

Subject: PURB FY 2009-10 Annual Report

General comments:

PURB has effectively leveraged its full membership by implementing some key structural improvements. It created and staffed three Standing Committees which focus on each of the three utilities within the PURB purview. This allows for an equitable division of labor of the budget review process.

PURB also modified its bylaws to include the development of an annual PURB calendar that meshes with the Council's rate-setting schedule. As a result, the PURB developed preliminary budget recommendations in time to participate meaningfully in Council's work sessions with the utility bureaus in late March, 2010. These recommendations are included as attachments to this report.

PURB members continue to be active participants on both the BES and Water Bureau Budget Advisory Committees.

The PURB expressed concern that non-utility costs are included in utility rates. This resulted in an audit by the City Auditor of the PWB and BES budgets for non-core deliverables. The audit is not yet complete.

The PURB questioned the rate-setting processes of both the PWB and BES. This resulted in an independent review to determine best practices for the approval process on public utility rate-setting. The consultant has not yet started work.

BES:

The PURB expressed concern that BAC review was limited to only 5% of the total BES budget. It recommended the BAC, including PURB committee members, review the entire 2011 budget, rather than a small piece of the budget. The latest review, for fiscal year 2010-2011, recently began.

Water Bureau:

The PURB conducted a public hearing in March, 2010 regarding Portland's open reservoirs and compliance with LT2. In addition to public testimony, there were presentations from the Portland Water Bureau, Friends of Reservoirs, the Multnomah County Health Department, and the Oregon State Drinking Water Program. In March, the PURB recommended the City Council adopt a formal resolution directing the Portland Water Bureau to replace existing in-town reservoirs with secure enclosed storage on a schedule to comply with the EPA approved plan. The complete set of PURB Water Budget Recommendations is included as an attachment to this report.

The complete summary of PURB recommendations for the PWB is included in the attached Summary of Council actions vs. PURB Recommendations.

Administrative Review Committee (ARC):

One PURB member served on the Water Bureau's Administrative Review Committee (ARC). The ARC is a forum for review of ratepayer disputes concerning water, sewer, and/or stormwater accounts. Its three-person panel is composed of one representative from the Water Bureau, one from the Bureau of Environmental Services and one from Portland Utilities Review Board

(PURB) to represent consumer interests. The PURB has agreed to expand participation to all PURB members, who will serve on a rotating basis.

Enhanced communication with City Council

Last year PURB furnished preliminary budget recommendations to the City Council for each utility bureau in time for the bureau work sessions in March. Final PURB recommendations were furnished at the rate hearing in May. The PURB would appreciate feedback from the Council on the substance and timing of these recommendations. The PURB would also like specific guidance from each Commissioner regarding its overall expectations of PURB.

Attachments:

FY 2009-10 Presentations and Tours

- 03/18/10 PURB Water Budget Recommendations
- 03/18/10 Reservoir Recommendation
- 03/18/10 PURB 2010 BES Budget Recommendations
- 03/19/10 PURB Solid Waste Budget Recommendations
- 05/14/10 PURB Rate Testimony
- 09/16/10 Summary of Council actions vs. PURB Recommendations

Presentations and Tours

During the last fiscal year, the PURB received the following briefings and reports from city staff, outside experts and other informed parties:

Bureau of Environmental Services

- January 2010 – BES Overview
- March 2010 - BES Budget Presentation
- May 2010 - BES Proposed Rates
- July 2010 – Green Streets Initiative (with PBOT)

Bureau of Planning and Sustainability

- January 2010 – BPS Overview
- February 2010 – Portland Recycles Plan
- April 2010 - Citywide Asset Management Report
- May 2010 - Solid Waste Proposed Rates

Water Bureau

- July 2009 - Water Bureau Vision, Mission and Values
- January 2010 - PWB Overview
- March 2010 - Water Bureau Budget Presentation
 - Water Bureau presentation on open reservoirs
- May 2010 - Water Bureau Proposed Rates
- June 2010 - LT2 Sampling Plan Update
 - Administrative Review Committee – PWB Customer Services
- July 2010 - Utility Low Income Discount Program
 - PURB tour of Bull Run Reservoir

Other Presentations

- November 2009 – Comment by Friends of Reservoirs on PURB Water Committee Report
- March 2010 - Public Hearing regarding Open Reservoirs and LT2 including a statement from the Multnomah County Health Department
- August, 2010 - Leaf Collection Program - PBOT

**PORTLAND UTILITY REVIEW BOARD
RECOMMENDATIONS
PORTLAND WATER BUREAU (PWB) BUDGET
MARCH 18, 2010**

General

This year we have chosen to focus on long term, strategic issues. We cannot endorse any budget request if it does not address these long term issues. Once these long term issues are part of the budget proposal, then we could look at the details of this year's budget proposal.

PWB Budget Recommendation #1:

Issue

We are concerned that the City of Portland cannot provide utility services to residents at just and reasonable rates because the current system for setting water & sewer budgets and rates lacks effective checks and balances.

Recommendation

Before proposing a new system for rate setting we believe it is prudent to first gain a deeper understanding of the extent of unrelated spending by the utility bureaus, as well as a broader perspective on best practices for setting and approving utility rates. Therefore we recommend:

A \$21,000 addition to the BES budget and a \$9,000 addition to the PWB budget (yielding \$30,000 total (representing 0.004% of spending)) to hire a consultant to report back on best practices for the approval process on public utility rate setting and to make recommendations for Portland. This consultant would report to a steering committee chaired by a member of PURB and including as an ex-officio member a person from the City Auditor's staff.

In addition we request that the City Auditor's Office consider undertaking an audit of BES & PWB spending trends to determine the financial extent and purposes of any spending unrelated to the delivery of utility services to rate paying customers.

**PORTLAND UTILITY REVIEW BOARD
RECOMMENDATION TO CITY COUNCIL
MARCH 18, 2010**

Issue

The City Council has not adopted any formal resolution establishing Portland's action plan for responding to the LT2 open reservoir rule.

Recommendation

That the City Council adopts a formal resolution directing the Portland Water Bureau to replace the existing in-town open reservoirs with secure enclosed storage on a schedule to comply with the EPA approved plan. (This plan was approved by the City Council on March 25, 2009 and subsequently approved by the Environmental Protection Agency on March 27, 2009.)

Background

- The Safe Drinking Water Act (SDWA) was originally passed by Congress in 1974 to protect public health by regulating the nation's public drinking water supply.
- Principles applied to public health include the precautionary principle which states; "When an activity raises threats of harm to human health or the environment, precautionary measures should be taken even if some cause and effect relationships are not fully established scientifically."¹
- SDWA authorizes the United States Environmental Protection Agency (US EPA) to set national health-based standards for drinking water to protect against both naturally-occurring and man-made contaminants that may be found in drinking water. ²
- A National Primary Drinking Water Regulation (NPDWR or primary standard) is a legally- enforceable standard that applies to public water systems.
- After issuing a preliminary determination for comment in 2003 and after consideration of those comments the US EPA in 2006 promulgated Section 141.714 of the NPDWR requiring Public Water Systems (PWS) to meet the following conditions for each uncovered finished water storage facility :
 - cover any uncovered finished water storage facility or
 - treat the discharge from the uncovered finished water storage facility to the distribution system to achieve inactivation and/or removal of at

least 4-log virus, 3-log *Giardia lamblia*, and 2-log *Cryptosporidium* using a protocol approved by the State

- The US EPA by letter dated December 16, 2009 determined that the variance approaches to Section 141. 714 of the NPDWR being sought by the City of Portland were not applicable to the uncovered finished water storage facilities in Portland

Discussion

- Compliance with the LT2 open reservoir regulation is consistent with the policy statement of the American Public Health Association calling for greater accountability of the Environmental Protection Agency and state regulatory agencies in preventing waterborne diseases, especially in susceptible populations (populations may be susceptible due to socioeconomic status or health status).³
- Per the Council's request the PURB took public testimony on the LT2 open reservoir rule and the fate of Portland's in-town open reservoirs on March 3, 2010

Vote

Six members voted in favor of the recommendation, two voted against it and one member was absent.

¹ Precautionary Principle; Science and Environmental Health Network, January 1998.

² Safe Drinking Water Act #7615 January 1976.

³ APHA Drinking Water Quality and Public Health Position Paper #200015, January 2000.

Background

Diversion of rate revenue for projects that are unrelated to the delivery of utility services has been a long term concern of the PURB. Yet the PURB has been unsuccessful in curbing these diversions.

Some recent examples of PWB spending rate revenue for projects that are unrelated to the delivery of utility services:

- \$500K+ each year for maintenance of park fountains & downtown bubblers.
- Over \$15M in bond funded work for PDOT projects involving MAX and the Streetcar over the last decade.
- Excessive (7.5%) license fee. Now gradually being lowered to 5%. But why is any license fee fair when the revenue is being used for unrelated city spending?

Some recent examples of media reports on proposals from City Commissioners to spend rate revenue for projects that are unrelated to the delivery of utility services:

- Using utility rate revenue to fund the Bicycle Master Plan.
- Using utility rate revenue to fund college scholarships for impoverished youth.

The current system for setting water & sewer budgets and rates lacks effective checks and balances. The same group (the City Council):

- generates the budget;
- approves the budget;
- can divert revenue for other, unrelated, City projects and
- has unlimited authority to raise rates to match the desired spending of a utility monopoly

Discussion

The current system for setting water & sewer budgets and rates lacks effective checks and balances. This situation is made even worse by Portland's commission form of government where each Commissioner directly oversees a portfolio of City bureaus. The upside is that Commissioners have more freedom to innovate. The downside is that there is minimal oversight of bureau operations by the other commissioners.

In our opinion this is a severe shortcoming when considering the utility bureaus because the Commissioners have unlimited authority to raise rates to match spending for those bureaus. After noting that the PURB has unsuccessfully tried to deal with this issue in the past, we are now convinced that the current system cannot ensure that water rates are based on a "cost of service principle". We believe all of our concerns also apply to how the Council handles BES.

For these reasons we are recommending taking steps to move toward a new process, with substantial checks and balances, for establishing budgets and setting rates for PWB and BES that comply with "cost of service" principles.

Vote

Vote was unanimous, with all eight members voting for the recommendation. One member was absent.

PWB Budget Recommendation #2:**Issue**

Affordability is a key component of the rate review process established by PURB in 1999. Ratepayers have a right to expect that existing public utility operations are as effective and efficient as possible.

Recommendation

Using the 2006 “*QualServe Peer Review Report*” as a basis the PWB should expeditiously plan, design and execute a program that implements the most promising opportunities for improvement. Target goal would be a 15% reduction in controllable costs by 2015.¹ Results and progress on program goals should be periodically shared with such groups as the PURB and Portland Water Bureau Budget Committee as well as included in the annual budget document as a way of assuring the ratepayers that every effort is being taken to operate the utility in the most effective and efficient manner.

Background

- The Portland Water Bureau (PWB) is proposing a 12.9 % rate increase for FY ‘11 and a 13.5% rate increase for each subsequent year in the Five Year Financial Plan
- The annual bill for a typical PWB residential customer is expected to more than double by FY 2015
- In 2006 PWB conducted an external and independent peer review of its business practices through a program called *QualServe*
- A *QualServe* Peer Review Report was issued that identified strengths as well as opportunities for improvement

Discussion

- Large projected rate increases threaten customer affordability
- In order to keep rates affordable there is a need to offset large projected rate increases as much as possible with reductions in controllable costs
- Ratepayers have a right to expect that existing public utility operations are as effective and efficient as possible

- Organizational improvement programs based on third party reviews, if done properly, have been shown to significantly reduce controllable costs (salaries, overtime, fringe, professional services, utilities, chemicals and supplies) without layoffs or threats to service, quality or safety

Vote

- Vote was unanimous, with all eight members voting for the recommendation. One member was absent.

¹ “Based on more than 100 water and wastewater utilities examined over the last five years, one firm reports that service delivery by public water and wastewater utilities is, on average, 24% more expensive than comparable private services.” Association of Metropolitan Sewerage Agencies/Association of Metropolitan Water Agencies, Thinking, Getting, Staying Competitive: A Public Sector Handbook, Washington, DC, p. 3; EMA , Competiveness Assessment presentations, AMSA/AMWA , 1997

Portland Utility Review Board

BES FY 2010-11 Budget Recommendations

The PURB was tasked to evaluate BES's FY 2010-11 budget proposal and make recommendations regarding the FY 2010-11 Requested Budget and associated rates increases.

The current Budget proposal estimates \$105M in Operating Expenditures and \$222M in Capital Investment Projects. The majority of the CIP, \$155M is driven by Combined Sewer Overflow projects. The cost drivers are the Westside CSO Tunnel, Swan Island Pump Station and East Side CSO.

Also included in the Capital Expenditures is \$51M in Maintenance & Reliability expenditures, primarily for pipe repair and replacement in NW Central Business district, Alder Basin, Insley/Taggart Basin, Sullivan/Stark/Holladay Basins and basement flooding mitigation. This cost represents a significant increase of \$29M or 131% over the four year average.

Additionally significant is the five year growth of the Personal Services Budget which has increased by 38% since 2006. BES FTE's have also increased by 17% over the same period. In the 2010 Budget Submission BES is adding another 15.7 FTE's. We continue to be alarmed at the continued personal growth in FTE's with declining water/sewer usage.

BES's proposed 2010 Budget is projecting rate payers will be incurring a 7% annual increase next year.

Several PURB members attended the BES Budget Advisory Committee meetings to obtain a better understanding of all of the BES cost drivers. Unfortunately, the main focus of the BAC meetings was to analyze the Council's requested 4% cost reductions and 5% additions in the 2009/2010 budget. In the future, PURB recommends that the BAC process be significantly changed to provide more focus on the major cost drivers such as capital projects, maintenance cost, personal expenditures and productivity. Most importantly, to concentrate on next year's budget, not the waning months of the current budget.

PURB also recommends that BES employ a "Top Down" budget process that sets constraints on the rate increases and consequently limits the projects started or continued. The process ought to identify BES core deliverables and provide rate impacts for each project including debt service. In addition, PURB recommends BES and Council immediately stop the practice of cost shifting from other bureaus and strictly enforce the principle that rates should support only the BES mission. We question shifts such as: \$400K from the Parks Bureau, \$120K in FTE cost from the Bureau of Development Services. Similarly, we do not support using \$20M of CSO funds to start the Mayor's Green Streets - Bike Boulevard initiative. This is not a core component of sewer service and should not be funded by rate payers. If the CSO project is under budget, any remaining funds should be returned to the rate payers in the form of reduced rates.

Additionally concerning, BES is projecting a decrease in sewer use due to continued conservation and the current economic conditions but has not reduced Personal Services expenditure Budget accordingly. The PURB finds this dynamic counter intuitive, less use should translate into reduced rates.

In conclusion, PURB recommends that BES remove all non-core deliverable expenditures from the FY 2010-11 Budget proposal and identify additional opportunities to reduce their cost structure to produce a Budget request that results in an annual increase more in line with projected inflation for 2010. If such changes are not made we cannot approve the 2010 budget.

PURB vote was unanimous, with all eight members voting for the recommendation. One member was absent.

**Portland Utility Review Board
Recommendation for
SOLID WASTE AND RECYCLING BUDGET FOR FY 2010-11**

Background

Solid waste management and recycling projects are primarily funded by two revenue sources:

1. A residential franchise fee, currently set at 5% of waste haulers' gross revenues; and,
2. A commercial tonnage fee assessed on disposed waste, currently set at \$5.80 per ton.

The Solid Waste Management (SWM) group is fortunate to carry a surplus fund balance and does not need to take on additional debt to provide citywide services. Rather, SWM has been directed to "spend down" its reserve funds to \$500K. At the beginning of the current fiscal year, SWM had a surplus fund balance of \$4.25 million. This amount is projected to decline during the current fiscal period ending in 2010 to \$3.30 million. The decline in surplus is attributable, in part, to a 26.7% increase for personnel services and a 10.8% increase for external and internal materials and services. The fund balance for the end of fiscal 2011 is projected to be \$1.98 million. The \$1.32 million decline in the fund during fiscal 2011 arises from a 14.5% increase in personnel services and a 37.4% increase (over \$1 million increase) in materials and services (see projects outlined below). By FY 2014, the fund balance is projected to be approximately \$582,000.

All bureaus, including BPS, have been directed by the City Council to cut spending by 4%. BPS does not believe the proposed reductions will be enacted by City Council. Thus, in addition to drawing down its reserves, BPS proposes raising the commercial tonnage fee to \$7.25 (from \$5.80) per ton. The tonnage fee currently represents about 7% of the total disposal cost for haulers. If the fee is increased to \$7.25/ton it will represent about 9% of the costs for haulers. There are no increases proposed for the residential garbage and recycling franchise fee.

The increased commercial tonnage fee, as well as existing funds, will be used to pay for the commercial recycling program and several new SWM projects, including:

1. Recycling cans in downtown Portland;
2. Solar trash compacting cans in downtown Portland; and,
3. The purchase of durable lunch trays for Portland Public Schools.

An additional new project is the 1-year pilot program for residential food scrap and associated implementation costs.

Recommendations

Listed below are the PURB recommendations for BPS' proposed budget:

1. RESIDENTIAL FOOD SCRAP COLLECTION

Cost to implement pilot program: \$450,000

For: dishwasher-safe kitchen collection buckets, implementation and education of the pilot program, follow-up data collection and survey.

Recommendation:Support.

Reasoning:

Expenditure is directly related to solid waste and recycling services;

For duration of the pilot program, garbage and recycling rates will stay the same or decrease for 92% of pilot participants;
Likelihood of success is high as demonstrated by successful implementation in many cities of comparable size;
There are strong public policy reasons and benefits for implementing the program:
-it will decrease the amount of waste sent to landfills;
-it will increase the amount Portlanders recycle;
-it will encourage a waste prevention ethic;

2. DURABLE LUNCH TRAYS FOR PORTLAND PUBLIC SCHOOLS

Cost to implement program: \$70,000

For: 25,000 reusable, washable, plastic lunch trays to replace polystyrene foam trays;

Recommendation: Support

Reasoning:

Reduces the number of polystyrene foam trays sent to landfills;

This is one-time BPS budget item;

Proven success already demonstrated by pilot program;

Policy reasons: reduces purchase, warehousing and disposal costs for Portland Public Schools;

This is joint venture supported by PPS who agrees to cover staffing costs required to wash durable trays in consideration of purchase by BPS.

3. PUBLIC RECYCLING CONTAINERS

Cost: \$720,000

Recommendation: Do not support

4. SOLAR POWERED COMPACTING TRASH CANS

Cost: \$600,000

Recommendation: Do not support

5. FRANCHISE AWARD PROCESS

PURB believes the bidding process used to award residential hauler franchises is due for a review. The process is currently governed by regulations enacted nearly 20 years ago. The current system grants a monopoly to franchisees (whose number decreases every year) with a guaranteed customer base and guaranteed rate of return. Since residential hauler franchisees were initially awarded, the Office of Sustainable Development (OSD) has not issued a single, new Request for Qualifications for replacement franchisees.

Therefore, PURB recommends a comprehensive review of the process of using/awarding franchises, including consideration of the following:

Periodic requests for new bids for hauler contracts e.g., every five years;

Creation of a reserve fund with excess revenues generated by franchise fees.

PURB is not recommending a specific amount be budgeted by BPS to conduct this review, simply that the review be conducted. Given BPS' enviable position of a budget surplus, the PURB believes adequate funds exist for this purpose.

PURB vote was unanimous, with all eight members voting for the recommendation. One member was absent.



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Representative

Bill Dayton
Local Business
Representative

Sharon Kelly
At-Large Member

Charles Rosenthal
At-Large Member

Bob Tomlinson
Staff Liaison, OMF
Financial Planning

Date: May 14, 2009

To: Mayor Sam Adams
Commissioner Nick Fish
Commissioner Amanda Fritz
Commissioner Randy Leonard
Commissioner Dan Saltzman
Auditor LaVonne Griffin-Valade

From: Portland Utility Review Board

Subject: PURB Testimony on FY 2010-11 Sewer, Solid Waste and Water Rates

On May 11, 2010, the Portland Utility Review Board (PURB) met to forward the following comments to Portland City Council concerning municipally regulated rates.

Members in attendance: Janis Adler, Vice Chair, Michael Crean, Bill Dayton, Sharon Kelly, Tracy Marks, Charles Rosenthal, Charles Van Rossen, and Lila Wickham.
One vacancy.

City Audit of Utility-Based Revenues

PURB thanks the City Auditor for scheduling a PURB-recommended audit of utility-based revenues collected by the Portland Water Bureau and BES to determine whether use of these revenues is utility-related. PURB looks forward to reviewing the audit results as soon as possible.

Budget Note to Hire Consultant

PURB thanks the Mayor for including a PURB-recommended request in the Proposed Budget to spend \$30,000 for a consultant to report on best practices for the public utility rate-setting process. The Water Bureau portion of this cost is \$9,000 and the BES portion is \$21,000.

Solid Waste and Recycling Rates

All PURB members support the rate increases as proposed, including enthusiastic support for the food scrap recycling program and purchase of durable lunch trays for use in Portland Public Schools.

An Equal Opportunity Employer

To help ensure equal access to programs, services and activities, the Office of Management & Finance will reasonably modify policies/procedures and provide auxiliary aids/services to persons with disabilities upon request.

The Board does not support the purchase of public recycling containers. This proposal would spend \$720,000 over two years for the purchase of 400 containers at a unit cost of \$1,800 each.

Bureau of Environmental Services Rates

One PURB member did not support the following PURB comments.

The Board appreciates that the increase in the average, single-family sewer and stormwater bill will be less than it might have been. However, the PURB does not believe that non-core mission expenditures have been removed from the BES budget and does not support any bill increases, including the forthcoming 6.1% increase, that are not more in line with current cost-of-living increases.

Water Bureau Rates

The PURB continues to be concerned with Water Bureau efforts to mitigate large rate impacts by reducing internal costs. In 2006, the American Water Works Association completed a “QualServe Peer Review Report” for the PWB. The Report identified over 100 “opportunities for improvement” which, if implemented, could produce significant improvements in efficiency and effectiveness. Therefore, all PURB Board members support the following comment:

- Using the 2006 “*QualServe Peer Review Report*,” the Water Bureau should expeditiously plan, design and execute a program that implements the most promising opportunities for improvement. The target goal would be a 15% reduction in controllable costs by 2015.¹ Results and progress on program goals should be periodically shared with such groups as the PURB and the Portland Water Bureau Budget Advisory Committee and should be included in the annual budget document. Sharing the PWB’s progress will assure ratepayers that it is making every effort to operate in the most effective and efficient manner.

Other Comments

PURB Meeting Minutes

The PURB is at a disadvantage because it doesn’t get its meeting minutes in a timely manner. This makes it difficult for the PURB to be as effective as it would like. The PURB recommends it receive designated administrative support so it can receive meeting minutes from one month *before* its meeting the next month.

PURB Appointments

Three positions on the PURB will be open for appointment as of June 30, 2010. The current at-large member, Sharon Kelly, has agreed to remain on the Board. PURB subcommittees ideally have three members each. No recommendation can be made without a quorum of 5 members. The PURB recommends the City find replacements as soon as possible and hopefully by its July, meeting.

¹ “Based on more than 100 water and wastewater utilities examined over the last five years, one firm reports that service delivery by public water and wastewater utilities is, on average, 24% more expensive than comparable private services.” Association of Metropolitan Sewerage Agencies/Association of Metropolitan Water Agencies, Thinking, Getting, Staying Competitive: A Public Sector Handbook, Washington, DC, p. 3; EMA , Competiveness Assessment presentations, AMSA/AMWA , 1997

Council Asked For	Utility Bureau Requested	Financial Planning Division Recommendation	PURB Recommendation	Council Approved
4% reduction in overall budget	BES asked for 6.9% increase	FPD recommended a 6.9% increase	<ol style="list-style-type: none"> 1. Remove all non-core deliverable expenditures from BES budget 2. Produce a budget request more in line with projected rate of inflation for 2010 or approximately 2% increase 3. Withhold approval of BES budget 	<p>Ok'd 6.35% increase in sewer rates;</p> <p>City Auditor recommendation of audit of BES budget for non-core deliverables</p> <p>Ok'd spending \$21,000 for hiring a consultant to report on best practices for public utility rate setting process</p>
4% reduction in overall budget	<p>PWB asked for 12.9% increase</p> <p>PWB asked to return calculation of the Base Charge to a cost-of-service methodology</p>	<p>FPD recommended an 11% increase</p> <p>FPD supported the change in calculation of the Base Charge so long as it was implemented over a two year period.</p> <p>FPD said Water Bureau should review its activities to ensure water revenues are not funding non-water related activities.</p>	<ol style="list-style-type: none"> 1. Replace open reservoirs with enclosed storage to comply with LT2 ¹ 2. Hire a consultant to report back on best practices for public utility rate setting 3. Have City Auditor review BES & PWB budgets to determine spending unrelated to delivery of utility services 4. Reduce "controllable costs" by 15% over five years, using 2006 Peer Review Report as a guide 	<p>Ok'd 12.0% increase in water rates²</p> <p>Did not approve recommendation to change calculation of Base Charge</p> <p>Ok'd spending \$9,000 for hiring a consultant to report on best practices for public utility rate setting process</p> <p>City Auditor recommendation of audit of PWB budget for non-core deliverables</p> <p>Ok'd spending \$93 million to fund LT2 compliance</p>

¹ Vote was not unanimous. It was 5 in favor, 2 against and 1 no-vote because the PURB member was not present.

² Vote was not unanimous. Commissioner Fritz voted in favor of the 11% increase recommended by the FPD.

Council Asked For	Utility Bureau Requested	Financial Planning Division Recommendation	PURB Recommendation	Council Approved
4% reduction in overall budget	<p>BPS asked for 4.3% increase in residential rates</p> <p>BPS also asked for roughly 25% increase in commercial tonnage fee to fund various projects. (Had no impact on residential customer rates)</p>		<ol style="list-style-type: none"> 1. Support requested increase in residential rates 2. Purchase durable lunch trays 3. Support one-year pilot of food scrap recycling program (rate-neutral) 3. Don't purchase solar-powered trash compactors (\$4,000 each) 4. Don't purchase public recycling containers (\$1800 each) 	<p>Ok'd approximately 4% increase in residential garbage rates</p> <p>Ok'd 17% increase in commercial tonnage fee</p> <p>Ok'd purchase of lunch trays and recycling containers</p> <p>Ok'd one-year pilot of food scrap recycling program</p> <p>Did not approve request to purchase solar-powered trash compactors</p>

Prepared by J. Adler
July 14, 2010
Revised September 16, 2010