

RESOLUTION 2021-04

A RESOLUTION ADOPTING A CONSUMPTION BASED BILLING POLICY FOR SANITARY SEWER

WHEREAS, the City of Millersburg desires to bill fair rates for sanitary sewer services; and

WHEREAS, the City of Millersburg wishes to adopt the Consumption Based Billing Policy the City will employ in calculating the bills for sanitary sewer service for all properties for which the City employs consumption-based billing; and,

WHEREAS, although rates have increased from time to time to consider rising costs of system operation and capital improvements, the rate structures for sewer have continued to include flat fees that are perceived to create inequities by not adequately considering use; and,

WHEREAS, the rate-setting process conducted for rate modernization includes nationally accepted rate development procedures established by the Water Environment Federation and includes development of annual system revenue requirements and the design of a new rate structure and rates designed to meet the annual revenue target; and,

WHEREAS, the revenue requirements for the City's sewer system were established through financial and master planning processes; a Sanitary Sewer System Master Plan was adopted in 2017, and a 5-year Capital Improvement Plan was developed in 2018; and annual rate increases have been estimated to fund the projected capital costs associated with implementing these plans, along with ongoing system operation and maintenance; and,

WHEREAS, a new rate structure was developed following wastewater utility standard practices in order to establish an equitable distribution of costs that considered the differences in providing service based on system usage and facility requirements and the preliminary results of this analysis were shared with Council in work sessions on June 25, 2019, July 30, 2019, May 26, 2020, and a Council meeting on November 10, 2020; and,

WHEREAS, the updated rate structure was designed to balance Council objectives, including:

- Fairness in the apportionment of total costs of service among different ratepayers
- Revenue stability and predictability
- Stability and predictability of the rates from unexpected or adverse changes
- Publicly acceptable
- Easy to understand and administer,


NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MILLERSBURG, OREGON, that:

1. The City hereby adopts Attachment "A" to this Resolution that is the Consumption Based Billing Policy that will be used for calculating billing rates beginning April 2021.
2. Staff shall maintain a copy of this Resolution in the City's administrative offices for public reference.

3. This Resolution supersedes Resolution Nos. 2001-10, 2020-01, and any previous resolutions setting forth sewer utility rates and administrative rules.

Effective Date: This Resolution shall be effective upon its approval and adoption.

Duly Passed by the City Council this 9th day of March, 2021.



Jim Lepin, Mayor
City of Millersburg, Oregon

ATTEST:



Kimberly Wollenburg
City Recorder

Attachment A

City of Millersburg Sewer Utility Rates and Charges

Billing for customers include two components: Fixed rate and a volume charge based on the amount of water used. The two components are added together to compute an invoice for each customer.

1. Fixed rates are assessed per equivalent dwelling unit or nonresidential account, and include costs associated with customer services, billing, and a portion of other fixed costs, and are designed to maintain revenue stability.
2. Volume rates are assessed on billable volumes of water measured in 100 cubic feet (CCF).

*An equivalent dwelling unit is equal to each dwelling unit for multi-family and mobile home properties, and each commercial and industrial unit served by multi-unit connections

RESIDENTIAL SEWER ACCOUNTS

For each residential customer, the monthly bill for wastewater service shall be computed as follows:

$$A = (\text{fixed charge} \times B) + (\text{volume rate} \times C)$$

where: A = monthly bill

B = the number of dwelling units for residential customer

C = the monthly water consumption expressed in hundreds of cubic feet (CCF)

and where: Fixed charges and volume rates by fiscal year are included in the rate schedule below.

RATE SCHEDULE

Customer Class - Residential	FY 2020-21
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<i>Fixed Charge</i>	
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Residential	\$39.03
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<i>Volume Rate (\$/CCF)¹</i>	
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Residential	\$ 2.70
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¹ CCF = one hundred cubic feet or approximately 750 gallons

For purposes of clarifying wastewater fixed charges, “dwelling unit,” as that term is applied to duplexes, residential parks, and other multi-family units, shall be defined as any place of human habitation designed for occupancy based upon separate leases, rental agreements, or other written instruments. Current rental practices will not be dispositive of the question of how a dwelling is “designed” for occupancy.

Volume will be based on a 4-month winter averaging of water consumption. The winter average period will be defined as **the 4-month period starting with the first full billing cycle starting on or after December**

1st of each year. Beginning in April 2021 and each July following, the residential customer's wastewater bill will be adjusted using the monthly average water meter readings from those previous winter months.

Accounts with an average winter water usage of less than 1 CCF of water consumption are automatically assessed at the 5.0 CCF average.

Customers may request in writing to have the sewer based on actual usage if the property is vacant or consistently averages below 1 CCF per billing cycle over a 12-month period.

The assigned average for water consumption may be appealed to the City Recorder and could be modified pending a review of the account and findings thereof.

COMMERCIAL SEWER ACCOUNTS

For each commercial customer, the monthly bill for wastewater service shall be computed as follows:

$$A = (\text{fixed charge} \times B) + (\text{volume rate} \times C)$$

where: A = monthly bill

B = the number of commercial units served by the wastewater service

C = the monthly water consumption expressed in hundreds of cubic feet (CCF).

and where: Fixed charge and volume rate for the customer class and fiscal year are included in the rate schedule below.

RATE SCHEDULE

Customer Class - Commercial	FY 2020-21
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Fixed Charges

Commercial

Regular	\$49.59
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High	\$49.59
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Volume Rates (\$/CCF)¹

Commercial

Regular	\$ 4.64
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High	\$ 8.58
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¹ CCF = one hundred cubic feet or approximately 750 gallons

Customer Classification:

Commercial accounts will be classified according to their strength of wastewater as described in the Commercial Customer Classification List (Appendix A). If a commercial customer cannot be easily categorized, the customer will be asked to submit estimated wastewater flow and strength data with a description of the type of business activities to the City Engineer. The City Engineer will make the final determination of customer classification for each commercial customer.

For commercial customers where a single water meter serves a building with multiple commercial uses, the classification for the entire account will normally be based on the single highest classification within the building. For example, if a building contains both offices and restaurants, the entire account bill would be calculated using the rates for a restaurant customer. In addition, for commercial customers where a single water meter serves a building with multiple commercial uses, the monthly fixed charge will be based on the number of commercial units being served by the wastewater service.

For the purpose of clarifying wastewater fixed charges “commercial unit” shall be defined as each portion of a commercial use that has plumbing fixtures connected to the sanitary wastewater system and which is designated for occupancy based upon a property right. Property right for purposes of this definition includes ownership, a leasehold interest, or any contractually-based right to occupancy of 12 or more hours in any 24-hour period.

Monthly Water Consumptive Use for Volume Rate:

- Actual Water Use. The volume rates for most commercial customers will be calculated based on the

actual water meter reading from the previous billing period. For commercial customers whose water meter readings vary due to seasonal factors (irrigation), the volume rates will be calculated using the average winter water use.

- Average Winter Water Use. The winter average period will be defined as the 4-month period starting with the first full billing cycle starting on or after December 1st of each year. Beginning in April 2021 and each July following, the residential customer's wastewater bill will be adjusted using the monthly average water meter readings from those previous winter months.

INDUSTRIAL SEWER ACCOUNTS

Process Wastewater. For process wastewater from each industrial customer, the monthly bill for wastewater service shall be computed as follows:

$$A = (\text{Flow} \times \text{Flow unit charge}) + (\text{BOD} \times \text{BOD unit charge}) + (\text{TSS} \times \text{TSS unit charge})$$

where: A = monthly bill

Flow, BOD, & TSS = data collected monthly from the industrial customer's waste stream

and where flow, BOD, & TSS unit charges for the industrial customer class are included in the monthly rate schedule below. For BOD and TSS charges, the City will apply the rates charged by the City of Albany.

RATE SCHEDULE

Customer Class

Industrial Unit Charges

Flow (\$/CCF) ¹	\$4.80
Biochemical Oxygen Demand (BOD) (\$/lb.)	\$1.015
Total Suspended Solids (TSS) (\$/lb.)	\$1.358

¹ CCF = one hundred cubic feet or approximately 750 gallons

Non-Process Wastewater. For industrial customers, the monthly bill for non-process wastewater service shall be computed as follows:

$$A = (\text{fixed charge} \times B) + (\text{volume rate} \times C)$$

where: A = monthly bill

B = the number of commercial units served by the wastewater service

C = the monthly water consumption expressed in hundreds of cubic feet (CCF).

and where: Fixed charge and volume rate for the customer class and fiscal year are included in the rate schedule below.

RATE SCHEDULE

Customer Class - Industrial **FY 2020-21**

Fixed Charges

Industrial	
Regular	\$49.59
High	\$49.59

Volume Rates (\$/CCF)¹

Industrial	
Regular	\$ 8.41
High	\$ 9.60

Customer Classification:

Industrial accounts will be classified according to their strength of wastewater as described in the Customer Classification List (Appendix A). If an industrial customer cannot be easily categorized, the customer will be asked to submit estimated wastewater flow and strength data with a description of the type of business activities to the City Engineer. The City Engineer will make the final determination of customer classification for each commercial customer.

For industrial customers where a single water meter serves a building with multiple uses, the classification for the entire account will normally be based on the single highest classification within the building. In addition, for industrial customers where a single water meter serves a building with multiple uses, the monthly fixed charge will be based on the number of units being served by the wastewater service.

For the purpose of clarifying wastewater fixed charges “industrial unit” shall be defined as each portion of an industrial use that has plumbing fixtures connected to the sanitary wastewater system and which is designated for occupancy based upon a property right. Property right for purposes of this definition includes ownership, a leasehold interest, or any contractually-based right to occupancy of 12 or more hours in any 24-hour period.

Monthly Water Consumptive Use for Volume Rate:

- Actual Water Use. For industrial customers, the volume rates will be calculated using the actual water meter reading from the previous billing period. In cases where an industrial customer is charged for process wastewater on the same water meter, the volume of water billed as process wastewater shall be subtracted from the volume calculated based on the water meter reading.

Wastewater Discharge Permit. A Wastewater Discharge Permit may be required for any significant industrial user (SIU) as defined by Chapter 10.20 of the Millersburg Municipal Code. Chapter 10.20 also defines the requirements and conditions that must be addressed by the permittee and provides the authority to establish a permit fee. The permit fee is designed only to recover the direct costs paid to the Oregon Department of Environmental Quality (DEQ) as follows:

Wastewater Discharge Permit Fee	
Annual Fee	
Significant Industrial User	\$723

Flow Monitoring. Additional flow monitoring may be required for certain industrial customers. If flow monitoring is required, the following cost shall be charged to the customer:

Flow Monitoring Fee	
Monthly Fee	
Industrial User	\$49.59

RECREATIONAL VEHICLE DUMP STATIONS

For commercial recreational vehicle dump stations discharging waste from chemical toilets, or other waste as may be approved, the monthly bill for wastewater service for the recreational vehicle dump station shall be computed as a commercial customer with regular strength waste based upon a system-wide average.

ALL SEWER ACCOUNTS

Less than four months' data availability

In not all cases will four months of winter season water consumption data be available. In these cases, a two-month minimum sample period shall be established between the dates December 1 through January 31, or the water meter reading dates most closely associated with that period of time. The two-month minimum measure of water consumption during the winter season shall be used as the basis for calculating the consumption portion of the sanitary sewer bill. A two-month period of time during the winter season shall be the minimum acceptable time period on which a sanitary sewer bill can be calculated based upon actual water consumption.

No data availability

In cases where there is no applicable data available as a result of the use changing, the ownership changing, or other factors such as a structure newly connected to the system for which there is no historical water consumption, the City will bill the customer based upon a system-wide average which shall be calculated from an equivalent dwelling unit basis.

Exceptions

Exceptions where winter season water consumption data is not available, applicable, and/or usable for the purposes of calculating the appropriate proportion of system operation cost allocable to a user are described as follows:

- a. Variations in usage. In order for the City to consider any water consumption exception, and thus bill recalculation, the exception must be greater than 25% of the historical monthly usage on a one-time event basis.
- b. Water usage not discharged to the sanitary sewer system. For the City to consider any request by a customer for credit against the amount of winter season water consumption as measured through the potable water meter or meters to the property in question, the customer must do the following:
 - 1) Customer must demonstrate to the City's satisfaction that the metered water measured which is in dispute as to whether or not the water was discharged to the sanitary system was not discharged to the sanitary system; and
 - 2) The customer must be able to determine the non-sanitary sewer service discharge accurately; and
 - 3) The City shall only deduct the provable non-sanitary sewer service usage from the winter consumption average.
- c. Recurring seasonal variations. Some commercial and industrial operations result in seasonal variations due to water usage that is not discharged to the sanitary sewer system. In cases where

actual water usage is determined to be an inappropriate measure of sanitary sewer discharge, the City, at its discretion, may select a base period on which to calculate the sanitary sewer charge.

d. New usage or change in ownership or usage of a structure mid-year.

- 1) At any time, the usage or ownership of property connected to the sanitary sewer system changes in a manner determined by the City to increase the flow discharged, the City shall have the right to recalculate the service charge to reflect a proportionate cost allocation.
- 2) The City may, at its discretion, recalculate the winter season average water consumption at the user's request, when the new rate of usage is ongoing and constitutes at least a 25% variation from historical winter season use.
- 3) In any recalculation of charges as contemplated in (1) and (2) above, the City may assign additional units or a reduction in units at any time a customer's usage changes which increases or decreases the estimated volume of water discharged to the sanitary sewer system.

e. Discontinuance of service. A property owner whose property is connected to the sanitary sewer system may request discontinuance of sanitary sewer service for a variety of reasons. In order for the City to process such a request for discontinuance of service and deduct the variable portion of the sanitary sewer service charge associated with consumption-based billing, the following must occur:

- 1) All water meters serving the property must be out of service, be locked, and/or removed; and
- 2) No alternative water supply can be available to the property; and
- 3) No use or occupancy of the property shall occur.

In all such cases where discontinuance is requested, and the structure remains connected to the sanitary sewer system and service is available, the base charge (fixed component) will continue. However, the variable component of the charge shall revert to zero for as long as the above conditions are satisfied.

f. Disconnection of service. In all cases where water meters have been removed from the property in accordance with procedures, rules, and regulations of City of Millersburg, no sanitary sewer service will be billed where no discharge is possible to the sanitary sewer system.

Customer Claims.

In the event a customer disputes the water consumption data available to the City for any of a variety of reasons, the City shall provide a claims form which shall outline the City's policy for addressing such claims and provide a format for the customer to respond to issues that are critical to the adjudication of the claim. All claims must be made within thirty (30) days of receipt of the water bill from the local water purveyor for which consumption data is being disputed. Claims for water consumption data that does not vary more than 25% from historical usage shall not be processed.

APPENDIX A

CITY OF MILLERSBURG COMMERCIAL AND INDUSTRIAL CUSTOMER CLASSIFICATION

COMBINED AVERAGE STRENGTH CATEGORIES & STANDARD INDUSTRIAL CLASSIFICATION

Waste Characteristic Allocation:

The City of Millersburg does not have a monitoring program for all commercial and industrial customers and consequently does not have specific monitoring data on all of Millersburg's commercial and industrial customers. However, an extensive project was undertaken by the City of Portland Bureau of Environmental Services (BES) to determine wastewater characteristics by Standard Industry Classification (SIC) codes based upon monitoring data for Portland's customers and using data from other cities.

The City of Portland's wastewater characteristic study data is based on BOD and TSS information from commercial and industrial customers in Portland and 28 additional cities, and the customer list is representative of the Millersburg commercial businesses. The Cities of Salem and Albany are also using the Portland BES data to classify their commercial customers.

COMMERCIAL AND INDUSTRIAL REGULAR-STRENGTH (UP TO 450 MG/L COMBINED BOD/TSS)

Offices & Services:

Accounting, Auditing, and Bookkeeping Services (8721)

Adjustment and Collection Services (7322)

Amusement & Recreation Services NEC (7999)

Banks & Credit Unions (6021, 6022,6141)

Barber & Beauty Shops (7241, 7231)

Child Day Care Services (8351)

Computer and Computer Software Stores (5734)

Correctional Institutions (9223)

Employment Agencies (7361)

Engineering Services (8711)

Gasoline Service Stations (5541)

Individual and Family Social Services (8322)

Insurance Agents, Brokers, and Service (6411)

Investment Advice (6282)

Legal Services (8111)

Libraries (8231)

Medical & Dental Offices & Clinics (including chiropractors, health practitioners, optometrists)
(8011, 8021, 8041, 8042, 8049)

Motels (7011)

Museums and Art Galleries (8412)

Nursing Care Facilities (8051)

Schools (Elementary & Secondary) and Educational Services (8211)

Taxicabs (4121)

Title Insurance (6361)

Trucking - local with storage (4214)

General Retail Businesses:

Apparel, Accessory, Jewelry & Shoe Stores (5699, 5641, 5651, 5944, 5661)

Auto equipment/supplies, new/used - NEC (5599)

Beer, Ale, & Liquor Stores - wholesale & distribution (5181 & 5921)

Boat Dealers (5551)

Book Stores (5942)

Coin-Operated Laundries (7215)

Department Stores (5311)

Floor Covering Stores (5713)

Florists (5992)

Groceries, wholesale & distribution (5141)

Hobby, Toy, and Game Shops (5945)
Home Furnishings & Hardware Stores (5719, 5251)
Miscellaneous food stores - minimarts without kitchens (5499)
Musical Instrument Stores (5736)
Paint, Glass, and Wallpaper Stores (sales but no mixing) (5231)
Sporting Goods Stores and Bicycle Shops (5941)
Tobacco Stores and Standards (5993)
Used Merchandise Stores (5932)
Video Tape Rental (7841)

**COMMERCIAL AND INDUSTRIAL HIGH-STRENGTH (GREATER THAN 451 MG/L
COMBINED BOD/TSS)**

Automotive/Mechanical repair &/or wash:

Airports, Flying Fields, and Airport Terminal Services
Automotive Repair Shops NEC (7539)
Automotive Repair (7538-see printout), Automotive Services (7549), Armature Rewinding
Carwashes (7542)
Exhaust System Repair (7533), Transmission Repair (7537), Tire Shop (7534), General
Motor Vehicle Dealers - new cars (5511)
Motor Vehicle Dealers - used cars (5521)
Shop (7694)

Specialty:

Candy, Nut, and Confectionery Stores (5441)
Disinfecting and Pest Control Services (7342)
Dry Cleaning Facilities (7216)
Restaurants, Eating Places, Bars, & Taverns (5812)

Fire Protection (9224)

Funeral Services and Crematories (7261)

Grocery Stores with garbage disposals (5412)

Hospitals (8060)

Industrial Launderers (7218)

Junior Colleges and Technical Institutes (8222)

Malt Beverage Brewery (2082)

Meat and Fish Markets, Including Freezer Provisioners (5421)

Paints/Varnishes/Lacquers/Enamels mixing (2851)

Pharmaceutical Preparations (2834)

Photofinishing Laboratories (7384)

Recreational Vehicle Parks (7033)

Retail Bakeries - with kitchen (5461)

Printing & Stamping on Fabric Articles - silk screening (2396)

Trucking - local with storage (4212)

Trucking - long distance, not local (4213)

Passenger car rental, no drivers for hire (7514)