

**PORTLAND UTILITY REVIEW BOARD**  
March 15, 2012 – Lovejoy Conference Room; City Hall

**Attendees:**

*PURB Members:* Janis Adler, John Gibbon, Catherine Howells, Vincent Sliwoski, Roger Cole, Thomas Badrick

*Excused Absence:* Charlie Van Rossen, Sharon Kelly, Gordon Feighner

*City Staff:* Sara Lowe (OMF – FPD)  
Jim Hagerman (BES)  
Dave Hasson (Water)  
David Shaff (Water / Commissioner Leonard)  
Bruce Walker (BPS)  
Rhetta Drennan (BES)  
Milena Malone (Commissioner Fritz)  
Amy Trieu (Commissioner Saltzman)

*Public:* Regina Merritt (Physicians for Social Responsibility)  
Dean Kampfner (Waste Management)

**Introductions**

Janis conducted introductions. Prior meeting minutes could not be approved because a quorum was not present at the beginning of the meeting.

**Council Liaison Updates**

*Amy Trieu- Commissioner Saltzman's Office*

No update.

*Milena Malone, Commissioner Fritz Office*

No update.

**No- conforming Sewers**

Rhetta Drennan from BES handed out the Citizen Advisory Council (CAC) proposal along with a comparison of current costs and policy to the new recommendations for non-conforming sewers. She reiterated that the CAC was directed to address community concerns by Commissioner Saltzman. The committee focused on several issues; specifically, how outreach is performed and the current high cost to private property owners. John further explained that a conversion fee is charged where a public sewer line doesn't exist and the City charges to hook the line up to city sewer systems.

The CAC reviewed the cost of hooking to a line in the right-of-way. The CAC recommendation reshapes the public outreach plan and proposes changing the conversion fee to a branch fee. The conversion fee averages about \$9,000 per homeowner; the new branch fee will be assessed and set annually and is expected to average about \$4,300 per homeowner. The third part of the proposal would lead to the city adopting all public lines in the right of way. This will decrease cost to the homeowner. BES felt this was fair because homeowners have been paying rates for years; this will allow the city to map the utilities. One additional request by the committee was to allow permanent easements

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where there is a non-conforming sewer, this is when each property has their own connection to the sewer system, but has to cross over another to sewer line to get to the house. BES thought it could be contentious between neighbors, it creates a very small exception to the code and it doesn't support good practice, so this recommendation was not given to the commissioner for consideration.

The proposal was given to commissioner for consideration. Rhetta will look to see if there is the need to make incremental rule changes. Janis asked if the new proposal could be implemented in the next six months. Rhetta felt that was possible. Homeowners would rather pay the cheaper branch fee than the conversion fee.

Janis asked if homeowners would be eligible to receive a rebate if they paid the conversion fee instead of the cheaper branch fee before the new proposal went into effect. Rhetta stated that was an idea for consideration.

John, stated that people should understand that the lines have to be built to provide sewer service to the private property. This proposal shifts the line charge to the owners and therefore the lower branch fee is equitable. (please verify)

Rhetta, felt this was a good team of Committee members. They had to learn a massive amount of information in a short amount of time. They started from square one and came up with good end results.

### **Bureau Update**

#### ***David Shaff – Water Bureau***

David reported that the Bureau received the final order on the variance for Bull Run and it is good for ten years, but the conditions imposed by DEQ have changed and it's a much higher bar. There are three or four pages of conditions. It includes language regarding sanitary conditions requiring some upstream and scat sampling. The good news is they (who?) accepted the City's sampling method modifications. We have a seasonal change in water chemistry which makes it hard to meet some of the requirements in the rule. If turbidity starts to rise over five we have to shut down, otherwise we put our federal waiver at risk. We must test the water. There were 17 times when we were over 2.5 but less than 5 in 2011. It varies by year. Essentially, the new rules mean more testing and possibly intensive monitoring. If there is a positive test for a cryptosporidium cyst, the city has to increase testing and studying standards with regards to where they collect and test the water. This will invoke a series of tests over the course of a year that, if not passed, could lead to revocation of the variance. The (again, who? DEQ?) will not accept any geno-typing. The lab findings are final. There is very little flexibility in the new rules. Other highlights were cited.

Janis asked if rate payers will save money because we don't have to build the UV filtration system. David stated that savings is approximately \$70 million total or a savings of 66 cents per month per rate payer.

David also noted that if there is crypto detection they have to send out a press release.

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Effectively it is great news overall, but it's tempered because of the higher standards. No additional staff are needed to implement the new rules, but it will lead to increased testing efforts. These testing costs will be absorbed in the proposed budget because the costs for shipping water are going to decrease.

David stated that the budget was submitted and he is waiting for OMF to go through the process. He believes OMF will take the same position to delay monthly billing.

John had questions: Are we still going to do the same types of sampling and testing and can we use the same types of labs? David stated that he was not sure if they are going to have a crypto certified lab. Will know more later, April 1<sup>st</sup>, the sampling plan is due June 1<sup>st</sup> they will submit the plan and OHA will approve the plan on August 1<sup>st</sup>.

### Comments and Question from public

Regna- We have our work cut out for us. Every human that enters the Bull Run risks bringing in contamination, and the tours greatly increase those risks. She asks that PURB and the Water Bureau to look at reducing the budget for the tour program. David says that the Water Bureau does not plan on doing that.

David stated that the EPA is having the meeting on the reservoir issue in Washington DC. Portland representatives will be attending with some folks from the Water Bureau and others on April 24<sup>th</sup>.

### **Meeting Minutes:**

Quorum in attendance. Vincent moved to adopt the minutes for December, January and February. John seconded. Approved.

### **2<sup>nd</sup> Bureau Update:**

#### ***Bruce Walker - Bureau of Planning and Sustainability***

Provided a handout on solid waste and recycling. He stated that the City Auditor is conducting an audit of solid waste rate making. The audit could be done in next six weeks. The audit will feed into the franchise review which was touched on at the last meeting. If we were to renew in a similar manner, as in the past, council would consider new terms and the audit would fit nicely into that. The earliest they could start would be May 2012.

Janis stated that the PURB solid waste and recycling committee emailed the auditor with various concerns e.g., she asked whether it was time to put out another request for proposal (RFP) for a new franchises, what could be done to reduce rates, is there a way to change the current rate structure? Bruce stated that they need to review the rate structure.

Bruce passed out description of residential rate making. There are two solid waste systems in Portland, residential franchise system and open commercial. Rate and regulations are different for both. The PURB has influence, if at all, over residential. The rate making is going to be more complicated this year. CPA has the financials and will be

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assisting with providing a substantial portion of the rates. 95% of the costs are hauler operating costs, and 5% are related to franchise fees.

With the new food scrap composting system we are seeing less trash collected which leads to lower disposal costs included in the rate. There are many variables within the rates. They are cited on the handout. Before next month's meeting there will be a solid waste committee meeting where they will talk about this year's rate making.

Janis stated that since the solid waste committee will not be able to provide PURB with recommendations till May, she wants to make sure they vote on the recommendations before they go to council.

Vincent asked if there are two types of tip fees? Bruce, yes. Vincent, are they both likely to go up? Bruce, yes.

Vincent asked if there are any anticipated infrastructure improvements that could affect franchise agreements. Bruce stated that continued development in fleet, moving trucks to natural gas helps. Also reducing fueling costs and emissions, but those require an up front investment.

Dean Campos with Waste Management informed the group his company purchased a fleet of natural gas garbage trucks and is in the process of building natural gas fueling station.

### ***Jim Hagerman – Bureau of Environmental Services***

Sewage went into the Willamette due to the failure of a private pump, approximately 18,000 gallons. The pump was in the basement of an office building that had apartments on top. BES could not contact anyone in the office building. The sewage came up through the clean-out and was leaking into the river. BES sent BOM (what's this?) there to clean up and they started pumping the waste into a truck until the building owner came and shut it off. The owner of the apartments that was sharing the pump agreed to pay for the fix.

John was glad to hear the BES duty officer did a good job.

Bruce answered some of Janis's questions including the need for a requested rate increases of 5.9%. 4% of the requested increase is for the rate stabilization fund. She wanted to know what the rate stabilization fund is. Jim stated that it was created in the late 80's and folded into forecast in the 90's. It is used as a savings account which stopped the rates from spiking when collections for branch and conversion fees weren't coming in. The 4.5% is to bring the rate stabilization account up to a sustainable level so it can continue to prevent fee rate spikes.

### **Draft Recommendations from the Committee:**

#### ***Water Committee***

Roger provided an overview of the five recommendations.

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Roger stated that the Water Bureau started with 14.4% increase for adopted financial plan. Mayor only wanted the rate increase to be 11%.

Proposed implementation of monthly billing equates to 2% of the proposed 11% rate increase. Roger and other PURB committee members take exception to this. Seems like an administrative shift. There was no benefit or service improvement and they oppose it.

The Water Committee recommended opposing the switch to monthly billing.

### *Monthly Billing Recommendation*

Roger: The PURB recommends that we don't implement the monthly billing program at this time because it will increase rates. Thomas seconded. Recommendation Approved.

### *Base Charges Recommendation*

John: Recommendation to follow BAC and recommends that the City undertake a phased transition to the standard cost of service formula for the base charges. PURB likewise recommends that this phase transition occur. PURB is making these recommendations because large customers are currently subsidizing residential customers. Moving to the cost of service model would be more equitable.

John: Follow the BAC recommendation and allow phased transition to the standard cost of service formula occur occur. Catherine seconded. Approved.

Roger wanted the PURB to recommend that funds be allocated to compare and analyze current operational practices with a variety of industry practice that could yield a new approach. Discussion about this issue occurred. Deferred this issue to the next meeting.

### *Schedule Adjustments of LT2 Requirements*

Support the schedule changes.

### *CIP Reporting Program*

John, the program is meeting a lot of our expectations; the hope is that it can be expanded to include a statement about emergency preparedness for each project.

PURB recommends that a statement about emergency preparedness be included on each CIP entry. Janis move. John seconded. Approved.

### *Rate Support*

The PURB supports a 9% rate increase for the Water Bureau, rather than the 11% rate increase which included the provision of monthly billing. Discussion was had about this issue. A motion was brought forth by Roger. Approved, vote was 5-1. Vince voted no because he doesn't understand all of the objectionable components that were brought forth.

Janis stated that she heard the comments about reducing tours for Bull Run. The PURB Water committee will consider it, but not this cycle.

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***Sewer Committee:***

PURB recommends the City Council adopt the BES budget including the 5.9% proposed rate increase. Thomas moved. John seconded. Approved.

Janis moved that discussion on the second recommendation be deferred until the next meeting.

**April Agenda:**

John will not be attending the next meeting.

Agenda should include:

- Columbia bio gas discussion (*no longer an issue – received private funding*)
- Revisit water committee recommendations regarding the study of operational efficiencies
- Revisit sewer committees zero based budgeting concerns
- Solid waste needs to do a rate update

**Meeting adjourned.**

6:30 PM