

Portland, Oregon  
**FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT**  
**For Council Action Items**

(Deliver original to Financial Planning Division. Retain copy.)

|   |  |   |  |
|---|--|---|--|
| 1. Name of Initiator<br>Cecelia Huynh   |  | 2. Telephone No.<br>(503) 823-7417  | 3. Bureau/Office/Dept.<br>Water / F&SS /   |
| 4a. To be filed (date):<br><br>May 15, 2014   | 4b. Calendar (Check One)<br><br>Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/> |   | 5. Date Submitted to<br>Commissioner's office<br>and CBO Budget<br>Analyst: May 15, 2014 |
| 6a. Financial Impact Section:<br><input checked="" type="checkbox"/> Financial impact section completed |  | 6b. Public Involvement Section:<br><input checked="" type="checkbox"/> Public involvement section completed |  |

**1) Legislation Title:** Authorize the rates and charges for water and water-related services during the fiscal year beginning July 1, 2014 to June 30, 2015 and fix an effective date (Ordinance)

**2) Purpose of the Proposed Legislation:** The Ordinance sets rates and charges for retail and wholesale customers of the Portland Water Bureau. The "typical" residential water customer using 5 hundred cubic feet (ccf) per month will now pay \$29.54, up 7.0 percent from the FY 2013-14 typical bill of \$27.61. The "medium" commercial customer using 100 ccf/month will see a water bill increase from \$375.30 to \$401.60; an increase of \$26.30 or 7.0 percent.

**3) Which area(s) of the city are affected by this Council item? (Check all that apply—areas are based on formal neighborhood coalition boundaries)?**

- |  |                                    |                                    |                                |
|--|------------------------------------|------------------------------------|--------------------------------|
| <input checked="" type="checkbox"/> City-wide/Regional | <input type="checkbox"/> Northeast | <input type="checkbox"/> Northwest | <input type="checkbox"/> North |
| <input type="checkbox"/> Central Northeast             | <input type="checkbox"/> Southeast | <input type="checkbox"/> Southwest | <input type="checkbox"/> East  |
| <input type="checkbox"/> Central City                  |                                    |                                    |                                |

**FINANCIAL IMPACT**

**4) Revenue:** Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If so, please identify the source.

Retail rates are expected to generate approximately \$126.6 million in water sales revenue in FY 2014-15. Retail customers are also expected to pay \$2.5 million from customer late charges. FY 2014-15 wholesale revenues will be \$16.6 million.

Other rates and charges within this Ordinance are expected to generate \$6.1 million for water-related services including system development charges, new service installations, customer requested new main connections, engineering permit fees, and miscellaneous utility charges.

**5) Expense:** What are the costs to the City as a result of this legislation? What is the source of funding for the expense? *(Please include costs in the current fiscal year as well as costs in future year, including Operations & Maintenance (O&M) costs, if known, and estimates, if not known. If the action is related to a grant or contract please include the local contribution or match required. If there is a project estimate, please identify the **level of confidence**.)*

Expenses are included in the FY 2014-15 Water Bureau Proposed Budget.

**6) Staffing Requirements:**

- **Will any positions be created, eliminated or re-classified in the current year as a result of this legislation?** *(If new positions are created please include whether they will be part-time, full-time, limited term, or permanent positions. If the position is limited term please indicate the end of the term.)* No. This request funds all staffing included in the Portland Water Bureau FY 2014-15 Proposed Budget.
- **Will positions be created or eliminated in future years as a result of this legislation?** This rate proposal funds the Water Bureau FY 2014-15 Proposed Budget which includes elimination of 11 positions.

*(Complete the following section only if an amendment to the budget is proposed.)*

**7) Change in Appropriations** *(If the accompanying ordinance amends the budget please reflect the dollar amount to be appropriated by this legislation. Include the appropriate cost elements that are to be loaded by accounting. Indicate "new" in Fund Center column if new center needs to be created. Use additional space if needed.)*

Appropriations for this item are included in the FY 2014-15 Water Bureau Proposed Budget.

| Fund | Fund Center | Commitment Item | Functional Area | Funded Program | Grant | Sponsored Program | Amount |
|------|-------------|-----------------|-----------------|----------------|-------|-------------------|--------|
|      |             |                 |                 |                |       |                   |        |
|      |             |                 |                 |                |       |                   |        |
|      |             |                 |                 |                |       |                   |        |
|      |             |                 |                 |                |       |                   |        |

**[Proceed to Public Involvement Section — REQUIRED as of July 1, 2011]**

**PUBLIC INVOLVEMENT**

**8) Was public involvement included in the development of this Council item (e.g. ordinance, resolution, or report)? Please check the appropriate box below:**

☒ **YES:** Please proceed to Question #9.

☐ **NO:** Please, explain why below; and proceed to Question #10.

**9) If “YES,” please answer the following questions:**

**a) What impacts are anticipated in the community from this proposed Council item?** This Ordinance will increase costs for all residential and commercial customers.

**b) Which community and business groups, under-represented groups, organizations, external government entities, and other interested parties were involved in this effort, and when and how were they involved?** The water utility rates are designed to generate revenue to cover the cost of providing water. The costs are determined by the budget, which had input through the Portland Utility Review Board (PURB), Portland Water Bureau Budget Advisory Committee (BAC), and the City-wide public budget outreach. The BAC met six times from October 2013 to January 2014 to review and discuss the Bureau’s budget and rate proposals. The citizen members, staff and labor representatives of the BAC unanimously support the Bureau’s budget and rate proposal for FY 2014-15. The PURB is also recommending the Mayor and City Council accept the Bureau’s proposed rate increases. The City held its first City Utility Rate Review meeting to provide citizens opportunity to testify about utility rates before City Council.

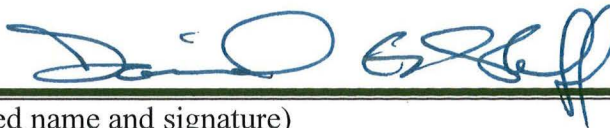
**c) How did public involvement shape the outcome of this Council item?** The forecasted increase in water rates started out at 14.1%. Discussion at the BAC, lower bond rate assumption, favorable cost drivers, and operating and capital budget cuts resulted in the bureau requesting a 7.0% rate increase as part of the Mayor’s Proposed Budget.

**d) Who designed and implemented the public involvement related to this Council item?** The Portland Water Bureau designed the BAC process following the City Budget Office’s (CBO) guidelines on establishing a citizen budget committee. The CBO managed the PURB and Citywide budget outreach process. The Bureau coordinated with CBO to hold the first City Utility Rate Review meeting.

**e) Primary contact for more information on this public involvement process (name, title, phone, email):** Tim Hall, Public Information Manager, 503-823-6926, tim.hall@portlandoregon.gov

**10) Is any future public involvement anticipated or necessary for this Council item? Please describe why or why not.** No, future involvement will apply to future budget and rate actions.

David G. Shaff, Administrator



APPROPRIATION UNIT HEAD (Typed name and signature)