

# **PUB Questions/Water Bureau Response – Title 21 Revision**

October 5, 2020

## **COSTS –UPDATE ON PREVIOUS RESPONSE**

In August you asked us what the cost would be for a sample project under the new Separate Meter requirement, and we provided you with numbers that were an extrapolation of the current costs as documented in our current rate Ordinance.

Since August, PWB staff have been refining the costs of this policy to reflect the true costs of individual metering. We are still working through the numbers on SDC costs and water service installation, but our goal is to keep costs associated with individual metering consistent with what current costs are for a “master meter”. The costs we previously presented to you are not aligned with our current proposal. We will share detailed cost estimates when they are finalized, but below is an update on our work:

- **Water System Development Charges (SDC)**

Under this new metering requirement, the bureau will assess the water SDC at the same level as if the property were to be master metered. Under the proposed policy, SDC costs will remain the same as they currently are.

- **Sewer System Development Charges**

Sewer SDC charges are not affected by the Water Bureau’s change in its metering requirements.

- **Meter Installation Charges**

The Water Bureau will use construction methods that enable costs to be comparable to existing water service costs for master meters. Meter installation costs for individual meters will use economies of scale to remain in-line with current costs.

## **WHAT’S THE MAGNITUDE OF THIS REQUIREMENT? WILL THERE BE MANY INSTANCES WHERE MULTIPLE INDIVIDUAL METERS WILL BE INSTALLED INSTEAD OF ONE METER?**

The magnitude will ultimately be a policy decision by the City Council, but the Water Bureau is proposing to implement a policy of individual metering of new construction where it is feasible and practical to do so.

Over time, this policy approach will enable us to directly serve more of our customers directly, enabling us to provide financial support to customers in multi-family housing, reducing equity impacts that result from master metering circumstances where the landlord distributes cost according to their own policies, and enhancing our ability to encourage water conservation.

## **WHAT’S THE IMPACT OF PWB OPERATIONS AND BUDGET? WILL THERE BE SIGNIFICANTLY MORE METERS TO READ?**

The anticipated impact of Individual metering on operations and budget will be very minimal. The additional meters will be located very close together, so additional meter reading time is insignificant.

## **CAN PWB TELL US MORE ABOUT WHAT ALTERNATIVES THEY EVALUATED INSTEAD OF THIS NEW REQUIREMENT FOR SEPARATE METERS FOR EACH UNIT?**

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The bureau has been looking for ways to extend its ability to provide financial assistance to Portlanders for the past 20 years. Ongoing outreach and engagement with community partners is a cornerstone of our work. In 2018, by partnering with Home Forward, PWB enhanced our financial assistance program to include multifamily assistance for renters at risk of eviction. In 2020, we developed a one-time financial assistance offering for small business customers.

Despite our efforts, we recognize we are not getting to a section of renters in multifamily buildings who may need the assistance the most. Our ability to expand our bill discount will greatly increase by having individual meters allowing customers to get a bill, and therefore be eligible to receive a bill discount.

### **ARE THERE CHEAPER ALTERNATIVES, LIKE REQUIRING THAT BUILDERS/DEVELOPERS INSTALL SUBMETERS (WHICH IS CHEAPER FOR THEM TO DO) SO THAT WE HAVE INDIVIDUAL UNIT WATER USE?**

A landlord or property owner can install a water submeter on their side of the city's water meter. Submetering has many similar benefits as separate metering, but one key difference is that submetering does not allow the city to have direct contact with the tenant. This means we are unable to reach the tenant to provide services – bill discount, water quality alerts, and water efficiency services. Submetering also leaves the property owner to divide the utility bill or use a third party billing service. Our customer service representatives have limited ability to solve customer issues through those third parties.

### **IF IT PROCEEDS WITH THIS CODE CHANGE, HOW COULD PWB MITIGATE THE COST IMPACTS ON NEW HOUSING CONSTRUCTION?**

Installing individual meters is in the public interest and the bureau will work to develop policies and procedures that do not increase costs for building a new building under these rules. Costs will be published each year in the rate ordinance. We are still working through the numbers on SDC costs and water service installation, but our goal is to keep costs associated with individual metering consistent with what current costs are for a “master meter”.

### **HAS PWB SOUGHT OUT INPUT FROM AFFORDABLE HOUSING DEVELOPERS AND PROVIDERS IN PORTLAND ON HOW THIS WILL DIRECTLY IMPACT THEIR ABILITY TO DELIVER NEW HOUSING UNITS TO MEET THE CITY'S AMBITIOUS GOALS FOR AFFORDABLE HOUSING? HOW ABOUT HOMEBUILDERS IN GENERAL?**

Since the public comment period closed, we have been meeting with and hearing from developers of market rate and affordable properties. We do not want individual meters to be a barrier to density or affordable housing, and we are open to their feedback. We have met with Proud Ground, Portland Home Builders, the Bureau of Planning and Sustainability, and Portland Housing Bureau. We will be meeting with Habitat for Humanity, Central City Concern and others over the next few weeks.

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**HAS PWB SOUGHT INPUT ON THIS FROM THE PORTLAND HOUSING BUREAU ON THIS PRETTY SIGNIFICANT CHANGE THAT WILL AFFECT BUDGETS / PRO-FORMAS FOR NEW AFFORDABLE HOUSING?**

Yes, we met with the Housing Bureau on September 25 and will continue to check-in with them. Their primary concerns were cost.

**REQUEST FOR A COST BENEFIT ANALYSIS FOR THE ADDITION OF METERS. IT WOULD BE HELPFUL TO KNOW THE SCALE OF THE PROBLEM AND THE POTENTIAL BENEFITS FOR LOW-INCOME RESIDENTS.**

A full cost-benefit analysis is not possible at this time. The bureau sees value in individual metering in addition to expanding the reach of the bill-discount. Multifamily properties are home to more and more BIPOC Portlanders. According to the Housing Bureau, “Rentership continues to increase steadily in Portland, from 46 percent in 2012 to 47 percent in 2017. Rentership rates vary by race and ethnicity. African American, Hawaiian-Pacific Islander, Hispanic-Latinx and Native American comprise the majority of renter households. Rentership rates have increased among African American, Asian, and Hawaiian-Pacific Islander households, while staying the same for Whites and decreasing among Hispanic-Latinx, and Native American households”.

Separate water metering is important to make sure as many Portlanders as possible have access to services and the opportunity to manage their bill and water use. Expanding access to the bill discount program is critical for ensuring affordability for this group of low-income water users.

We believe that we can limit costs to developers as we achieve these benefits.

**IF INFORMATION IS ACCESSIBLE, HOW OFTEN HAS THE ISSUE COME UP AT ARC? ARE THERE EXAMPLES OF WHERE LEAKS WERE DIFFICULT TO DETECT BECAUSE THERE WERE NOT INDIVIDUAL METERS? THOUGH NOT SPOKEN DURING THE MEETING, I SUSPECT THAT MORE OF THE INQUIRIES MAY COME THROUGH CUSTOMER SERVICE CALLS SINCE THE RESIDENT WOULDN'T HAVE STANDING FOR AN ARC. IF THERE IS ANY DETAIL ABOUT VOLUME OF INQUIRIES THAT WOULD BE VALUABLE AS WELL.**

We do not keep stats on multi-family residential customers who may qualify for our bill discount but are ineligible due to being in a multi-family dwelling. However, almost every customer service supervisor on our team has more than 20 years each of customer service experience and has countless accounts of multi-family customers wanting to apply and landlords struggling to locate costly leaks due to being able to analyze each unit.

In addition, our water efficiency team works directly with multifamily property managers to identify leaks and opportunities for efficiency. Anecdotally, water leaks are one of the most common and expensive issues multifamily property managers face. Property managers regularly express their desire to be able to monitor water leaks more closely at the properties.

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**BPS HAS DONE RECENT WORK ON INFILL PROJECTS AND THE COSTING OF HOUSING DEVELOPMENT. HOW DOES THE ADDITION OF THE METER REQUIREMENT SHIFT THE PRO-FORMA DATA AVAILABLE?**

We are working to make the development related costs comparable to “master meter” installation costs, including system development charges (SDCs). We have not yet completed our analysis, but presuming our efforts yield that result, the addition of the meter requirement has a neutral impact on the density and affordability goals of the BPS infill policies, and enhances the Water Bureau’s ability to provide support to those who need it in a strategic and targeted way.

**YOU INDICATED THAT THERE WERE CONVERSATIONS WITH BDS AND PHB ABOUT WAYS YOU MAY BE ABLE TO LOWER THE COST OF THE METERS, SDC WAIVERS, COST-SHARING OPTIONS, ETC. ANY ADDITIONAL INFORMATION ABOUT THESE OPTIONS OR ANY ALTERNATIVES WOULD BE VALUABLE.**

Yes, we are looking at ways to right-size costs for individual metering. This is addressed in the questions above.

**THE PUB INQUIRED ABOUT HOW THIS MIGHT IMPACT COMMUNITIES THAT ARE STRUGGLING MOST RIGHT NOW AND PROVIDERS THAT WORK WITH THEM SUCH AS PCRI AND ROSE CDC. ANY THOUGHTS OR INFORMATION ABOUT HOW TO ENGAGE THOSE COMMUNITIES AND DETERMINE/MITIGATE IMPACT?**

Our goal with this program is to be able to better provide multifamily tenants with financial assistance and other customer service programs. The bureau believes that by keeping development costs aligned with current costs, individual metering will not have an additional impact on struggling communities or create barriers for affordable housing.

**PROVIDE ANY INFORMATION YOU MAY HAVE ABOUT ANY EQUITY ANALYSES ALREADY DONE OR AS THEY COME UP IN THE FUTURE.**

In February 2018 the bureau hired Davis, Hibbits, Middaugh to do a demographic analysis of the bureau’s bill discount program. Key finding from that Equity Analysis are:

- **Gender:** The proportion of men and women in the discount program matches their proportions in the general population and those below the poverty line.
- **Age:** The discount program likely over-represents those ages 65+ and under-represents those under age 65.
- **Race:** The discount program likely under-represents communities of color, especially Hispanics/Latinos.
- **Education:** The discount program likely under-represents those with a high school degree or less and over-represents those with a 4-year degree.
- **Residence:** Homeowners are over-represented in the discount program and renters are under-represented.
- **Household size:** The discount program includes more people in single person homes than is typical in the general population.

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Coupling this data with the Housing Bureau's analysis which indicates that more BIPC Portlanders are living in multifamily properties, we see an equity priority in reaching multifamily residents with financial assistance offerings. We began this work with our partnership with Home Forward, but the Separate metering provision of Title 21 will allow us to reach further.

**REQUEST FOR A STRIKE-THROUGH COPY OF TITLE 21. THEY UNDERSTOOD THAT THE AUDITOR'S OFFICE REQUIRES A DIFFERENT FORMAT FOR SUBMISSION OF THE CODE CHANGE, BUT FOR THE PUBLIC REVIEWING THESE CHANGES HAVING A SUPPLEMENTAL DOCUMENT THAT PROVIDES A STRIKE-THROUGH VERSION AS A COMPANION WOULD BE HELPFUL.**

Below is the text of the Separate Service section. The items in Bold below are the new content. While this is the text submitted to the Auditor's office, this is not the text that staff will be proposing at the Council work session. We expect to have that to share with you by October 13 (two weeks in advance of the work session).

### **21.12.070 Separate Service.**

(Amended by Ordinance No. 182053, effective August 15, 2008.)

**In order to allow for more customers to practice individual water conservation strategies, lower their water usage and subsequent water bills, and to qualify for the financial assistance programs, Water Bureau requires separate water meters for the following types developments:**

- A.** Separate individual services are required to supply water to:
  - 1. Each separate lot, parcel, house or building under separate ownership;
  - 2. **New detached accessory dwelling units (ADU's);**
  - 3. **New multi-plex's up to 8 units;**
  - 4. Multiple units under separate individual ownership; or,
  - 5. If property is sold and subdivided so that each building is under separate ownership.
- B.** Separate services are not required when:
  - 1. Attached ADU or conversion of an existing dwelling;
  - 2. **New developments with 9 or more residential units;**
  - 3. Two or more houses or buildings are under 1 ownership and are on the same lot or parcel;  
or,
  - 4. **As noted in D. below.**

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**C.** Separate services may be used when:

1. Building falls on multiple contiguous lots under the same ownership; or,
2. New development with 9 or more units and under the same ownership.

**D.** When adequate space does not exist, clearance and separation requirements cannot be achieved between utilities, trees and structures in or adjacent to the right-of-way, the Chief Engineer may waive this requirement and allow shared meters, also known as master meters.