

Portland, Oregon

## FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT For Council Action Items

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

1. Name of Initiator Cecelia Huynh		2. Telephone No. (503) 823-7417	3. Bureau/Office/Dept. Water / F&SS /
4a. To be filed (date): May 9, 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 CBO Budget Analyst: May 9, 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:** Authorize the rates and charges for water and water-related services during the fiscal year beginning July 1, 2013 to June 30, 2014 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 \$27.61, up 3.6 percent from the FY 2012-13 typical bill of \$26.65. The "medium" commercial customer using 100 ccf/month will see a water bill increase from \$362.22 to \$375.30; an increase of \$13.08 or 3.6 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 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 \$119.3 million in water sales revenue in FY 2013-14. Retail customers are also expected to pay \$2.5 million from customer late charges. FY 2013-14 wholesale revenues will be \$15.8 million.

Other rates and charges within this Ordinance are expected to generate \$5.0 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 2013-14 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? No. This request funds all staffing included in the Portland Water Bureau FY 2013-14 Proposed Budget.
- Will positions be created or eliminated in *future years* as a result of this legislation? No.

*(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 2013-14 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 Public Utility Review Board (PURB), Portland Water Bureau Advisory Committee (BAC), and the City-wide public budget outreach.

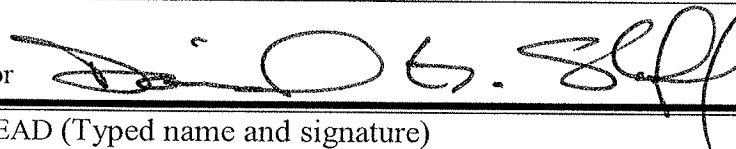
c) How did public involvement shape the outcome of this Council item? The forecasted increase in water rates started out at 14.8%. Discussion at the BAC, favorable cost drivers and a 5% cut in operations and maintenance resulted in the bureau requesting a 7.8% rate increase. Additional cost changes and cut packages reduced this rate to 3.6% 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 and the City Budget Office managed the PURB and Citywide budget outreach process.

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)



Mayor Charlie Hales  
David G. Shaff, Administrator  
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Portland, Oregon 97204-1926  
Information: 503-823-7404  
www.portlandoregon.gov/water



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**DATE:** May 6, 2013  
**TO:** Mayor Charlie Hales  
**FROM:** David G. Shaff, Administrator  
**RE:** Authorize the rates and charges for water and water-related services during the fiscal year beginning July 1, 2013 to June 30, 2014 and fix an effective date (Ordinance)

1. **INTENDED THURSDAY FILING DATE:** May 9, 2013
2. **REQUESTED COUNCIL AGENDA DATE:** May 15, 2013
3. **CONTACT NAME AND NUMBER:** Cecelia Huynh, (503) 823-7417
4. **PLACE ON:**  CONSENT  REGULAR
5. **BUDGET IMPACT STATEMENT ATTACHED:**  Y  N  N/A
6. **THREE (3) ORIGINAL COPIES OF CONTRACTS APPROVED AS TO FORM BY CITY ATTORNEY ATTACHED:**  Yes  No  N/A

7. **BACKGROUND/ANALYSIS:** City Charter Section 11-106 states that "For each fiscal year the Council shall fix rates which provide an estimated income to equal expenses and debt service relating to Water Bonds." Council approval of this Ordinance is necessary to fund the Water Bureau's Adopted Budget.

8. **FINANCIAL IMPACT:** Retail water rates are expected to generate approximately \$119.3 million in water sales revenue in FY 2013-14. Portland retail volume revenue is \$90.1 million and fireline and base charge revenue is \$29.2 million. Retail customers are also expected to pay \$2.5 million from customer late charges. FY 2013-14 wholesale revenues will be \$15.8 million.

In addition, other rates and charges within this Ordinance are expected to generate \$5.0 million for other water-related services including system development charges, new service installations, customer requested new main connections, engineering permit fees, and other miscellaneous utility charges.

The proposed overall average effective retail rate increase is 3.6 percent. These rates include funding a revised Five-Year Capital Improvement Plan, rate increases associated with reduced retail water demand, inflation and previously deferred rate increases. Budget reductions this year include decreases in security function, maintenance of the Bureau's facilities, customer service, distribution system maintenance and administrative support. Reductions also include a transfer of fountains operations and maintenance to Parks.

With a retail rate increase of 3.6%, the fixed customer base charge will increase to \$31.21 per bill (the billed base charge varies depending on the number of days in the billing period). The retail volume rate will increase to \$3.441 per ccf.


The "typical" residential water customer using 5 hundred cubic feet (ccf) per month will now pay \$27.61, up 3.6 percent from the FY 2012-13 typical bill of \$26.65. The "medium" commercial customer using 100 ccf/month will see a water bill increase from \$362.22 to \$375.30; an increase of \$13.08 or 3.6 percent.

Besides setting water volume and monthly base charge rates, this Ordinance provides:

- A fixed low-income discount for qualified single family quarterly billed residential water customers is \$41.40. The discount is 50% of a typical low income customer bill.
- An updated System Development Charge (SDC) rate schedule. SDCs are proposed to increase 20.1 percent overall based on updated meter equivalency and fixed asset data with the typical residential connection (5/8" meter) at \$2,183 up from \$1,817.
- Continuation of the Affordable Housing SDC Fee Waiver Program and waiver for Accessory Dwelling Units.
- Water Fee Schedule for Developer Plan Review of Subdivisions, Services, Hydrants, and Mains. This fee schedule establishes general charges for performance of certain activities by the Portland Water Bureau, including developer plan review of subdivisions, installation of services, activation of services, removal of services, installations of fire hydrants, other service work, and installation of mains. This schedule is subject to exception, limitations, and other conditions contained within the rate ordinance and City Code. These rates are set to reflect full cost recovery.

9. **RECOMMENDATION/ACTION REQUESTED:** Set all water rates and charges for water and water-related services for fiscal year beginning July 1, 2013.

Funds are available         

  
 Cecelia Huynh, Director of Finance and  
 Support Services

  
 David G. Shaff, Administrator