

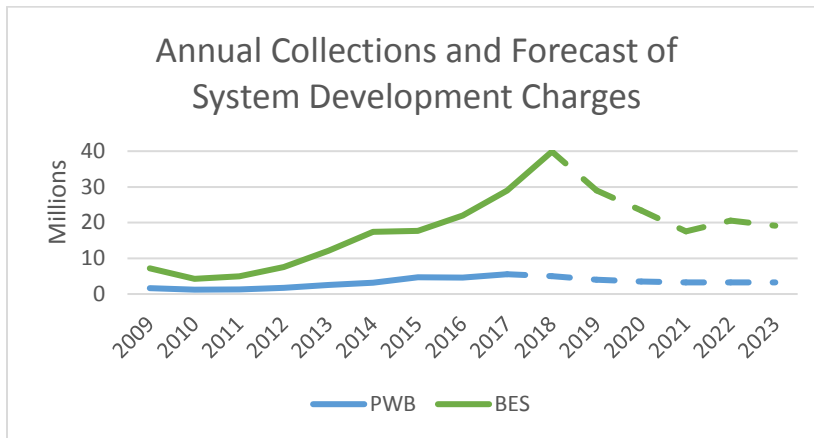
To: Portland Utility Board (PUB)  
 From: Melissa Merrell, PUB Analyst  
 Re: Responses to PUB Questions  
 On: February 22, 2018

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1. How much have the bureaus collected annually in revenue from System Development Charge over the last 10 years?

	PWB	BES*
2017	5,540,949.41	28,927,565
2016	4,555,201.44	21,999,143
2015	4,665,242.44	17,717,556
2014	3,194,514.50	17,444,077
2013	2,544,975.18	12,140,697
2012	1,685,782.67	7,523,084
2011	1,321,238.00	4,971,908
2010	1,215,306.00	4,250,121
2009	1,644,386.00	7,208,287

\* reflects amounts actually collected from charged SDCs



The forecasts of the bureaus include a decrease in SDC collections in the five-year forecast. This is based both on likelihood that development will slow and the risk to the financial plans and calculations of retail rates if the bureau forecasts were to assume a level of SDCs that were ultimately not collected. The forecasted amounts are lower than collected in the last three years but higher than amounts collected during the recession.

How are SDCs calculated?

SDCs are fees assessed to new development or changes in use. The intent is to offset the costs that are imposed on city assets from development projects. Water, BES, Parks, and PBOT all assess SDCs. Each bureau has a different fee schedule for different types of development. For the Water Bureau, the charges are based on the size of the meter installed. For BES assessed SDC charges for sanitary and stormwater impacts and charged are different depending on the size and type of development. Exemptions are available for affordable housing development and the City has suspended SDC charges for Accessory Dwelling Units through July 31, 2018.

The Bureau of Development Services has [summarized](#) SDCs across the city.

### Charges and Methodology

Both bureaus presented some information on their calculation methods at a prior PUB meeting.

The Water Bureau assesses SDCs based on the size of the meter installed. For FY 2017-18, the following table shows charges per meter size. The Water Bureau SDC is a reimbursement fee calculated in accordance with the language and intent of the Oregon state legislation as specified in ORS 223.297 to 223.314. The Portland Water Bureau's SDC adheres to the definition in ORS 223.299 (3) of a "Reimbursement fee means a fee for costs associated with capital improvements already constructed, or under construction when the fee is established, for which the local government determines that capacity exists." To calculate the fee, the bureau looks at the total system net value and the number and size of meters and determines a per unit cost.

## Water SDCs

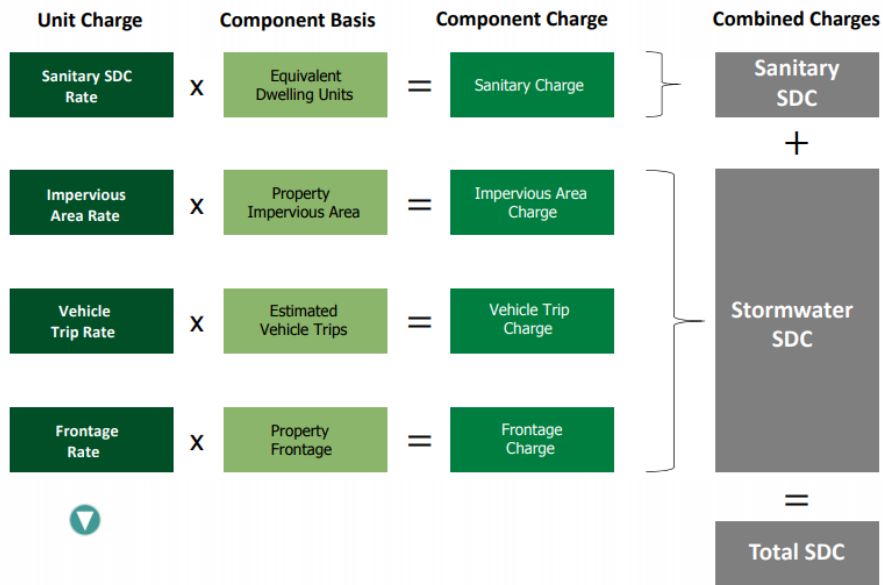
$$\text{SDC Rate per Equivalent Meter Unit} \times \text{Meter Equivalent Capacity Ratio} = \text{Water SDC}$$

The table below shows the SDC fee per meter size for PWB adopted by City Council for FY 2017-18 from the SDC Methodology for FY 2017-18.

Meter Size	Equivalent Capacity Ratio	FY 2017-18 SDC
5/8	1	2,577
¾	1.5	3,865
1	2.5	6,442
1-1/2	5	12,884
2	8	20,614
3	15	38,651
4	25	64,418
6	50	128,837
8	80	206,138
10	143.8	370,534
12	231.3	595,998
16	412.5	1,062,901
24	750.0	1,932,548

BES assesses SDCs for both impacts to the sanitary system and stormwater system. The sanitary SDC is a flat rate of \$6,046 per equivalent dwelling unit. Stormwater charges have multiple component. There is a set charge for single and multifamily residential buildings up to 4-plex units. For all other development, the charge is a based on the impervious area, frontage, and a calculation of vehicle trips resulting from the project.

# Sewer SDCs



The table below shows the SDC and Connections fee schedule for BES adopted by City Council for FY 2017-18.

## System Development and Connection Charges

1. Sanitary System
  - a. Development Charge \$6,046.00 per equivalent dwelling unit
2. Stormwater Management System
  - a. Single Family or Duplex Residence \$1,089.00 per parcel
  - b. 3-Plex Residential Development \$1,258.00 per parcel
  - c. 4-Plex Residential Development \$1,725.00 per parcel
  - d. All Other Developments
    - i. Impervious Area Component \$231.00 per 1000 square feet of impervious area
    - ii. Frontage Component \$7.12 per linear foot of frontage
    - iii. Trip Generation Component \$3.84 per daily vehicle trip
3. Connection Charges
  - a. Line Charge \$1.75 per square foot within the zone of benefit
  - b. Branch Charge \$6,531.00 per branch used
  - c. Wyes and Tees \$299.00 per wye or tee used
4. Sanitary Sewer Conversion Charges
  - a. Residential (single family, duplex, 3-plex, and 4-plex)
    - i. Branch Charge \$6,531.00 per branch used
  - b. Commercial (all other users)
    - i. Simple Sewer Extensions \$2.99 per square foot
    - ii. Complex Sewer Extensions \$6.14 per square foot

2. Of the FTE approved last year for FY 2017-18 budget (11 for BES and 2 for PWB) how many have been filled?

BES received authorization for 11 FTE during the FY 2017-18 annual budget process and 4 FTE during the Fall BMP. As of February 5, four of those positions were not filled.

	Position	Status
FY 2017-18 Budget	Engineering Tech III	hired
	Sr. Public Works Inspector	hired
	Electrical Inspector	hired
	Sr. Admin Specialist	hired
	Environmental Tech I	hired
	Environmental Tech I	hired
	Engineering Tech II	hired
	Senior Management Analyst	hired
	Principal Management Analyst	hired
	Engineering Tech I	hired (starting March)
	Electronic Systems Tech	vacant (opening posted)
FY 2017-18 BMP	Business Systems Analyst	hired
	Engineering Tech II (heron)	vacant (Interview stage)
	Engineering Tech II (condition)	vacant (posting in February)
	Engineering Tech II (conversion)	vacant (posting in February)

Water Bureau received authorization for 2 FTE during the FY 2017-18 annual budget process and 0 FTE during the Fall BMP. As of February 5, both of those positions were filled.

	Position	Status
FY 2017-18 Budget	Administrative Assistant	hired
	Management Analyst (records)	hired

3. How many vacancies are there in each bureau?

Vacancy information for the bureaus changes daily. According to data from the city-wide system on February 5, 2018, and verified by bureaus, the Water Bureau has 47 regular position vacancies and 4 limited term vacancies. These vacancies include 9 positions that have been filled and 20 positions that have been vacant for less than 100

days. BES has 38 regular position vacancies. Six of the positions were recently hired and the person has started or is starting soon. 12 positions have been vacant for less than 100 days. The bureau lists by group are attached with a status of recruitment.

4. How many FTE are in the Communication Departments for each bureau?

The bureaus are organized differently. The Water Bureau has 6 regular staff and 1 PT limited term staff (term will expire in March 2019) in the Public Information and Involvement group. BES has a Communications Divisions with a Public Affairs manager over 3 groups: Communications (3 staff), Environmental Education (2 staff), and Community Outreach and Involvement Program (7 staff).

Not all positions are currently filled.

5. How many FTE are in the Customer Service Departments for each bureau?

Only the Water Bureau has a Customer Service group with one Group Manager over 8 subgroups:

- Service Center (9 staff)
- Low Income Program (1 staff)
- Billing (14 regular and 1 PT staff)
- Call Center (27 regular staff, 2 Limited Terms, and 2 PT staff)
- Field Services - meter readers and service inspection (22 staff)
- Small and Large Meters (17 staff)
- Customer Service Analysis (5 staff)
- Operations (3 staff)
- Collections (2 staff)

Not all positions are currently filled.

6. PWB is asking for 1 Equity Manager. Is there a similar position in BES?

Yes, BES got authority for an Equity Manager as part of the FY 2017-18 budget process. That position was filled and the equity manager began working full-time in January 2018.

Are these single person programs/departments or are there other positions?

The Equity Manager positions are single positions solely dedicated to equity but both bureaus have other staff working on equity issues. For example, the Water Bureau has an administrative officer, the training and development officer, and two outreach and

information representatives that do work related to equity. In addition, both have committees of staff (PWB has the Bureau Equity Committee and BES has the Committee on Equity and Diversity). Both committee were involved in creating the bureau equity plan and have a role in its implementation.

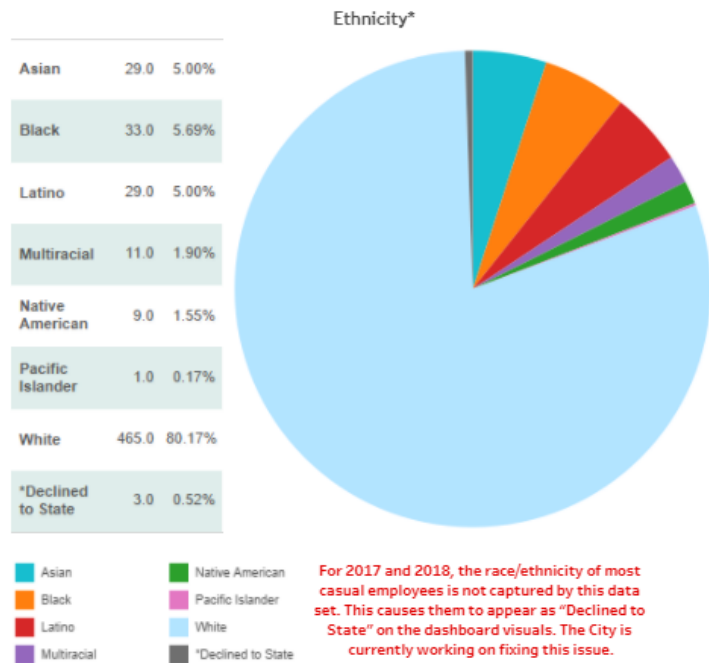
When PWB suggests eliminating equity funding, do they just mean this position and why is there no cost savings associated with it? The cost of the equity manager is \$144,000 in the DP.

No. PWB is proposing to add an Equity Manager position. When they propose not adding the position, that is in isolation and not related to the rest of the related work. PWB proposed not adding the equity position only in the 3% combined bill rate increase exercise. There is no savings because it hasn't been approved yet.

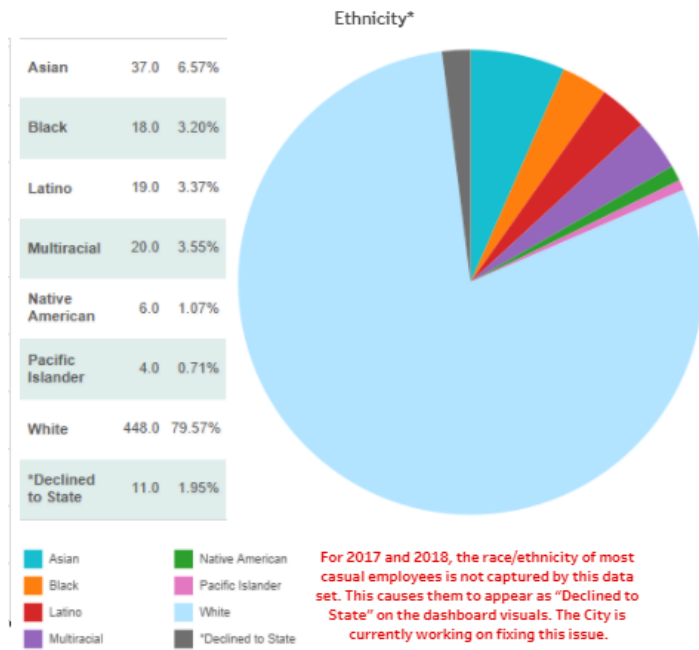
7. On the Office of Equity and Human Rights, there's a pie chart that shows the ethnic/racial composition for the City. Is there a comparable pie chart for the two bureaus?

There is. The OEHR site can be filtered by bureau. The link to the City dashboard is: <https://www.portlandoregon.gov/oehr/article/595121>. You can see each individual bureau results by clicking on the bureau's name from the right side of the dashboard. A capture of each bureau's ethnicity chart is below.

PWB



BES



8. Following the February 6<sup>th</sup> meeting, I posed several follow up questions to BES about their Rate Stabilization Fund and cash on hand forecast. Their responses are attached.



Water Vacancies as of February 5, 2018  
 Vacancy information changes daily. This is a snapshot.

Group	Position Type	Position Desc	Vacancy Length (days)	Status
Administration	Regular	Public Information Manager	116	Working with HR to reclassify position
Customer Service	Regular	Customer Accounts Specialist I	4	Hired
	Regular	Customer Accounts Specialist I	58	Reviewing Applications
	Regular	Customer Accounts Specialist I	67	Reviewing Applications
	Regular	Customer Accounts Specialist I	128	Reviewing Applications
	Regular	Customer Accounts Specialist I	128	Reviewing Applications
	Regular	Customer Accounts Specialist I	102	Reviewing Applications
	Regular	Customer Accounts Specialist I	235	Reviewing Applications
	Regular	Customer Accounts Specialist II	109	Interviews
	Regular	Management Assistant	67	Recruitment to begin in April/May
	Regular	Program Manager	4	Reviewing Applications
	Regular	Water Meter Technician I	109	Hired
	Limited Term	Customer Accounts Specialist I	52	Reviewing Applications
	Limited Term	Remittance Technician	410	Reviewing Applications
Engineering	Regular	Administrative Specialist, Sr	305	Reclassified; now recruitment
	Regular	Development Supervisor I	100	Waiting to recruit after manager position filled
	Regular	Engineer, Principal	193	Position was offered but turned down twice - starting new recruitment, filled
	Regular	Engineer, Principal	193	Hired
	Regular	Engineer, Principal	17	Hired
	Regular	Engineer, Principal	193	Position was offered but turned down - starting new recruitment, filled temporarily
	Regular	Engineer, Sr	151	temporary appointment has been made pending approval of reclass to
	Regular	Engineer, Sr	151	temporary appointment has been made pending approval of reclass to
	Regular	Engineer, Sr	95	Recruitment is underway, filled temporarily by retiree
	Regular	Engineering Associate-Civil	81	Position is being reclassified to Engineer
	Regular	Engineering Associate-Civil	53	Recruitment is underway
	Regular	Engineering Technician II	20	Recruitment is underway
	Regular	Engineering Technician II	249	Recruitment is underway
	Regular	Engineering Technician III	193	Hired
	Regular	Program Manager, Sr	249	Hired
	Regular	Public Works Inspector	66	Recruitment is underway
Regular	Public Works Inspector, Sr	66	Recruitment is underway, filled temporarily by retiree	
Regular	Public Works Inspector, Sr	188	Recruitment is underway, filled temporarily by retiree	
Financial Services	Regular	Administrative Assistant	188	Hiring in process, interviewing
Hydropower	Regular	Applications Analyst IV-Generalist	2876	this is only a .25 position
Maintenance and Construction	Regular	Automotive Equipment Oper I	67	Recruitment closes 2/26/18
	Regular	Management Analyst	95	To be reclassified, classification under consideration.
	Regular	Public Works Supervisor II	202	Filled with temporary appointment
	Regular	Utility Worker II	53	Reclass to Timekeeping Specialist Pending
	Regular	Utility Worker II	25	Reclass to Utility Worker Apprentice
	Regular	Utility Worker II, Apprentice	32	Hiring in process. Offers being made
	Regular	Utility Worker II, Apprentice	53	Hiring in process. Offers being made
	Regular	Utility Worker II, Apprentice	53	Hiring in process. Offers being made
	Regular	Utility Worker II, Apprentice	32	Hiring in process. Offers being made
Regular	Water Operations Mechanic	109	Reclass to Utility Worker Apprentice	
Operations	Regular	Engineer, Sr	151	Hired
	Regular	Instrument Technician	39	Hired
	Regular	Laboratory Analytical Specialist	147	Reviewing application materials
	Regular	Water Quality Inspector II	221	Interviews scheduled for 2/12/18
	Regular	Water Treatment Operator II	19	Became vacant 1/17/18
	Limited Term	Water Treatment Operator II	223	Hired
		Water Treatment Operator II	223	changed class specs for required certification level - recruitment will now be

BES Vacancies as of February 5, 2018  
 Vacancy information changes daily. This is a snapshot.

Group	Position Type	Position Desc	Vacancy Length (days)	Status
Business Services	Regular	Business Operations Supervisor	619	Holding for June 2018
	Regular	Business Systems Analyst, Sr	53	Opening Posted
	Regular	GIS Technician I	1223	Need Plan from Hiring Manager
Director's Office	Regular	Environmental Policy Manager	66	Plan from Hiring Manager received
	Regular	Management Analyst, Principal	219	Hired
Engineering	Regular	CAD Technician II	389	Need Plan from Hiring Manager
	Regular	Engineer, Principal	170	Temporarily Filled
	Regular	Engineer, Sr	66	Offer Made
	Regular	Engineer, Sr	203	Offer Made
	Regular	Engineer, Sr	182	Manager has hire packet and is conducting interviews
	Regular	Engineer, Supervising	115	Need Plan from Hiring Manager
	Regular	Engineer-Civil	235	Working with BHR on announcement
	Regular	Engineering Associate-Civil	18	Manager has hire packet and is conducting interviews
	Regular	Engineering Associate-Civil	81	Hired
	Regular	Engineering Associate-Civil	25	Need Plan from Hiring Manager
	Regular	Engineering Technician II	193	Scheduled to post in February 2018
	Regular	Engineering Technician II	25	Scheduled to post in February 2018
	Regular	Engineering Technician II	48	Scheduled to post in February 2018
	Regular	Engineering Technician II	48	Manager has hire packet and is conducting interviews
	Regular	Engineering Technician II	112	Being reclassified
Regular	Management Analyst, Sr	11	Manager has hire packet and is conducting interviews	
Pollution Prevention	Regular	Communications Engineer	249	Working with BHR on announcement
	Regular	Electronic Systems Technician	104	Opening Posted
	Regular	Electronic Systems Technician	219	Hired
	Regular	Environmental Technician II	137	Temporarily Filled
	Regular	Environmental Technician II	46	Manager has hire packet and is conducting interviews
	Regular	Environmental Technician II	24	Need Plan from Hiring Manager
Wastewater	Regular	Botanic Spec II-Ntrl Resource Ecologist	431	Scheduled to post in February 2018
	Regular	Engineering Technician II	82	Scheduled to post in February 2018
	Regular	Instrument Technician	706	Offer Made
	Regular	Instrument Technician	219	Need Plan from Hiring Manager
	Regular	Wastewater Operations Specialist	165	Manager has hire packet and is conducting interviews
	Regular	Wastewater Operator II	181	BHR recruiting
	Regular	Wastewater Operator II	219	Need Plan from Hiring Manager
	Regular	Wastewater Operator II	66	BHR recruiting
Regular	Wastewater Treatment O&M Supervisor	570	Manager has hire packet and is conducting interviews	
Watershed	Regular	Engineer-Civil	109	Need Plan from Hiring Manager
	Regular	Engineering Technician I	219	Hired

**Question: “Can you confirm that these three lines in SAP below encompass all of the SDCs for BES and could you tell me briefly what the SDC safety net payments are?”**

The three lines referenced in your email should encompass all SDC’s for BES.

The SDC Safety Net line item reflects non-cash revenues received as a result of deferral of assessment payment liens. When an assessment contract is entered into and loan payments are deferred, the revenue is recorded under the Safety Net account and a lien receivable is created. When the deferral is ultimately collected the receivable is cleared and cash is received.

**Question: “Following up on Colleen’s question on the Rate Stabilization Fund, for the past five years or for the 5 year forecast can you disaggregate where the growth came from? Ie – % SDCs, % interest on investments, % balance added from underspending in other funds?”**

The Rate Stabilization Fund (“RSF”) is an integral part of the Bureau’s strategy to manage risk and ensure predictable and sustainable rates over the long-term planning horizon. Since 2013-14 the Bureau’s strategy has been to increase unrestricted cash (RSF plus Operating Fund) from a balance of near zero to a level more in line with financial best practices for sewer/stormwater utilities of this size. Currently, we are targeting a minimum balance equivalent to 270 days of operating expenses. Although we are projected to be above that level over the next few years, amounts above the minimum are critical to smoothing rates of increase over the entire 15-20 year forecast. The balance is expected to return to the targeted minimum during the forecast period. Any unplanned release of cash from the RSF could reduce current rates, but will require increases to future rates over the forecast period and leave the Bureau less prepared for unanticipated financial shocks.

Note: SDC collections are restricted and only available for paying debt service on the bonds. When higher than projected SDC collections are received, they reduce the amount the operating fund is required to pay for debt service. As a result, operating resources are freed up to be used for RSF transfers and/or transfers to the Construction Fund depending on the status of bond coverage calculations.

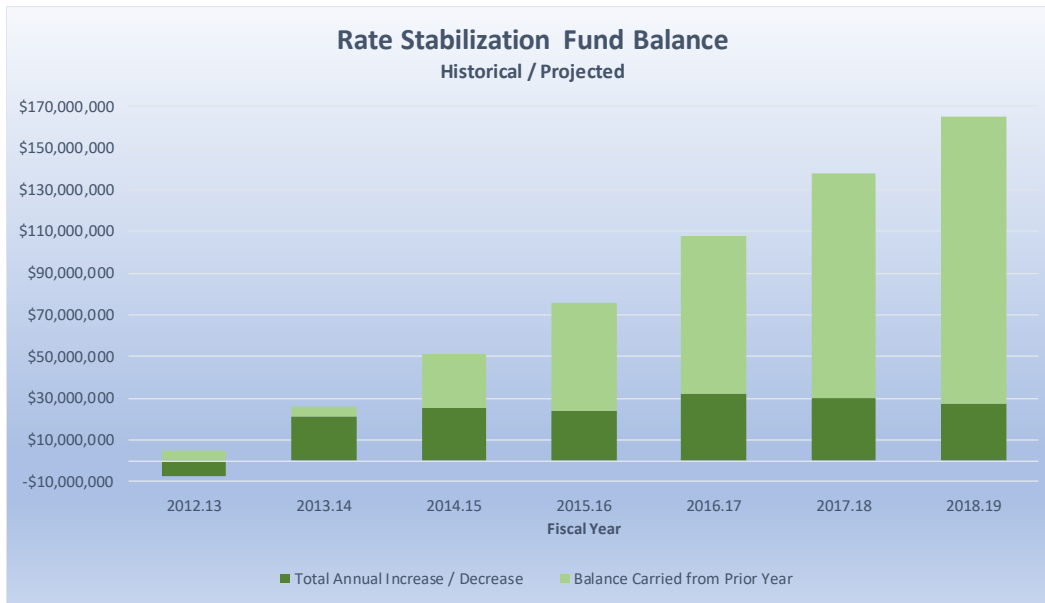
The balance in the RSF is impacted positively when:

- System Development Charges (“SDC”) collections are above expectations
- Actual operating expenditures are lower than projected
- Operating revenues are above expectations
- Bond payments are lower than expected (due to refundings or favorable bond sale results)
- Interest earnings are above projections
- Planned transfers to rate stabilization occur

The balance in the RSF is impacted negatively when:

- SDC collections are below projections
- Actual operating expenditures are above projections
- Operating revenues are below expectations
- New unforeseen expenditures occur
- Bond payments increase as a result of higher municipal bond interest rates
- Planned draws to mitigate rate increases occur

The following chart shows the annual increases / decreases in the RSF along with historical (including interest earnings) and projected balances since the most recent low point in FY 2012-13. It includes current projections for FY 2017-18 and budgeted amounts for FY 2018-19.



The following provides the annual increase / (**decrease**) to the RSF and provides estimated percentages of the source. There is not a perfect dollar for dollar match as some resources were deposited to the Construction Fund to provide cash resources for the CIP and those resources have historically not been tracked specifically.

FY 2012-13 = (**\$7.5 million**):

- Planned transfer from RSF = 100%

FY 2013-14 = \$21.4 million:

- SDC collections above Adopted Budget ~ 47%
- Operating revenues above expectations ~ 10%
- Operating expenditures lower than projected ~ 21%
- Planned transfer ~ 8%
- Reduction to bond payments ~ 14%

FY 2014-15 = \$25.4 million:

- SDC collections above Adopted Budget ~ 32%
- Operating revenues above expectations ~ 35%
- Operating expenditures lower than projected ~ 20%
- Planned transfer ~ 13%

FY 2015-16 = \$24.0 million:

- SDC collections above Adopted Budget ~ 37%
- Operating revenues above expectations ~ 27%
- Operating expenditures lower than projected ~ 47%
- Planned transfer ~ **-9%**
- Higher bond payments ~ **-3%**

FY 2016-17 = \$32.3 million:

- SDC collections above Adopted Budget ~ 38%
- Operating revenues above expectations ~ 9%
- Operating expenditures lower than projected ~ 26%
- Reduction of bond payments ~ 27%

FY 2017-18 Projected = \$30.2 million:

- SDC collections above Adopted Budget ~ 29%
- Operating revenues above expectations ~ 4%
- Operating expenditures lower than projected ~ 12%
- Planned transfer ~ 21%
- Lower bond payments (delayed sale) ~ 34%

FY 2018-19 Requested Budget = \$25,000,000:

- Planned transfer = 100%

Question: "...last year you provided your cash on hand projections. Do you have an updated one?"

