

## IMPACT STATEMENT

187146

**Date:** May 11, 2015

**Council date:** May 21, 2015

**Legislation title:** Authorize the rates and charges for water and water-related services during the fiscal year beginning July 1, 2015 to June 30, 2016 and fix an effective date (Ordinance)

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### **Purpose of proposed legislation and background information:**

The Ordinance sets rates and charges for retail and wholesale customers of the Portland Water Bureau for FY 2015-16.

### **Financial and budgetary impacts:**

Retail rates are expected to generate approximately \$127.2 million in water sales revenue in FY 2015-16. Retail customers are also expected to pay \$2.7 million in customer late charges. FY 2015-16 wholesale revenues will be \$19.0 million.

Other rates and charges within this Ordinance are expected to generate \$8.2 million for water-related services including system development charges, new service installations, customer requested new main connections, engineering permit fees, hydrant installation and usage, and miscellaneous utility charges.

The proposed overall average effective retail rate increase is 7.0 percent in FY 2015-16. With a retail rate increase of 7.0 percent, the retail commodity rate will increase from \$3.682 to \$3.940, and the base charge will increase from \$33.40 to \$35.74 per bill (the billed base charge varies depending on the number of days in the billing period). The "typical" residential water customer using 5 hundred cubic feet (ccf) per month will now pay \$31.61, up 7.0 percent from the FY 2014-15 "typical" bill of \$29.54. The "medium" commercial customer using 100 ccf per month will see a water bill increase from \$401.60 to \$429.74; an increase of \$28.14 or 7.0 percent.

A fixed low-income discount for qualified single family quarterly billed residential water customers is included in the Ordinance. The discount is 50% of a typical low income customer bill and is \$47.40 for FY 2015-16.

All revenue and expenses are included in the FY 2015-16 Water Bureau Proposed Budget.

**Community impacts and community involvement:**

This Ordinance will increase costs for all residential and commercial customers. 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 five times from October 2014 to January 2015 to review and discuss the Water 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 2015-16. The PURB is also recommending the Mayor and City Council accept the Bureau's proposed rate increases. A City Utility Rate Review meeting was held in March 2015 to provide citizens the opportunity to testify about utility rates before City Council.

The forecasted increase to water rates started out at 11.3%. Discussion at the BAC, a prior year operating fund surplus, capital budget savings, lower bond rate assumption, and favorable cost drivers resulted in the bureau requesting a 7.0% rate increase as part of the Mayor's Proposed Budget.

**Budgetary Impact Worksheet**

**Does this action change appropriations?**

- ☐ YES: Please complete the information below.  
☒ NO: Skip this section

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



David G. Shaff, Administrator

05.11.2015

Date