

Siletz City Council
Work Session
Thursday, October 19, 2023, 5:00 PM
Siletz City Hall

Present: Mayor Worman, T. Retasket, J. Whitehead, and W. Smith arrived late.

Absent- Excused: S. Trachsel

Staff: City Recorder B. Chestler, Public Works Lead D. Viar, Billing Asst. S. Selsic, Admin Asst. M. Goodell

1. Call Meeting to Order and Establish a Quorum.

Mayor Worman called the meeting to order and established a quorum.

2. Drinking Water Rate Study – RCAC Jason Carman and Dessa Wells

Jason Carman and Dessa Wells from Rural Community Assistance Corporation (RCAC) came before the council to give a brief utility rate overview, give a current rate performance report, and give a PowerPoint presentation of three rate alternatives and to gather feedback. They offered what basic rates do:

- Provide fair equitable rates
- Collect for the true cost of service
- Fair distribution of cost across customer classes
- Provide sustainability and promote economic development
- Provide a 5-year plan

RCAC offered the Siletz drinking water customer class data: In-city residential customers are 463, out-of-city residential customers are 32, Tribal customers are 205, commercial customers are 9, and the school serves 2 meters, for a total of 712 customers. Discussed was placeholder accounts. Given was the current rate performance. Discussed was affordability, 1.10% of water rates are considered affordable up to 2.25% of median income. RCAC reported that they developed the city's assets inventory and have a list of everything that the water plant is made up of. Replacement has been added; this has to be included in the rates so we can work on replacing assets. Discussed were base rates: they should cover fixed expenses that the system must pay regardless of delivering water to customers and usage rates should cover variable expenses associated with delivering water to customers.

Three alternatives to establish customer rates were given.

Rate Alternative 1:

In this alternative, customer classes have been established using the current billing system structure. The base rates are set to recover fixed expenses that the water system incurs. They are distributed fairly and equitably across customer classes. Implementing American Water Works (AWWA) Principals of Water Rates recommendations for establishing meter size ratios for the base rate. For the outside-city residential customers, a 1.5 multiplier has been added in accordance with the AWWA differential approach to establish rates for outside-city customers to recover the cost of supplying services and maintenance associated with the demand of serving customers outside the city limits.

Rate Alternative 2:

In this rate alternative, the base rate associated with CTSI, and the mobile home park has been converted to reflect these connections as wholesale customers since they purchase water for resale to their customers. They will only be charged for the city's meter connection, not the connections on the CTSI or mobile home park distribution lines, meaning that the current billing structure will need to be revised for this alternative.

Rate Alternative 3:

Allows the city to work more progressively toward full-cost pricing for providing water service, the water allotment of 1000 gallons has been removed from the base rate. The current billing structure can be utilized for this alternative.

They concluded by stating that all three drinking water rates will produce revenue that will sufficiently cover the cost of providing drinking water service to its customers including debt service, while setting operating, emergency, and capital improvement reserves. Each alternative is under 2.5% affordability factor that the AWWA suggests as affordable. Each alternative suggests fairness and equability across the customer classes while promoting conservation.

3. Adjournment

Retasket moved to adjourn the meeting at 6:30 PM.

Mayor Worman adjourned the meeting at 6:30 PM.



Mayor Will Worman

ATTEST:

Makenzee Goodell

Recording Secretary Makenzee Goodell