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.

Smith asked Public Works and Streets Commission Chair, Walt Weyard to explain the Commission's recommendation to the audience before the hearing is opened for public comment. Weyard said that the Commission is recommending a modest increase of about 7% for the average residential customer. The water and sewer base rates would remain the same at \$25 for water and \$35 for sewer; and, the consumptive rate would be increased by \$0.50 per hcf of water used and \$1.00 per hcf. for sewer. This would result in an increase of \$7.50 per month for the average user. The Commission is recommending that a "Yachats Equivalent Unit" be established; and, that the 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 out a copy of the letter he had given the Commission in February. He said that if the recommended 20 21 proposal is adopted the bills at the Overleaf Lodge will have increased about 100% in the past year, including the initial increase that was adopted last September. This increase will be difficult for the 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 recommendation. 28 29 Motion to adopt the recommended billing structure and rates as follows: \$25 per month base for 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 Resolution No. 2006-09-01 - Commons Rental Rates 37 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 The resolution was assigned the number 2006-09-03. 45 Evans said that the resolution really does not do anything; that it was just a "feel good" thing. Wulff 46 and Nixon agreed that while it did nothing to change the status quo, they were in support of the 47 48 statement.

City Council Minutes - September 14, 2006 s:\council minutes\2006\09-14-06_- city_council_minutes.doc

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)

 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)

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Public Works Commission						
City of Yachats						
Rolling 12 Month Water Report						
	Nov-11	Apr-12	Oct-12	Apr-13	Oct-13	
	through	through	through	through	through	
	Oct-12	Mar-13	Sep-13	Mar-14	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	<mark>10,528.00</mark>	10,459.00	<mark>8,352.00</mark>	<mark>7,689.00</mark>	<mark>6,442.99</mark>	
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	<mark>8,002.00</mark>	<mark>8,971.00</mark>	<mark>8,928.00</mark>	<mark>7,781.00</mark>	<mark>6,386.00</mark>	
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	

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City of Vachata																			
City of Yachats YEU Trends leading to conversion																			
	conversion																		
Macro View																			
November 2018																			
																Hotels & Motels		Hotels & Motels	
																Combined TR Tax		Transient	
														12 Month	%	& F&B Tax	%	Rental Tax	%
				Мо	nthly YE	U Reven	ues - So	ource - V	Vater Lo	ss repo	rt			Totals	Decline		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		986	899						
Sewer YEU	Oct 2013 - Sept 2014	584	406	725	435	377	464	377	406	522		812			-38.3%				
Jewel 120	OCC 2013 Sept 2014	304	700	, 23	433	377	704	3,7	400	522	730	012	337	0,501	30.370				

City of Yacha	ats				5 Larg	gest Water U	Isers												3
Lost Revenu	e from YEU	errors																	
November, 2	2018									Water	Increase by					Water	2016 Rate	2017	2018
				User 1	User 2	User 3	User 4	User 5		Base	Initial	Per	Monthly	Months		Base	Inflation	Inflation	Inflation
										calculated	5%	Kimmie's	Unbilled	Since	Lost	calculated	adj @ 2.45%	Adj @ 3.00%	Adj @ 3.35%
		Month	Year	Source	- Water Us	age from Pro	operty Data	Base		at left	Increase	PWS Handout	Revenue	Conversion	Revenue	at left			
		February	2015	8100	16500	20700	11091	12300											
		March	2015	Missing	17500	23800	13019	15200	User 1	246.50	258.83	64.65	194.18	35	6,796.23	258.83	265.17	273.12	282.14
		April	2015	20100	17600	Missing	13774	15500											
		May	2015	16300	16000	16700	13821	11000	User 2	213.53	224.21	86.35	137.86	35	4,824.93	224.21	229.70	236.59	244.40
		June	2015	28800	26900	31700	15341	14100											
		July	2015	26700	25900	36200	14275	17700	User 3	261.12	274.18	293.89	(19.71)	35	(689.91)	274.18	280.90	289.32	298.87
20		August	2015	33900	32400	55800	17875	27100											- 1
		September	2015	43100	31600	34700	18724	16700	User 4	152.80	160.44	86.35	74.09	35	2,593.24	160.44	164.37	169.30	174.89
		October	2015	39200	21700	25300	17804	12800											
		November	2015	21400	13700	11900	13127	6000	User 5	137.56	144.44	121.61	22.83	35	799.07	144.44	147.98	152.42	157.45
		December	2015	20200	18500	19600	26039	9200											
		January	2016	22100	26200	20100	14388	12800					409.24		14,323.56				
			Totals	279900	264500	296500	189278	170400											
			Read #	11	12	11	12	12		Sewer	Increase by					Sewer			18
										Base	Initial	Per .	Monthly	Months		Base	2016 Rate	2017	2018
	Monthly	Average		25445.45				14200		calculated	5%	Kimmie's	Unbilled	Since	Lost	calculated	Inflation	Inflation	Inflation
	Monthly	Average	Units	254.5	220.4	269.5	157.7	142.0		at left	Increase	PWS Handout	Revenue	Conversion	Revenue	at left	adj @ 2.45%	Adj @ 3.00%	Adj @ 3.35%
50		YEU starts at		64.0	64.0	64.0	64.0	64.0		222.52			.=	0.5		242.42			252.24
		Units over 64		190.5	156.4	205.5	93.7	78.0	User 1	230.60	242.13	62.20	179.93	35	6,297.53	242.13	248.06	255.50	263.94
		YEU incremer	115 01 32	6.0	4.9	6.4	2.9	2.4		100.75	200.74	82.50	127.24	25	4 452 44	200.74	214.88	221.33	220.62
		Water Base \$		31.00	31.00	31.00	31.00	31.00	User 2	199.75	209.74	82.50	127.24	35	4,453.41	209.74	214.88	221.33	228.63
		Water Consu		1,017.82	881.67		630.93	568.00	User 2	244.28	256.49	279.21	(22.72)	35	(795.22)	256.49	262.77	270.66	279.59
		Ist YEU at 64	прион ш54	31.00	31.00	31.00	31.00	31.00	User 2	244.20	230.49	2/9.21	(22.72)	33	(793.22)	230.49	202.77	270.00	2/9.59
		YEU Incremer	nts at 31 00	184.50	151.53	199.12	90.80	75.56	User 4	142.94	150.09	82.50	67.59	35	2,365.70	150.09	153.77	158.38	163.61
		Total Water \$		1,264.32	1,095.20		783.73	705.56	0301 4	142.54	130.03	02.50	07.55	33	2,303.70	130.03	155.77	150.50	103.01
		Total Water \		215.50	182.53	230.12	121.80	106.56	User 5	128.69	135.12	115.49	19.63	35	687.12	135.12	138.43	142.59	147.29
		Total Water E		246.50	213.53	261.12	152.80	137.56	030.3	120.03	100111	1101.15	15.05	55	007.122	100.11	100.10	112.55	217123
		Total Water E	Juse y	240.50	213.33	201.12	132.00	137.30					371.67		13,008.53				
		Sewer Base \$		29.00	29.00	29.00	29.00	29.00					371.07		13,000.33				
		·	mption @\$4.50	1,145.05	991.88		709.79	639.00					35 Month Total		27,332.10				
		Ist YEU at 64	mpdon @94.30	29.00	29.00	29.00	29.00	29.00					Water & Sewer		27,332.10				
			nts at 29 00	172.60	141.75		84.94	70.69					a sewer						
	YEU Increments at 29.00 Total Sewer		0. 25.00	1,375.64	1,191.63		852.74	767.69											
	Total Sewer YEU			201.60	170.75		113.94	99.69		Agrees with 2015	Utility Rate Cha	nge Model created	by Bob & Tom		City	of Yacha	ats – PWS		
										3 722 2020	,	J	,				larch 12,	13	
																_	iai CII 12,	13	
		Total Sewer E	Base \$	230.60	199.75	244.28	142.94	128.69							201	.9			100
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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???