

CITY COUNCIL
AGENDA ITEM
STAFF SUPPLEMENTAL REPORT

TO: Commissioner Dan Saltzman

FROM: Thor Hinckley

DATE: May 6, 1999

REQUESTED PLACEMENT DATE: May 12, 1999

RE: Resolution to develop recommendations for reforming water and sewer rates, the new billing format and to direct the BES and Water Bureau to perform required rate structure studies.

I. RECOMMENDATION/ACTION REQUESTED:

To begin the required utility rate studies and analysis to develop new water and sewer rates to promote customer awareness understanding and support. Another benefit would be to allow customers to control their water and sewer bills through improved conservation measures.

II. BACKGROUND/ANALYSIS:

The Water Bureau seeks to promote water conservation and affordability while investigating opportunities for cost reductions. The Water Bureau will also format the new billing format so that all account service charges will be displayed as one charge.

The BES will make recommendations regarding the reforming of rates for stormwater management, including the development of estimated rate impacts to different classes and geographical locations of its customers. In addition the BES will examine transportation-related costs that impact sewer rates.

III. FINANCIAL IMPACT:

OFA and the PURB are involved in the development of this new rate structure. Budget impacts are unknown at this time.

IV. LEGAL ISSUES:

Unknown at this time

V. CONTROVERSIAL ISSUES:

There has been considerable public interest primarily in storm water management fees. Increased public awareness surrounding these issues is anticipated given the projected annual increases in sewer rates.

VI. LINK TO CURRENT CITY POLICIES:

This resolution is consistent with City Council stated intent to address affordability and equity issues, as well as promoting water conservation in rate making.

VII. CITIZEN PARTICIPATION

The PURB through an ad hoc committee with examine all information and rate proposals provided by both the water Bureau and BES. Included in this resolution is the requirement that both bureaus develop a public involvement and information plan

VIII. OTHER GOVERNMENT PARTICIPATION:

N/A

Develop recommendations for reforming water and sewer rates, and direct the Bureau of Environmental Services and the Water Bureau to perform necessary work. (Resolution)

WHEREAS, the water and sewer infrastructure of the City of Portland is aging and in need of improvements;

WHEREAS, the City of Portland has agreed to reduce the amount of combined sewer overflow to the Willamette River and the Columbia Slough;

WHEREAS, the City of Portland is planning for the future of the water supply for the residents of the City and its customers;

WHEREAS, the costs for improvements to the water and sewer systems are in excess of \$1 billion and currently must be paid by the systems' ratepayers;

WHEREAS, Portland residents and businesses have voiced concerns about the fairness and affordability of current water and sewer rates;

WHEREAS, the City has an interest in promoting water conservation;

WHEREAS, customers should have a greater ability to control the size of their water and sewer bills through the conservation of water;

WHEREAS, opportunities exist to improve the rate structure for water and sewer services, and that an improved rate structure can promote better customer awareness, understanding, and support; and

WHEREAS, revenues from stormwater fees fund drainage services related both to private property and the transportation system, and therefore any changes to the stormwater rate structures should continue to generate sufficient resources to comprehensively operate, manage and maintain the drainage system;

NOW THEREFORE BE IT RESOLVED that the commissioners in charge of the Bureau of Environmental Services and the Water Bureau will make specific recommendations to the City Council for reforming water and sewer bills by October 15th, 1999; and be it

FURTHER RESOLVED that the Bureau of Environmental Services will have, by September 15th, 1999, recommendations for reforming the system of rates for stormwater management, including the development of estimated rate impacts to different classes of customers; and be it

FURTHER RESOLVED that the Water Bureau and the Bureau of Environmental Services will perform, by September 15th, 1999, analyses of different alternatives for

promoting water conservation and affordability including, but not limited to, reducing or eliminating service charges; and the estimated impacts on of these rate alternatives on different classes of customers; and be it

FURTHER RESOLVED that, by September 15th, 1999, as part of the analysis of water conservation efforts, the Water Bureau will have reviewed its current conservation program in order to recommend both price and non-price related opportunities for customer conservation and cost reductions; and be it

FURTHER RESOLVED that the Water Bureau and the Bureau of Environmental Services will report back to Council within 30 days of the adoption of this resolution on the development of a public information and involvement plan; and be it

FURTHER RESOLVED that the Water Bureau shall develop, by September 15th, 1999, a report on its technical ability to implement within its billing system the rate reform recommendations of the Commissioners in charge of the Bureau of Environmental Services and the Water Bureau; and be it

FURTHER RESOLVED that the Portland Office of Transportation will work with the Water Bureau and the Bureau of Environmental Services in both the review of stormwater fee structures and in the development of recommendations for public and City Council consideration; and be it

FURTHER RESOLVED that the Water Bureau shall format the new system for water and sewer bills so that all account service charges will be displayed as one charge, shown independently of water use or sewer use charges; and be it

FURTHER RESOLVED that the Bureau of Environmental Services, the Water Bureau, and the Utility Review Team of the Office of Finance and Administration will work in concert with the Portland Utilities Review Board in the development of rate reform alternatives; and be it

FURTHER RESOLVED that the Portland Utilities Review Board is asked to be prepared to provide input and recommendations on these options to the City Council by September 15th, 1999.

Adopted by the Council:

MAY 19 1999

GARY BLACKMER
Auditor of the City of Portland

By

Britta Olson

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Agenda No.

RESOLUTION NO.

35796

Develop recommendations for reforming water and sewer rates, and direct the Bureau of Environmental Services and the Water Bureau to perform necessary work. (Resolution)

INTRODUCED BY	DATE FILED: May 6, 1999
Commissioner Erik Sten and Commissioner Dan Saltzman	MAY 7 1999 Gary Blackmer Auditor of the City of Portland
NOTED BY COMMISSIONER	By: <u>Cay Kuschner</u> Deputy
Affairs	For Meeting of: _____
Finance and Administration	ACTION TAKEN:
Safety	MAY 12 1999 CONTINUED TO MAY 19 1999 2 P.M.
Utilities	
Works	
BUREAU APPROVAL	
Bureau:	
Prepared by Date <u>5/6/99</u> <u>Rich Rodgers/Thor Hinckley</u>	
Budget Impact Review: <input type="checkbox"/> Completed <input type="checkbox"/> Not Required	
Bureau Head:	

AGENDA		FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
				YEAS	NAYS
Consent	Regular	Francesconi	Francesconi	✓	
NOTED BY		Hales	Hales	✓	
City Attorney		Saltzman	Saltzman	✓	
City Auditor		Sten	Sten	✓	
City Engineer		Katz	Katz	✓	