



Staff Report

For City Council Meeting - 7/2/2025

Subject - Ordinances/Resolutions - Resolution #1008 A Resolution Adjusting Water Rates in the City of Gearhart

Synopsis: In 2024, Gearhart City Council approved two water rate increases, implemented water conservation block pricing, and approved a much-needed water ordinance update that addressed processing and legalities. These changes stemmed from recommendations made within a 2023 Water Rate Study. Included was the goal for Council to revisit annual water rate increases prior to budget approval. Last year's budget process determined a 10% increase was needed in order to keep future sustainability on track. The FY2526 budget process proposed and approved a 5.37% increase. However, in regards to tapping fees, a countywide comparison was done and it's been determined we are substantially undercharging for those parts and services. What we currently charge does not, in most cases, cover vendor invoicing. Therefore a 71.85% increase is proposed for those fees and services with the flexibility to increase as needed depending on the scenario. A draft customer information sheet for the water billing is also included for your review.

Council Options:

- 1) Resolve to approve Resolution #1008;
- 2) Make changes and motion to approve as amended;
- 3) Take other action.

Recommendation: Staff recommends Council motion to approve Resolution #1008.

Recommended Motion

Move to approve Resolution #1008 to increase the water rates in Gearhart by 5.37% and tapping fees by 71.85% for fiscal year 2025-2026.

Legal Analysis: This resolution adjusts the base water rates and tapping fees. It keeps the water conservation block pricing intervals in place and repeals Resolution #995. To ease system proration and customer confusion, it will take effect the first billing cycle of FY25-26 on July 21st.

Financial Analysis: Gearhart's 2023 Water Rate Study identified goals and processes surrounding water rates that staff and Council discussed for future implementation.

- Begin transferring \$40,000 annually from the water fund to the water reserve account starting FY24-25, if revenue is available. This has been done for FY25-26.

- Consider rate increases annually to cover rising costs and achieve a 90-day operating expense reserve in 3-5 years. (on track - ongoing)
- Increase the water reserve account to fund future projects, including exploring grant and low-interest loan opportunities. Report yearly to the council on labor, materials, services, CPI, COLA, and other factors during the budget cycle in spring. (reported during the FY25-2026 budget season process)
- Continue water conservation projects, including better leak detection, updated meter installations, and promoting resident water conservation efforts. (ongoing - meter replacements complete)

Respectfully Submitted,

A handwritten signature in blue ink, appearing to be the name 'Chad', written in a stylized, cursive-like font.

Chad



RESOLUTION NO. 1008

A RESOLUTION ADJUSTING WATER RATES IN THE CITY OF GEARHART

WHEREAS, the City of Gearhart Water Department is an enterprise fund and revenues must pay expenses; and

WHEREAS, the need for water conservation measures are addressed in the City's Water Management and Conservation Plan; and

WHEREAS, the Gearhart City Council supported a 10% water rate increase for FY 24-2025 and water conservation block pricing to help reduce demand by providing an economic incentive for customers to conserve water; and

WHEREAS, the Gearhart City Council vowed to continue annual rate increases to cover rising costs, keep up with capital improvements, and achieve a 90-day operating expense reserve in 3-5 years.

NOW THEREFORE, THE CITY OF GEARHART RESOLVES TO INCREASE MINIMUM CHARGE BASE WATER RATES BY 5.37% AS IDENTIFIED BELOW, AND TAPPING FEES BY 71.85%:

Section 1. Gearhart's Water Rate Schedule shall be as follows:

Meter Size	Bi-Monthly Minimum Charge	Monthly Allowance in Gallons
5/8" x 3/4"	\$ 52.00	7,480
1"	\$ 98.64	14,960
1-1/2"	\$ 213.27	14,960
2"	\$ 346.56	14,960
3"	\$ 647.80	14,960
4"	\$ 741.11	14,960
6"	\$ 1,178.31	14,960

For water usage above the monthly allowance in gallons (the minimum):

Base Rate of \$8.59 per 748 gallons of metered water consumption.

Allowances outside city limits for gallons remain the same as in City times 1 ½ (1.5).

The base rate will apply with or without one of the (4) block pricing multipliers below:

<i>Consumption Block (CONS)</i>	<i>Block Description</i>	<i>Base Rate</i>	<i>Block Pricing Multiplier</i>	<i>Block Rate</i>
1 to 10	Included (bi-monthly minimum)	\$0.00	n/a	\$0.00
11 to 30	Base Block - no surcharge	\$8.59	1.00	\$8.59
31 to 50	Conservation Block #1 - 10% surcharge	\$8.59	1.10	\$9.45
over 50	Conservation Block #2 - 20% surcharge	\$8.59	1.20	\$10.31

Section 2. Tapping Fees shall be as follows:

The tapping fee shall be for a $\frac{3}{4}$ inch tap and $\frac{5}{8}$ by $\frac{3}{4}$ inch meter with a service line up to 50 feet in length. Any service line over 50 feet in length shall be charged labor and materials plus 25 percent for the difference between 50 feet and the property line or meter location.

*all meter sizes \$2,500.00 *plus any additional materials needed

Section 3. City Resolution 995 is hereby repealed in its entirety.

Section 4. The Gearhart City Council concludes it is appropriate to update the water rates and further finds the schedule of proposed water rates herein specified and established are just, reasonable, and necessary.

Section 5. The water rates established by this resolution are separate from, and in addition to, any other applicable taxes, fees, assessments, or charges, including but not limited to water rates, which are required by the City or represent a condition of a land use or development approval.

Section 6. Effective Date. This resolution shall become effective immediately upon its passage by the Gearhart City Council and will be assessed for the first time on the July 21, 2025 billing cycle and thereafter.

APPROVED and PASSED by the City Council of Gearhart at their regular meeting on the 2nd day of July, 2025 by the vote of ____ ayes and ____ nays.

Mayor Kerry Smith

ATTEST:

Chad Sweet, City Administrator

GEARHART WATER RATES 2025

Approved rate increase effective Jul. 2025

YOUR METER SIZE	CON RANGE <small>1 CON = 748 Gallons</small>	MAXIMUM GALLONS BEFORE BILLED **OVERAGES	Jul. 2025 IN CITY RATES	Jul. 2025 OUTSIDE CITY RATES <small>(City rate x 1.5)</small>	FEE SCHEDULE
*5/8" - 3/4"	0-10	7,480	\$52.00	\$78.00	Turn On / Off \$25
1"	0-20	14,960	\$98.64	\$147.96	Emergency T/O \$125
1 1/2"	0-20	14,960	\$213.27	\$319.91	RR - Blocking \$20
2"	0-20	14,960	\$346.56	\$519.84	RR - Block/Remv \$200
3"	0-20	14,960	\$647.80	\$971.70	PD - S/O Warn \$20
4"	0-20	14,960	\$741.11	\$1,111.67	PD - Shut Off \$20
6"	0-20	14,960	\$1,178.31	\$1,767.47	Returned Check \$50

*per DAY City rate - \$.8667 [x 60 = \$52.00] / Outside City rate - \$1.30 [x 60 = \$78.00]

**OVERAGE SURCHARGES (All Meter Sizes)

base: CONS between 11-30 are \$8.59 each In City / \$12.885 Outside (City rate x 1.5)

10%: CONS between 31-50 are \$9.45 each In City / \$14.175 Outside (City rate x 1.5)

20%: CONS 51 and up are \$10.31 each In City / \$15.465 Outside (City rate x 1.5)

TAPPING FEES (In City & Outside)

*all meter sizes

\$2,500.00 *plus any additional materials

FEE REMINDERS

SECTION 7.

*City initiates shut off

Water TURNED OFF by City due to leak/waste:
Water TURNED ON by City after remedy

waive T/Off Fee
Turn On Fee

SECTION 8.

*encourages home s/o valve

Water TURNED OFF @meter for repair
Water TURNED ON @meter after repair

Turn Off Fee
Turn On Fee