WATER RATES

May 18, 2011

Portland Water Bureau

Budget Overview

- 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

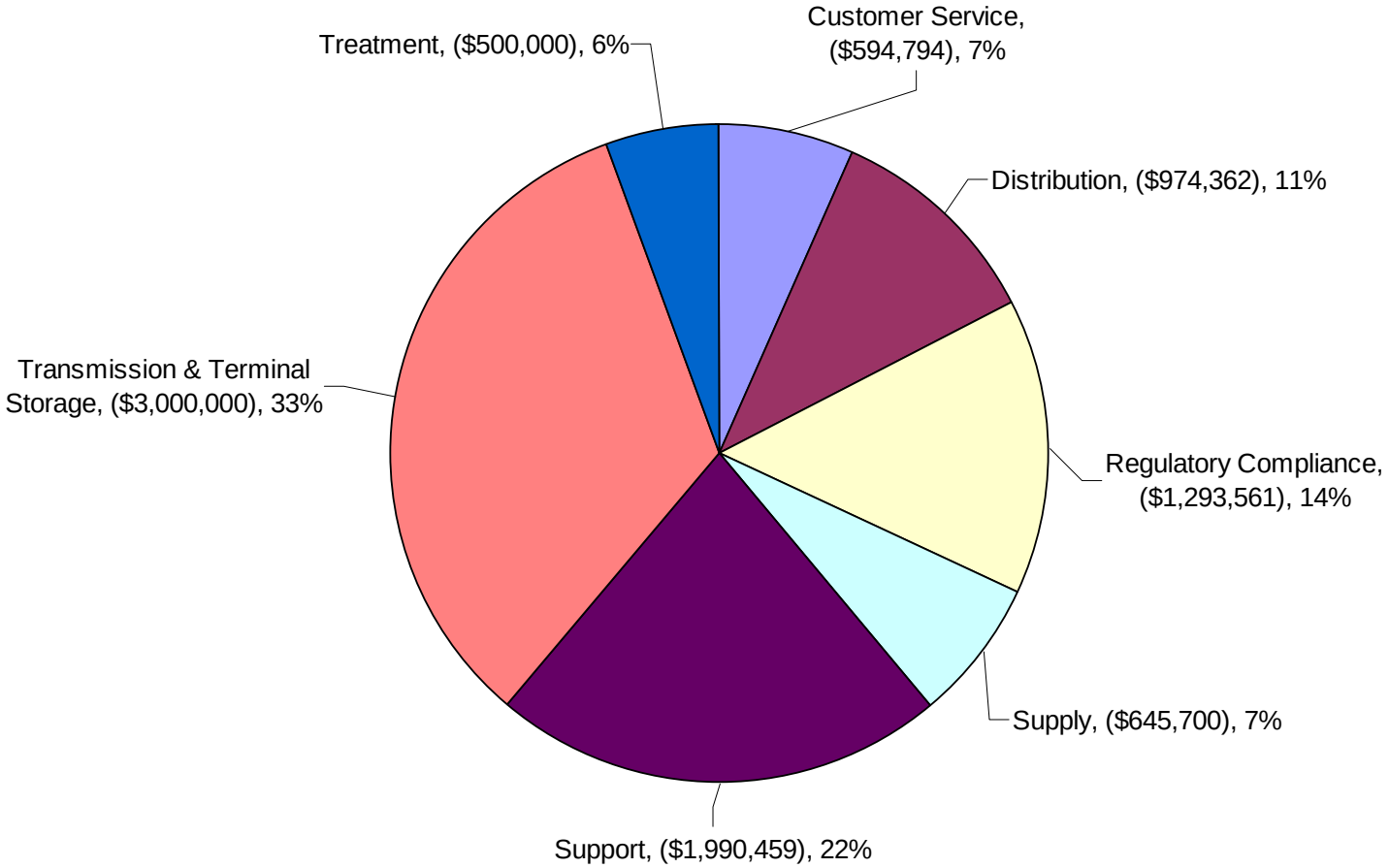
Primary Rate Drivers for FY 2011-12

- **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 <u>on-going</u> 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

- 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

- 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).

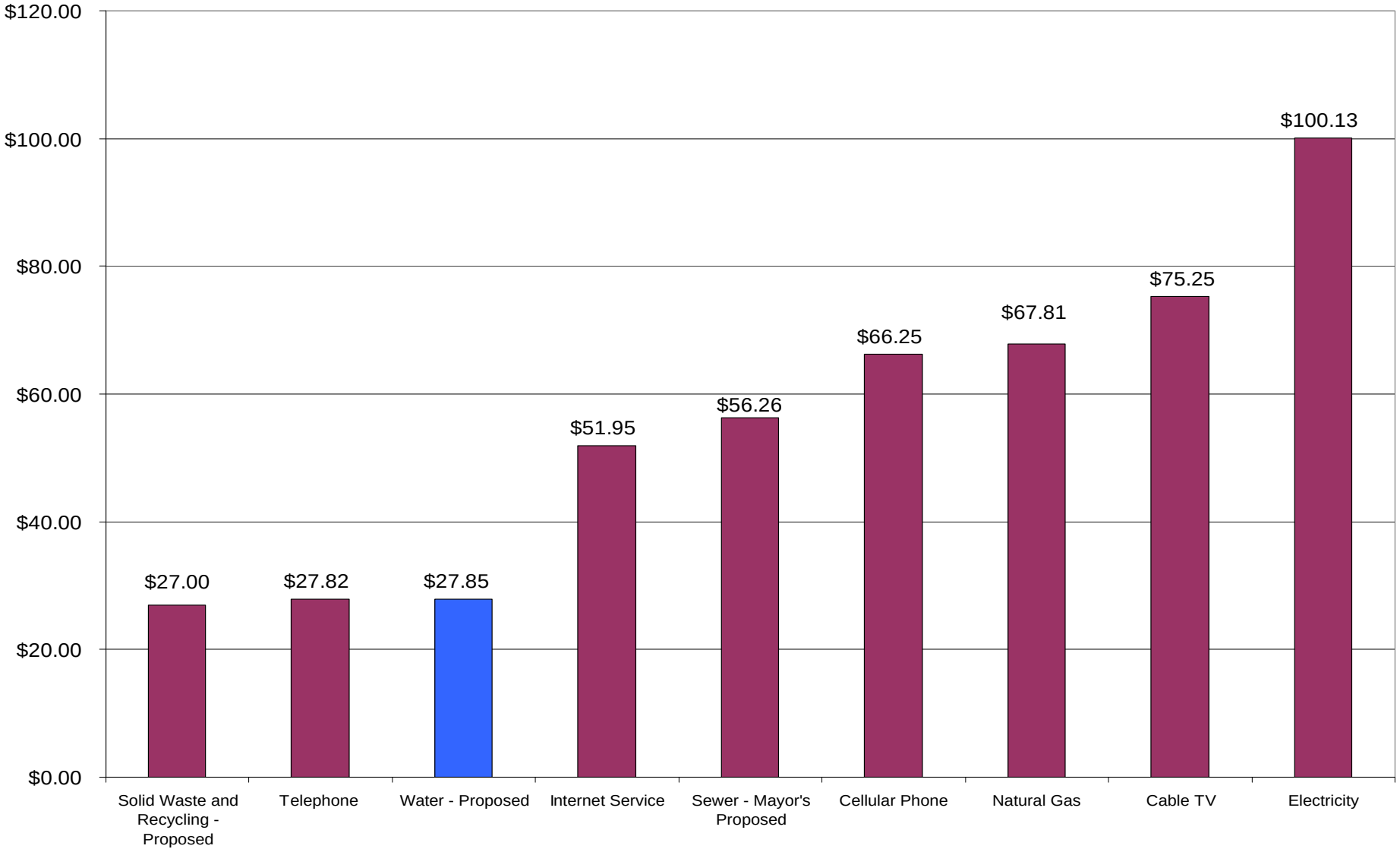
- Medium commercial (200 ccf) monthly bill increases $73.80 - from $571.39 to $645.19.

- Portland water bills are only about 6 percent of the typical utility services for retail residential customers.

Water-Sewer Bills

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

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

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