

City of Yachats

Public Works & Streets Commission – YEU Conversion

March 12, 2019

Today's Update –

- A brief review of recent history –starting from the previously issued Water Loss Report
- Calculations to see if results made sense
- Earlier efforts to identify errors in the YEU conversion
- Your input
- Next steps

A Brief Update

Starting around 2014

The need for a new utility billing system and a new water/sewer rate plan merged in late 2014.

Background – a brief update on how we got here

- Council adopted your recommended rate structure, effective February 1, 2016, coinciding with implementation of Muni Billing
- Most customers were converted based on a chart of monthly consumption created from the analysis model
- Large scale users, about 10 customers, had been subject to paying Yachats Equivalent Units – their conversion was based on YEU's paid in the 12 months leading up to implementation of the new rate structure
- Each of the 10 large scale customers needed an individual calculation of their new additional base rates, based on the past YEU's.

Background – a brief update on how we got here - continued

- A former councilor tried to automate the Water Loss Report; in the automation analysis, your monthly Water Loss Report was no longer published
- Balancing the new system internally for Joan Davies, former City Manager, disclosed that 2 of the largest users were missed in the initial YEU conversion. Their YEU additional base fees started late in 2016/early 2017.
- See next slide for the 2006 Council Minutes authorizing the YEU fees.

Handout #1

1 Smith asked Public Works and Streets Commission Chair, Walt Weyand to explain the
2 Commission's recommendation to the audience before the hearing is opened for public comment.

3
4 Weyand said that the Commission is recommending a modest increase of about 7% for the average
5 residential customer. The water and sewer base rates would remain the same at \$25 for water and
6 \$35 for sewer; and, the consumptive rate would be increased by \$0.50 per hcf of water used and
7 \$1.00 per hcf. for sewer. This would result in an increase of \$7.50 per month for the average user.

8
9 The Commission is recommending that a "Yachats Equivalent Unit" be established; and, that the
10 YEU be set at 3,200 cf. For each YEU one base rate would be charged so if any account used 6,400
11 cf they would be billed twice the base, which would equal \$50 for water and \$70 for sewer.

12
13 Smith asked for public comment.

14
15 Burgundy Featherkile said that it makes sense to her.

16
17 Carol Dutra agreed that it makes sense, and is much better than the proposal made last year.

18
19 Drew Roslund said that he would like to thank Weyand for including him in the process and passed
20 out a copy of the letter he had given the Commission in February. He said that if the recommended
21 proposal is adopted the bills at the Overleaf Lodge will have increased about 100% in the past year,
22 including the initial increase that was adopted last September. This increase will be difficult for the
23 motels to take and as the economics in a small town change, then the businesses may have to make
24 changes in their operations.

25
26 The public hearing was closed; and, after a brief recess, City Council deliberated the
27 recommendation.

28
29 Motion to adopt the recommended billing structure and rates as follows: \$25 per month base for
30 water, \$35 base per month for sewer, and for each hcf of water used \$4.00 for water and \$4.50 for
31 sewer; and establish an Yachats Equivalent Unit of 3,200 and in the application of the YEU the
32 second multiplier will be implemented at 6,400 and at each 3,200 cf thereafter; each multiplier to
33 equal one base rate, rates to be effective with the bills mailed on November 1, 2006, Aye – 5, No –
34 0.

35 36 **VII. New Business**

37 **A. Resolution No. 2006-09-01 – Commons Rental Rates**

38
39 Motion to adopt Resolution No. 2006-09-01 – Commons Rental Rates, Aye 5, No – 0.

40
41 Smith read a proposed resolution presented by the Commons Task Force reaffirming the City's
42 financial support of the Commons.

43
44 The resolution was assigned the number 2006-09-03.

45
46 Evans said that the resolution really does not do anything; that it was just a "feel good" thing. Wulff
47 and Nixon agreed that while it did nothing to change the status quo, they were in support of the
48 statement.

Questions

- This is a good place to pause and answer any questions you may have.

• Questions so far?

Documents and Calculations -

- Based on the incorrect conversion and missing 2 customers in the conversion process, the issue was raised with Shannon, our new City Manager
- Shannon preferred to engage COG for a deep dive into the rate structure and YEU conversion
- After several months without COG engagement, Bob Bennett, your Chair, raised the YEU conversion topic with Shannon – Bob's inquiry was deferred as we were still waiting for COG
- In a later PWS Meeting – a handout of base rates was provided by city staff (Handout #2)

Handout #2

- Confidential Data – refer to your earlier PWS data sheet provided by city staff

Documents and Calculations - continued

- After receiving the handout, I compared it to the last copy of the Water Loss Report for perspective (Handout #3) (Handout #4)
- The comparison showed that YEU revenue during the 12 months leading up to the new rate structure conversion was inconsistent with the tourist revenue from lodging and food
- Water usage for 5 of the largest customers was located in the City's property data base
- YEU's were recalculated from the water usage (Handout #5)

Handout #3

Public Works Commission						
City of Yachats						
Rolling 12 Month Water Report						
	Nov-11 through Oct-12	Apr-12 through Mar-13	Oct-12 through Sep-13	Apr-13 through Mar-14	Oct-13 through Sep-14	
Collection Fee	134.33	0.00	0.00	0.00	0.00	
Delinquent Notice Fees	870.00	530.00	605.00	685.01	525.01	
Delinquent Notice Late Fees	19.04	15.65	15.09	11.17	11.13	
Delinquent Shut-Off Fees	380.00	380.00	323.30	286.00	62.70	
Delinquent Shut-Off Fee Late Charge	27.00	25.20	18.60	9.30	8.70	
Miscellaneous Adjustment Fees	0.00	60.00	60.00	0.00	0.00	
Miscellaneous Adjustment Fees Late Charge	0.00	0.90	0.90	0.00	0.00	
Lien Recording Fee	496.00	558.00	62.00	25.00	97.00	
New Service-Takeover Fee	400.00	470.00	570.00	520.00	400.00	
New Service-Takeover Fee Late Charge	1.50	2.40	2.25	1.50	1.80	
Non-Sufficient Funds Fee Late Charge Totals	0.00					
Sewer Installation Fees	900.00	700.00	300.00	200.00	200.00	
Sewer Services	507,251.14	487,204.86	461,874.10	463,283.42	460,853.44	
Sewer Service Late Fees	2,606.01	2,465.77	2,297.35	1,864.67	1,539.35	
Sewer YEU Fees	10,528.00	10,459.00	8,352.00	7,689.00	6,442.99	
Sewer YEU Late Charges	7.34	6.36	6.08	27.69	38.57	
Shut-Off @ Handvalve - Customer Request	0.00	0.00	0.00	400.00	400.00	
Tap manhole svc stub-Sewer Totals	0.00	0.00	0.00	400.00	400.00	
Tap manhole svc stub-WTR Totals	40.00	80.00	40.00	483.60	483.60	
Water Installation Fees	3,100.00	2,800.00	1,200.00	1,246.43	1,246.43	
Water Services	423,947.18	450,290.81	481,661.64	483,582.59	481,326.74	
Water Services Late Charges	1,900.82	1,867.74	1,886.97	2,072.39	1,840.13	
Water Turn On After Hours	20.00	20.00	0.00	0.00	0.00	
Water Turn On After Hours Late Fee	0.90	0.90	0.00	0.00	0.00	
Water YEU Fees	8,002.00	8,971.00	8,928.00	7,781.00	6,386.00	
Water YEU Late Charges	5.24	5.31	6.50	18.08	18.07	
		0.00				
Total Income	960,636.50	966,943.30	968,179.93	970,541.85	962,289.73	
Total Sewer Billed					468,814.14	
Total Water Billed					492,167.45	

Handout #4

City of Yachats

YEU Trends leading to conversion

Macro View

November 2018

															Hotels & Motels Combined TR Tax		Hotels & Motels Transient			
															12 Month	%	& F&B Tax	%	Rental Tax	%
Monthly YEU Revenues - Source - Water Loss report															Totals	Decline	Increase	Increase		
Water YEU	Oct 2011 - Sept 2012	600	325	275	450	450	375	725	625	700	1,000	1,175	1,302	8,002			541,771		330,612	
Water YEU	Oct 2012 - Sept 2013	806	744	465	651	403	465	682	527	868	961	1,054	961	8,587			596,187		359,351	
Water YEU	Oct 2013 - Sept 2014	620		775	465	403	496	341	434	558	465	868	1,023	6,448	-19.4%		624,012	15.2%	375,707	13.6%
Sewer YEU	Oct 2011 - Sept 2012	840	455	385	630	630	525	1,015	875	980	1,400	1,575	1,218	10,528						
Sewer YEU	Oct 2012 - Sept 2013	754	696	435	609	377	435	638	493	812	899	986	899	8,033						
Sewer YEU	Oct 2013 - Sept 2014	584	406	725	435	377	464	377	406	522	436	812	957	6,501	-38.3%					

Documents and Calculations - continued

- Bob and I met with city staff in early January to review the YEU conversion calculations
- Outcome was to recover 2015 billings from storage and identify why the calculations may have been inaccurate and schedule today's meeting with the PWS Commission
- Shannon – Kimmie – results of investigation?
- Next steps???