

# Conservation Water Rate Structure

In December of 2021 the City Council adopted a new water rate schedule and structure with Resolution 2021-26, it takes effect on July 1, 2022. You may view the rate structure by clicking the hyperlink, or on the Molalla Current Page under "Important Documents."

The new rate structure is intended to incentivize water conservation through a three-tiered billing system that provides one rate for the first 500 units of water used, a slightly higher rate for the second 500 units of water used, and a slightly higher rate for all use above the second tier.

**\*Note:** A unit is 100 Cubic Feet of water. The tiered system does not change the rate for all usage in a month, it only applies to the water used within that tier (e.g., Customer A uses 700 units of water in a month, they are charged the lowest rate for units 0-500, and the slightly higher rate for units 501-700.

Resolution 2021-26 established an annual inflationary adjustment based on the Consumer Price Index for the Molalla Area and Molalla Population. Each year that rates are not adjusted for inflation equates to a loss in operating revenues that results in deferred maintenance and degradation of the system. The inflationary adjustment is required to retain the value of operating revenues and avoid a situation where so much maintenance must be deferred that a massive infusion of revenue is required all at once to keep the water flowing and safe.

Additionally, Resolution 2021-26 established a water rate schedule increase divided up over a 5-year planning period. This adjustment is required to meet the Capital demands of the water system brought about by deferred maintenance and increased regulation.

**\*Note:** System Development Charges are paid by new development and account for increased capacity needed for the new development and repayment for use of existing capacity. Additionally, new development is required to provide the system enhancements that directly serve the development. This either provides new infrastructure or replaces existing infrastructure that was in need of repair/replacement.

That is why new development is advantageous to the water system, not detrimental.