

## The Oregonian

### Portland Public Water District: Truth-squadding skyrocketing utility bills and promise of lower rates

*By Brad Schmidt*

Before Portland's pristine water flows out of your faucet, the city takes great care to ensure it's as clean as possible.

But what about when it comes to the May 20 election, where a ballot measure would end Portland City Council oversight of water and sewer operations?

The political arguments, on both sides of the debate, are sometimes as clear as mud.

Voters must decide whether the City Council should maintain control of utility operations and rate setting or shuffle those functions to a new Portland Public Water District with new elected leaders.

The proposal would eliminate the existing Water Bureau and Bureau of Environmental Services, as they're known today, merging them into a new water district. The district would be governed by a board of seven directors elected from districts throughout the city.

With ballots due in about a month, The Oregonian took a look at some of the claims kicked around by proponents and opponents. We found assertions based on nuances, overstatements and flat-out falsehoods.

Have bills skyrocketed under the Portland City Council?

In a word, yes.

Rate increases proposed for July 1 would put the average combined water, sewer and stormwater bill at \$94.79 a month, 64 percent higher than it was during the 2005-06 fiscal year. City projections show combined monthly bills could hit \$119 by 2019.

Those increases are largely tied to big construction projects, such as building new pipes to prevent sewage spills and reservoirs to meet federal mandates. They haven't been driven by headline-grabbing projects to build a water-efficient demonstration house, promote public restrooms or renovate a building for the Portland Rose Festival Foundation.

"I think when people get a monthly bill, and when they understand what's driving these increases, and they realize that it's not the Water House but it's largely federal mandates which are unfunded, I think we can earn back some of the trust that we've lost," said Commissioner Nick Fish, who took over both utility bureaus in June 2013.

Will my bill be cheaper under new leadership?

That's the oft-repeated claim from Kent Craford, the former lobbyist for big water customers who co-sponsored the ballot measure. He's talked about bringing rates "back down" and even submitted an argument in the Multnomah County voters' guide that lists "lower water rates" as a reason to vote for the measure.

But there's nothing in the measure that addresses rates, let alone ensures that bills will decrease in the future.

"There's no hard mechanism" to limit rate hikes, Craford acknowledged.

But Craford said he expects a new voter-elected board of directors will make better decisions that keep bills in check, compared to what would happen under the City Council.

"It would be less than it would be otherwise," he said.

## Oregon PERS: 2013 retirements flood the system (search the new database)

*By Ted Sickinger*

Last year saw 9,500 public employees retire in Oregon. That was the second highest total since 2003, when an earlier round of public pension reforms sent public employees rushing for the retirement exits.

Bottom of Form

The Oregon Public Employees Retirement Fund has provided The Oregonian with an updated pension roll of all retirees receiving monthly benefits as of Jan 1, 2014. It doesn't include 900 retirees who took lump sum payouts in 2013 or another 600 who filed their paperwork late in the year, but it includes the vast bulk of retirees last year.

It shows that the average benefit for public employees who retired in 2013 was just shy of \$30,000 as of Jan. 1, and the average service with a PERS-covered employer at retirement was 20 years.

The median pension for 2013 retirees was about \$24,000 annually, while the median service was 21 years.

The pension roll data is provided under a controversial legal settlement that the Oregon Public Employees Retirement System reached with The Oregonian and the Salem Statesman Journal in 2011. It includes the name, benefit, final pay and retirement method for all retirees receiving a monthly benefit from PERS.

Almost 20 percent of the 2013 retirees in the updated database had 30 years or more of public service – considered a full career. Their benefits averaged \$4,783.61 a month, or \$57,403 a year. The average pension as a percentage of final pay for 2013 retirees: 52.4 percent. PERS officials say the salary number they provide in the database is not an employee's official final average salary.

The list of the top 10 pensions minted in 2013 is dominated by doctors from Oregon Health & Science University. The top benefit went to Stanley Barnwell, an OHSU brain surgeon, who retired Jan. 1 2013 after 21 years of service. His benefit was the annual equivalent of \$232,680 as of Jan. 1. John Nutt, an OHSU neurologist, retired in September after 29 years. His benefit as of Jan. 1 was \$212,629.

There were some non-docs on the list as well. Verna Bailey, former principal at Montclair Elementary, retired last June after 39 years with the Beaverton School District. Her benefit in January was the equivalent of nearly \$170,000 a year. Mike Schruck, the former Multnomah County District Attorney, retired last January after 32 years. His annual benefit is almost \$169,000. And Howard Fetz, an Estacada school administrator with a whopping 47 years of service, retired last April. His annual benefit is \$156,000.

Other groups, including the City Club of Portland, warn that a new water district "may increase" ratepayers' bills by forcing the new agency to handle administrative functions. As it stands, the bureaus rely on the city of Portland for functions such as human resources, benefiting from a shared cost.

Return Thursday to find out whether Portland's environmental programs are under attack or if there's overlap between the ballot measure and a lawsuit over utility spending.

## Portland's water war hits the airwaves and Internet as advertising ramps up: Portland City Hall Roundup

*By Andrew Theen*

With the May primary election less than a month away, the battle for Portland's water and sewer bureaus is ramping up.

Last week, supporters of Measure 26-156, the initiative that would create an independently elected public water district in Portland, released a radio ad.

"Did you know that Portland has higher water rates than Phoenix, Arizona?" the ad says. The ad, paid for by the Portlanders for Water Reform Committee called for the independent district to end, "City Hall pet projects," saying it's "time to tell Fish he's out of water." Commissioner Nick Fish oversees both utilities. Fish was assigned the bureaus last summer. The ad says "No more city hall water bill slush fund."

On Monday, the opponents of Measure 26-156 released two online video advertisements, paid for by the Stop the Bull Run Takeover PAC.

"Would you force your neighbors to pay more for something so you can pay less?" the video begins. Opponents charge that, "A small group of big industrial water users and polluters want to do just that." Industry lobbyists crafted the measure to "take control of our water," the video alleges, saying the "Corporate polluters want a new board they can stack with their friends."

Kent Craford, co-chief petitioner for the ballot initiative issued a press release Monday chiding the ad for using Centennial Mills in its "attack ad."

The Portland Development Commission purchased the old flour mill in part, thanks to sewer funds. "The hilarious irony is that City Hall water/sewer fund abuse is so prevalent that opponents of reform unwittingly showcase it in the own web video," Craford said in the press release.

Carol Butler, with the Stop the Bull Run Takeover campaign, said Craford's assertion is simply not true. Butler said the video includes a "cartoon" depiction of a mill, and it is not intended to be Centennial Mills. In an email, Butler said the image illustrates the "indisputable fact" the measure "is funded exclusively by large industrial water users and corporate polluters."

Craford said the image is clearly Centennial Mills, depicted three times side by side to "make it look bigger than it really is."

Both sides reeled in big money contributions in recent weeks, although the opposition has garnered more contributions thus far. A quick breakdown:

Siltronic, the German wafer manufacturer, contributed \$20,000 to the effort to create a water district. Andrew Miller, the head of Stimson Lumber, contributed \$8,000 to the ballot effort.

Oregon AFSCME Local 89 gave \$20,000 to fight the measure, and the Audobon Society of Portland donated \$10,000.

Brewer Kurt Widmer donated \$250 to the Stop the Bull Run Takeover PAC, and the Portland WinterHawks gave \$1,000.

## Short-term rental proposal gets Portland planning commission's approval, heads to City Council

*By Elliot Njus*

Portland's planning commission approved proposed rules late Tuesday allowing short-term rentals of rooms in private homes, as popularized by online "sharing economy" services like Airbnb. The proposal now goes to the Portland City Council.

The commission heard more than two hours of testimony, much of it from people who have hosted short-term renters and neighbors who oppose allowing rentals in residential areas.

The city Bureau of Planning and Sustainability has proposed allowing, with a permit, the rental of one or two bedrooms in the host's primary residence. To obtain a permit, the resident would have to submit to a city inspection, install an integrated system of smoke detectors and pay a fee of about \$180. They would also have to notify immediate neighbors and neighborhood groups.

Airbnb — which has announced it would open a customer-service center in Portland later this year — is also negotiating with the city to collect an 11.5 percent local tax on hotel stays. People who operate short-term rentals on other platforms would have to register, collect and submit the tax on their own.

There are more than 1,100 Airbnb listings based in Portland, the company said, and more are listed on other platforms. Few have gone through the lengthy and expensive process to obtain the conditional use permit currently required or paid lodging taxes.

Members of a panel of hosts that joined Molly Turner, an Airbnb lobbyist, advocated eliminating the inspection requirement, saying it could be a deterrent from going legal. It wasn't clear if that was an official position of the company. (Airbnb isn't the only short-term rental company, but it was the only one to send representatives to testify.)

"We share the desire to make sure all the properties are safe," Turner said after the hearing. "We do have some concerns about the practicality of the inspections as it's been presented."

Most who have been hosts said their guests have been respectful to neighbors and that the revenue from the rental has been a benefit to the host, in some cases allowing them to stay in their home in retirement.

But others who testified said the rules would allow an unwanted revolving door of guests into residential neighborhood.

Theresa Hannam, who lives in a Laurelhurst home with her elderly mother, said she filed a complaint with the city after a neighbor switched from a long-term tenant to a series of short-term renters. That brought more cars, unfamiliar visitors next door and noisy rolling luggage late at night.

"It's like living next to a little motel," Hannam said. "We saw this turnstile of people coming and going."

After the complaint, the neighbor's listing was eventually shut down. But under the new rules, the operation could be validated with no recourse for Hannam.

"It takes away the right for people like me to voice my opposition," she said.

The commission approved the proposal 8-1 with only a minor amendment, which tweaked wording to include domestic partnerships along with other family arrangements. Chairman André Baugh voted against the proposal, saying he was concerned about the potential impact on affordable housing.

"There's just not enough data," Baugh said after the vote. "Something that appears very innocuous to the marketplace could potentially have an impact on what we value as a city."

The commission's recommendation will go to the Portland City Council in May or June, along with the rest of an attached package of land-use tweaks that saw much less discussion. If that council gives its OK, the regulations would take effect in July.

## Don't railroad Portland taxpayers with street fee: Editorial Agenda 2014

*By The Oregonian Editorial Board*

Last week's release of an audit on the Portland Streetcar comes at an awkward time for the city. The audit finds the streetcar's operating structure "convoluted and confusing." It recommends "improved transparency in financial reporting," which isn't the sort of thing that inspires confidence in taxpayers. Finally, it suggests that the city stop expanding the Streetcar network for a while and focus, instead, on operations, maintenance and revamping partnerships.

The audit's release coincides roughly with the city's effort to gauge public support for a monthly street maintenance fee, which commissioners may make the mistake of imposing without a public vote. The new money would be used for some things the city's transportation bureau had been giving short-shrift in recent years in order to support such new projects as ... the Streetcar. So said the city auditor last year.

Portland residents have become painfully familiar with the underlying narrative: City officials steer money from boring and basic services to flashy and politically popular programs. Costs for taxpayers go up, whether they like it or not, and transparency too often seems to be an afterthought. The tolerance of taxpayers for such lack of discipline is finite, which is why Portland voters are rethinking the fate of the city's water and sewer bureaus.

To some degree, today's commissioners are responding to problems created by their predecessors. The most notorious examples of water bureau misspending happened years ago, and the problems outlined in last week's Streetcar audit have developed over the course of nearly two decades. Meanwhile, Steve Novick, the commissioner in charge of the Portland Bureau of Transportation, agreed with the recommendations contained in last week's audit, which range from improving financial oversight to adopting a Streetcar strategic plan.

Still, problems persist. "We remain concerned," the audit says, "about how projects like Portland Streetcar displace other transportation services." Novick, in his response, agrees with this concern, but goes on to say that "in our view the problem is rooted in the small size of the denominator," by which he means, as he explained Tuesday, the total amount of funding that PBOT has for the entire transportation system. Until "we have addressed the need for adequate funding for street maintenance and safety projects," Novick's official response concludes, the city can't commit to any Streetcar expansion.

That impulse is both correct and a political no-brainer. Imagine the outrage if the city expanded the Streetcar system, placing new pressure on discretionary funds, before figuring out how to make the city's roads less lunar. Where Novick and his constituency may disagree, however, is in his assertion that the size of the denominator (the city's funding) is the root of the problem. They may believe, on the contrary, that the city has plenty of money, but the wrong priorities.

This possibility is one reason commissioners might want to adopt a street maintenance fee rather than putting it on the ballot. The moment the latter happened, commissioners would lose control of the narrative, which might transform the vote quickly into a referendum on the city's transportation spending. This would be a hassle for commissioners, who understandably would prefer to talk about filling potholes than defend funding priorities that have developed incrementally over years. Nonetheless, it's the simplest and most direct way to ensure accountability, and thwarting taxpayers again and again serves only to stoke frustrations that find other outlets.

Like, say, a public vote on a utility district. Yes, the vote is primarily a response to the city's use of sewer and stormwater fees. But it's about various other things as well, at least if the frustrations expressed by readers who've comment on stories and editorials are to be believed. Some voters, at least, see the vote as a chance to lash out at the city for a range of issues, from the mishandling of the arts tax to the appointment of political insiders to top bureau positions.

The City Council can, if it chooses, simply adopt a street maintenance fee rather than placing it on the ballot, but commissioners should know that in doing so they'll contribute to the same reservoir of frustration and distrust that now threatens to sweep huge bureaus from council control. The fee decision won't be made in time to affect the current election, but another ballot measure or funding request will emerge eventually. When it does, voters will remember how they were railroaded and respond accordingly.

## **Willamette Week**

### **Talkin' Bull**

Lies and money are flowing fast in the bitter war over Portland's tap water. Here's the unfiltered truth.

*By Aaron Mesh*

Portland's hidden treasure lies nearly 50 miles east of the city, ringed by Douglas fir and protected by gates and guards.

Bull Run Lake, a rain-fed oval nestled in the shadow of Mount Hood, supplies Portland with drinking water of legendary clarity.

The spot has the majesty of a national park—the lake reflects the hue of close-in clouds, as if it were part of the sky—except nobody gets to visit unless closely supervised by government chaperones. The surrounding forest is so isolated and rugged that on a recent visit, a bear was wandering across the access road.

At night, only two human beings dwell inside these 147 square miles of forbidden land: a treatment-plant operator and a ranger keeping watch over the water, among the purest of any city's in the nation.

That water flows out of the lake, into the Bull Run River and eventually through two reservoirs before being piped into the city.

Unlike Portland's other vaunted accomplishments—from mass transit to bike lanes—the Bull Run Watershed isn't the result of clever thinking.

Instead, it's the city's natural inheritance: a blessing that offers a foundation for the kind of healthy living that makes this metropolis so attractive.

Portland has been drawing on Bull Run water since 1895, with City Hall overseeing its management for 101 years.

It may not last to 102.

This May, city voters will decide on Measure 26-156, which would strip Bull Run—as well as all the pipes that deliver water and carry away sewage—from the control of City Hall.

Instead, a new seven-member board, elected by voters, would control the city's water and sewer system, and set rates.

The drive for changes comes from a handful of corporations that have joined forces with longtime neighborhood activists. They say exploding water and sewer rates have been driven up by uncontrolled costs and unnecessary projects, making Portland's rates among the highest in the nation.

And these businesses—who pay the biggest bills—blame the costs on an unchecked and unaccountable City Council approving construction projects.

“These things are like zombies,” says Kent Craford, co-petitioner on the May measure. “They never die. You have to stab it in the heart.”

By the typically passive-aggressive standards of Portland elections, the campaign to create a new water district is a knife fight in the gutter.

Mayor Charlie Hales last month declared in his State of the City address that the May ballot initiative is a “costly and sinister scheme”—and that was after he called its backers “clowns.” City Commissioner Nick Fish says the measure is a corporate plot to destroy the city’s water supply, and calls it part of a vast right-wing conspiracy.

The measure’s creators, meanwhile, are partial to vivid metaphors. They say the city’s water and sewer spending has created a kind of municipal-industrial complex that feeds consultants, contractors and other experts who in turn keep the city’s politicians in office. Craford says those in City Hall are “sucking on the sewer trough.”

Both sides have filed complaints with the Elections Division of the Office of the Secretary of State of Oregon, saying their foes are violating election laws. Both sides say they have the answers to fixing what ails Portland’s water and sewer system. And both claim their opponents’ position spells doom for the cherished Bull Run Watershed.

The fight has only succeeded in confusing—and unsettling—Portland voters.

Maybe it’s because anti-government business interests are demanding an entirely new layer of government to oversee the Water and Environmental Services bureaus, with their combined annual budget of \$682.5 million, more than 1,080 employees, and assets worth nearly \$20 billion.

Maybe it’s an aftertaste from last year’s bitter fluoride wars, which proved the spirit of populism still hovers over the region’s waters.

Or, just maybe, it’s the size of those water and sewer bills.

But now Portland voters face one of the most consequential decisions ever put before them in the city’s history.

That’s why WW is taking a closer look at the claims made by both sides of the water fight—testing what’s clean, and what’s crap.

**The measure’s backers say:** Portland has some of the highest water and sewer rates in the country.

That’s certainly true. And it didn’t used to be.

Portland’s water rate has jumped 160 percent since 2000, while the sewer rate has increased 164 percent over the same 14 years, according to city figures.

That means Portlanders’ monthly bills now dwarf those of similarly sized cities.

**The measure’s critics say:** Water and sewer rates are going up because of costs beyond the city’s control—especially the Big Pipe project.

The Big Pipe is Portland’s answer to Boston’s Big Dig: a public works project that took forever and citizens keep paying for.

But the Big Pipe is also one of Portland’s great environmental achievements. It’s a \$1.4 billion series of, yes, huge sewer pipes. They take the city’s network of raw sewage and send it to two wastewater treatment plants.

Which doesn’t sound that impressive, until you remember that before the Big Pipe was completed just three years ago, human ordure spilled into the Willamette River after every heavy rainfall.

The construction wasn't wholly voluntary: The city began building the Big Pipe in 1991, pressured by a lawsuit by Northwest Environmental Advocates charging that the city's sewer overflows violated the Clean Water Act.

Finished on time and under budget, the Big Pipe has been an environmental success: The city is now considering building a swimming beach along the Willamette this year.

The price tag for the Big Pipe is in fact a central reason why sewer rates have continued to rise. But that doesn't explain why water rates are so high.

City officials say the biggest cost drivers for water rates are also construction projects—including recently completed towers that draw the coldest water from Bull Run, a new pipeline across the Sandy River that was built in 2009 at a cost of \$25 million, and especially the \$279 million in costs for the current construction of new underground reservoirs. (We'll get to those in a minute.)

Fish, the city commissioner who took over the utilities in June, says the city can't both meet its construction obligations and keep rates flat. He says the cost of maintaining the system—along with environmental projects other cities haven't begun to address—requires billing hikes.

"You cannot go below zero without doing violence to the system," Fish says. "The reality is, you can't. And if it makes anyone feel better, we are in the same boat as every other city in America."

But if the city is right that the rates are out of its control, why did Hales promise during his campaign for mayor that he would "lower" water and sewer rates, only to raise the combined rates by 4.8 percent when he took office?

Hales explains: "We couldn't get the rates to zero," the mayor tells WW, "because our water pipes are up to 100 years old and our water reservoir is 20 miles from town."

This hasn't pleased commercial ratepayers—which include German semiconductor manufacturer Siltronic and Hilton hotels. They found common frustration with a ratepayer coalition, led by Alaska Seaplanes co-owner Craford. Since 2002, he has fought "unnecessary capital projects" and tried to stop rate hikes.

But Hales' pledge and then his backtracking have caused Craford and his allies to lose patience.

"I've been at it on these issues for 12 years," Craford says. "We worked within the process for 11 of those years. It was only after the mayor who promised in his campaign to lower water rates got into office and actually raised them that we decided nothing was ever going to change."

**The measure's backers say:** The reason rates are so high is, the utilities are badly managed and a nest of cronyism.

Portland's charter is crystal clear how the City Council may spend money from water and sewer bills: for water and sewer expenses.

The charter mandates that sewer rates fund only "design, construction, acquisition, operation, maintenance and contract requirements of sewage treatment or purification and related facilities." It contains similar restrictions on the Water Bureau.

But the City Council has ignored these rules for years.

The most flagrant flouting came under the administration of former City Commissioner Randy Leonard, who used Water Bureau money to fund a litany of pet projects—many with little or no connection to water.

For example, Leonard and his colleagues on the City Council spent \$1.6 million in ratepayer money in 2009 to turn a decaying city building into a new headquarters for the nonprofit that runs the Rose Festival.

Even Water Bureau director David Shaff, who oversaw the spending under Leonard, concedes spending this ratepayer money was a mistake.



"I wouldn't have done the Rose Festival building," Shaff says. "If it were entirely up to me, I would have bulldozed the thing. That wasn't Council's finest hour."

In 2011, ratepayers sued the city for \$127 million, challenging spending of water and sewer dollars on dozens of projects.

The litigants weren't just anti-government cranks. They included a dyed-in-the-wool Democrat and former city commissioner: Lloyd Anderson, who oversaw the Water Bureau from 1970 to 1974. (The lawsuit was funded by a group of anonymous donors affiliated with Craford.)

Last month, a Multnomah County circuit judge ruled that a small part of that spending, \$1.2 million, did indeed violate the city charter.

While that spending may only be a fraction of water and sewer costs, it does nothing to change the perception that the Water Bureau and the Bureau of Environmental Services are not models of efficiency.

In 2010, City Auditor LaVonne Griffin-Valade told the Bureau of Environmental Services it could save more than \$1 million a year in overhead by canceling an agreement with the Portland Bureau of Transportation to maintain its pipes and doing the work itself.

"The same staff and equipment would likely be used to perform the work," Griffin-Valade wrote. "Since BES is primarily funded by utility ratepayers, lower costs could be passed along in the form of lower rates."

Environmental Services has not canceled the agreement.

Last month, a study conducted by Fish and fellow City Commissioner Steve Novick examined how many bureaus have managers who oversee three or fewer employees.

The three worst offenders? The Police and Water bureaus each have 33 managers who supervise three employees or fewer, while the Bureau of Environmental Services has 29.

No other city bureau has more than 14.

Craford paints a picture of cronyism in which groups that oppose his measure have conflicts of interest. He points to one opponent of his measure, the Audubon Society of Portland. The group has a \$42,290 city contract with Environmental Services to count birds. (The group's conservation director, Bob Sallinger, says Audubon is donating much of the work on the six-year project, and the contract is "about two-tenths of one percent of our annual budget.")

"Two members of the Water Bureau and Bureau of Environmental Services budget advisory committees have jobs tied to those budgets," Craford says. "It's just this disgusting fox-watching-the-henhouse deal."

**The measure's critics say:** This measure is a corporate takeover of Bull Run and the city's water system.

The money behind the ballot measure is indeed coming from big companies that are among the city's biggest water users: Siltronic has given a total of \$80,000. Portland Bottling Co., which packages soda pop, has contributed \$50,000.

In all, the campaign has raised \$211,160, most of it from commercial ratepayers.

(The measure's opponents have also attracted big contributors: Longtime public-utility foe Portland General Electric has donated \$10,000, while the labor union American Federation of State, County and Municipal Employees, which represents city workers, has given \$30,000. The "no" campaign has raised a total of \$145,790.)

Opponents argue that the same corporations that created this measure will stack the new water district's board with their puppets.

Sallinger this month appeared before the Buckman Neighborhood Association, and challenged members to recall who's serving on similarly elected boards.

"How many of you can name the members of your soil and water conservation district?" Sallinger asked. "These things are very esoteric. People don't track them.

"Anybody who thinks these interests are spending this kind of money to pass this initiative and then are just going to disappear is kidding themselves."

**The measure's backers say:** This measure has broad support, and not just from business.

When Fish and his allies talk about this measure as a corporate coup, they're conveniently overlooking some of its most ardent supporters—people to their left.

The money is coming from big business, but the grassroots support is also coming from neighborhood groups, greenies who passionately defend the city's open reservoirs.

Craford's co-petitioner, Floy Jones, is co-founder of Friends of the Reservoirs. She's battled City Hall since 2002 to keep Mount Tabor's reservoirs from complying with federal mandates to go underground.

Portland City Hall fought the mandate in court—and lost in 2009. "We got creamed," Shaff says. The City Council declared last summer it will no longer fight federal requirements and is now replacing the Tabor reservoirs with underground tanks at Powell and Kelly buttes. This \$279 million project, in the middle of construction, is the single biggest contributor to rising water bills.

Opponents say the project is a waste of money, won't make Portlanders' water safer, and will only put millions in the pockets of private contractors.

The science on the benefits and harms of underground reservoirs is extremely contentious.

Suffice it to say, if you thought a discussion of fluoride was a good way to end a dinner party, try reservoir burial.

Most local environmental groups oppose the measure. They say the idea is too likely to force spending cuts of the city's stormwater programs like green streets and the Portland Harbor Superfund cleanup.

But the interests of people who want open reservoirs and those who want lower rates have found common cause.

There's no language in the ballot measure that would require keeping reservoirs open. Jones says that doesn't matter—like the business donors, she's trusting the new board to be the enemy of her enemy, and to halt a construction project that has already spent more than \$100 million and finished its largest tank.

"It's those of us trying to protect our system as it is in its perfection," Jones says, "against those who want to over-engineer it."

**The measure's critics say:** The hidden costs of this measure will cripple Portland's finances.

The water and sewer bills Portlanders pay do more than cover the cost of city utilities.

Every year, Portland's Water and Environmental Services bureaus pay millions of dollars into the city's budget for legal advice, mechanical repairs of bureau vans, payroll costs and other shared overhead.

Taking those bureaus out from under city government could cost the city's budget \$43 million a year.

The measure would forbid the new water district from using city attorneys. And Portland's independently elected watchdog, the city auditor, would need the new board's permission to investigate how well—or poorly—the water district was operating.

The measure's backers say severing ties, both legal and financial, with City Hall would help bring about change in water and sewer rates.

"They will not have the perverse incentive to raise rates so that we can skim 5 percent off the top for the other bureaus," Craford says. "Nick Fish has got four other commissioners who have incentive to see water rates rise."

**The measure's backers say:** A board dedicated to one task could do the job better.

A look at other cities suggests public water districts sometimes work just fine.

There's the Eugene Water & Electric Board, for example, a 103-year-old public utility that has a reputation for efficiency.

But for a cautionary tale, look no further than Clackamas County.

The Clackamas River Water District is divided by infighting and accusations of mismanagement. Over a decade, it's been the subject of six special audits and an FBI inquiry, *The Oregonian* reported in 2012.

Last year, two members of the board turned a public meeting into a six-hour attempt to overthrow the district.

If that sounds like amateur hour, the Portland measure's critics point out that its language would prevent anyone with any expertise from serving on the board.

It bans contractors from sitting on the board, but also says anyone who has worked for the city, had a contract with the city, or served on a utility budget committee has to wait six years before running. That conflict-of-interest clause includes people working for places like Fred Meyer and Home Depot.

And since the city charter bars anyone holding elected office from holding another job, it could leave the district to be run by retirees, or those who are independently wealthy. (Craford and Jones say that clause doesn't apply to the new board.)

"It is possible that progressives could get elected to it," says Seth Woolley, a Green Party activist. "I was thinking of running for it, if it passed. And that section gives me pause—because I have a regular job."

**The measure's backers say:** This measure would lower your water rates.

**The measure's critics say:** This measure would increase your water rates.

What will probably decide the fate of a historic change in the control of Portland's water is this simple, self-interested question: How will your bill look?

One thing is clear: Proponents who complain so much about rates are not guaranteeing rates will decline. The truth is, that depends on who controls the new board.

The new utility could cut costs any number of ways. It could rein in spending or reject its ties to larger Portland government. It could closely examine contracting or refuse to continue performing maintenance.

Or, it could lower rates for big commercial users while raising them for everyone else.

And that's why Lloyd Anderson, the former city commissioner who once sued the city for its illegal spending of ratepayer dollars, has become an unexpected ally of the status quo.

"Who controls the board through the election process is obscure," Anderson wrote last year. "This effort to create a special taxing district is going in the wrong direction."

At least one observer sees the battle and wishes ill to both sides.

Woolley says the fight over Bull Run is a battle for political power—not in the best interest of the people or their water.

“It’s a tug of war between special interests,” Woolley says. “On the one side are the large water users and Willamette River polluters. And on the other side are engineering firms, development firms and city contractors. They both should stop corrupting our politics with big money.”

### **Water Workings**

If voters approve the formation of a water district, how would the new public utility work?

In short, all the holdings of the Water and Environmental Services bureaus would be moved by Jan. 1, 2015, from the City Council to a seven-member elected board, which could decide how to run them.

That includes all the city’s property, decision-making power and contracts connected to the bureaus. It also means the new district would have the power to negotiate a new bargaining agreement with the bureaus’ unionized workers.

The board would look like a miniature City Council, except for one big difference: The members would be elected from seven geographical zones, much like the Portland Public Schools Board. (The measure’s language explicitly uses the School Board’s zones as a model—leading to an ongoing dispute whether East Portland would be represented, since it sits in other school districts.)

If the measure passes May 20, the City Council will have less than two months to draw the zones. Elections for all seven seats would be held in November.

Like a couple getting a divorce, the City Council and the water district would have to split up stuff. An April 3 memo from the City Attorney’s Office says that process could take years.

“Opponents say that the measure will invariably be challenged in court,” co-petitioner Kent Craford says. “Anything worth doing will end up in court.”