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# WATER RATES

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May 18, 2011



Portland Water Bureau

# Budget Overview

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- Total Budget = \$198.8 million
  - \$ 76.5 million Operating
  - \$ 122.3 million Capital
- Revenue
  - Rates & Charges = \$131.4 million
    - Retail = \$111.1 million
    - Wholesale = \$16.4 million
    - SDCs = \$1.0 million
    - Other Fees & charges = \$2.9 million
- Positions = 627

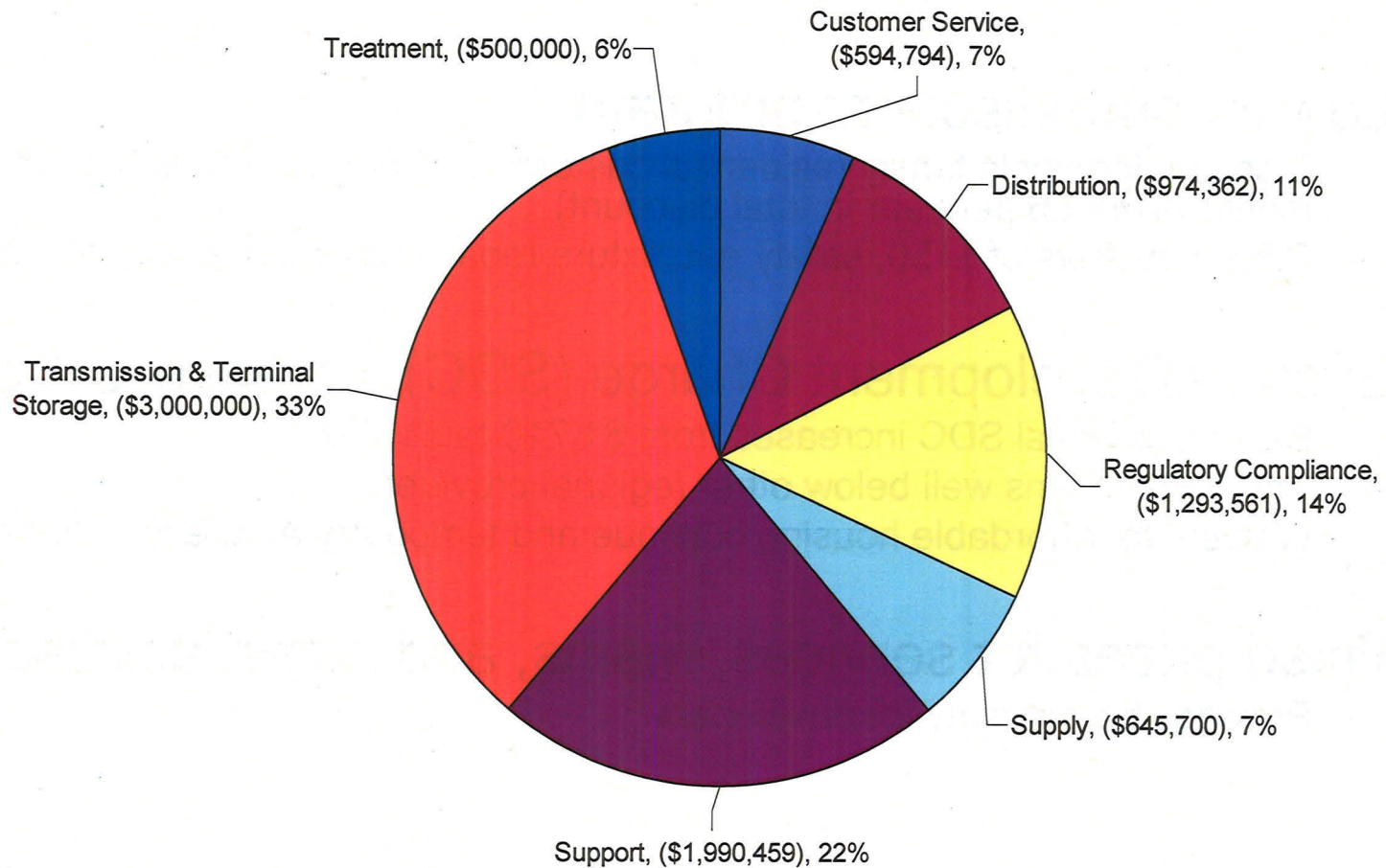
# Primary Rate Drivers for FY 2011-12

- **CIP 2.1%**
  - LT2 3.5%
  - Interstate facility 0.8%
  - Project deferrals & underspending -2.0%
  - Project cost savings -0.2%
- **Economic Factors 3.2%**
  - Inflation (COLA, PERS, health benefits) 3.6%
  - Lower interest earnings 0.6%
  - Favorable borrowing rates -1.0%
- **Deferral of prior year rate increases 5.7%**
  - Resources were available to offer temporary rate mitigation, but those resources are being used up.
  - Covered increased maintenance, increased CIP, new wholesale contracts, decreased demand
- **Retail Demand 1.0%**
  - 1% demand reduction
- **Budget Reductions -1.4%**
- **Other 2.3%**
  - Reduced non-rate revenue 1.6%
    - Less Reimbursable Work & SDCs 0.9%
    - More low income discounts, higher bad debt expense, etc. 0.7%
  - Cost changes 0.7%
    - Higher General Fund Overhead 0.5%
    - ECC 0.2%

# 1.5% Mandatory Cut Package

- \$2.5 million:
  - 1.5% \$1.2M operating budget reduction
    - 7 positions
      - Security
      - Community Outreach and Information
      - Operations
      - Maintenance and Construction
      - Field Support
      - Customer Service (2)
    - Electricity
    - Professional Services
    - Seasonal & part time staffing
      - Finance
      - Engineering
      - Invasive species management
    - Tree trimming
  - These are being taken as on-going cuts (not one-time).
  - \$1.3M capital budget reduction
    - One-time capital project spending cuts

## Total Reductions of about \$9 million Over the Past 4 Years by Programs (FY 2008-09 to FY 2011-12)



Reduction of 31 full time positions and 1 part time position.

# FY 2011-12 Rate Summary

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- The average effective retail rate increase is 12.9%.
- Low income discount program
  - Discount for single family residential customers of 50%, which is \$12.38 per month (\$148.56 per year in total discount).
  - Crisis vouchers of \$150, safety net, fixture repairs, payment plans, and more
- System Development Charge (SDC) increase is 1.3%.
  - Basic residential SDC increases from \$1,710 to \$1,732
  - Portland remains well below other regional providers.
  - Waivers for affordable housing continue and temporary ADU exemptions.
- Fixed prices for services, mains, and other facilities
  - Provides bill certainty for developers

# Water Bills

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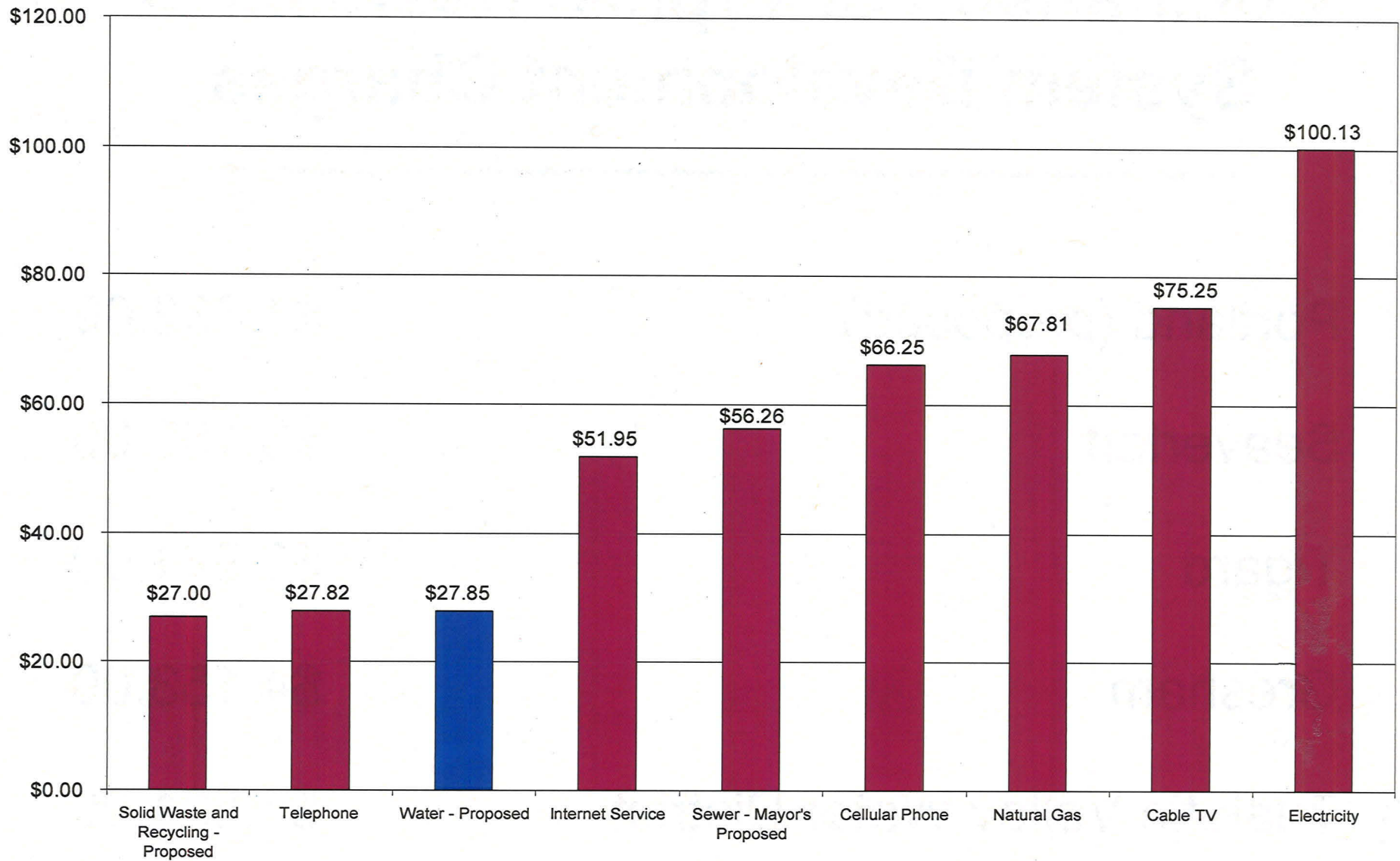
- Typical residential (6 ccf) monthly bill increases \$3.19, - from \$24.66 to \$27.85.
- Qualified low income residential (5 ccf) monthly bill increases \$1.42 - from \$10.96 to \$12.38 (with discount).
- Medium commercial (200 ccf) monthly bill increases \$73.80 - from \$571.39 to \$645.19.
- Portland water bills are only about 6 percent of the typical utility services for retail residential customers.

# Water-Sewer Bills

Monthly Bill	FY 2011	FY 2012	\$	%
	Current	Mayor's Proposed		
<b>Residential (6 ccf) - 4,488 gallons</b>				
Volume Charge	\$16.40	\$18.52		
Base Charge	\$8.26	\$9.33		
<b>Total Water Monthly Bill</b>	<b>\$24.66</b>	<b>\$27.85</b>	<b>\$3.19</b>	<b>12.9%</b>
<b>Total Sewer/Stormwater Monthly Bill</b>	<b>\$53.33</b>	<b>\$56.26</b>	<b>\$2.93</b>	<b>5.5%</b>
<b>Total</b>	<b>\$77.99</b>	<b>\$84.11</b>	<b>\$6.12</b>	<b>7.8%</b>



## Average Utility Services



1) The proposed rates for Water, Sewer, and Solid Waste & Recycling are to be effective July 1, 2011.

# Comparison of Typical Residential System Development Charges

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Portland (proposed)	\$1,732.00
Beaverton	\$3,180.00
Tigard	\$3,821.00
Gresham	\$4,153.00
Tualatin Valley Water District	\$5,521.00