

## **UTILITY BILL RATES EFFECTIVE 7-1-14**



### **UTILITY BILL RATES INCREASES AS OF JULY 1, 2014**

On July 1, the City implemented new water rates to help pay for improvements to the water treatment and distribution system – improvements which will allow the City to continue to provide safe and clean drinking water. The City's key water supply facilities and infrastructure, which were built in the 1960s with the aid of federal funds, are now nearing their capacity and at the end of their useful life.

To estimate your water rate increase, check out the Water Consumption Cost Calculator at:

[www.ci.oswego.or.us/finance/water-consumption-cost-calculator](http://www.ci.oswego.or.us/finance/water-consumption-cost-calculator).

### **The City provides, Water, Wastewater (Sewer), Street Maintenance, and Surface Water.**

Lake Oswego City Council, through the annual adoption of Master Fees and Charges, sets City utility rates. In reviewing your utility bill to understand how costs have changed, it helps to know what the typical single family home rate payer will see as an increase in a utility bill and how the bill has changed over time.

Below are [useful facts](#) about rates, how they have changed over time and the impact on the Utility Bill and other information that has impacted rates for [Water](#), [Sewer](#), [Street Maintenance](#), and [Surface Water](#). There is also a very [useful chart](#) with actual dollar amount of the increases for each service, each year since the 2004/2005 Fiscal Year for the typical rate payer.

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## **Useful Facts About Rates, Changes and Program Information**

### **Water**

The City of Lake Oswego supplies water to more than 36,000 customers through 250 miles of pipes, 13 pump stations and 16 water storage tanks.

Water rates include a **fixed** and a **variable** charge.

- Added to the fixed charge is the variable charge which is tiered. This tiered water billing structure means that as the amount of water consumed gets higher, the water gets more expensive.
- The fixed charge is the price that all customers pay monthly regardless of how much water they use.

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Did you know:

- The water portion of your bill did not increase, not even to keep up with inflation, from 2001 to 2007.
- In 2008 and 2009, water bill increases were 3% each year.
- In 2009, in order to pay for the replacement of aging facilities - water intake on the Clackamas River, the Water Treatment Plant, reservoirs and main water lines - water rates began to increase.
  - From 2009 through 2013, the monthly water bill has increased \$24.50, for the typical user. The fixed portion of the bill represents \$9.50 of the \$24.50 in increase; the rest is due to increases in the rates for consuming water.
  - The water bill is expected to increase about 12% each year for three more years. Rate increases would then fall to the rate of inflation.
- The water bill is calculated by both a fixed rate and a variable rate based on consumption. The costs for consumption are tiered, meaning water gets more expensive as more is consumed. Using both a fixed and variable rate based on consumption, allows the City to both encourage conservation, charge for a specific usage level, and ensure that revenue is sufficient to fund operating costs including repaying Bonds as well as invest in on-going renewal and replacement of system components. Here is how consumption and the tiered rate impact the water bill:
  - The typical consumer is a single family home that consumes 9.8 ccf (10 ccf with 2% conservation savings) or 7,330 gallons of water per bill. The typical consumer has no water usage in Tier 3 and only 3.6 ccf in Tier 2. The typical consumer has a water bill (fixed and variable based on usage) of \$95 (rounded).
  - If a household uses 69 ccf, their bill is going to be about \$278 dollars higher than a typical user. With \$236 of their bill being from Tier 3 water consumption levels.
  - Over time the increase in cost for high water consumers (Tier 3 levels) will be more noticeable than the increase in the fixed rate.
    - In 2009, 37 ccf in Tier 3 cost \$101. In 2013 it costs \$236.
      - In 2009, the Tier 3 rate per ccf was \$2.74 per ccf.
      - The current Tier 3 rate is \$5.67 per ccf until July 1, 2013, and \$6.38 afterward.
    - The fixed portion of the bill has gone up \$9.50 on the monthly bill since 2009.
- The original water system was paid for with a combination of federal and local dollars. While the system has been maintained, funds for replacement were not set aside. This time, there are no federal funds available for our water system.
- The water utility assets were valued at more than \$65 million dollars in 2010.

## Wastewater (Sewer)

The City of Lake Oswego operates and maintains 200 miles of collection pipes and ten pump stations. Flows from these facilities all empty into the Tryon Creek Wastewater Treatment Plant operated by the City of Portland located on Foothills Road. The system includes a main sewer interceptor pipe in Oswego Lake, which was replaced and completed in 2010 through the Lake Oswego Interceptor Sewer Project ([LOIS](#)).

- In 2004 and 2005, Wastewater Rates did not increase at all, not even to keep up with inflation.
- In 2006, rates started increasing every year to pay for the replacement of the main interceptor sewer line (big pipe that collects waste from small sewer lines in neighborhoods and carries the waste to the Treatment Plant) through the LOIS project.
- In 2011, rates stopped increasing to pay for the Interceptor Replacement and now are increased each year at an inflationary rate.
- Between 2006 and 2011, the monthly bill increased by \$34.28.
- Wastewater rates are based on a fixed rate and the winter average water usage each year. They are adjusted annually on July 1. This means that you pay the same amount of money for your sewer service every month between July 1 and June 30. The winter average is used as the basis to determine how much wastewater (from sinks, showers, washing machines and toilets) you are discharging into the system.
- The City of Lake Oswego was required to replace the interceptor pipe due to overflows into Oswego Lake during heavy rains. With the replacement of the interceptor pipe, no sewage should overflow into the environment (although monitoring and precautionary measures are still in place).
- The original sewer system was largely paid for by federal dollars. No funds were set aside for replacement and no federal dollars were available to replace the interceptor line.

## Street Maintenance

The City of Lake Oswego maintains 183 centerline miles of streets, 12% are arterials (e.g., Boones Ferry Road); 16% are collectors (e.g., Bryant Road); and 72% are residential streets (e.g., Twin Fir Road).

Since 1999 the City has cataloged street conditions as part of a Pavement Management Program. This program requires a comprehensive pavement condition assessment for each street in the City every three years. Through the Pavement Preservation Program the Street Maintenance Fee is used for street preservation and rehabilitation.

- The Street Maintenance Fee started in 2004.
- Between 2004 and 2008, the fee was not raised, not even for inflationary costs.
- In 2009, the City Council, due to concern over the backlog of work and the importance in regular maintenance to preventing higher replacement costs, began raising the fee and recognized that the fee should have been tied to an inflationary factor since inception.
- Since 2009, for the typical rate payer, the monthly Street Maintenance fee has increased \$4.06.
- The investment value of our streets is over \$270.7 million.
- A typical street's condition could decline 40% in as little as five years without needed maintenance.

## Surface Water

The Surface Water programs includes management and operation of all surface water facilities and programs that regulate the flow, quality and quantity of water that runs off of streets, parking lots, yards, away from buildings and construction sites. Surface water is managed by the City of Lake Oswego in order to comply with federal and state laws and to reduce pollutants entering the local streams, rivers and Oswego Lake.

The Surface Water program includes stormwater management as well as the management of mandatory regulatory programs that address non-point source pollution.

- Surface Water rates are based on a flat fee for single family residences and duplexes.
- The Surface Water fee has been regularly adjusted for inflation. The monthly bill has increased by \$4.35 between 2004 and 2013.
- The City of Lake Oswego's stormwater system is not connected to the City's wastewater system. As a result, stormwater enters receiving waters untreated. Stormwater is regulated by the 1972 Federal Clean Water Act through the National Pollutant Discharge Elimination System (NPDES) permit program.
- Surface Water management includes establishing standards for design and construction, providing public education and outreach, environmental monitoring, pollution prevention and enforcement to meet state and federal water quality standards.
- Surface Water operations services include catch basin maintenance, street sweeping, stormwater facility maintenance and emergency utility services.

## Supporting Documents



[Utility Rate Brochure](#)

## Web Links

[Master Fees and Charges](#)[Understanding Your Utility Bill](#)[Rate Calculator](#)[Utility Bill Statements and Payment Options](#)[What Services Do I Get and Pay For?](#)

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