we want to attempt for repairs/maintenance?
  - How much & how quickly can we raise rates?
  - Whether/how to phase in changes?
- I received email from neighbor recently suggesting a base increase of \$1/month & \$0.10/ccf, & pointing out that we can't do needed maintenance with their suggested rate increases
- This person is right--we can't!
- We'll probably need \$35,000 - \$50,000 extra/year

- I played around with pencil & calculator & came up with one possible scenario:
- Increase base rate by \$3.00/month to \$21.00/month, billed bi-monthly
- $\$3.00 \times 12 \times 298 = \$12,516/\text{year}$  additional income
- Increase rate/ccf by \$1.50/ccf
- $\$1.50 \times 25,400 = \$38,100/\text{year}$  additional income
- $\$12,516 + 38,100 = \$50,616/\text{year}$  additional
- These are pretty steep increases, but in line with prices neighboring districts charge
- I'm not married to these rates, they're just an idea to get us started!

- Open to committee discussion
- After that, open for public comment
- Next Rate Committee meeting Wednesday March 10, 7pm, still on Zoom