

OVERVIEW

The Eugene Water and Electric Board (EWEB) provides water service to Eugene. It is a publicly owned and operated utility. The River Road Water District (RRWD) and Santa Clara Water District (SCWD) contract with EWEB to provide water service to the unincorporated areas of River Road/Santa Clara. Table 13-1 lists the providers.

Table 13-1. Service providers in River Road and Santa Clara.

| | River Road | Santa Clara |
|------------------|--|---|
| Annexed | EWEB | EWEB |
| Unannexed | River Road Water District contract with EWEB | Santa Clara Water District contract with EWEB |

Source: Compiled by ECONorthwest.

The remainder of this section is organized as follows:

- **Understanding the service** describes how water is typically delivered in urban areas, and describes the issues and analytical concerns associated with delivering the service.
- **Existing services and providers** describes the agencies and districts that provide the services and the level of service they provide.
- **Fiscal analysis** describes the costs to provide existing services. It also discusses how expected growth and change in demand for services resulting from annexation would impact costs and revenues.
- **How different groups view the issues** describes service providers and service recipients' perspectives on the current level of service.
- **Conclusions** provides a summary of water delivery services.

UNDERSTANDING THE SERVICE

URBAN LEVEL OF SERVICE

Federal and state laws regulate drinking water quality. These regulations limit the allowable levels of certain contaminants such as lead, copper, microbes, turbidity, and chlorine. Water provided by EWEB meets or exceeds all federal (as outlined by the Environmental Protection Agency) and state (as outlined by the state Department of Environmental Quality) standards. EWEB draws its water from the McKenzie River, at Hayden Bridge, upstream from most contamination sources.

EWEB states that it draws water from a high quality source and provides an exceptionally high quality product to all of its customers.¹

ISSUES AND ANALYTICAL CONCERNS

Most of the services discussed in this report are General Fund services that receive the majority of funding from those monies, such as property taxes, that are not dedicated to specific purposes and can be used for general City services. We focused our analysis on General Fund costs because those costs are most closely tied with property taxes and other revenues that are related to the residents of River Road and Santa Clara. However, EWEB receives all of its funding for water service through user fees—the fees that customers pay for the delivery of water. The City of Eugene does not set water rates or participate in delivering water to customers. The service is managed entirely by EWEB.

EXISTING SERVICES AND PROVIDERS

EWEB, a Charter-authorized public utility, has a five-member Board of Commissioners, elected by the citizens of Eugene, that sets policies for the management of water, electricity and steam utilities. EWEB has 83,306 customers and operates in a service area of 238 square miles, primarily within the City of Eugene.

EWEB provides water services to Eugene, the RRWD in River Road, and the SCWD in Santa Clara. The RRWD and the SCWD operate under similar intergovernmental agreements (IGA) with EWEB. Each district's IGA with EWEB, covers operation and maintenance of the districts' facilities, including water supply, distribution, storage, maintenance, billing, and administration. The IGAs renew automatically for successive five-year terms.

Both the RRWD and SCWD purchase water from EWEB and sell it to properties in their jurisdiction. The Districts set the rates for water, but EWEB provides billing and administrative duties for the Districts.

The RRWD has operated since 1941. It is located wholly within the UGB, serving developed properties south of Beltline road. Since its formation, the District has purchased surplus water from EWEB at wholesale rates. In 1989, EWEB began providing all other operational and administrative duties for the District.

Formed in 1956, the SCWD serves properties generally north of Beltline Road. Some of the District extends outside the UGB north of Beacon Drive and east toward the Willamette River. Since its formation, SCWD has contracted with EWEB for all operational and maintenance services.²

¹ Eugene Water and Electric Board. "From Source to Tap" (http://www.eweb.org/water/EWEB_WQR.pdf) downloaded on May 21, 2004.

² Lane Council of Governments. *River Road – Santa Clara Background Report*. November 2000. Page 91.

In addition to water services, both the RRWD and the SCWD provide for street lighting in their areas. The RRWD and the SCWD have agreements with EWEB to provide for the installation of, maintenance of, and power provision to the street lighting in their respective districts.³ Additionally, SCWD has an agreement with EPUD for the installation of, maintenance of, and power provision to the street lighting on several streets in northern Santa Clara.⁴ Aside from the contracts EWEB holds with the water districts, EWEB leases the area lights located in Emerald Park to the River Road Parks and Recreation Department.⁵

Both districts have a network of fire hydrants throughout their areas. In the SCWD, the Santa Clara Rural Fire Protection District (Santa Clara RFPD) maintains some fire hydrants under their contract with the SCWD. EWEB maintains the rest of the fire hydrants in the SCWD via their IGA with the SCWD. Under its contract with the SCWD, the Santa Clara RFPD also maintains the street level workings of the fire hydrants in Santa Clara. The SCWD, through its IGA with EWEB, maintains and improves the below ground portions of the fire hydrants in Santa Clara. In the RRWD, the Eugene Fire Department inspects and maintains street level workings of the fire hydrants, and EWEB maintains and improves the belowground portions.

HOW DO EXISTING SERVICES COMPARE TO CITY'S SERVICES?

Existing water service in River Road and Santa Clara is comparable to the service provided within the city. Water quality, delivery quality and system quality in River Road and Santa Clara are equal to that provided in the City of Eugene.

In terms of delivery quality, the River Road and Santa Clara areas have slightly better pressure and water age than does the City of Eugene. According to EWEB, the farther north, or the lower in elevation, you go within the city the better the water pressure will be. Thus, River Road and Santa Clara have some of the best water pressure in the city. Water pressure is 100psi at the airport, 90psi in River Road and Santa Clara, 80psi at EWEB and 30-35psi in Eugene's south hills. Delivery quality is also determined by the amount of time the water spends in route to its destination. Water delivered in River Road and Santa Clara spends less time in the pipes on its way to the end user, whereas water going to other parts of Eugene spends considerably longer en route. Water traveling a longer distance requires more chlorine. The shorter transport time and distance for water going to River Road and Santa Clara consumers allows EWEB to add less chlorine to the water, thus River Road and Santa Clara residents receive better tasting, fresher water. These positive benefits of position extend to residents of annexed and unannexed River Road and Santa Clara.⁶

³ Lane Council of Governments. *River Road – Santa Clara Background Report*. November 2000. Page 93.

⁴ Personal Communication with Dick Rice of the SCWD, May 7, 2004

⁵ Lane Council of Governments. *River Road – Santa Clara Background Report*. November 2000. Page 93.

⁶ Personal Communication with Steve Read of EWEB, May 3, 2004.

System maintenance and improvements in unannexed River Road/Santa Clara are funded by the individual water districts and carried out by EWEB through the IGAs EWEB maintains with the water districts. All system improvements in River Road are spurred by maintenance. The RRWD covers the full costs of all maintenance and improvements from its water rates revenues. The SCWD also funds all maintenance and improvements within its jurisdiction from its water rates revenues. The SCWD saves funds for future system improvements and adjusts rates accordingly to finance needed system improvements.

The age and quality of the pipes in River Road and Santa Clara are comparable to the pipes throughout the City of Eugene. Some of the pipes are older than average, and will need maintenance or replacement. But the water delivery system, overall, is not notably different than in the rest of the City.⁷

FISCAL ANALYSIS

The City of Eugene has neither revenues nor expenditures associated with the delivery of water. Water service is wholly provided by EWEB. Property taxes do not fund the delivery of water in EWEB's service area.

The price structure charged to consumers varies depending on location and jurisdiction. Table 13-2 shows residential rate structures of the RRWD, the SCWD and EWEB.

Table 13-2. Water Rates to Consumer by Service Provider

| | River Road Water District | Santa Clara Water District | City of Eugene |
|--------------------------------|---|----------------------------|---|
| Base Rate per month | \$5.00 for 5/8" meter \$6.05 for 1" meter \$8.10 for 1 1/2" meter \$14.30 for 2" meter \$26.65 for 3" meter | \$5.13 for all meters | \$6.00 for 5/8" meter \$6.50 for 3/4" meter \$8.30 for 1" meter \$12.80 for 1 1/2" meter \$23.30 for 2" meter \$45.80 for 3" meter |
| Price per 1,000 gallons (kgal) | \$.95/kgal | \$1.59/kgal | 0-8 kgal: \$.869/kgal 9-30 kgal: \$1.175/kgal Over 30 kgal: \$1.889/kgal |
| Average cost per month* | \$13.55/month | \$19.44/month | \$14.13/month |

*The Average cost per month is based on 5/8" pipe service and a 9 kgal/month average consumption. Source: Personal communication with John Yanov, EWEB, personal communication with Dick Rice, SCWD, Your Electric and Water Rates, EWEB's May 2004 Rates.

⁷ Personal Communication with Dick Varner of EWEB, May 21, 2004, Personal Communication with Mike Gerot of the RRWD, April 19, 2004, and Personal Communication with Dick Rice of the SCWD, May 7, 2004.

Table 13-2 shows that a water customer consuming 9,000 gallons of water a month would pay the most in the Santa Clara Water District. Costs to consumers vary based on consumption, but under most consumption rates, SCWD customers pay more for water.

All expenditures for the operating, maintaining, and improving the water delivery system are funded by user fees. System maintenance and improvements in unannexed River Road/Santa Clara are funded by the individual water Districts and carried out by EWEB through the IGAs between EWEB and the water Districts.

IMPACTS OF EXPECTED GROWTH AND CHANGE

The River Road/Santa Clara area is part of EWEB's service area and has been included in EWEB's Water System Master Plan. EWEB is committed to planning and providing water service to all of the River Road/Santa Clara area. EWEB is identified in the Metro Plan as the ultimate water provider within the Eugene portion of the UGB.

Under the current annexation policy, any new development must annex to the City of Eugene. Such properties annexed to Eugene are required to construct water system infrastructure consistent with EWEB standards adequate to serve new development. Property owners must also pay EWEB current systems development charges (SDCs) and installation charges for new development or new connections to the water system, such as the addition of a second living unit to an existing home. SDCs and installation charges for water are based on the size of the water meter:

- A property with a 5/8" meter (most single-family homes) pays an SDC of \$1,860 and an installation charge of \$1,050, for total charges of \$2,910.
- A property with a 3/4" meter pays an SDC of \$2,790 and an installation charge of \$1,100, for total charges of \$3,890.
- A property with a 1" meter pays an SDC of \$4,335 and an installation charge of \$1,200, for total charges of \$5,535.
- Charges for properties with a meter size larger than 1" are estimated based on the size of the development.*

A property owner of existing development that is already connected to EWEB's system does not require SDC or installation charges for annexation. Following annexation of existing development to the City of Eugene, the City withdraws the annexed properties from the Water Districts' jurisdiction in accordance with ORS 222, and EWEB immediately provides services directly. Water service and maintenance to annexed areas becomes the responsibility of EWEB upon the next regular billing date after the annexation becomes effective. After annexation, the streetlights and fire hydrants in the newly annexed area become the property of the

* Personal communication with Chris Bigelow, EWEB Engineering Department, June 8, 2004.

City, and EWEB no longer charges the Districts for service or maintenance of these annexed facilities.

Both the RRWD and SCWD report that they remain financially viable under the current system of annexing individual properties. Most of the properties that annex to the City were previously undeveloped, so the Districts were not generating water rates revenue from them. The SCWD adds a few new customers every year—existing homes decide to no longer rely solely on well water and attach to the water system. The SCWD gains about as many new customers as it loses existing customers to annexation. Both districts use water rates revenue to pay for infrastructure improvements, so they have no need to issue bonds to pay for capital. The tax base for the districts diminishes at a slow and small rate, and the two districts could continue to operate in this manner for the foreseeable future.

HOW DIFFERENT GROUPS VIEW THE ISSUES

This section briefly summarizes the view that service providers and service recipients have toward the delivery of water in the River Road and Santa Clara areas.

The Urban Services Committee reported that **citizens of River Road and Santa Clara** have been generally happy with the provision of water. The Committee's report describes the River Road and Santa Clara water districts as "an extra layer of government in providing water services to area residents," but notes the Districts provide local control and elected representation concerning the delivery of some urban services.⁹

The Committee's report expressed concern that the Districts lacked the financial capacity to pay for major new infrastructure improvements in the water supply system. The report specifically names the planned upgrades on Irvington Road to be a concern. We found this not to be true. The SCWD has been able to pay for the major improvement on Irvington Road with revenues from water rates. The RRWD has always been able to pay for necessary infrastructure improvements with revenues from water rates.

EWEB states that all residents in River Road/Santa Clara receive the same water service, regardless of annexation status.

RRWD reports that the loss of revenue from annexation of areas within its district does not adversely impact its financial stability.

SCWD reports that the loss of revenue from annexation of areas within its district does not adversely impact its financial stability.

⁹ River Road and Santa Clara Urban Services Committee, *Final Report and Recommendations*. September 2002. Page 47.

CONCLUSIONS

All residents of River Road and Santa Clara receive an urban level of water service from EWEB. Water customers inside and outside the City receive the same high quality water. The different customers pay similar rates, but under most consumption scenarios SCWD customers pay more for water.

Both the RRWD and the SCWD expect to remain financial viable under the current annexation pattern. Typically, annexed properties were not developed before annexation, and did not generate much revenue for the Districts.

Complete annexation of River Road and Santa Clara would have no impact on the delivery of water service as EWEB currently provides water to the entire area. User rates would slightly increase for the average water consumer in unincorporated areas of River Road and decline for the average water consumer in unincorporated areas of Santa Clara.

Because EWEB fully manages the delivery of water, the City would not see revenues or costs change specific to water delivery.