



# Oregon Citizens' Utility Board

610 SW Broadway, Suite 400  
Portland, OR 97205

(503) 227-1984  
[www.oregoncub.org](http://www.oregoncub.org)

March 18, 2021

To: Jessica Kinard and Christina Owen, City Budget Office (CBO) for distribution prior to March 23 Budget Work Session  
cc: Gabriel Solmer and Cecelia Huynh, Portland Water Bureau (PWB) Portland Utility Board (PUB) c/o Eliza Lindsay  
From: Janice Thompson, Oregon Citizens' Utility Board (CUB)  
Re: CUB March 23, 2021 Budget Work Session Comments – PWB FY 2021-2022 Budget

## Introduction

First, a quick introduction to CUB and its role regarding outside independent oversight of City Council management of Portland's public utilities. CUB is a nonprofit formed in 1984 by Oregonians via a ballot measure to do analysis and advocacy for residential customers of utility services. CUB works on energy and telecommunications issues in the regulatory arena as well as in legislative venues. In 2014, CUB was asked to provide independent oversight of City Council's management of the Portland Water Bureau (PWB) and Bureau of Environmental Services (BES) from an outside perspective. CUB supports the advances in equity analysis of both the utility bureaus since 2014, while recognizing that continued work is needed. CUB values the work of the Portland Utility Board, the City's internal oversight group, and particularly applauds their strong equity advocacy.

Second, this memo is informed by our January comments to PWB regarding development of their FY 2021-2022 requested budget and by CBO's Budget Review of PWB.

## Compliance with Mayoral and Commissioner-in-Charge Guidance

CUB concurs with PWB Commissioner-in-Charge Mapps' memo included in the Bureau's requested FY 2021-22 budget. This builds on CUB's support of Mayor Ted Wheeler's budget guidance to BES to hold rate increases at the level approved as part of both utility bureaus' multi-year financial plan discussed within the context of FY 2020-21 budget development. For PWB this means a 7.8 percent rate or a \$3.50 increase for the typical single family monthly bill. The combined bill for BES and PWB services would increase by 4.8 percent for a typical monthly single family household. It is noteworthy that the PWB requested budget does not include staff additions. CUB also supports the points made by both Mayor Wheeler and Commissioner Mapps regarding continuing existing financial assistance programs and seeking new ways to provide rate relief for low-income Portlanders.

## Water Treatment Projects

The core function of PBW is providing water that meets public health and other regulatory standards. Major treatment projects are the Bull Run Filtration Plant and related Bull Run Pipelines, and the Corrosion Control Improvement effort. The lower than originally projected 7.8 percent rate increase is due to the PWB's commendable work to secure the Water Infrastructure Finance and

Innovation Act (WIFIA) loan for the Bull Run Filtration Plant and Corrosion Control Improvement project. These major projects are still expensive, however, with significant rate impacts. The Corrosion Control project is on track for completion in the spring of 2022. Thus far the Bull Run Filtration Plant and Pipelines are within budget projections, but continued monitoring is important as is recognizing the confidence level of cost estimates. For example, the Bull Run Pipeline project is currently at a low-confidence cost estimate level. It is worth noting that the PWB does not set its own confidence levels but uses the project estimate confidence level rating index approved by the City Council for major infrastructure construction projects in any City of Portland bureau.

### **Willamette River Crossing**

Another major component of the PWB's CIP plan in its FY 2021-2022 budget request is this seismically resilient pipe project across the Willamette River. An appropriate element of this project was a geoprobe to gather route and tunneling technology feasibility data during the planning stage. Probe results revealed geotechnical challenges which would have been nice to not have discovered, but better to identify these concerns in this timely manner even if it lengthens the planning process. CUB appreciates a WRC briefing by PWB staff provided in February and looks forward to receiving follow up information later this spring when additional assessment results will be available to inform final planning and possible cost estimate adjustments.

### **Advance Meter Reading/Advanced Meter Infrastructure (AMR/AMI) Project**

An AMR/AMI study is underway and \$50,000 for initial planning is a first year entry in PWB's CIP plan with a preliminary total AMR/AMI project cost estimate that could be up to ten times that amount. It has been a while, but previous AMR/AMI improvement requests did not secure funding because there were higher priority CIP projects. Given major water treatment projects and COVID-19 revenue dynamics, CUB requested a briefing on this topic since it seemed possible that an AMR/AMI project delay might be feasible and prudent. We thank PWB staff for their AMR/AMI study briefing in February which was reassuring in terms of the robust and strategic scope of their study. CUB looks forward to the June competition of the AMR/AMI study since it will inform our final thinking about the timing of possible implementation.

### **Americans with Disabilities Act (ADA) Challenges**

Like many other City of Portland bureaus, PWB faces ADA compliance funding challenges. The bureau requested general fund dollars due to Anderson lawsuit dynamics and the subsequent "no" vote on the November 2020 ballot measure that sought to allow use of ratepayer dollars for ADA projects on park-like PWB properties. While the CBO recommendation for \$0 general fund support reflects COVID-19 revenue pressures and the citywide need for ADA improvements, it nevertheless puts the PWB into a rock and a hard place situation. On one hand the CBO report questions how park-like features on PWB property fit into the bureau's mission, but it also acknowledges that removing amenities due to not having resources to make ADA related investments negatively affect the public value of these properties including troubling equity impacts in several neighborhoods. And while CBO recommends collaboration between PWB and the Parks & Recreation Bureau it provides no specific collaboration suggestions. CUB understands the funding challenges that contribute to the CBO \$0 recommendation but thinks the "kicking the can down the road" dynamic of this recommendation needs to be recognized.

### **COVID-19 Economic Impacts and Customer Service Responses**

CUB commends PWB's billing related responses to the economic impact of the COVID-19 pandemic. These responses are on par and in some cases provide more customer protections than the customer impact agreements approved by the Oregon Public Utility Commission (PUC) last summer between Oregon's major private energy utilities and numerous stakeholders, including CUB. The PWB's cautious approach towards resuming collections is also similar to recent updates in the PUC agreement with these private energy utilities. Nevertheless, the pandemic just highlights the need for Portland's public utility financial assistance programs.

### **Financial Assistance Programs – A CBO Analysis Suggestion**

The following background information and our recommendation for CBO to prepare one analysis of financial assistance programs with combined input from PWB and BES is the focus of this section. (Note this section is also included in CUB's BES memo.)

#### Background

- The PWB's Customer Services unit handles billing for both PWB (water) and BES (sewer and stormwater management).
- Both PWB and BES pay for low income financial assistance programs. The relative split between PWB and BES support for these programs is similar to the proportion of a typical residential bill which is 1/3 for water services and 2/3 for sewer and stormwater management services.
- The financial assistance program is housed in PWB's Customer Service unit.
- With support from CUB, the financial assistance program grew from a one person effort to a three person Financial Assistance Team during FY 2018-2019.
- Other financial assistance program expansions
  - Crisis vouchers increased from \$150 to \$500.
  - Income guidelines were improved, and Tier 2 was added for extremely low income qualified customers.
    - Tier 1 discount is a 50 percent bill reduction.
    - Tier 2 discount is an 80 percent bill reduction.
  - Increased and ongoing outreach to underserved communities.
  - Partnership with Home Forward – assistance to multi-family housing clients under eviction threat
- The Tier 1 and Tier 2 discounts are some of the most generous in the country. The analysis in the CBO reports illustrate how the Tiers 1 and 2 approach helps low-income households pay utility costs at roughly the same percent as higher-income households in Portland.
- The Home Forward partnership reflects a national challenge: not being able to use ratepayer funds for low income discounts when consumers of these services do not get water and/or sewer bills. This is a particular challenge in multi-family housing due to the prevalence of one meter per building rather than unit-specific water meters.
- The PWB/BES partnership with Home Forward focuses on that agency's Short-Term Rent Assistance (STRA) program:
  - STRA provides housing assistance for up to 24 months to Multnomah County households that are either houseless or at risk of eviction.
  - The STRA program takes a case management approach.
  - The PWB/BES partnership funds up to \$500 (increased to \$650 in January 1, 2021) in crisis assistance for STRA clients living in multi-family units in the City of Portland to avoid eviction.

- Funding for the PWB/BES STRA partnership is from ratepayer dollars with an annual infusion of \$600,000 (\$200,000 from PWB and \$400,000 from BES), though not all of these dollars are always used each year.
- Continual outreach improvement should be a priority. In CUB's view, however, a more significant reason for the PWB/BES STRA partnership not always using all of the allocated dollars is a reflection of the client case management and eviction prevention emphasis of STRA and related staffing level constraints. To be clear that emphasis of the STRA program is completely appropriate. In this context, however, this emphasis seems to contribute to understandable limits in how many clients can be served by this PWB/BES STRA partnership. This does not mean the PWB/BES STRA partnership should be discontinued. Rather there is the need to explore additional financial assistance efforts to address the need of low-income residents in multi-family housing.

Recommendation – One CBO Analysis of PWB/BES Financial Assistance Programs with Input from PWB/BES Staff on a Team Basis

Since both BES and PWB budgets include financial assistance program costs, the CBO budget review reports for both bureaus have separately assessed these programs. Such a review is definitely appropriate, but in CUB's view it would be more efficient and accurate if CBO worked with both BES and PWB staff to prepare one analysis that is included in the CBO reports for both utility bureaus.

CBO's current approach seems duplicative and not optimal use of the time of two different CBO analysts. More problematic, though, are past discrepancies between the PWB and BES reviews and accuracy concerns in the BES report that have surfaced again in this year's report. For example, the current BES review indicates that the Portland Housing Bureau runs a voucher program for low income households living in multifamily housing that essentially mimics the Tier 1 discount but that "very few customers are aware of its existence and therefore, have not utilized the vouchers." This seems to be an inaccurate reference to the BES/PWB partnership with Home Forward's STRA program.

More troubling, the BES report's characterization of inadequate outreach being a major problem does not seem to reflect adequate knowledge of the outreach efforts of the Financial Assistance Team. Also, in CUB's view, the BES report does not reflect an adequate understanding of the STRA program's client management emphasis that we see as being a more significant factor in the participation level in the PWB/BES STRA partnership. (See the PWB/BES STRA partnership bullet points above.) This doesn't mean ending the STRA partnership, rather this dynamic means that options in addition to the STRA partnership merit exploration.

BES staff with whom the BES CBO analyst interacts are definitely familiar with the financial assistance programs, but the experts on these programs are in the PWB Customer Service unit. It seems more efficient for CBO to prepare one analysis of the financial assistance program that seeks input from both BES and PWB staff. This team approach will also enhance accuracy and is the major rationale for this recommendation from CUB.