

The Ripple Effect

1984 - 2014



Citizens Utility Board
30 Years and Counting
of Oregon

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End Developer Subsidies By Portland Sewer Ratepayers

CUB is advocating for you before the Portland City Council on two changes that should be made to the Bureau of Environmental Services (BES) budget.

1. End sewer development charge revenue loss that is subsidy to developers

The Portland City Council should return to their past practice of charging developers the full sewer system development charge allowed under state law. This will end a loss of revenue to BES that is a subsidy to developers.

Sewer systems are constructed with excess capacity in anticipation of future growth. As new development occurs, state law outlines the method sewer utilities use to assess a charge that is essentially a reimbursement per new dwelling unit. Sewer system development charges ensure that current ratepayers are not covering all the costs of building Portland's sewer system. It is appropriate that developers pay their fair share since sewage treatment plants and other sewer system facilities were built to accommodate growth.

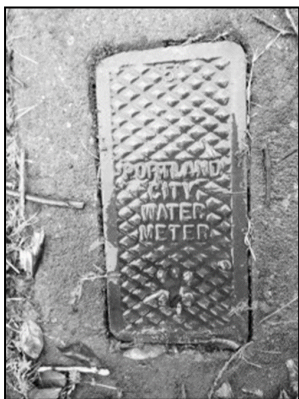
In 2011, the City Council reduced the sewer system development charge paid by developers to BES, evidently due to the economic downturn. The result is that BES lost potential revenue in each of the following fiscal years. For example, in the most recently completed 2013-14 fiscal year alone, BES lost \$2.8 million in revenue due to this practice.

CUB says this loss of legally allowed revenue is a subsidy to developers that has to stop.

2. End ratepayer subsidies of developer and industrial waste fees

BES charges developers fees to review building and land use plans for compliance with environmental and other regulations. But these fees don't cover the actual cost to BES and ratepayers make up the difference. Since it helps all ratepayers if BES has more

(Continued on other side)



Water Meter Walkabout

Workers at the Portland Water Bureau read over 176,000 residential meters every three months. Daily residential routes range from 250 to 725 meters depending on density and terrain. Janice Thompson recently joined a meter reader on a rainy morning and found that their work can be challenging, especially in areas without sidewalks. Here are a few things she learned on her walk-about:

The best case scenario is an accessible box with a lid that pops off easily to read the meter inside (see photo left).

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Aeration tank at Columbia Blvd Wastewater Treatment Plant
(Image from City of Portland Website)

Subsidies (continued from front page)

customers, an 80 to 90% cost recovery rate is acceptable. But during the last completed 2013-14 fiscal year, the cost recovery rate was only 50% of an 80% goal. This represented about \$1 million in lost revenue to BES and is an inappropriate subsidy to developers.

The other BES cost recovery shortfall is a low fee charged to industrial waste discharge permit holders, resulting in about \$500,000 lost revenue compared to the fee CUB believes should have been charged.

CUB supports improved cost recovery of these BES fees and urges the City Council to end these subsidies paid for by ratepayers.

Benefit to Ratepayers

If CUB's recommendations had been followed during the 2014-15 fiscal year, BES revenues would have increased by \$3.9 million. The average monthly residential rate increase would have been reduced to 3.8% compared to the actual 4% increase for the current fiscal year. It is time to end these subsidies paid for by BES ratepayers. These changes can be phased in over two fiscal years, but ending these subsidies should begin in the fiscal year 2015-16 budget currently under consideration.

CALL TO ACTION

Final budget hearings are on May 20 and 21

Contact Mayor Hales and Commissioner Fish

and urge their support of CUB's two
BES budget recommendations.

Mayor Hales

mayorcharliehales@portlandoregon.gov
(503) 823-4120

Commissioner Nick Fish

nick@portlandoregon.gov or (503) 823-3589

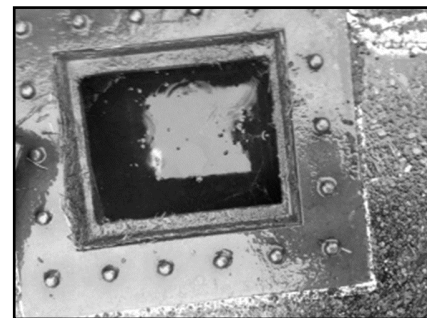
Walkabout (continued from front page)



One of the most difficult cases is when
the box is covered in plants.



Then there is the debris... inside
as well as outside the box



Of course, we live in Portland
so meters are sometimes
read through water.

Read Janice's full story on the CUB Blog.
www.oregoncub.org
Search for "Walkabout"