

Memorandum

Date: April 16, 2009

To: Mayor Patti Galle
West Linn City Councilors

cc: Chris Jordan, City Manager
Gene Green, Public Works Director
Richard Seals, Finance Director
Jim Whynot, Water Operations Supervisor
Utility Advisory Board Members

From: John Goodrich, Utility Advisory Board Chairman

Subject: Utility Rate Increase Recommendation

The Utility Advisory Board (UAB) of the City of West Linn has reviewed the utility funds five-year projections regarding revenue and expenditures, and has considered different financial scenarios for these utility funds. On the April 15, 2009 meeting the Board voted in favor of recommending that the City Council approve utility rate increases effective January 1, 2010 as noted below.

Fund	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
*Water	+5%	+16%	+5%	+5%	+5%
Sewer	+5%	+16%	+5%	+5%	+5%
Surface	+5%	+16%	+5%	+5%	+5%

**Currently the city of West Linn is conducting a Water Rate Study which could result in a recommendation to seek approval above the percentages stated within the table above.*

The UAB is strongly recommending that the City Council seek voter approval for the proposed 16 percent rate increase in July 2010. This higher rate increase for 2010 is necessary to provide adequate funding for infrastructure maintenance and reserve capital. Also, South Fork Water Board is seeking additional funding relief from its stakeholders by raising wholesale water rates by five percent this year, with additional increases forecasted in the future.

The UAB understands that any rate increases above five percent would require a city electorate voter approval. While it may seem premature to seek additional increases above five percent before the completion of any utility rate studies, the Board requests that the City Council start early in the ballot measure process to ensure that there are no further delays in providing the additional funding necessary. The Board is confident that the information provided by the recent Water Master Plan and the five-year financial projections provided by the Finance Director regarding the three utilities warrants this action at this time.



John Goodrich
UAB Chairperson