

Portland, Oregon

FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT For Council Action Items

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

1. Name of Initiator James Hagerman		2. Telephone No. 503-823-7196	3. Bureau/Office/Dept. BES/Business Services
4a. To be filed (hearing date): May 15, 2013	4b. Calendar (Check One) Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/>		5. Date Submitted to Commissioner's office and FPD Budget Analyst: May 3, 2013
6a. Financial Impact Section: <input checked="" type="checkbox"/> Financial impact section completed		6b. Public Involvement Section: <input checked="" type="checkbox"/> Public involvement section completed	

1) Legislation Title:

FY 2013-2014 Rate Ordinance for the Bureau of Environmental Services

2) Purpose of the Proposed Legislation:

Revise sewer and drainage rates, charges and fees in accordance with the Fiscal Year 2012-2013 Sewer User Rate Study (Ordinance).

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.**

The ordinance establishes rates, charges and fees to generate an estimated \$292.5 million in operating revenue for FY 2013-2014. About \$276.4 million of this estimate comprises user fees for sanitary, stormwater and Superfund services.

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 years. 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*.)

Not Applicable

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.)*

This rate ordinance will generate the necessary utility resources to support the Mayor's Proposed budget for the Bureau of Environmental Services for FY 2013-2014.

- **Will positions be created or eliminated in *future years* as a result of this legislation?**

Not specifically by this ordinance. Future position decisions will be made by the Council within the annual budget process.

(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.)*

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

186039

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?

The proposed rate ordinance will enable to Bureau to continue repairing and replacing failing public sewer lines that cause sewage overflows and basement backups; collecting and treating wastewater from residences and businesses; managing stormwater in order to prevent erosion, flooding, and water quality problems; and operating the combined sewer overflow (CSO) system to prevent sewage overflows into the Willamette River and Columbia Slough. The financial impact to single family residential ratepayers is expected to be an increase of \$3.17 in the average monthly bill.

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?

From October 2012 to January 2013, the bureau's Budget Advisory Committee (BAC) reviewed the bureau's operating and capital programs and budgets, proposed FY 2014 budget request, and the financial impact to ratepayers of the proposed requested budget. The BAC was comprised of representatives from the environmental and business community, as well as members of the Portland Utility Review Board (PURB). Additionally, the Portland Utilities Review Board (PURB) has discussed the Bureau's budget and proposed rates and charges for FY 2013-2014 at their meetings in April and May.

c) How did public involvement shape the outcome of this Council item?

From October 2012 through January 2013, the bureau met with the Budget Advisory Committee (BAC) to review and discuss the bureau's operating and capital budgets. The BAC provided a detailed review of the bureau's budget and programs. In January 2013, the BAC provided recommendations to the Mayor, including prioritized decision packages. All of the BAC's materials, including meeting minutes, agendas, and recommendations have been available for the public on the bureau's website.

d) Who designed and implemented the public involvement related to this Council item?

The bureau followed the recommended city budget advisory process

e) Primary contact for more information on this public involvement process (name, title, phone, email):

James Hagerman, Business Services Manager – 3-7196

Megan Callahan, Public Affairs Manager – 3-4759

10) Is any future public involvement anticipated or necessary for this Council item? Please describe why or why not.

None Anticipated



APPROPRIATION UNIT HEAD (Typed name and signature)



CITY OF PORTLAND ENVIRONMENTAL SERVICES



1120 SW Fifth Avenue, Room 1000, Portland, Oregon 97204 ■ Charlie Hales, Mayor ■ Dean Marriott, Director

City Council
Agenda Item
Staff Supplemental Report

186039

TO: Mayor Charlie Hales
THROUGH: Chad Stover

FROM: James Hagerman

DATE: May 1, 2013

RE: FY 2013-14 Rate Ordinance

Requested Council Hearing Date: May 15, 2013

I. RECOMMENDATION

Revise sewer and drainage rates, charges and fees in accordance with the Fiscal Year 2013-2014 Sewer User Rate Study.

The ordinance has two purposes: (1) establish various rates, charges and fees for the Bureau of Environmental Services for FY 2013-2014; and (2) accept the methodology used by the Bureau to establish sanitary and stormwater system development charges for FY 2013-2014.

II. BACKGROUND

The Bureau of Environmental Services conducts an annual study of rates, charges and fees required to generate the utility resources required to finance the Bureau's annual budget, as approved by City Council.

III. FINANCIAL IMPACT

The ordinance establishes rates, charges and fees to generate an estimated \$292.5 million in operating revenue for FY 2013-2014. About \$276.3 million of this estimate is comprised of user fees for sanitary, stormwater and Superfund services. The proposed rates would increase the average single family residential bill by \$3.17 or 5.32%, from \$59.57 per month to \$62.74 per month.

IV. LEGAL ISSUES

The ordinance establishes the legal authority for Bureau's rates and charges for FY 2013-2014. The rates and charges are the product of rate-making methodologies that are well-established in the City of Portland, and are consistent with generally-accepted rate-making practices of municipal sanitary and stormwater utilities.

V. CONTROVERSIAL ISSUES

The Portland Utilities Review Board (PURB) reviewed the Bureau's budget and proposed rates and charges for FY 2013-2014. The Board recommended that in an environment of rising rates, the Bureau focus expenditures on core objectives.

186039

VI. LINK TO CURRENT CITY POLICIES

The Bureau has prepared the ordinance and exhibits consistent with well-established City policies and practices regarding utility finances and rate-making.

VII. CITIZEN PARTICIPATION

The Portland Utilities Review Board (PURB) has reviewed the Bureau's budget and proposed rates and charges for FY 2013-2014. The bureau's Budget Advisory Committee (BAC) reviewed the bureau's operating and capital programs and budgets, proposed FY 2014 budget request, and the financial impact to ratepayers of the proposed requested budget.

VIII. OTHER GOVERNMENT PARTICIPATION

The Bureau has worked closely with other City development, infrastructure and utility agencies to prepare its FY 2013-2014 annual budget, and proposed rates and charges.

IX. FINANCIAL IMPACT ON LOCAL ECONOMY

IF APPLICABLE, PROVIDE INFORMATION ON ESTIMATED NUMBER OF JOBS CREATED BY THIS ACTION

IF THIS ACTION IS CONTRACT-RELATED, PROVIDE INFORMATION ON M/W/ESB PARTICIPATION (NUMBER AND PERCENTAGE)

- X. IF THIS IS A CONTRACT, DOES CONTRACTOR HAVE A CURRENT BUSINESS LICENSE? ____ WHAT IS THEIR BUSINESS LICENSE NUMBER? ____ IS THEIR ACCOUNT WITH THE CITY CURRENT? ____ IF NOT, HOW MUCH IS OWING? ____