

## The Oregonian

### Portland water and sewer customers should brace for 5 percent bill hike: Portland City Hall Roundup

By Brad Schmidt

Portland water and sewer customers should expect a combined bill increase of about 5 percent beginning in July, according to city documents.

Rates won't be formally set by the City Council until May, but 2014-15 budget requests due Feb. 3 are expected to include another round of hikes.

Last year, the average single-family water bill jumped 3.6 percent, to \$27.61 a month. This year, the Portland Water Bureau is looking at an increase of 7 percent or 7.1 percent, according to documents from the bureau's budget advisory committee.

Sewer and stormwater bills, meanwhile, last year jumped 5.3 percent, to \$62.74 per month. This year, the Bureau of Environmental Services is looking at an increase of about 4.85 percent, according to documents from the bureau's budget advisory committee.

Taken together, the bill increased by 4.8 percent last year. This year's target is about the same, at 5 percent or less.

At a recent budget advisory committee meeting, Water Bureau Administrator David Shaff explained that Commissioner Nick Fish – who oversees both utility bureaus – is focused on that 5 percent target.

“David reported that it is likely that BES will propose a rate increase of 4% to 5% and the combined water/sewer bill increase would be close to the 5% increase requested by Commissioner Fish,” according to minutes from the Jan. 8 meeting. “There is the possibility that some additional adjustments by the Bureau will have to be made to the Water Bureau budget to reach the 5% target.”

Annual rate hikes have fueled controversy over Portland's water and sewer bureaus.

On Tuesday, Portlanders for Water Reform submitted a signed initiative petition to strip away utility oversight from the City Council. Voters will likely weigh in on the proposal in May.

## Willamette Week

### Murmurs: All the News 55% of Taxpayers Deserve

WW Editorial Staff

- Nearly half of the city still hasn't paid its Portland Arts Tax. The Portland Revenue Bureau tells WW that 55 percent of the city's population has ponied up. (The number of people actually required to pay is fuzzy, since Mayor Charlie Hales added a slew of exemptions last summer.) Portland officials this month have distributed \$3.5 million of the \$7.8 million collected to local schools and arts organizations—even though two lawsuits challenging the constitutionality of the 2012 voter-approved tax are ongoing ("Murmurs," WW, Jan. 15, 2014). Revenue Bureau director Thomas Lannom says he expects more people to pay once the Arts Tax is added to tax-preparation software such as TurboTax. "No tax-collection program collects all taxes owed," he says, "and especially new programs."

## The Portland Tribune

### Can water watchdog rein in spending?

By Jim Redden

Two weeks ago, and in record time, the City Council approved a new watchdog to keep tabs on water and sewer spending.

The agreement struck with the Citizens Utility Board came about two weeks before petitions were filed with city elections officials for a May 2014 ballot measure to create an independently elected board to manage the water and sewer bureaus.

On Jan. 8, every member of the council except Commissioner Amanda Fritz — who was absent — voted to authorize a five-year agreement with CUB to review and comment on future spending plans by the Water Bureau and the Bureau of Environmental Services, which operates the city sewer system.

The resolution authorizing the agreement was sponsored by commissioners Nick Fish and Steve Novick. It was first announced in a Jan. 2 news release issued by Fish, who is in charge of both bureaus. Because it was a resolution and not an ordinance, the council was able to approve it at the first reading instead of being required to wait a week.

Fish says the agreement was not a response to the proposed ballot measure, which would remove the bureaus from the control of the council. He says it was first proposed by Novick in January 2013 but was postponed after Mayor Charlie Hales first took control of all bureaus and then later reassigned them.

"I wish we had done it sooner," Fish says of the agreement.

The speed of the passage caught even some close council watchers by surprise. The City Club, which is currently studying the proposed ballot measure, asked the council to wait a week to allow further study of the agreement. The council refused, with all four members present saying they were convinced it was a good idea.

Regardless of the timing, Fish says the agreement should assure Portland water and sewer ratepayers that their money is being spent wisely in the future. The initiative measure is in response to skyrocketing water and sewer bills in recent years, increases that have been accompanied by stories of questionable projects funded with ratepayer dollars, such as the now-infamous Water House and the public toilets known as Portland Loos.

But can the CUB, a nonprofit membership organization, really rein in such spending in the future? CUB Executive Director Bob Jenks thinks so, noting that his nonprofit organization has saved private utility ratepayers more than \$5.8 billion in Oregon since it was created by a statewide initiative 30 years ago.

"It's too soon to promise anything specific, but, yes, I believe CUB can make a difference," Jenks says.

But there are significant differences between private utilities like PGE and public utilities, like the water and sewer bureaus. Private utilities are regulated by state laws that determine which projects can be funded with ratepayer money and which must be financed by investors. Their rates are set by the Public Utility Commission, a quasi-judicial state agency headed by a board appointed by Oregon's governor. Their decisions set the precedents that guide future deliberations.

The council, in contrast, is a political body elected by Portland voters. A lawsuit is underway in Multnomah County Circuit Court on the legality of numerous water and sewer expenditures approved by the council. The council also has reversed some its previous decisions in recent years, repaying the bureaus with general fund dollars for expenditures it later decided were inappropriate.

Kent Craford, a former lobbyist involved in both the lawsuit and petition drive, wishes CUB well, but does not believe it will be effective.

"The council can just ignore it," says Craford, who turned in petitions with around 50,000 voter signatures on Jan. 21. The measure needs more than 29,000 valid ones to qualify for the primary election ballot.

CUB untested on city level

Jenks says that despite questions raised by the lawsuit and the council's reversal of some previous expenditures, there are, in fact, clear laws and policies governing water and sewer rate spending. He points to a March 2011 audit that cites both existing Oregon laws and provisions of the City Charter that say water and sewer rate funds can only be spent on services related to the two agencies.

"Specifically, each requires a connection or relationship between the use of ratepayer money and the utility that is being paid for," according to the audit.

The audit also says the rates set by the council must be based on "reasonable cost-of-service utility ratemaking principles."

Jenks thinks the restrictions give CUB the ability to identify unjustified spending requests from the two bureaus. Although the council still will make the final decisions, Jenks believes CUB has enough credibility and public support that the council will defer to its recommendations.

CUB still must build at least some of that credibility and support among Portlanders, however. Although it has earned the respect of private utilities and other advocacy groups on the state level, this is the first time it has been asked to review a city's utility spending.

Portland is not paying CUB for its services. Instead, CUB must raise the money needed to hire additional staff the same way it always has — by persuading ratepayers to financially support it. Within days of the council decision, CUB mailed its members in Portland asking them to contribute to the hiring of a staff member to work on water and sewer issues. The council has agreed to include similar solicitations in future joint water and sewer bills.

Conversation has begun

Craford agrees state law and the city charter requires that city utility rate funds be spent on water and sewer services. But, he says, the council has simply ignored those restrictions in the past. Craford notes that the audit cited by Jenks is titled, "Spending Utility Ratepayer Money: Not always linked to services, decision process inconsistent." It contains numerous examples of questionable water and sewer expenditures approved by the council.

Although Craford does not think CUB will have much effect on rates if the measure fails, he did not oppose the agreement. "I think we've already won. The council is talking more about water and sewer rates now than they ever have," Craford says.

In the meantime, Multnomah County Circuit Judge Stephen Bushong is scheduled to hear oral arguments in the ongoing ratepayer lawsuit on Feb. 12. Attorneys for ratepayers and the city will argue whether four council-approved expenditures violated state and local restrictions on spending rate funds.

The two sides agreed to argue the legality of the examples as test cases for more than \$127 million in contested expenditures. The four include funds spent to support public toilets, the city's former public campaign finance program, the purchase of unused River View Cemetery property and TriMet light-rail projects.

## **The Mercury**

### **In Other News**

By Dirk Vanderhart

CAMPAIGNERS HOPING to create a new board to oversee Portland's water, sewer, and stormwater utilities have submitted more than 50,000 signatures that they're confident are enough to land the measure on the May ballot. The Portland Public Water District group has been working since last summer to snatch the Portland Water Bureau and Bureau of Environmental Services away from city council—suggesting Portlanders' utility rates would be in better hands with a seven-member elected board. But questions about the effort's verbiage remain. A Multnomah County judge and the Portland City Attorney's Office have both said the measure could leave out swaths of East Portland. The campaign has said that's not the case. City elections officials need to certify 29,786 signatures in order for the measure to make the ballot.

### **Hall Monitor Novick vs. the Oregonian**

By Dennis C. Theriault

STEVE NOVICK wrapped his brimming distaste for the Oregonian's rightward-leaning editorial board in a joke.

On his official city blog early Tuesday, January 21, the commissioner took umbrage with the O's rough handling of the Portland City Council in recent weeks—borrowing from a pro football player's nationally televised rant just two nights before.

He was peeved, in particular, by an editorial calling the city's leadership "mediocre"—presumably because it pushed for earned sick leave and wouldn't kowtow to the most draconian voices in the twinned debates over sidewalk enforcement and homelessness.

"So far, the members of the city council have kept a dignified silence," Novick wrote. "But after watching Richard Sherman's post-NFC championship game explosion the other day, I've decided, the hell with that. Let's have some fun. If the Oregonian wants to trash-talk, let's trash-talk.... You want to talk about mediocre? A paper that only delivers four times a week, now that's mediocre."

Novick also called publisher N. Christian Anderson III a "sorry Orange County right-wing publisher" and bellowed, in punchy prose, about the "economic idiocy" of trying to "foist a Fox News paper on a progressive readership."

The post went viral, at least in city hall as well as in media and political circles. It's startlingly rare to see a political figure say what's on everyone's mind and criticize a hand that's actually been good (as Novick himself will admit) about feeding him positive coverage.

And therein lies a canny political gamble.

Instead of deciding he needs the Oregonian to help him with his priorities—Novick's going to fight landlords over seismic retrofits and wants to muscle through a new street fee to bail out the city's transportation budget—he's decided he can do all that even if an aggrieved O shits on him for the rest of his career.

The paper is literally shrinking, announcing the same day as Novick's rant that it's switching to a tabloid format. Its voice has become decidedly conservative. And after layoffs and with Portland news increasingly taking a backseat to suburban and rural news, how many voters will actually care about an out-of-touch edit board's endorsements and outrage?

"Lions don't concern themselves with the opinions of sheep," Novick wrote.

As for whether the Oregonian's brain trust really was offended or not, that's unclear. But probably not. Editorial Editor Erik Lukens told me, in a brief message, that he saw it as "Steve being Steve."

Novick's comments seemed to play well among city hall sources, however. Even if the biggest names didn't get on record. Commissioner Nick Fish, confusingly mentioned in that "mediocrity" editorial as a target, but also as a good leader, declined to comment. Dan Saltzman was out sick. I never heard back from Amanda Fritz.

Not so for Mayor Charlie Hales, who chatted with his spokesman, Dana Haynes, before heading out for a meeting.

Hales didn't share his thoughts on the specifics, Haynes says, but thought Novick's piece was both "hilarious" and "great."

"He's really, really glad the commissioner wrote it and got it out there."