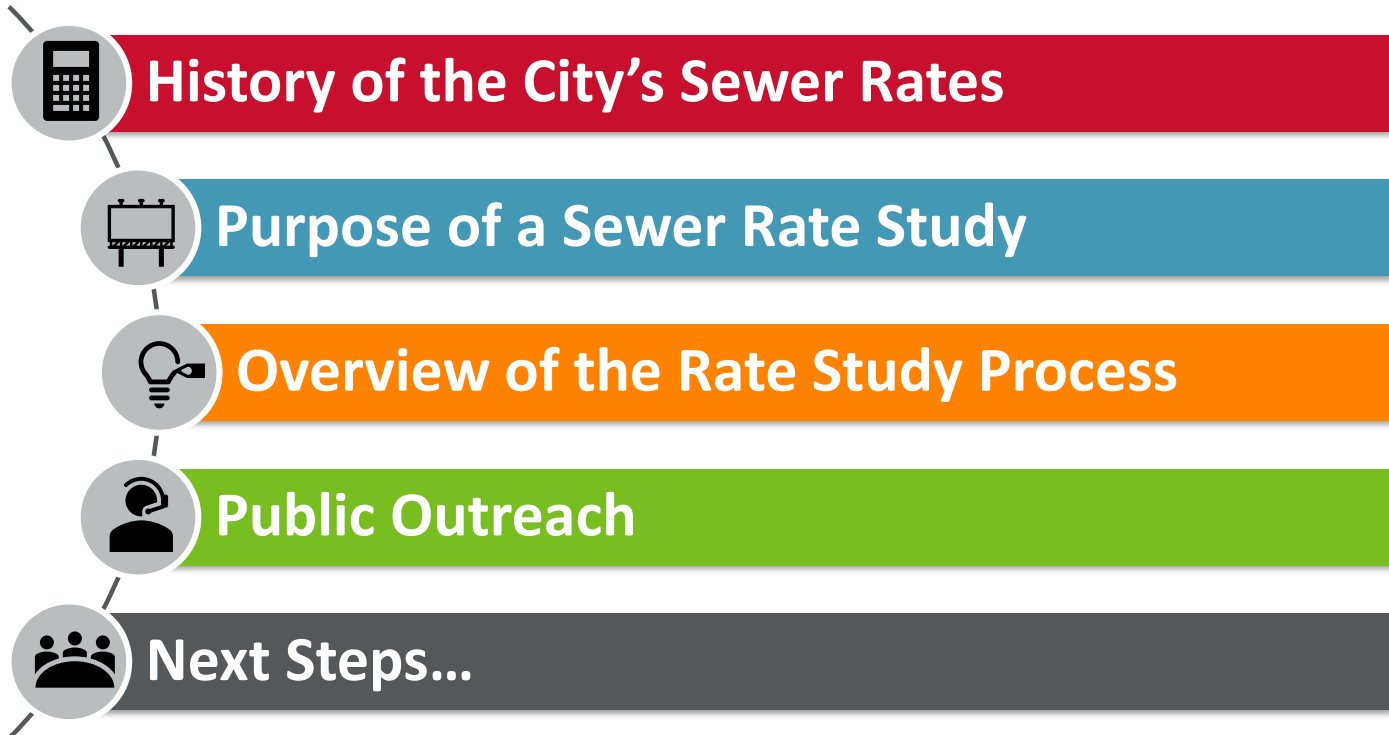


City of Rockaway Beach Sewer Rate Study

Introduction to Rate Setting

July 16, 2025

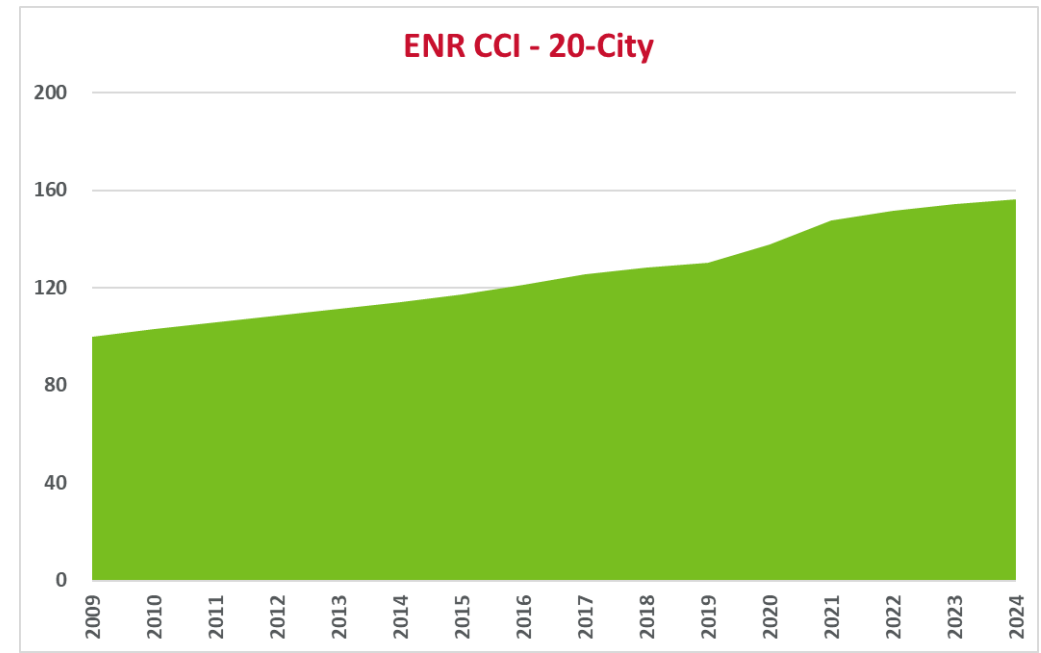




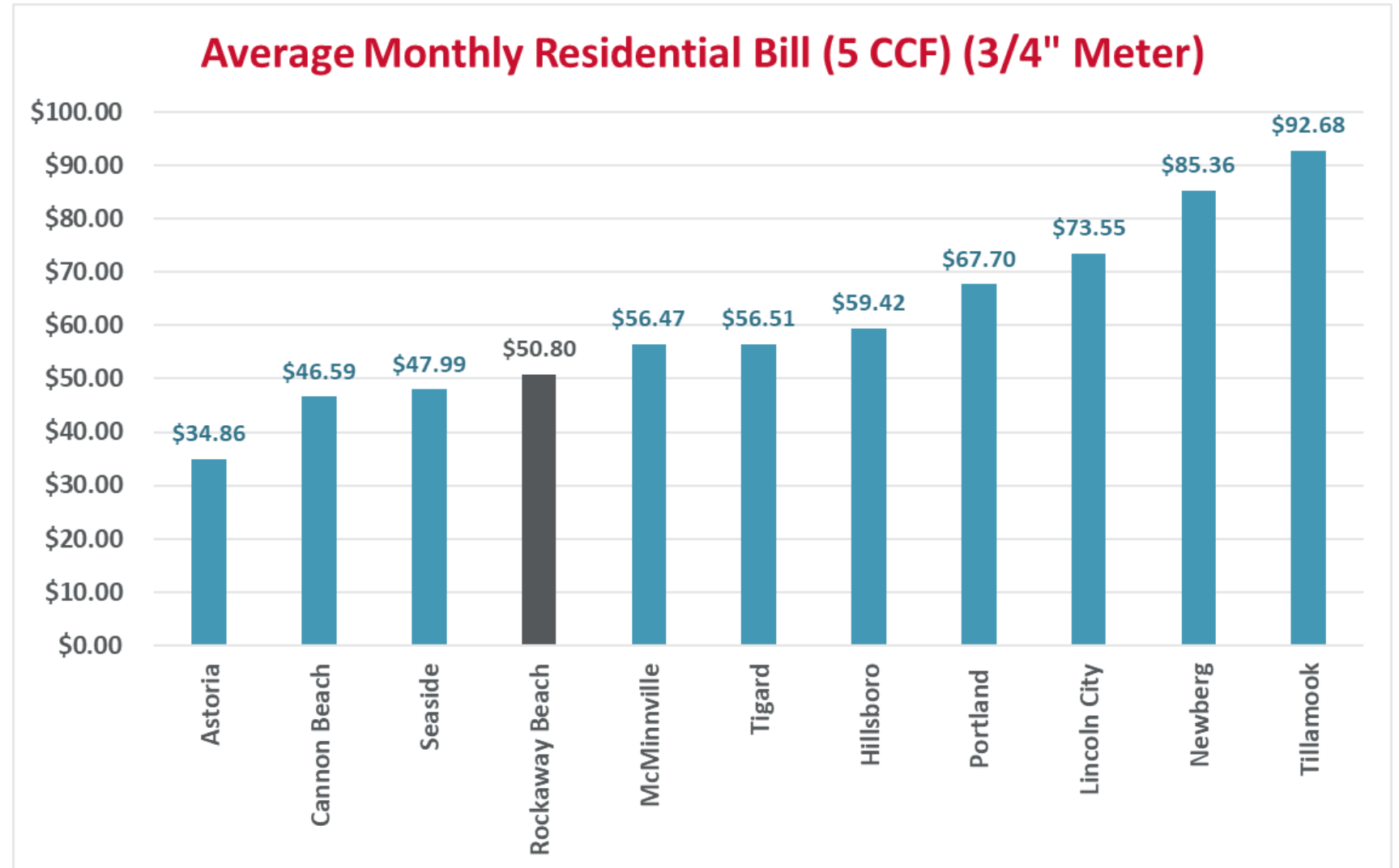
History of the City's Sewer Rates

- Last time the sewer rates were adjusted was 2009
 - Inflation calculator estimates 50.4% cumulative increase in costs since 2009
- Average water and sewer rate increases are typically more than the rate of inflation (4.5%-5.5% per year)

Bi-Monthly Rates FY 2025-2026	
Sewer Base	\$69.90
Sewer Master Plan	7.70
Sewer Debt	<u>24.00</u>
Total	\$101.60



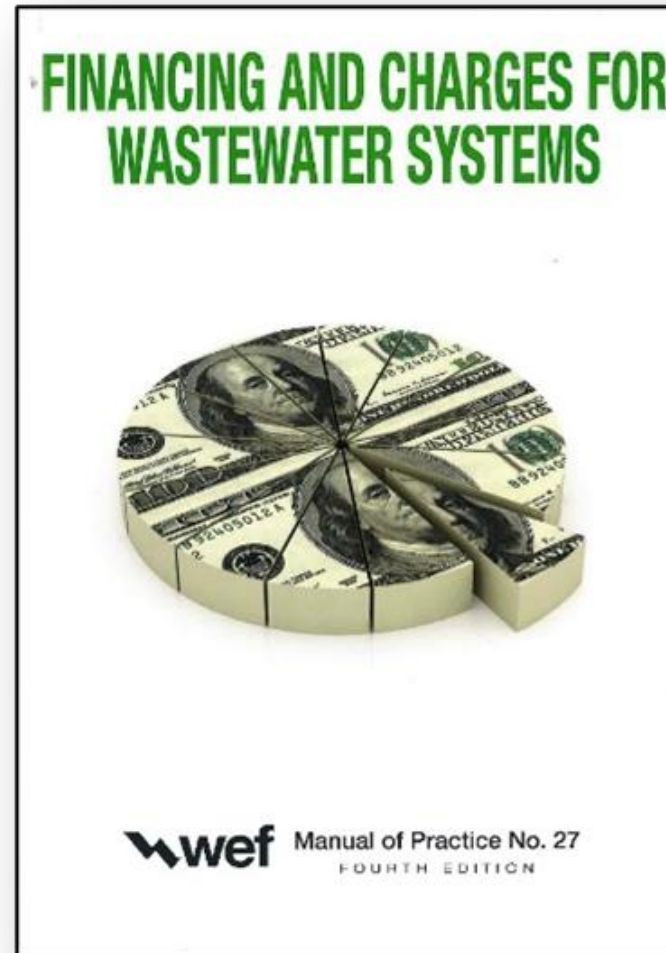
Local Sewer Rate Comparison



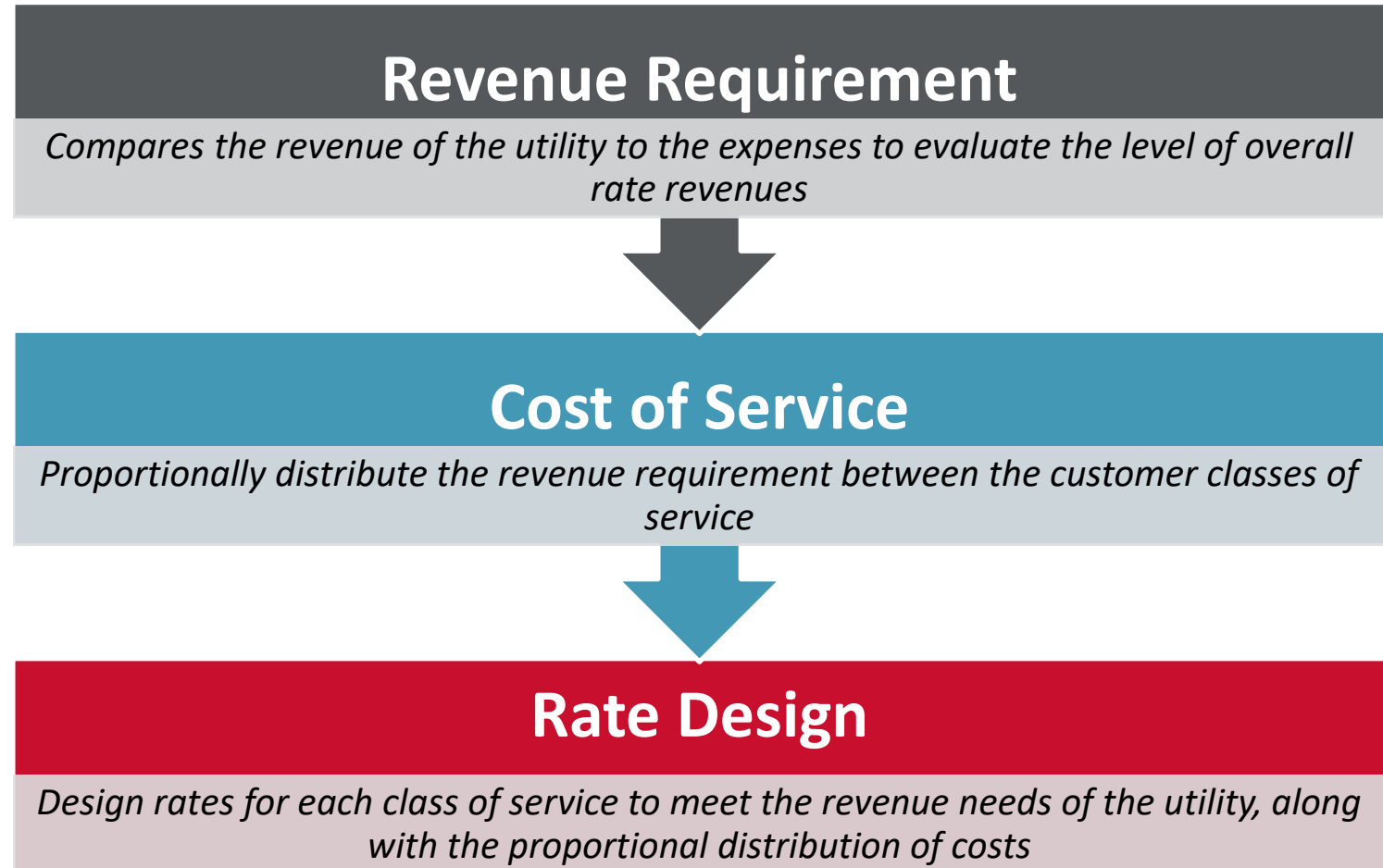
Purpose of the Study

- Provide sufficient revenue to operate and maintain the City's sewer utility
 - Annual O&M expenses
 - Capital improvement needs
- Develop proportional and cost-based rates
- Reflect prudent financial planning criteria
- Develop the study using generally accepted methodologies tailored to the City's system and customer characteristics

What is
“Generally
Accepted”



Establishing Cost-Based Sewer Rates



Overview of the Revenue Requirement

Compares utility revenues to expenses

- Determines the level of revenue (rate) adjustment necessary

Uses prudent financial planning criteria

- Maintaining sufficient target ending reserve balances
- Meeting required debt service coverage (DSC) ratio

Reviews a specific time period

- 2- to 5-year rate setting period
- 10-year planning period

Utility is analyzed on a “stand-alone basis”

- No transfer of funds from other City funds
- Rates need to support operations and capital

Utilizes the “cash basis” methodology

- Generally accepted method for municipal utilities

Overview of the Cost of Service

What is cost of service?

- Analysis to proportional distribute the revenue requirement to the customer classes of service

Why cost of service

- Generally accepted approach
- Avoids interclass subsidies
- Revenues reflect costs to provide service

Objectives of Cost of Service

- Determine if subsidies exist
- Develop average unit costs

Overview of the Rate Design

Reflect the
findings of the
revenue
requirement and
cost of service
analyses

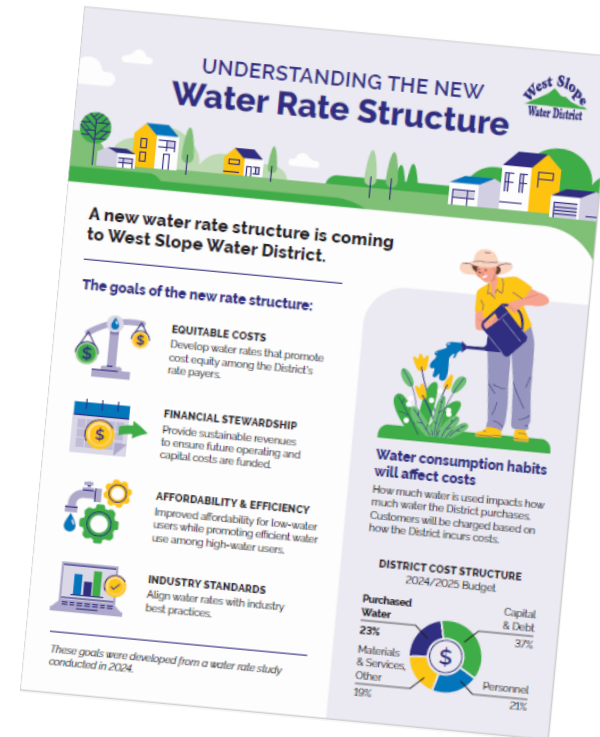
Meet the rate
design goals and
objectives of the
City

Produce sufficient
revenues to meet
the target
revenues of the
utility, and each
class of service

Are cost-based
and proportional

Public Outreach

- Success of a rate study often hinges on how well it is explained
- HDR will present the comprehensive results at several public meetings highlighting the key drivers
- City staff will oversee providing education and context regarding the proposed sewer rates to citizens
 - Social Media Posts
 - Bill Inserts
 - City Newsletters
 - Monthly City Updates



Project Schedule



August 2025

Draft Results to Council

September – November 2025

Public Outreach

December 2025

Final Results to Council

January 2026

Rate Implementation

Next Steps in the Process

- Receive Council feedback
- Develop draft sewer technical analyses
- Discuss preliminary results with City staff
- Review results and recommendations with Council
- Revise analyses based on feedback
- Review draft final results with Council
- Finalize technical analyses
- Implement proposed sewer rates



Questions?



July 16, 2025

Rockaway Beach City Council Workshop



ODOT Speed Zone Investigation



Recommendation: 30mph to 20mph

Business Façade Grants

Applicant	Request
Wortman Properties (Ed W.)	\$13,670
Pho Real (Tammy V.)	\$30,000
Tillamara, Inc. (James C.)	\$30,000
Troxel's Store (Victor T.)	\$22,286

Forest Stewardship Advisory Committee

Applicant	Application
Darlene Johnson	Complete
Nancy Lanyon	Complete
Jeff Wong	Incomplete