



# Council Business Meeting

Date: June 3, 2025

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|--------------------|--|
| <b>Agenda Item</b> | Water Rate Resolution-Approval of 2025-2027 Biennium Water Rates |
| <b>Department</b>  | Public Works   |
| <b>From</b>        | Scott Fleury, Director   |

## **TIME ESTIMATE**

5 minutes

## **CATEGORY**

Action Needed - Motion to approve an action

## **SUMMARY**

The City Council is being asked to approve the authorizing resolution #2025-12 for water rate increases for the 2025-2027 budget biennium. The water rate structure was formally detailed in the 2025 Water Cost of Service Study approved by Council at the May 20, 2025 Business Meeting.

The update accounts for the projected debt required to construct the new Water Treatment Plant using the Environmental Protection Agency (EPA) Water Innovation and Infrastructure Financing Act (WIFIA) funding mechanism. The update also incorporates other capital projects adopted by the City Council along with the necessary overhead for people, materials and service components of the water fund in total (Supply, Treatment, Distribution & Conservation).

## **POLICIES, PLANS & GOALS SUPPORTED**

VISION STATEMENTS for Success:

- *Ashland is a resilient, sustainable community that maintains the distinctive quality of place for which it is known*
- *We will continue to be a unique and caring city that stresses environmental conservation, fosters artistic expression, and is open to new ideas and innovation*
- *We will plan and direct our efforts to fulfill this Vision for the long term with a constant view toward being an open, welcoming community for all with a positive economic future*

VALUE STATEMENTS for Success that Support the Vision:

COMMUNITY

- Environmental resilience, including addressing climate change and ecosystem conservation

ORGANIZATION

- Quality infrastructure and facilities through timely maintenance and community investment

## **BACKGROUND AND ADDITIONAL INFORMATION**

### **PREVIOUS COUNCIL ACTION**

The City Council previously received presentation on the Water Cost of Service Study at the December 2<sup>nd</sup>, 2024 Study Session, March 18<sup>th</sup>, 2025 Study Session and the May 20<sup>th</sup>, 2025 Business Meeting. The Cost of Service Study outlined the necessary rate structure to appropriately fund water system needs.

### **BACKGROUND AND ADDITIONAL INFORMATION**

As outlined in the Cost of Service Study, Water rates are developed to account for the cost of providing water to





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customers and are based on the cost of; operating and maintaining the water system; providing customer service; constructing and replacing water facilities; complying with regulatory standards; and paying debt service. Water rates developed as part of the new Cost of Service study provide for sufficient funding to meet the personnel, operational, capital and policy limits for the water utility in the short term.

At the May 20<sup>th</sup>, 2025 Business Meeting the City Council authorized moving forward with alternative 3A of the updated rate analysis as the basis for the Cost of Service/Rate Study. Staff has developed a single Legal Department approved resolution that establishes rates for fiscal year 2026 (July 1, 2025-June 30, 2026) and fiscal year 2027 (July 1, 2026-June 30, 2027). The customer charge, meter charge and commodity charges in Exhibit A & B of the resolution align with alternative 3A.

The Talent Irrigation District (TID) Fee increase aligns with previous inflationary projections recommended by Hansford Economic Consulting.

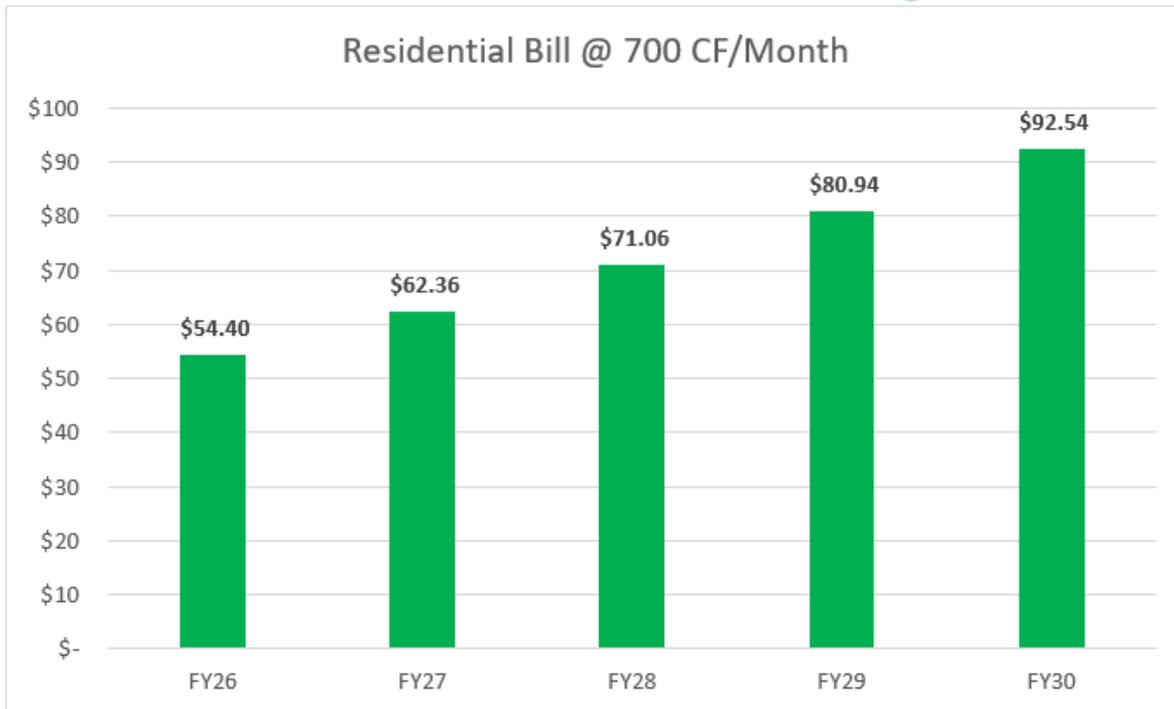
As a reminder staff has always recommended updating the rate analysis as part of the biennial budget process and make adjustments as necessary considering actual expenditures and revenues during the biennium time period along with projected expenses proposed within the future biennium's budget.

## **FISCAL IMPACTS**

The 2025-2027 Biennial Budget was developed with the proposed rate increases outlined in the Cost of Service Study (13.5% net revenue increase). The proposed rate increases are tied to the needed revenues that offset projected expenditures (people, materials/services, capital), cover debt service requirements and water fund policy requirements. Should the Council not approve the rate increases, offsetting reductions in expenditures must be made.

Figure 1 below shows the project residential bill impact through fiscal year 2030 utilizing the 3A alternative option recommended by the City Council.

**Figure 1: Projected Residential Bill**





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## **SUGGESTED ACTIONS, MOTIONS, AND/OR OPTIONS**

I move to approve resolution number 2025-12, A resolution revising rates for water service pursuant to Ashland Municipal Code section 14.04.030 and repeal resolution 2019-10.

I move to amend resolution 2025-12 (insert amendment) and repeal resolution 2019-10.

## **REFERENCES & ATTACHMENTS**

1. Water Rate Resolution 2025-12
2. 2019-10 Revising Rates for Water Service