

Rate Study Technical Discussion Session

Community Input Summary

Overview

As part of the ongoing rate study outreach effort, Environmental Services (BES) staff hosted two technical discussion sessions on March 21 and 23, 2023. These sessions provided an opportunity for community members and ratepayers to learn how BES sets rates and provide feedback on a range of important questions to help BES update its rate methodology. These technical discussions are part of a larger effort to reach out to community partners to discuss our recommendations, hear community feedback, and learn if BES needs to adjust course on implementing a new rate methodology.

Attendance

Twenty-five members of the public participated in the discussion sessions, representing a broad range of residents, businesses, and community partners.

- Micah Meskel – Portland Audubon Society
- Leah Fisher – Office of Civic Life
- Tom Liptan – GRIT, The Portland Utility Board
- Tara Wilkinson – Intertwine Alliance
- Colin Rowan – Multnomah County Drainage District
- Noel Mingo – OHSU
- Robyn Stolin – Parkrose School District
- Lisa Brown – Portland Community Reinvestment Initiatives
- Cassie Cohen - Portland Harbor Community Coalition
- Tom Dietrich – Port of Portland
- Meikelo Cabbage – Portland Business Alliance
- Bryan McCampbell – Precision Castparts
- Sharon Burgess – REACH CDC
- Chris Hansen – Roseway Neighborhood Association
- Ted Labbe – Urban Greenspaces Institute
- Alan Sprott – Vigor
- Kelly Butler Holtz – Waterfront Organizations of Oregon
- Catherine Evanson – Waterfront Organizations of Oregon
- Bob Sallinger – Willamette Riverkeeper
- Mark Whitcomb – WRAG
- Tim Gorman – Bridgeton Harbor Floating Homes Community
- Kathy Furstenau – Community Member
- Val Humble – PEN2 Drainage District
- Bob Wilson – Tyee Yacht Club
- Tom Karwaki – University Park Neighborhood Association

Discussion Session Goals

1. Inform ratepayers and community members about:

- BES' current rate methodology and the need to align the rate structures with the cost of providing service to each customer (cost of service)
- The impacts of rate methodology changes on the ratepayer's bill

2. Engage stakeholders by:

- Sharing staff recommendations on an updated methodology for collecting revenues from specific ratepayers and users
- Asking for specific feedback that may help refine the recommended approach for updating BES' rate methodology
- Opening space for related conversations and questions that could inform future rate-related programs

Discussion Summary

The following collects public comments from discussion session participants and summarizes them. This summary is intended to accurately capture the general sentiment of the commenters, as well as specific comments when appropriate. Commenters also had many specific questions, which are collected in the FAQ section at the end of this document.

Key Themes

- ***Affordability is a critical concern***
 - One of the largest topics of conversation during the technical discussions was affordability. There were many questions about how the proposed changes would impact low-income communities, people of color, and vulnerable communities. Many of the questions and comments went beyond the specific topic of the rate study and were relevant to much larger questions of affordability in Portland.
- ***Responses were generally favorable towards the proposed changes to changes to the Single-Family Residential rate methodology***
 - Participants in the sessions were generally supportive of the proposed move to a tiered rate structure. They stated that they appreciated how it would support affordability for smaller properties and that this approach would incentivize less square footage of impervious area over time.
- ***Responses to changes in the commercial methodology were less clear***
 - Participants in the discussion sessions tended to have more questions than specific input on the proposed commercial, industrial, and multifamily rate changes. There are many individual components that go into identifying what a specific property will be charged. In general,

participants did not express opposition to the potential changes. However, it wouldn't be accurate to state that there was support either.

- ***Changes that will impact overwater structures or properties in the drainage districts are potentially challenging***
 - Changes to the rate methodology have the potential to impact floating homes and overwater structures – especially those inside one of the drainage districts. Representatives from the floating homes community attended both discussion sessions and expressed significant concerns.

Affordability

Many participants were critical of the cost-of-living burden that BES rates (and other costs charged by City Bureaus) put on community members with low incomes. There was strong support for the rate study update process to consider the impacts of rate changes on renters, seniors and people on fixed incomes, and others impacted by increased costs. There was also strong support for a deeper conversation around changing the way BES (and other City Bureaus) charges rates so that community members with low incomes don't shoulder an inequitable proportion of the cost burden.

Some participants asked specific questions about how BES rate changes would impact evictions, homelessness, people on fixed incomes, and tenants. They asked that an analysis be conducted to identify the impacts of the rate changes on these issues.

BES currently addresses affordability issues through income assistance programs offered in partnership with the Water Bureau. BES and the Water Bureau are working on an effort to identify ways to expand and improve the affordability programs offered. Some participants expressed skepticism that affordability programs were the appropriate way to ensure equity and affordability. Instead, participants asked how affordability considerations could be built directly into the rates themselves – perhaps by charging on a sliding scale or “progressive” basis.

Some commenters also asked that BES consider ways to charge different rates to different customer classes that are more likely to be cost-burdened. For example, multifamily vs. single-family residents. Applying for affordability programs is a form of means-testing and can create a barrier for low-income and vulnerable people to participate. Concern was expressed that BES is thinking of affordability as a “side-program” rather than a fundamental part of our rate structure. Some participants stated that affordability programs only reach small numbers of people, and there is a need to more fundamentally change rates to solve this issue automatically.

Participants also asked more generally about affordability programs. They were interested in knowing more about what efforts and programs are being considered to improve affordability at this time, outside of the rate study. BES staff mentioned the work that BES and the Water Bureau are conducting but did not have the most current information. BES staff will work with the Water Bureau to incorporate the comments gathered during the rate study into the affordability work underway within both bureaus.

Follow-up From the Technical Discussions: Portland Harbor Community Coalition Questions Regarding Customer Assistance Programs and Affordability

During the discussion sessions, a representative from the Portland Harbor Community Coalition (PHCC) asked about a letter that PHCC had sent to the city regarding affordability. The PHCC representative stated that they had not yet seen a response to this letter and did not see it reflected in the rate study.

BES staff looked into this letter after the discussion session. The letter was sent by PHCC in 2018 to Water Customer Assistance Program staff. It raised concerns about the accessibility of customer assistance programs. BES and Water Bureau staff did meet with PHCC representatives on this issue back in 2018. BES staff reviewed the letter and will coordinate an additional meeting with PHCC about customer assistance programs.

Commercial, Industrial, and Multifamily Rates

Some participants wanted to know if BES staff were reaching out to affordable housing providers like Proud Ground or Home Forward. They asked that these organizations be thoughtfully engaged in this process. BES staff responded that they are reaching out to these and other organizations to discuss the changes and hear from them.

Participants had questions about how the changes would impact ADUs, and if there were different impacts based on if the ADU was attached or unattached. They asked that BES ensure that ADUs not create an additional cost burden and that BES should consider a reduction in rates for attached ADUs.

Floating Homes and Overwater Structures

There were representatives from the floating homes community at both discussion sessions. As a result, a significant portion of the conversation during these breakout sessions focused on impacts on floating homes and overwater structures.

Floating home residents and overwater structures have not been charged for impervious area overwater since 2018, when an ordinance was passed exempting them from these charges. The ordinance noted that this temporary exclusion should occur until a study is completed.

Participants wanted to know why structures overwater would be charged and expressed the opinion that since water runs directly off of floating structures into waterways, it did not make sense to charge for that impervious area. BES staff explained that the charge covers a wide range of common costs and that there are impacts to waterways from polluted runoff from roofs. In addition, BES staff noted that overwater structures will receive a rate that is 12% lower than impervious area on land because they won't be charged for the infrastructure that provides local stormwater conveyance.

Participants challenged the statement that there was a water quality impact that comes from overwater structures and asked to see data or studies to support this statement. BES staff will provide this information in future meetings and on the project website.

A floating home resident stated that they intended to fight any changes. He stated that this had come up in the past and that floating home residents had successfully fought changes back in 2018 with the help of companies that own industrial overwater structures.

Other participants stated that overwater structures, including houseboats, have not been paying what they should for many years and asked that BES staff ensure they are contributing appropriately to managing stormwater citywide through a new rate methodology.

Another participant asked if overwater structures would be eligible for Clean River Rewards (CRR) discounts. If a floating home or overwater structure mitigates their stormwater runoff, much like properties mitigating their stormwater runoff on land, they may be eligible for Clean River Rewards. Staff is still investigating how this mitigation might occur.

Other floating home participants stated that floating homeowners tend to be older and may be on fixed incomes. They asked that this be considered during the adoption process for the new rate methodology.

Single-family Rates

Participants offered the sentiment that the existing system was outdated and inequitable, and that a tiered structure seemed fairer. One participant stated that four tiers felt like the minimum and that BES should think about more tiers. Another participant stated that BES should measure the actual impervious area for these properties and bill on that basis rather than establish tiers.

Some participants warned that there could be issues with properties that are very close to the cutoff for a lower tier. They wanted to make sure that BES offered ways for single-family residents to appeal their assessments or methods for people to reduce the square footage of impervious area so that they could be in a less expensive tier.

There were many questions about the methods that would be used to calculate impervious square footage. Staff answered that a combination of tax and permit records and improved mapping and satellite imagery are now available to us that can be used to calculate this.

Clean River Rewards

Participants were very supportive of CRR and were interested in seeing it expanded. They asked that BES staff prioritize making the program simpler and more accessible, extending it to more people, and publicizing it more aggressively.

Participants seemed generally supportive of asking people receiving CRR credits to reapply every five years to ensure better accountability but were worried that compliance paperwork could be onerous and reduce participation.

Other participants offered the caveat that incentive programs are often inequitable. They stated that understaffing the program and not actively promoting it has contributed to inequitable outcomes. Participants asked that staff prioritize reaching people of color and low-income people to ensure they were taking advantage of the program.

Participants observed that many people – people in affordable housing, for example – don't even know that the program exists. One participant has had experience assisting people in getting signed up for CRR and offered that it can feel like "insider knowledge." Participants would like to see the current demographic data on who signs up for the program.

Suggestions for improving accessibility included: more staff capacity to assist people in the signup process, simpler forms and requirements, and hiring people from English as a second language

communities and communities of color with knowledge of the program to recruit and assist in signing up.

Suggestions for increasing signups included: hiring community organizations to assist in publicizing the program, holding events or celebrations, and creating demonstration rain gardens in city parks.

Some asked that BES look for other methods to incentivize the reduction of impervious areas. Others asked how this program interacts with broader affordability programs and wanted to know if both programs had enough resources to be extended and publicized more broadly.

One participant offered that he appreciated the general shift in cost burden from wastewater to stormwater and saw it as part of a needed effort to help customers shift use of land to reduce impervious area. BES should look to create and expand programs that reduce impervious area, reduce rates, and provide environmental benefits such as habitat improvement and reduction in stream temperatures.

Some participants asked about the Auditor's report on the CRR program that came out in 2018. They asked how BES planned to address the issues that this report brought up. Staff responded that the changes being discussed were intended to respond to the report. Staff will provide more detail on how proposed changes are responsive to the report.

Drainage Districts

The proposed changes would charge Drainage District customers a rate to match the cost of providing service, with a rate that is 3.4% less than customers in the rest of the city. This reduction is for the portion of the stormwater management services that BES provides elsewhere in the city that is currently carried by the Drainage Districts.

Participants had questions about why Drainage District customers would need to pay for stormwater management if the Drainage Districts address flood mitigation and some stormwater management. Some asked if this could be considered double charging. BES staff responded that the rate study analyzed the stormwater management activities completed by BES in the drainage districts compared to stormwater management activities in the rest of the city. This analysis found that most of the stormwater management activities inside the drainage districts was largely the same - with the exception of some maintenance associated with culverts and ditches. Staff calculated the work completed by Drainage Districts that BES provides in the rest of the city results in a proposed rate that is lower than the rest of the city.

Participants were interested in how the new charges would be calculated and how the upcoming Levy Ready Columbia effort would interact with these new rates. Participants were also interested in how CRR would be calculated for Drainage District Customers.

Some participants asked about direct discharges to receiving waters. For example, when a property has stormwater that flows directly into the Columbia Slough without using any public infrastructure (local conveyance). This would include houseboats and overwater structures. They asked why there would be a charge if there is no local conveyance.

Some participants emphasized that overwater structures and direct dischargers in the drainage districts have not been paying a rate that matches the level of service they are receiving. One participant offered

that BES needs to do a better job telling the story of how and why this change is occurring and ensuring that these customers pay rates that match the service they receive.

General/Miscellaneous Comments

Participants offered many comments in support of BES planning for climate resilience and ensuring that we protect and improve water quality. There was a consensus that rates should reflect this goal.

Participants asked how BES was planning for the future, including potentially using greywater systems for irrigation and other water conservation ideas.

Participants asked several questions about timing and implementation. Some asked if phasing in the changes was possible. Staff responded that changes would be voted on by City Council in 2024 and would go into effect after that. In addition, phasing is under consideration and would likely be part of the recommendations sent to Council for a vote.

There were questions about the timing of future rate studies. Staff responded that rate studies of this type are usually undertaken every 3-5 years. Plans are currently being made for future rate studies.

Some participants asked if the Big Pipe was part of the reason for the shift in rates. Staff responded that the Big Pipe project, especially the debt service on the bonds that paid for it, was one of the reasons for the need for a shift.

Participants stated that BES needs to focus on explaining and storytelling around how ratepayers share costs for the system as a whole. They emphasized our shared commitment to each other and that rates don't just fund what is directly running off a particular property.

One participant had recently received mailings about purchasing lateral insurance from a private company. BES staff responded that BES did not send this and that residents should take great care in fully understanding what they may be signing up for. Staff will make further inquiries about these mailings to find out more.

One participant asked about BES charging for compacted gravel and whether the rate study considered implementing a charge. Staff responded that this issue has come up before and been considered internally but doing so is currently too administratively burdensome.