

CITY COUNCIL WORK SESSION

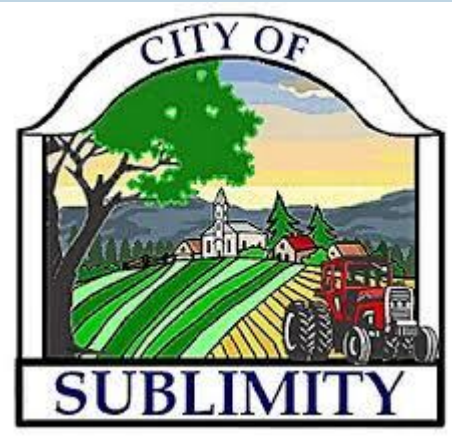
April 22, 2024, 4:00 PM - 245 NW Johnson St

In accordance with ORS 192.670(3) the City of Sublimity will be also providing public meetings virtually. **Please email or call city hall to get call in information before 4:00pm the day of the meeting.** Written comment can also be submitted but must be submitted by 3:30 pm on the date of the meeting. To email written comment, send to information@cityofsublimity.org.

AGENDA

- 1. CALL TO ORDER/PLEDGE OF ALLEGIANCE**
- 2. Wastewater Treatment Contract Status Presentation**
- 3. School Resource Officer Discussion**
- 4. ADJOURNMENT**





Wastewater Treatment Contract Status Presentation

April 22, 2024





Agenda ...

- Key planning assumptions for the draft contract
- Analysis of rate components
- Forecast of annual changes in costs to Sublimity for years one through three
- Next Steps

KEY PLANNING ASSUMPTIONS



Term of the contract

- 10-year term July 1, 2024, through June 30, 2033
- Automatic 1-year renewals after the initial 10-year term
- 3-year “triennial” rate periods; starting on July 1, 2024



Financing

- Utility Basis Rate Structure
 - Allocated operations and maintenance fee
 - Allocated depreciation fee
 - Return on investment fee



Retained items

- Definition of physical facilities and services
- The Sewer Committee
- Responsibilities of the Parties
- General Conditions

ANALYSIS OF COSTS TO SUBLIMITY



\$492,637

- Allocated Operations and Maintenance Expense Fee

\$86,978

- Allocated Depreciation Expense Fee
 - Note: Sublimity has option to prepay three (3) years of the allocated depreciation fee ($\$86,978 \times 3 = \$260,934$)

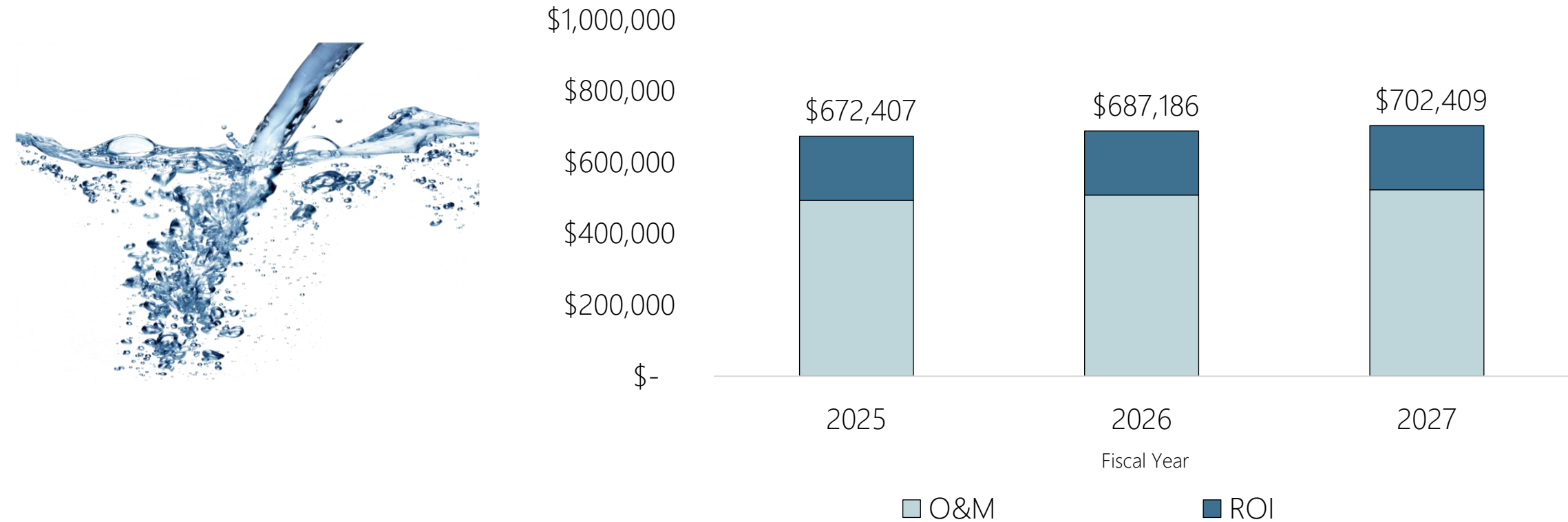
\$179,770

- Return-on-Investment Fee

\$759,385

- Year 1 Total (July 1, 2024, through June 30, 2025)

ANALYSIS OF COSTS TO SUBLIMITY – FIRST 3 YEARS



- Assumes Sublimity prepays depreciation fee with sewer SDCs (cash on hand)
- O&M costs grow at 3% per year based on the forecasted annual change in the CPI
- Total costs to Sublimity grow at 2.2% per year from fiscal 2025 to 2027

ANALYSIS OF COSTS TO SUBLIMITY – FIRST 3 YEARS

Assumed inflation rate (CPI) 3%

With Prepayment of Depreciation Charge

Fiscal Year	O&M	Depreciation	ROI	Total	Annual % Change
2025	\$ 492,637	\$ -	\$ 179,770	\$ 672,407	
2026	\$ 507,416	\$ -	\$ 179,770	\$ 687,186	2.2%
2027	\$ 522,639	\$ -	\$ 179,770	\$ 702,409	2.2%

- Assumes Sublimity prepays depreciation fee with sewer SDCs (cash on hand)
- O&M costs grow at 3% per year based on the forecasted annual change in the CPI
- Total costs to Sublimity grow at 2.2% per year from 2025 to 2027

NEXT STEPS



Milestones	Date
<input type="checkbox"/> Draft IGA complete and sent to Stayton for review and comment	<input type="checkbox"/> April 19, 2024
<input type="checkbox"/> Final IGA complete and through legal reviews by both Cities	<input type="checkbox"/> May 17, 2024
<input type="checkbox"/> IGA adoption by both City Councils	<input type="checkbox"/> June 2024
<input type="checkbox"/> IGA implementation	<input type="checkbox"/> July 1, 2024

DISCUSSION

