



Amanda Fritz, Commissioner

Gabriel Solmer, Director

1120 SW Fifth Avenue, Suite 405

Portland, Oregon 97204-1926

503-823-7404

[portlandoregon.gov/water](http://portlandoregon.gov/water)



## MEMO

**To:** **Commissioner Fritz**  
**From:** **Gabriel Solmer, Portland Water Bureau Director**  
**RE:** **Revised proposed text for Title 21.12.070: Separate Meters**  
**Date:** **October 16, 2020**

In preparation for the City Council Title 21 work session on October 27, the Water Bureau has created a proposal for permitting individual meters in multi-family developments. The updated language is proposed to replace Title 21.12.070: Separate Meters.

The bureau's revised policy provides clarity on what types of development would be impacted, cost of the required meters, and guidelines for when the policy would be used. It was written after consultation with more than twenty stakeholders, including affordable housing developers, community groups, and representatives from other bureaus.

The proposal centers equity to support vulnerable customers, support affordable housing, and respond to community concerns. Tenants in multifamily housing with one master meter currently do not have the ability to receive bill discounts, nor the capacity to control their individual costs since they are not direct bureau customers. Separate meters allow the Water Bureau to establish direct customer relationships with low-income populations, expanding the bureau's ability to guarantee affordability across the income spectrum. Affordability to tenants is the biggest concern of this proposal. However, the bureau is committed to researching and implementing best practices that ensure water remains affordable and accessible to all Portland residents.

Attached to this memo are:

- Appendix A: Proposed Title 21 21.12.070: Separate Meters – revision #2
- Appendix B: Comments received
- Appendix C: List of organizations consulted after public comment period closed
- Appendix D: Annual Rate Ordinance for FY 20-21
- Appendix E: 2018 Final Report on Financial Assistance Proposals

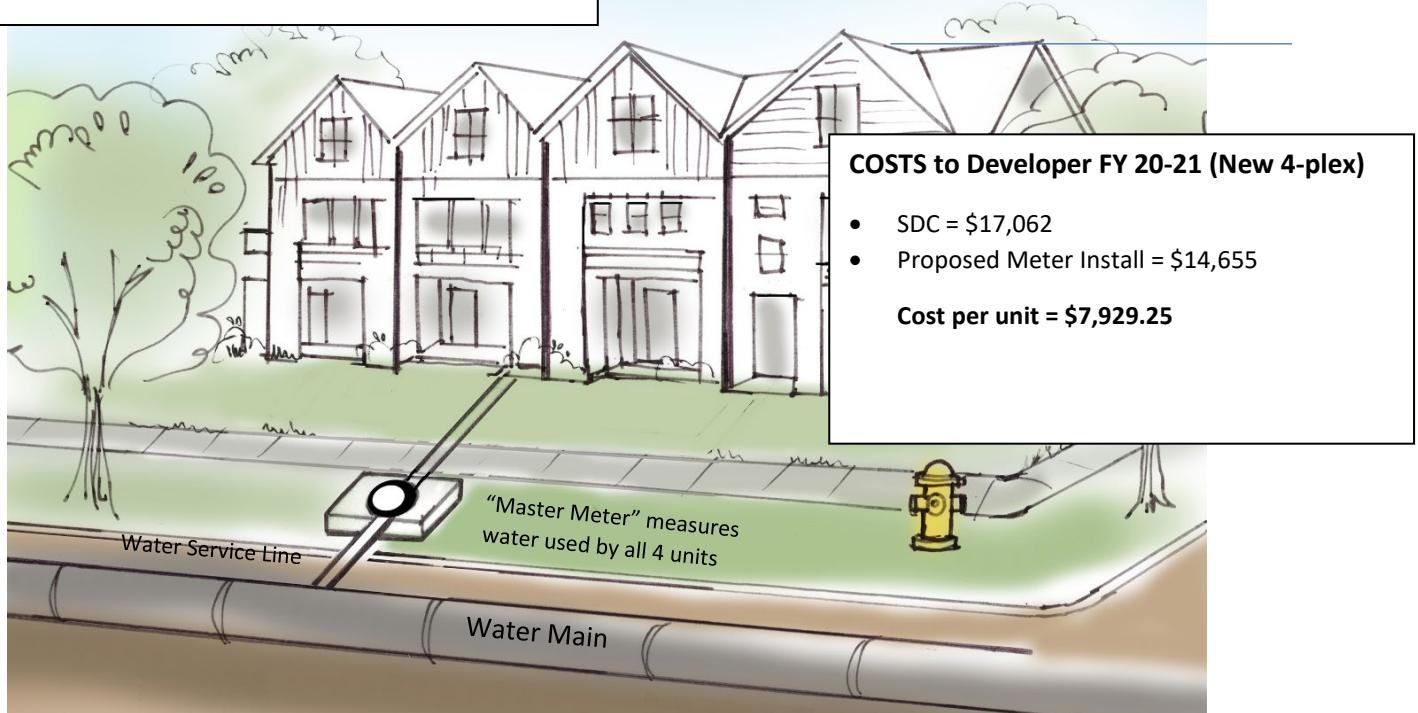
We look forward to a robust conversation with you and your colleagues at the October 27, 2020 work session.

## WHAT IS BEING PROPOSED?

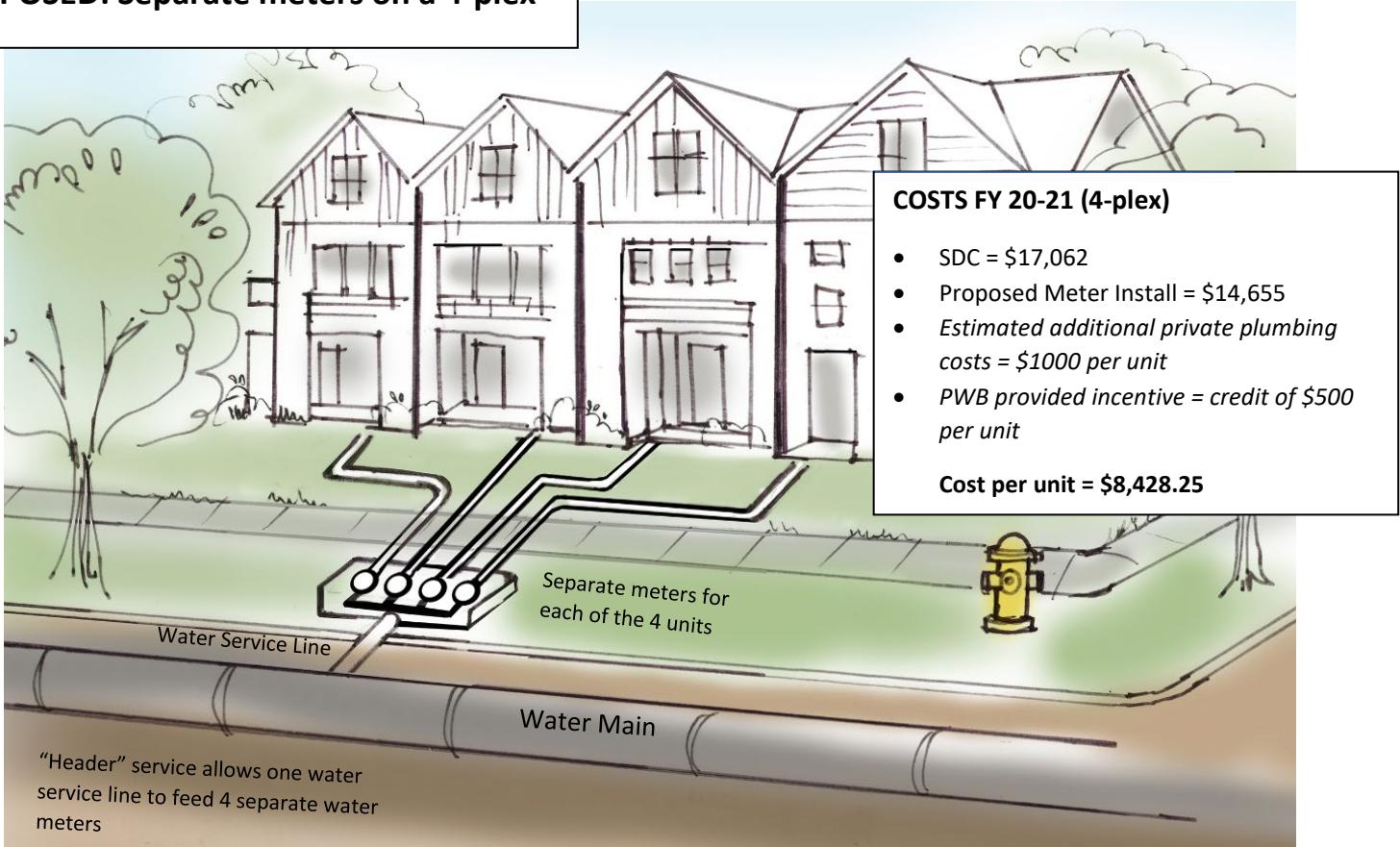
Current city code allows for new multi-family developments to install one master water meter to serve the entire development. A master meter can measure water use for multiple businesses and residences. However, having a single meter for multiple businesses or residences presents challenges. For one, it creates a barrier to easily detecting and fixing leaks. It also limits transparency for tenants and their understanding of how much they are paying for water and sewer services. Master meters do not allow the City to easily provide customer service benefits including bill discounts, water quality testing, and water efficiency program benefits.

This proposal requires that newly constructed multi-family housing (10 units or fewer), detached accessory dwelling units, or other multi-customer developments each have their own water. When additional separate meters cannot be accommodated, a master meter may be used.

### CURRENT: Master Meter on a 4-plex



## PROPOSED: Separate meters on a 4-plex



## BENEFITS OF SEPARATE METERS

Separate metering provides some key public benefits including:

- Access to customer service programs

Separate meters are individually billed, creating a direct relationship between the Water Bureau and its customers. This allows for better communication, water quality connections, financial assistance options, and access to water efficiency programs.

- Tenant control of costs

Separate water metering allows a tenant to be in control of their water use and water costs. In typical multifamily properties, water use can be included in rent, or as a separate bill. As Portland grows, more BIPOC residents are moving into multifamily housing. According to the Housing Bureau, “Renterstship continues to increase steadily in Portland, from 46 percent in 2012 to 47 percent in 2017. Renterstship rates vary by race and ethnicity. African American, Hawaiian-Pacific Islander, Hispanic-Latinx and Native American comprise the majority of renter households. Renterstship 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 BIPOC Portlanders have the same access to services and the opportunity to understand their bill and water use.

- Climate adaptation, water and energy efficiency

Individual meters reduce a tenant's water use. [National studies show](#) that those who receive a water bill use 20% less water than those that don't because they receive direct feedback on water use. Because water use also includes energy use to heat the water, energy costs are reduced as customers take shorter showers or run only full dishwasher loads. Facilitating energy and water conservation is pivotal to helping Portland be prepared for our changing climate.

- Leak management and property maintenance

Individual meters allow a property manager to more quickly find and repair leaks. Many multifamily properties struggle with leaks and high bill costs associated with the challenge of identifying where leaks occur. Quickly managing leaks helps keep rents lower and allows for easily finding and repairing leaks, because the meter provides the info needed to identify and detect leaks.

## COMMUNITY FEEDBACK AND PROPOSAL EVOLUTION

Title 21 changes, including the separate meter section, was open for public review from July 10<sup>th</sup> through August 21<sup>st</sup>, 2020. During public comment, the bureau received nearly 20 comments from people concerned about the separate meter section of the Title (see Appendix B).

Since August, the bureau has been responding to comments and meeting with stakeholders, both those who commented and others who we have proactively reached out to (Appendix C). Below is a summary of what the bureau has heard and how we have responded.

- Increased costs for developments were the primary concern we heard expressed.

As written, the [current Annual Rate Ordinance](#) describes costs for meters based on installing one meter for each development. This would increase costs linearly and make installation ten times more expensive for a ten-plex development.

Fortunately, the actual cost of SDCs and meter installation of up to 10 separate meters is roughly cost neutral with one master meter. This is because the smaller individual meters are less costly than the larger single meter, labor costs can be held roughly equal, and restoration of pavement is also equivalent. With these cost calculations, the proposal is cost neutral for System Development Charges (SDCs) and meter install costs. Details of this cost discussion is displayed below.

Developers have also raised concerns about the costs on the private side of the development for additional plumbing to connect the individual meters to the buildings. To address this concern, the bureau can develop a conservation incentive for each unit separately metered under this requirement or a cost-sharing program.

- **Limited space in the right-of-way, competing needs.**

Several stakeholders have raised concerns about the limited space in the right of way. Meters, other utilities, transportation and pedestrian facilities, and trees, must all fit in a limited space.

- This is a longstanding issue, and this policy does not fundamentally change the challenge city staff and developers face in designing new buildings that meet all current requirements. The bureau is working with PBOT and Portland Parks/Urban Forestry to better navigate conflicts with right-of-way use. The bureau is exploring the opportunity to partner with property owners to create easements that allow meters to be installed on private property, as is often done with electric and gas meters.
- The bureau has included a provision to waive the requirement for individual meters and allow a master meter when there isn't enough space in the right of way, and an easement cannot be established.

- Interest in alternatives to aiding multi-family residents through other means.

Several stakeholders commented that changing meter policy is not an efficient way to reach vulnerable customers who are eligible for financial assistance.

- We agree that this policy cannot solve the persistent challenge of reaching all eligible customers with a bill discount. However, the bureau believes there is no 'silver bullet' to achieve our goal of reaching more Portlanders with essential financial assistance for water utility costs. We invite additional solutions; however, we do not believe the status quo is sufficient in light of the urgent need today.
- The bureau continues to work with Home Forward and other community partners to find ways to provide financial assistance to all eligible customers.

- Support for decreased costs to renters.

This policy is rooted in the bureau's goal of providing financial assistance to those who need it. We have heard different perspectives on how this policy might impact renters. Stakeholders reported support for allowing financial benefits and financial control to flow to tenants.

- The Water Bureau is an environmental agency, a public health agency, a permitting/development agency and a customer service agency. We hear a lot of concerns from

- customers about how landlords charge for water utility costs. Despite laws protecting tenants, these charges are often invisible and unfairly allocated.
- We have also heard concerns that this proposal would shift costs to tenants. While tenants would no longer pay the property manager or a third party to collect utility costs, there is no mechanism to assure tenants that landlords would lower rent costs commensurate with not having to pay utilities.
  - The Water Bureau recognizes protecting tenants is an essential issue and is exploring how to mitigate these potential costs shifts.
- Support for benefits.  
We have heard a lot of support for the public benefits – conservation, providing financial assistance, leak assistance, etc. this policy can provide.
  - Support for creating an affordable pathway for separate metering.  
Some voices have expressed their support for a pathway to elect to install separate meters at the same cost as master meters.
    - For many years some developers have been interested in installing separate meters, but the bureau's existing SDC and meter installation cost policy prevented that from being cost-effective.

## WHY ARE YOU PROPOSING THIS NOW?

Title 21 is a set of codes that guide our work at the Portland Water Bureau. The Bureau is currently reviewing Title 21 to revise outdated provisions, ensure the values and commitments of our Strategic Plan are embedded, and add Charter changes resulting from approved ballot measures from 2019. One part of this revision work included revisiting items that could potentially benefit from an update. Separate water metering for new construction is one result from this comprehensive process.

## COSTS TO INSTALL SEPARATE METERS

As a result of robust public dialogue, the bureau proposes to require separate metering at the same cost of master metering for the equivalent-sized development. Below is a summary comparing current master meter charges and proposed costs under the separate metering policy. This reflects the bureau and the Commissioner's mutual goal of providing a cost-neutral approach to the impact of changing meter requirements.

### 1. System Development Costs for Separate Meters

System Development Costs are based on system demand as determined by fixture count. A higher demand on the system results in a higher SDC. The SDC costs are the same regardless of multiple individual meters or a master meter, because the demand on the system is identical. Under this Title 21 revision, the bureau will update its [Annual Rate Ordinance](#) to create a pathway for the bureau to evaluate SDCs at the development level and will not increase costs for SDC charges. Housing developments certified as affordable by the Portland

Housing Bureau would continue to receive SDC waivers as outlined in the bureau's Annual Rate Ordinance. This would not change under the new proposal.

The table below shows the SDC costs for master metered developments and individually metered developments.

## 2. Installation Costs for Separate Meters

Current installation costs for a master meter are based on a rolling three-year average for actual installation cost including staff time, vehicle time, materials to tap the main and install the new meter, and the cost of the meter. These costs are updated every year and published in the bureau's [Annual Rate Ordinance](#).

Proposed installation costs for individual meters are based on ***estimated*** labor and material costs to do this new work. These estimates are driven by labor costs coupled with materials and meter costs. Based on our analysis, the estimates support a neutral installation cost relative to master metering when implementing individual metering for developments up to 10 units. The table below shows the costs to install a master meter and the bureau's calculations of costs to install individual meters. The red line shows the variance in costs to the bureau and supports a cost neutral installation cost relative to master metering when implementing individual metering. Given the relatively small variance in these estimated costs, the bureau proposes to hold installation costs neutral for projects with up to 10 individual meters.

A	B	C	D	E	F	G	H	I	J	K	
2											
3 TITLE 21 UPDATE: SEPARATE METER COST ESTIMATES as of 10/15/20											
4	Units	ADU*	2	3	4	5	6	7	8	9	10
5	<i>Current - Master Meter</i>										
6	SDC	NA	\$ 5,119	\$ 8,531	\$ 17,062	\$ 17,062	\$ 17,062	\$ 17,062	\$ 17,062	\$ 17,062	
7	Service Install	NA	\$ 7,435	\$ 7,435	\$ 14,655	\$ 14,655	\$ 14,655	\$ 14,655	\$ 14,655	\$ 14,655	
8	<b>Total Cost</b>	NA	<b>\$ 12,554</b>	<b>\$ 15,966</b>	<b>\$ 31,717</b>	<b>\$ 31,717</b>	<b>\$ 31,717</b>	<b>\$ 31,717</b>	<b>\$ 31,717</b>	<b>\$ 31,717</b>	
9											
10	<i>Proposal - Individual Meter</i>										
11	SDC	\$ -	\$ 5,119	\$ 8,531	\$ 17,062	\$ 17,062	\$ 17,062	\$ 17,062	\$ 17,062	\$ 17,062	
12	Service Install (estimate)**	\$ 800	\$ 8,001	\$ 8,568	\$ 12,566	\$ 12,996	\$ 13,425	\$ 13,855	\$ 14,285	\$ 14,715	\$ 15,145
13	<b>Total Estimated Cost</b>	<b>\$ 800</b>	<b>\$ 13,120</b>	<b>\$ 17,099</b>	<b>\$ 29,628</b>	<b>\$ 30,058</b>	<b>\$ 30,487</b>	<b>\$ 30,917</b>	<b>\$ 31,347</b>	<b>\$ 31,777</b>	<b>\$ 32,207</b>
14											
15	<b>Variance in cost to PWB</b>	<b>\$ 800</b>	<b>\$ 566</b>	<b>\$ 1,133</b>	<b>\$ (2,089)</b>	<b>\$ (1,659)</b>	<b>\$ (1,230)</b>	<b>\$ (800)</b>	<b>\$ (370)</b>	<b>\$ 60</b>	<b>\$ 490</b>
16	* ADUs are not currently separately metered; assumes no service upsize necessary										
17	** Proposed costs for install are based on current estimates . Proposed costs will continue to be evaluated but are likely to be within 25% of draft figures.										

## 3. Additional Costs to Developers

Staff have heard from Central City Concern, the Home Builders Association, and representatives from the City's Development Review Advisory Committee (DRAC) that the proposed policy would require that the developer change the way the new buildings are plumbed and would increase development costs. Others have estimated these cost increases to be minimal. Costs appear to vary widely based on design, but potentially range in the \$500-\$1500 per unit cost.

### *Mitigation for Developer Cost*

The bureau believes that the public benefits outlined above warrant an investment by the bureau to encourage housing development by mitigating costs to the developer. The bureau has an option to cost share for projects with public benefit or could develop a water conservation rebate/incentive for each separate meter installed under this requirement. Mitigation opportunities need to be evaluated.

## TITLE 21: SEPARATE METERS

REVISION #2 – OCTOBER 16, 2020

### **21.12.070 Separate Meters**

Separate meter installation provides long-term benefits to the City of Portland, the tenant, the property owner, and future residents of Portland. In order to allow for more people to practice water conservation, manage their water bills, and to qualify for financial assistance programs, effective July 1, 2021 the Portland Water Bureau will require separate water meters for new developments described below. The Portland Water Bureau may allow separate meters to be installed in additional circumstances where practical. The Portland Water Bureau will develop policies, procedures, and a cost framework that promotes individual metering and affordable housing goals.

**A. Separate meters are required to supply water to:**

1. Each separate lot, parcel, house or building under separate ownership;
2. Buildings on multiple contiguous lots under the same ownership;
3. New detached accessory dwelling units (ADU's);
4. New residential and multifamily buildings with ten or fewer residential units will be required to have a separate meter for each unit;
5. New mixed-use buildings will be required to have a separate commercial meter;
6. New mixed-use buildings with 10 or fewer residential units will be required to have a separate meter for each unit; and,
7. New developments which will include irrigation of 1,000 square ft or greater will be required to install a separate irrigation meter.

**B. Separate meters may be installed to supply water to:**

1. Developments that are required to up-size their meter; or,
2. Developments with more than ten residential units; or
3. Other developments approved by the Chief Engineer.

**C. The following applies to the location of separate meters:**

1. Meters must be in an accessible area of the right of way where possible.
2. Where space in the right of way is limited, the Portland Water Bureau may work with the property owner to establish easements or dedication of frontage to locate meters.
3. For sites where easements are necessary to locate meters, the Portland Water Bureau will be responsible only for the maintenance of the meter itself and not the connections on private property.

4. When adequate space does not exist, or clearance and separation requirements cannot be achieved in the right-of-way, the Chief Engineer may waive this requirement and allow Master Meters.

**D. Cost of separate meters.**

1. System Development Charges for separate meters will be based on calculations provided for in the Annual Rates Ordinance as adopted by Portland City Council in accordance with Section 21.16.170, and are set based on the system demand, resulting in the same cost for a Master Meter and separate meters.
2. Installation charges for separate meters will be based on calculations provided for in the Annual Rates Ordinance adopted by Portland City Council in accordance with Section 21.16.170 and will cost no more than the fees set for an equivalent Master Meter.



PUBLIC COMMENT REVIEW & PWB LEAD RESPONSE FORM

Project:

Title 21 Review and Update  
Chapter 21.12 - WATER SERVICES

Section of Title 21	Comment	Commenter	PWB Lead to Review/Provide Response	Date Submitted to PWB Lead for Comment or Revision	Date Returned by PWB Lead	Response	Any additional item to address?	Closed Comment, Responded or Made Edit
21.12.070	Remove and add words for 2nd paragraph to read: <i>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 is requiring separate water meters for the following types of residential dwelling units where practicable.</i>	Ana Brophy, BES	T. Elliott	9.3.2020	9.3.2020	revised	No	9.4.2020
21.12.070	21.12.070 (Separate Service), would needlessly add tens of thousands of dollars to the cost of new, small scale, middle housing such as accessory dwelling units, townhomes, duplexes, triplexes, and quadplexes. This is particularly disappointing given the clear state direction to advance these housing types – encompassed in House Bill 2001 – as well as the City's recent efforts to pass the Residential Infill Project. As written, revised Section 21.12.070 would likely violate state law and cause "unreasonable cost" in the construction of middle housing. The Oregon Legislature was very clear and wrote House Bill 2001 in a manner that explicitly prohibited cities from enacting regulations that disproportionately impact the cost of building middle housing. <b>Details may be referenced in letter from HBA dated August 8, 2020.</b>	Home Builders Association of Metropolitan Portland ("HBA") - Ezra Hammer	T. Elliott, G. Solmer, A. Fritz	8.26.2020	8.31.2020	Keep proposed wording. Final disposition will be determine after council work session	yes	
21.12.070	Strongly advise removing the requirement that would make it mandatory to install separate water meters for ADU's and multifamily buildings up to 8 units. If approved, this policy would dramatically increase the cost of building affordable and middle housing in Portland which is already very difficult for builders to do. The requirement to add separate water meters would add thousands of dollars to the cost of each unit and make it harder to build the type of housing that the City of Portland claims it needs most. Please reconsider this proposal and eliminate the requirement for separate water meters that would have a significant increase in costs for affordable and middle housing units. <b>Refer to email dated 8.14.2020.</b>	Bruce Howard, Works with home builders	T. Elliott, G. Solmer, A. Fritz	8.26.2020	8.31.2020	Keep proposed wording. Final disposition will be determine after council work session	yes	
21.12.070	Concerned about Section 21.12.070 regarding separate services. I have been building for profit affordable housing in Portland since 1972. Especially the last 25-30 years, I have heard the Portland City Council having concerns about the cost of affordable housing in Portland. But during that time much of what I see coming out of Portland are cost increases that need not be added to the cost of a home. The 'Separate Service' proposal is another one of those costs that are not needed. <b>Refer to email dated 8.7.2020</b>	Jeffrey Paul Fish, President Fish Construction NW, Inc.	T. Elliott, G. Solmer, A. Fritz	8.26.2020	8.31.2020	Keep proposed wording. Final disposition will be determine after council work session	yes	
21.12.070	Not in favor of the separate Service provisions in section 21.12.070 of the Title 21 Code update as it runs contrary to ALL of the work that was recently adopted to try and create affordable housing. Requiring separate meters per section 21.12.070 is an absolute deal breaker for future development of detached ADU's as well as multifamily projects of less than 8 units. <b>Refer to email dated 8.10.2020</b>	Mike Mitchoff, Resident and local infill Builder	T. Elliott, G. Solmer, A. Fritz	8.26.2020	8.31.2020	Keep proposed wording. Final disposition will be determine after council work session	yes	

21.12.070	<p>As someone who has specialized in building entry level homes, many times consisting of ADU's and duplexes, I can tell you that this proposed change would have severe detrimental effects to the affordability of these units. I am currently President of the Oregon Home Builders Association and this proposed change runs contrary to all of the work that has been done at the state and local level to promote the construction and affordability of missing middle housing such as ADU's and duplexes. House Bill 2001 at the state level and the Residential Infill Project at the local level, have devoted a lot of time and effort to determining where roadblocks could be removed to help create more of this needed type of housing. This change runs contrary to both of those projects and would drastically impact the feasibility and affordability of all missing middle housing types.</p> <p><b>Refer to email dated 8.10.2020</b></p>	Justin Wood V.P. - Construction / Business Owner, Fish Construction NW, Inc.	T. Elliott, G. Solmer, A. Fritz	8.26.2020	8.31.2020	Keep proposed wording. Final disposition will be determine after council work session	yes
21.12.070	<p>Portland Houseworks is a small infill developer and builder whose primary pursuit is to provide financially attainable housing in a city that's quickly becoming unaffordable for a very large segment of its residents. We are well aware that jurisdiction fees (SDC's, permit fees, development fees, etc.....) contribute substantially to the cost to construct a home. While these fees, to a degree, are prudent and fair, they do ultimately raise the cost to construct and force developers to in turn raise their home sales prices in order to achieve a project that is financially viable. It's very simple....increased jurisdiction costs equal one of two paths a.) the project simply does not get developed as it's not profitable or... b.) We are forced to raise the sales price and pass the costs onto the buyer.</p> <p><b>Refer to email dated 8.10.2020</b></p>	Sean Heyworth, Portland Houseworks LLC	T. Elliott, G. Solmer, A. Fritz	8.26.2020	8.31.2020	Keep proposed wording. Final disposition will be determine after council work session	yes
21.12.070	<p>The requirements in the Title 21 Draft Proposal would specifically make the creation of more homeownership units in Portland more difficult. Specifically, the revisions to Section 21.12.070 (Separate Service) would needlessly add thousands of dollars to market rate projects. This would not only push the price of units up, as developers will pass these costs on to buyer, but it likely will cause more developers to just develop townhomes, duplexes, triplexes and fourplexes of rental units rather than building them as for sale housing.</p> <p><b>Details of the Habitat for Humanity Letter may be referenced in letter submitted on 8.10.2020.</b></p>	Habitat for Humanity Portland/Metro East, Steve Messinetti	T. Elliott, G. Solmer, A. Fritz	8.26.2020	8.31.2020	Keep proposed wording. Final disposition will be determine after council work session	yes
21.12.070	<p>I am an Architect and have been working as one in Portland since 1990. Currently we are designing many ADU's and apartment buildings in the 2-19 unit range. The developers I work with strive to make them as affordable as possible and permit fees are an incredibly high fee coming in a minimum of \$20,000 per unit. One of the large fees is the water meter. I understand you are considering making it mandatory to install separate water meters per unit in smaller apartment buildings and ADU's. I think overall that is a good idea so each tenant can pay their own utility but if the city wants to increase their fees to do this, then that will be harder to make apartments affordable. As it is developers have been installing private meters to have tenants pay their own utility and that has been affordable to install. Please don't increase permit fees in a time when affordability is at it's most difficult time.</p> <p><b>Refer to email dated 8.7.2020</b></p>	Bob Schatz/Architect	T. Elliott, G. Solmer, A. Fritz	8.26.2020	8.31.2020	Keep proposed wording. Final disposition will be determine after council work session	yes

	I am a lifetime resident of Portland as well as a local home builder of 12 years. I have recently spent considerable time trying to build and provide additional affordable housing in a city that desperately needs it. I spent almost 18 months as a volunteer in guiding the City of Portland through the Residential Infill Project as part of the stakeholder committee as well as giving feedback on the newly adopted Better Building by Design program for multi family zoned lots and the State of Oregon House Bill 2001. I am not in favor of the separate Service provisions in section 21.12.070 of the Title 21 Code update as it runs contrary to ALL of the work that was recently adopted to try and create affordable housing. Requiring separate meters per section 21.12.070 is an absolute deal breaker for future development of detached ADU's as well as multifamily projects of less than 8 units. I am generally a proponent of separate metering, but it should be at the homeowner, builder, developer discretion and not mandated as it will add additional costs of up to \$8,000 per unit (\$64,000 for an 8 unit building or more). At a time when we should be doing everything possible to make housing more affordable the water bureau should not adopt separate meter requirements. The unintended consequence of your separate metering proposal WILL be a drastic reduction in detached ADU and small multi-family construction in the City of Portland. I hope that you will reconsider this separate metering proposal and focus on being part of the affordability solution. <b>Refer to email dated 8.11.2020</b>	Vic Remmers, Business Owner, Everett Custom Homes	T. Elliott, G. Solmer, A. Fritz	8.26.2020	8.31.2020	Keep proposed wording. Final disposition will be determine after council work session	yes	
21.12.070	Our intent is to remove barriers and reduce cost to build affordably and we feel strongly that the proposed changes to Section 21.12.070 (Separate Service) and would add thousands of dollars to market rate projects. This proposal adds a barrier to achieve affordability – a goal that members of the City Council made clear was central to their support for RIP. Adding costs to develop in this way will undoubtedly increase cost for buyers as a time when working families are struggling to cope with the growing cost of homes for sale in Portland – sadly, this proposal is a terrible step in the wrong direction. We also agree that it will be a factor that dissuades developers from building units for sale thus adding to the market-rate rental inventory that is over saturated in Portland now. We are concerned that in the case of Habitat and other non-profits builds, some designs and conditions do not allow for individual City water meters. Instead they have had to install private meters for each unit that will be read by the condo management company in order to divide the water bill. We understand that families who purchase these units do not qualify for the current discount program even though they need the discount more than most homebuyers. We support low-income residents receiving assistance through the Water Bureau's effective programs, but the revised Section 21.12.070 is the wrong way to accomplish it and could have serious unintended consequences. <b>Refer to email dated 8.10.2020</b>	Diane Linn, Proud Ground	T. Elliott, G. Solmer, A. Fritz	8.26.2020	8.31.2020	Keep proposed wording. Final disposition will be determine after council work session	yes	
21.12.070	As a builder and home owner I would like to express that I believe requiring detached ADU's to have a separate water meter will discourage building of these much needed housing units. Our clients are often spending all of their available savings and taking loans to increase the value of their property and increase the density of our neighborhoods in a great way and this change will make it harder to do that. I see the reasoning for implementing this rule but I think the costs outweigh the benefits. My wife and I are also planning to add an ADU above our detached garage and this will make it much more expensive for us to do so. Please reconsider and remove the rule for separate water meters on ADU's and help to increase density and affordable housing in our city. <b>Refer to email dated 8.12.2020</b>	Michael Fitzsimons, Builder and Home Owner	T. Elliott, G. Solmer, A. Fritz	8.26.2020	8.31.2020	Keep proposed wording. Final disposition will be determine after council work session	yes	

21.12.070	<p>Owner of Shelter Solutions LLC. We are a custom residential design.builder and specialize in building Accessory Dwelling Units throughout Portland. We and our clients have proven that ADUs provide affordable housing for Portland residents. They also provide below market rate housing for seniors, people with special needs, and other family members to live close to their families. Even though ADUs undoubtedly provide low impact affordable housing, costs have skyrocketed along with all construction costs over the past few years. As a design/build construction company, it has become more and more of a challenge to keep the costs of ADUs where they still provide that benefit and make financial sense to our clients and the community. The City in general and the commissioners have looked favorably on ADUs as a positive part of a solution for affordable housing. However, Title 21 Draft Proposal (specifically, the revisions to Section 21.12.070 Separate Service) would accomplish just the opposite. The excessive additional costs of a separate water meter will discourage the construction of ADUs by adding unnecessarily to the cost. At the present time, the size and capacity of a water meter is determined by fixture count, which is a fair system. Once the fixture count goes over a 37 then the house service is required to go to a shared 1" meter, or a separate meter for the ADU. This comes into play when the existing home is two baths or more and the ADU is adding a bath. Consequently, a small percentage of our customers pay the extra meter fee (currently \$7435) plus the cost of a new water line and connection. But, currently, this is the exception, not the rule. Most homes in Portland are 1 to 1 ½ bath homes, and a one bath ADU can be added to the property with a simple meter upgrade from 5/8" to ¾" meter for \$1771 as part of the permit costs.</p> <p>Title 21 Draft Proposal would require ALL ADU owners to pay \$7435 plus water lines and connections regardless of the fixture count. We see this as a penalty that will discourage homeowners who desire to build an ADU and will definitely reduce the number of ADUs built in Portland, and thus have a negative effect on affordable housing. I am not sure what the motivation is for this revision regarding the separate meter requirement for ADUs. The only two I can imagine are: 1.) to discourage ADU building and 2.) Simply a way of generating increase revenue for the water department. Either way, it discourages a successful and effective component to an affordable housing solution. It is curious how this was not publicized to people within the industry and is buried in the draft without being highlighted or noted like is standard practice with revisions of this type. I am sincerely opposed Section 21.12.070 and encourage you to reconsider this proposed revision and its negative impact. The current process with fixture count and ADUs is easy to understand and works fairly. Please keep this part as it currently is in place. Refer to email dated 8.13.2020.</p>	<p>Joe Robertson, Business Owner, Shelter Solutions LLC</p>	<p>T. Elliott, G. Solmer, A. Fritz</p>	<p>8.26.2020</p>	<p>8.31.2020</p>	<p>Keep proposed wording. Final disposition will be determine after council work session</p>	<p>yes</p>

	<p>I recently learned of the Bureau's proposal to require separate water metering for ADUs and middle housing. In general, separate metering should be discretionary on individual tax lots. But, certainly with ADUs, it would not be in keeping with the definition, purpose, and intent of ADUs to require separate metering. This separate metering policy change would have adverse consequences on the future development of permitted ADUs, which are commonly the least expensive form of infill housing to build in Portland. This would be a shame, since ADUs are otherwise treated favorably by City policy and regulations because they're meeting the City's policy objectives of producing less expensive infill housing. As a national ADU subject matter expert, I'm not aware of any other jurisdictions that require separate metering for ADUs, since they're 'accessory' units to a primary residence. If any jurisdiction had such a requirement, I would classify that policy as a barrier to ADU development, and would advise housing advocates to explicitly fight to change that atypical policy since the cost of new 5/8" water meters can be more than \$7K. So, it is strange and discordant to see this being floated with the rationale to "lower subsequent water bills".</p> <p>The simple math doesn't make sense to me to justify that as a policy rationale. An actual consequence of this policy change would be the proliferation of informal ADUs, as was more common prior to the current SDC waiver policy for ADUs; indeed, this water metering policy change would have a similar financial impact on detached ADU development.</p> <p>Secondly, I sit on the Rules Advisory Committee and Technical Advisory Committee for Oregon House Bill 2001. In general, HB 2001 requires Cities to explicitly remove regulatory and financial /administrative barriers to middle housing. Under HB 2001, it may not be deemed permissible for any city in Oregon to require separate metering for middle housing types, which would likely be deemed as an "unreasonable cost and delay". Alternatively, if separate metering were fully subsidized by the Water Bureau, this approach wouldn't add "unreasonable cost", though it may still be seen as 'unreasonable' since other jurisdictions may not require separate metering. So, that's another threshold to consider for changes under Title 21. Email dated 8/14/2020 highlights some of the relevant administrative rules draft text for your consideration as you consider the direction of this proposed metering policy.</p>	Kol Peterson, Accessory Dwelling Strategies LLC and Author of Backdoor Revolution- The Definitive Guide to ADU Development Oregon HB 2001 Rules Advisory Committee and Technical Advisory Committee member	T. Elliott, G. Solmer, A. Fritz	8.26.2020	8.31.2020	Keep proposed wording. Final disposition will be determine after council work session	yes
21.12.070							

	I'm strongly opposed to a requirement that detached ADUs have their own water meters. This adds cost and complexity to building detached ADUs for no good reason, and treats them differently from other detached accessory structures (some of which also have plumbing fixtures). Requiring detached ADUs to have their own meter is the sort of thing I'd expect from a city that's trying to throw up obstacles in the path of creating ADUs, not from Portland where this housing type has long been encouraged for a host of sound policy reasons including equity, climate, demographics.... Through my company, Orange Splot LLC, I've built several detached ADUs. In one project, on a corner lot, I elected to pay for and install a second water meter for the ADU, since it was reasonably easy to do and facilitated separate billing for residents. For another project, with ADUs in the back yards of adjoining lots and not much space between them, installing separate water meters for the ADUs would have been very expensive and add lots of complexity to create a route for water lines, not to mention the additional costs for the meters themselves and the city's associated work in the Right-of-Way. Because it's not just the cost of the meters... As you know, a large portion of the expense of new water lines goes to cutting into the street, digging down, connecting to the main line, and patching afterwards. Why force this cost on builders - and eventual buyers/renters - when it's not needed? I've always appreciated how the water bureau charges SDCs based on meter size. This relates to the number of fixtures and, hence, to demand on the system. But this proposal would unnecessarily increase the cost of one of Portland's least expensive housing options. I sincerely hope your department will reconsider. <a href="#">Refer to email dated 8.14.2020.</a>	Eli Spevak/Orange Splot LLC	T. Elliott, G. Solmer, A. Fritz	8.26.2020	Keep proposed wording. Final disposition will be determined after council work session	yes	
21.12.070	In reviewing the new Title 21 proposals I am greatly concerned about Section 21.120.70 regarding separate services. I have been building for profit affordable housing in Portland since 1972. Especially the last 25-30 years, I have heard the Portland City Council having concerns about the cost of affordable housing in Portland. But during that time much of what I see coming out of Portland are cost increases that need not be added to the cost of a home. The 'Separate Service' proposal is another one of those costs that are not needed. I could go into Senate Bill 2001 that was enacted by the legislature to prohibit regulations that drive up housing costs. I will let others develop that discussion. Instead, I have long explained to my subcontractors that I write checks to about 120 different operations in building a home; from land and permits, to cleaning people. It doesn't take long for 'minor' increases to drive the cost of a home upwards. A \$100 increase on each of those 120 operations nets out at \$12,000.00. In the cost of adding meters, that would not be added today, not only do you have the cost of the meter service (costs you are more up to date on than I) you have the cost of the plumber installing a water line. An simple water line of about 20 feet from a meter to a home is about \$150.00 in labor and materials.  Now if I have to install up to 8 individual lines on a multi-unit property, not only do we have roughly \$35,000 or so in meter costs, we have a minimum of \$1,200 or more for water lines, and if it a flag lot property the costs really go up. In 48 years of building, I have had many subcontractors say to me when I gave a job to someone else, because they were \$10, \$20, or some other number higher, why did they not get the job.? I tell them to take that amount of \$10, \$20, or other amount out of their wallet and give it to me. Never, in 48 years has anyone done that. Money becomes important when it is out of 'your' wallet (meaning any of us) but far less important out of someone else's wallet. Let's keep housing as affordable as we can in Portland and not enact these expensive multi meter standards of Section 21.120.70. <a href="#">Refer to email dated 8.7.2020.</a>	Jeffrey Paul Fish, President, Fish Construction NW, Inc.	T. Elliott, G. Solmer, A. Fritz	8.26.2020	Keep proposed wording. Final disposition will be determined after council work session	yes	
21.12.070				8.31.2020			

	Voice our concern of a potential barrier to the implementation of the Residential Infill Project. According to Section 21.12.070 of the Title 21 Code Update regarding water meters, it requires a separate water meter for an individual unit up to an 8 plex. This unnecessary and additional cost will discourage the development of missing middle housing. We support the statement made by the Home Builders Association saying "While the City's desire to support low-income residents through water bill assistance is sincere and well placed, revised Section 21.12.070 will actually harm the creation of Affordable Housing." Many of our partners like Home Builders Association and Habitat for Humanity and Proud Ground note that there are alternative ways to address water bill assistance. We firmly believe that RIP is an absolutely necessary policy to begin addressing our exponentially worsening housing crisis. Creating barriers to build middle housing will perpetuate existing inequities: more people will suffer, struggle and become displaced or even homeless as rents rise and options dwindle. <b>Refer to letter dated 8.14.2020.</b>	Nicole Johnson, 1000 Friends of Oregon, Community Engagement Manager	T. Elliott, G. Solmer, A. Fritz	8.26.2020	8.31.2020	Keep proposed wording. Final disposition will be determined after council work session	yes	
21.12.070	<b>Comment:</b> This section requires up to 8 separate water services for a single property. It also states that development with 9 or more dwelling units are encouraged to have separate meters when appropriate for the site. According to the proposed administrative rule, each water service needs to be 1.5' - 6' feet apart. When coupled with the Residential Infill Project, we are likely to see many water services on smaller 50-foot frontage properties. Having so many separate services will take up a large amount of space in the furnishing zone, preventing the siting of other necessary public infrastructure. Specifically, PP&R strongly opposes elimination of street tree planting locations; the Title 21 proposal appears to result in this very outcome. PP&R asserts Title 21 or the Title 21 commentary should state Title 11 and other City code requirements must be met prior to taking up frontage space with separate water meters. We believe other bureaus may have similar concerns vis-a-vis other right-of-way infrastructure residents need and expect, and for which those bureaus have responsibility and regulatory authority.	Adena Long, Director, PP&R	T. Elliott	8.21.2020	9.3.2020	This section is consistent with council direction for residential in-fill and helps serves the city goals to provide affordable housing. The final disposition will be decided by council. We recognize our responsibility to share the public right-way. That does not change the proposed code language though proposed code does acknowledge that exemptions are case by case. Also see council work session in Oct on	No	9.4.2020
21.12.070	<b>Comments:</b> The proposed code provides exemptions for "when adequate space does not exist" and "when appropriate for the site." This ambiguous language creates uncertainty and unpredictability, resulting in confusion, conflict, unnecessary expense, and opportunities for misapplication of authority. PP&R requests PWB clarify this language and other similarly ambiguous language throughout the document, for example how "adequate" and "appropriate" are defined and applied, specific to the section(s) of Title 21 where such terms appear.	Adena Long, Director, PP&R	T. Elliott	8.21.2020	9.3.2020	Language deliberately provides flexibility. Situations are not one size fits all. no change. Also see council work session on this topic	No	9.4.2020

Portland Water Bureau INDIVIDUAL METERING External Stakeholders		
ORGANIZATION	PERSON	DATE COMPLETED
1000 Friends of Oregon	Nicole Johnson	Scheduled for October 22, 2020 at 11:30 AM
Aforma	Sean Green	Scheduled for October 20, 2020 at 2:00 PM
Central City Concern	Sean Hubert and Rachel Maas	October 6, 2020
Citizen Utility Board	Janice Thompson	September 21, 2020 at 9:00 AM
City Forestry Commission	Group	October 15, 2020 at 10:55 AM
City of Portland, Bureau of Parks & Recreation	Todd Lofgren, Jenn Cairo	October 12th at 12:00 PM
City of Portland, Bureau of Planning & Sustainability	Morgan Tracy	October 5, 2020 at 2:30 PM
City of Portland, Bureau of Transportation	Christine Leon, Kurt Krueger, Alex Bejarano	October 14, 2020 at 10:55 AM
City of Portland, Housing Bureau	Shannon Callahan, Director	September 25, 2020 at 9:30 AM
City of Portland, Bureau of Development Services	Rebeccca Esau, Director	September 3, 2020 at 1:30 PM October 7, 2020 at 4:00
City of Portland, Bureau of Environmental Services	Elizabeth Reese-Cadigan, Stephen Himes, Sherri Peterson	Scheduled October 21, 2020 at 4:00 PM
City of Portland, Bureau of Planning & Sustainability	Andrea Durbin	September 17, 2020 at 10:00 AM
Commissioner Eudaly's office	Andres Oswill	October 16, 2020 at 8:15 AM
Community Alliance of Tenants	Kim McCarthy	October 12, 2020 at 10:15 AM
Cully Neighborhood Association	David Sweet, land use chair	October 12, 2020 at 1:00 PM
Development Review Advisory Committee (DRAC)	Group	October 15, 2020 at 8:00 AM
EnvironsPDX	Holloway Huntly	October 14, 2020 at 2:00 PM
Habitat for Humanity Portland/Metro East	Steve Messinetti, Director	October 7, 2020 at 12:00 PM
City Attorney's Office	Linly Rees, Karen Moynahan	October 1, 2020
Portland Business Alliance	Amy Rathfelder & Jon Isaacs	October 8, 2020 at 3:00 PM
Portland Homebuilders Association	Ezra Hammer	September 23, 2020 October 8, 2020 at 3:00 PM
Portland Metropolitan Association of Realtors	Michele Gila	October 8, 2020 at 3:00 PM
Portland Utility Board	Whole board & committee	Add September 17, 2020 PUB mtg October 6, 2020 PUB mtg, October 14, 2020 PUB committee, October 15, 2020 PUB mtg.
Proud Ground	Diane Linn, executive director of	October 1, 2020
Strategies 360	Michelle Plambeck	October 8, 2020 at 3:00 PM

## **ORDINANCE No. 189975**

Authorize the rates and charges for water and water-related services beginning July 1, 2020 to June 30, 2021 and fix an effective date (Ordinance)

The City of Portland ordains:

Section 1. The Council finds:

- (A) Pursuant to Section 11-105 of the City Charter, this Council has determined revenues are needed to cover Portland Water Bureau costs, and the Commissioner-in-Charge of the Portland Water Bureau recommends the rates and charges prescribed herein be adopted in order to meet the Portland Water Bureau revenue requirements for the fiscal year beginning July 1, 2020.
- (B) This Ordinance has been approved by the Office of the City Attorney.

NOW, THEREFORE, the Council directs:

- a. That the Commissioner-in-Charge and Auditor are authorized to execute on behalf of the City the following rates and charges for use of water and water-related services during the fiscal year beginning July 1, 2020 and ending June 30, 2021.
- b. This Ordinance is binding City policy pursuant to Code Section 1.07.020.

## 1. BASE CHARGE

(A) A base charge per bill, calculated on the actual number of days in a billing cycle, shall be levied on water and/or sewer services connected directly to the City system. A base charge per meter shall be levied on sewer special submeters. A base charge shall be levied on drainage only accounts. The base charge shall be in addition to the volume or extra strength rates charged for water and sewer as follows:

Billed charges are as follows:

Quarterly (90 day) billed account is **\$50.75** prorated for the actual number of days billed at **\$0.5639** per day.

Bi-monthly (60 day) billed account is **\$50.75** prorated for the actual number of days billed at **\$0.8458** per day.

Monthly (30 day) billed account is **\$50.75** prorated for the actual number of days billed at **\$1.6917** per day.

- (B) The base charge shall apply to any unused water service unless and until the property owner, or the party otherwise in possession or control of the property, requests that the service be removed at the main and pays for the removal. Base charges shall apply to any unused water service supplying water to another city, water district or water company unless the entity requests that the service be removed at the main and pays for the removal.
- (C) The Portland Water Bureau discount for low income single-family residential accounts is as follows:

If an account has a water or sewer bill that is less than the discount, no credit or refund will be given.

	Water/Sewer Account	Sewer Only Account
Billed credits as follows:		
Quarterly billed Inside City account credit for 90 days	<b>\$67.30</b>	<b>\$25.25</b>
Bi-monthly billed Inside City account credit for 60 days	<b>\$53.30</b>	<b>\$25.25</b>
Monthly billed Inside City account credit for 30 days	<b>\$39.35</b>	<b>\$25.25</b>

Quarterly billed Outside City account credit for 90 days

- Receiving water from supply conduits **\$32.70** **\$25.25**
- Receiving water from distribution system **\$54.20** **\$25.25**

The Portland Water Bureau discount for extremely low income single-family residential accounts is as follows:

If an account has a water or sewer bill that is less than the discount, no credit or refund will be given.

	Water/Sewer <u>Account</u>	Sewer Only <u>Account</u>
Billed credits as follows:		
Quarterly billed Inside City account credit for 90 days	\$107.70	\$40.60
Bi-monthly billed Inside City account credit for 60 days	\$85.35	\$40.60
Monthly billed Inside City account credit for 30 days	\$62.95	\$40.60
Quarterly billed Outside City account credit for 90 days		
• Receiving water from supply conduits	\$52.30	\$40.60
• Receiving water from distribution system	\$86.75	\$40.60

- (D) Fire protection services, and any services equipped with backflow prevention assemblies or detector check metering devices located in vaults owned by the City, shall be billed a daily charge based on the size of the metered connection as follows:

<b>Meter Size</b>	<b>Daily Charge</b>
5/8" & 3/4"	\$1.9038
1"	2.0863
1 1/4" & 1 1/2"	2.5431
2"	3.5422
3" & greater	4.8221

## 2. COMMODITY RATE

For water used through metered services, the charge per 100 cubic feet shall be as follows:

- (A) Inside City Boundaries:

Retail rate;	\$5.593
--------------	---------

The Administrator of the Portland Water Bureau may invoke curtailment rates to address a serious water shortage. The Bureau will report to Council before establishing curtailment rates.

Receiving untreated water exclusively from the Columbia South Shore Well Field	\$0.70
--	--------

- (B) Outside City Services and Wholesale Distributors

- (1) Other cities, water districts or water companies purchasing water for resale.

GNR Water District	\$1.172
Green Valley Water Company	\$1.172
Hideaway Hills Water Company	\$1.172
Lorna Domestic Water LLC	\$1.172
Skyview Acres Water Company	\$1.172
Two Rivers Water Association	\$1.172
City of Gresham	\$0.821
Lusted Water District	\$1.179

Pleasant Home Water District	\$1.208
Rockwood Water PUD	\$0.817
Palatine Hill Water District	\$2.129
Burlington Water District	\$1.344
Lake Grove Water District	\$2.411
Valley View Water District	\$2.238
West Slope Water District	\$1.777
Tualatin Valley Water District	\$1.311
Raleigh Water District	\$1.126
City of Tualatin	\$1.208
City of Sandy	\$0.712

(2) Served directly by the City that are not other distributors.

Receiving water from supply conduits:

Residential and commercial rates are as follows;	\$0.977
--	---------

Receiving water from distribution system:

Residential and commercial rates are as follows;	\$3.846
--	---------

Formerly served by the Sylvan Water District;	\$3.846
---	---------

Pursuant to a dissolution agreement between the Sylvan Water District and the City of Portland, those current City customers who were served by Sylvan Water District at the time of the dissolution are charged this special Sylvan rate.

(3) The Water Bureau Administrator is authorized to sell water on an emergency basis to other governmental bodies under terms and conditions he deems appropriate. Water served on an emergency basis may be charged rates calculated in the following manner or charged at the discretion of the Administrator of the Portland Water Bureau.

(a) Short Duration Emergency Rates: rates for water purchases of a duration of two consecutive days or less shall be the sum of the highest rate of wholesale customers using similar functional asset groups set forth in subsection a.2(B)(1) plus a 20 percent administrative fee. Any incremental costs incurred by the City to provide the service will be added to the costs determined above.

(b) Mid Duration Emergency Rates: rates for water purchases of a duration of three to seven consecutive days shall be the sum of the highest rate of wholesale customers using similar functional asset groups set forth in subsection a.2(B)(1) plus a 15 percent administrative fee. Any incremental costs incurred by the City to provide the service will be added to the costs determined above.

(c) Long Duration Rates: for purchases of water for more than seven consecutive days or in unusual circumstances a special long-term rate will be negotiated.

“Emergency” means an unforeseen circumstance or combination of circumstances or the resulting state that calls for immediate action as determined in the discretion of the Administrator.

- (C) Water will be furnished at Inside City Boundaries Commodity Rates to a continuous building having 50% or more of the area of the building located within the City boundaries. All other structures, buildings, shops, dwellings and/or sprinkling systems or parts thereof wholly outside the City Boundaries, shall be supplied by separate services and meters, and shall be charged the Outside City Boundaries Commodity Rate. The separate meters and services shall be furnished and installed at the expense of the owner of the premises.

### **3. SERVICES NOT OTHERWISE SPECIFIED**

- (A) For performance of services for which a charge is not otherwise specified, charges shall be a Bureau estimate of the cost, calculated as provided in the City Comprehensive Financial Management Policy, including but not limited to Policy BCP-FIN 2.06.
- (B) Charges are calculated based upon cost-of-service principles and recover the cost of materials and services provided by the Bureau. Benefit, leave, and indirect rates annually calculated by the Bureau are utilized in these calculations.

### **4. HYDRANT AND UNMETERED WATER USAGE**

For the use of fire hydrants the charges shall be as follows:

- (A) Permit tag and usage charges for each device accessing hydrant:

- (1) Annual hydrant permit for tank type vehicle use only; charge for unmeasured water usage for 2 vehicle permit tags (includes 50,000 cubic feet). All tanks must have an approved air gap, and have a current water quality inspection certificate.

Permits purchased July 1, 2020 through June 30, 2021 will expire June 30, 2021. Permits purchased after July 1, 2020 may be discounted \$225 per month for previously expired full months of same fiscal year. Permit fee will not be pro-rated for partial months or for additional tags for more than 2 vehicles.

Charge for 2 vehicle permit tags; (includes 50,000 cubic feet water);	<b>\$2,930</b>
--	----------------

Each additional vehicle permit tag (for tanks under 1,000 gallons);	<b>\$535</b>
---	--------------

Each additional vehicle permit tag (for tanks over 1,000 gallons);	<b>\$1,125</b>
--	----------------

- (2) Temporary permit for metered water (not to exceed 90 days); **\$255**

This minimum charge includes 5,000 gallons or 700 cubic feet

recorded by leased Portland Water Bureau meter.

Measured water usage above the minimum charge:  
each additional 100 cubic feet or part thereof shall be charged the commodity retail rate prescribed in subsection a.2(A) of this Ordinance;

- (B) In addition, the costs of attendant(s) and equipment shall be charged for as provided in section a.3(B) and the City Comprehensive Financial Management Policy including but not limited to Policy BCP-FIN 2.06.
- (C) The Portland Water Bureau will require a deposit for hydrant use permits and/or rented equipment. The deposit may be applied to the tag and usage charges and/or equipment lost or damaged and furnished by or rented from the Portland Water Bureau.
- (D) Daily rental rate for hydrant valve and/or wrench:

First three (3) days or part thereof;	\$7.95
each additional day or part thereof;	\$2.65

- (E) The Portland Water Bureau requires a city-owned meter to be installed. The rental rate for meters shall be as follows:

First three (3) days or part thereof;	\$7.95
each additional day or part thereof;	\$2.65

- (F) The Portland Water Bureau requires an approved backflow prevention device be installed. The rental rate for a 2" double check valve shall be as follows:

First three (3) days or part thereof;	\$7.95
each additional day or part thereof;	\$2.65

- (G) When the Administrator deems it prudent for what he considers extraordinary circumstances, the Administrator of the Portland Water Bureau may adjust rates for using the hydrants.

- (H) Fire hydrant usage is limited to authorized hydrants and their locations. Improper use of fire hydrant or unmetered service, or use of authorized fire hydrant or unmetered service without a permit shall be charged as prescribed in subsection a.15.(A) of this Ordinance.

## **5. SERVICES FOR FIRE PROTECTION**

- (A) Services used exclusively for fire protection shall be charged according to the size of the pipeline entering the property, plus additional costs for meter or data logger communication services as determined by the Administrator or his designee.
- (B) Commodity Charges
  - (1) Water used for system testing registered on detector metered fire lines or estimated by the

Administrator or his designee on unmetered fire lines shall be charged at the applicable commodity retail rate prescribed in Section 2 of this Ordinance.

- (2) Unauthorized water use registered on detector metered fire lines or estimated by the Administrator or his designee on unmetered fire lines shall be charged at the applicable commodity retail rate prescribed in Section 2 of this Rate Ordinance.
- (3) Unauthorized use of water from a fire line shall result in a charge of \$1,000 for the first billing cycle during which the use occurs. Any subsequent unauthorized use during a subsequent billing cycle within twelve months of the first such use shall be charged a minimum of \$1,000, provided that the Administrator or his designee may also impose up to an additional \$9,000 charge in his or her discretion after consideration of the circumstances of the use.
- (4) If unauthorized use of a fire line occurs four or more times within twelve months of the first such use (including the first use in the count), the Administrator or his designee may thereafter treat the fire line as a standard service subject to all applicable provisions of this Rate Ordinance and Title 21 of the City Code.
- (5) The Administrator or his designee may require the installation on existing fire lines of additional or improved detector metering devices, including data loggers, pursuant to his authority to require such devices in Portland City Code 21.12.220, and may thereafter charge rates as allowed by Subsection 5(A) of this Rate Ordinance to recover the costs of meter or data logger communications. Failure to install the required devices on a schedule set by the Administrator or his designee is a violation for purposes of City Code 21.12.090.

## **6. STANDBY SUPPLY CONNECTIONS**

Distributors (other cities, water districts or water companies purchasing water for resale) having a water supply other than that furnished by the City of Portland and desiring a standby supply from the City of Portland shall be charged on the basis of the contract specific to that distributor. The Administrator is authorized to execute such contracts.

## **7. LATE PAYMENT AND OTHER CHARGES**

The following charges shall be made by the Portland Water Bureau and may be added to the sewer and water bill. General notice and information regarding the circumstances under which the Portland Water Bureau may access these charges shall be provided on customer bills.

### **(A) Additional charges for late payment of bill:**

- |  |      |
|--|------|
| (1) When the status becomes past due:<br>Reminder late fee;                                  | \$5  |
| (2) When the bill goes to pre shut-off or urgent status:<br>Pre shut-off or Urgent late fee; | \$15 |

- (3) When a notice of pending shut off is delivered to a property.  
 Last chance late fee; \$30
- (4) When the bill goes to shut off authorization status:  
 Authorization to disconnect water for nonpayment late fee; \$105
- (B) After the water has been shut off for non-payment, the Bureau may continue to assess late charges against any subsequent unpaid bill. Further, the provision of Section 21.16.040 of the City Code pertaining to delinquent water bills, shall apply.
- (C) Additional charges for non-payment of bill or unauthorized water usage:
- (1) Unauthorized usage & lock meter (in addition to the commodity rate charged for usage); \$120
  - (2) Plocking and removal of meter; \$210
  - (3) Crimp/freeze a service, minimum charge; \$1,000
- Amounts above those specified in subsections (C)(1), (C)(2), and (C)(3) may be charged as provided for in section a.3(B) and the City Comprehensive Financial Management Policy, including but not limited to Policy BCP-FIN 2.06.
- (4) Shutting off water at main, or reinstating service, or uncrimping/unfreezing a service; as provided in section a.3(B) and the City Comprehensive Financial Management Policy, including but not limited to Policy BCP-FIN 2.06.
  - (5) Returned payments; \$35
- (D) After the water has been shut off for non-payment, charge to restore water service after regular business hours:
- | <u>Requests made between:</u>          |                    | <b>No Charge</b> |
|--|--------------------|------------------|
| Monday – Friday                        | 8:00 am to 5:00 pm | <b>\$200</b>     |
| Monday – Friday                        | 5:00 pm to 9:00 pm | <b>\$250</b>     |
| Monday – Thursday                      | 9:00 pm to 8:00 am | <b>\$250</b>     |
| Friday after 9:00 pm/Weekends/Holidays |                    |                  |
- (E) All accounts that become past due and unpaid are subject to collection action, at the City's discretion, either through efforts of City staff or by a collection agency contracted by the City. Past due and unpaid account balances that become the subject of collection action may be charged any additional costs of collection incurred by the City. Costs to recover City staff collection efforts may be computed, and charges assessed for such collection costs shall not exceed an amount computed, in the same manner as charges for services performed for outside parties in section a.3(B), and the City Comprehensive Financial Management Policy, including

but not limited to Policy BCP-FIN 2.06. or as otherwise set by action of the Council.

- (F) The following charge may be added to the bill when meter readers are required to use more than normal time to read meters due to locked doors, fences or other obstructions established or permitted and each time the meter reader is required to return to read the meter. **\$105**

(G) Appeals:

Appeals to Administrative Review Committee (ARC), pursuant to ADM-14.02, City Administrative Policies and Rules; **No Charge**

Persons may appeal ARC decisions to the Code Hearings Officer (CHO), or make other appeals to the CHO as allowed by Code, with the cost determined by the Bureau Administrator or as otherwise set by action of the Council.

(H) Inactive accounts may be billed for charges related to account maintenance.

- (I) A deposit may be required as a condition of service as provided for in Section 21.16.090 of the City Code.

## **8. SERVICE CHARGES**

The following charges shall be made by the Portland Water Bureau.

- (A) Parties wishing to decrease the size of the meter from 2" to 1" in the "Water Fee Schedule" attached as Exhibit A and incorporated herein;

For decreasing any other size meter; as provided for in section a.3(B) and the City Comprehensive Financial Management Policy, including but not limited to Policy BCP-FIN 2.06.

- (B) Parties wishing to increase the size of a meter shall pay the following charges, in addition to System Development Charges (SDC) contained in Section 10 of this ordinance.

Meters from 5/8" to 3/4", with a 3/4" service branch in the "Water Fee Schedule" attached as Exhibit A and incorporated herein;

Meters from 5/8" to 1", and 3/4" to 1", with a 1" service branch in the "Water Fee Schedule" attached as Exhibit A and incorporated herein;

Meters from 1½" to 2" in the "Water Fee Schedule" attached as Exhibit A and incorporated herein;

Meters 2" and larger; as provided for in section a.3(B) and the City Comprehensive Financial Management Policy, including but not limited to Policy BCP-FIN 2.06.

- (C) For testing water meters at consumer or owner's request. (If the meter is reading in error, there is no charge for testing):

5/8", 3/4" or 1" meters;	\$175
1½" or 2" meters;	\$330

Larger than 2" meter; as provided for in section a.3(B) and the City Comprehensive Financial Management Policy, including but not limited to Policy BCP-FIN 2.06.

- (D) For inspection of new backflow assembly installations and testing of privately owned assemblies pursuant to Section 21.12.320 of the City Code in the "Water Fee Schedule" attached as Exhibit A and incorporated herein.

If repair is required; as provided for in section a.3(B) and the City Comprehensive Financial Management Policy, including but not limited to Policy BCP-FIN 2.06.

- (E) Fee for preparation and filing of all legal documents as part of the Water Bureau permitting process in the "Water Fee Schedule" attached as Exhibit A and incorporated herein.

- (F) Fee for developer plan reviews in the "Water Fee Schedule" attached as Exhibit A and incorporated herein.

- (G) For removing vehicles, material, debris, shrubbery, plantings or any other obstructions limiting or preventing clear access to meter when owner or occupant fails to maintain clear access; as provided for in section a.3(B) and the City Comprehensive Financial Management Policy, including but not limited to Policy BCP-FIN 2.06.

- (H) For searching records to provide information to respond to requests for historical data or records, the City may charge for the time expended, as provided for in the City Code and City policies. There may also be charges for duplication of records. A written request and/or deposit may be required.

- (I) Special services requested by the consumer, owner or other person may be charged for as provided for in section a.3(B) and in the City Comprehensive Financial Management Policy, including but not limited to Policy BCP-FIN 2.06. A written request and/or deposit may be required.

- (J) Application fee for Cell Site lease, to be assessed only if the cell site lease application is approved. \$1,580

## **9. CARRYING CHARGES**

- (A) Water, sanitary sewer and stormwater bills issued by the City that become past due are subject to a carrying charge at a rate of 12% per year (1.0% per month simple interest) on the unpaid balance. Carrying charges may be added to extended payment plans.
- (B) Outstanding Portland Water Bureau receivables unrelated to water, sanitary sewer and stormwater utility bills shall be subject to a carrying charge at a rate of 12% per year (1.0% per month simple interest) on delinquencies greater than 28 days from date of invoice.

## 10. SYSTEM DEVELOPMENT CHARGES

- (A) System Development Charge (SDC) will be levied for each new water meter (and on increases in the size of existing meters) connecting to the City water system inside the City boundaries. If a meter is being upsized, the applicant will pay the difference of the SDC fees between the two meter sizes. If a meter is being downsized, the applicant will not receive an SDC credit. The charge will be according to the size of the meter and payable at the time of application for service as in the "Water Fee Schedule" attached as Exhibit A and incorporated herein.
- (B) This SDC is in accordance with ORS 223.297-314. The SDC is a reimbursement fee based on the estimated replacement cost of existing water facilities, less depreciation. The SDC nets out contributed capital and outstanding bond principal, while adding the value of construction in progress, to arrive at a cost basis. The current equivalent meters are combined with the cost basis to arrive at a cost per equivalent dwelling unit. The methodology is available for public inspection.
- (C) When water from a Portland Water Bureau main is not available to a customer's location within Portland City limits and it is determined by the Administrator or Chief Engineer of the Portland Water Bureau that the customer may best be served by an outside jurisdiction, the Portland Water Bureau may collect from the customer fees and charges as established by the outside jurisdiction (including SDC and installation charges) and may pass onto that jurisdiction the money collected to cover its charges.
- (D) New water service connections solely for temporary (1 year or less) construction or fire protection purposes or temporary (2 years or less) irrigation services as described in City Code 21.12.090 shall be exempt from payment of the SDC.
- (E) The conversion of an existing fireline to a service for use other than fire protection, or the continued use of a fireline for other than fire protection, or the continued use of a temporary service shall require the payment of the SDC as provided for in subsection a.10(A).
- (F) If a service has been removed prior to reconnection or establishing a new connection, the person desiring a new connection within the same tax lot shall pay a SDC only on the difference in charges between the size of the previous connection and the new connection being requested. If the service was permanently removed more than 36 months prior to a new service application, the applicant must provide proof of payment of either the original SDC or existence of the original service in order to receive the SDC credit. SDC credits do not apply for downsizing a meter.

(G) Qualified Affordable Housing shall be exempt from the Water Bureau's SDC:

- (1) For a single family residential, the SDC exemption shall not exceed the value of a 5/8" water service SDC.
- (2) Affordable Housing exemptions will not exempt any commercial SDCs associated with the development. Commercial spaces will either be separately metered or pay the full SDC share based on each commercial space's estimated water usage as determined by the Bureau Administrator.
- (3) Any applicant seeking an exemption shall specifically request this exemption prior to the time of the City's issuance of the first occupancy permit on the new development.

(H) For new parcels created from existing lots that contain existing housing with an existing water service where an SDC was previously paid, property owners may apply to transfer the SDC credit from the existing service to a new service for the existing housing so long as the new parcel will be used for Qualified Affordable Housing as defined in section a.10(G). For a single family residential, the SDC waiver shall not exceed the value of a 5/8" water service SDC.

Nonetheless, the SDC fee must be paid at the time of building permit issuance. The applicant is responsible for providing documentation from the Portland Housing Bureau, confirming the house was sold to a qualified buyer. Once confirmed, the Water Bureau will refund the SDC paid, not to exceed the value of a 5/8" meter SDC.

- (I) For new or upsized water service installations, property owners may apply to defer the payment of SDCs or pay the SDCs in installments pursuant to City Code 17.14. The terms and provisions for deferred payment and installment payments are contained in the Water Bureau's SDC loan and deferral contracts.
- (J) Qualified Accessory Dwelling Units (ADUs) will be exempt from the required Water Bureau's SDC. The SDC waiver shall not exceed the value of a 5/8" water service SDC.

## **11. CHARGES FOR INSTALLATIONS, ACTIVATIONS, AND PERMANENTLY REMOVING SERVICES**

Notwithstanding the provisions of City Code 21.16.160, and except as provided in subsection (B) below the charges for installations, activations, and removing services shall be as follows:

- (A) For service installations, activations, and removals for which a charge is specified in the "Water Fee Schedule" attached as Exhibit A and incorporated herein.
- (B) The charges contained in the Water Fee Schedule for installations, activations, and removing Services shall not apply to the following service installations. For the following service installations, charges shall be calculated as provided for in section a.3(B) and the City Comprehensive Financial Management Policy, including but not limited to Policy BCP-FIN

2.06.

- (1) Services not listed in the Water Fee Schedule;
- (2) Services installed in State or County roadways, services the installation of which is affected by rail facilities and/or streets with cobblestone/Belgian Block pavement.
- (3) Services installed under circumstances determined by the Chief Engineer to be sufficiently different from the circumstances assumed in creation of the Water Fee Schedule that the actual cost of installation is likely to exceed substantially the charges contained in the Water Fee Schedule.

## **12. CHARGES FOR INSTALLING OR REMOVING A FIRE HYDRANT**

Except as provided in Subsection (B) below and subject to cost sharing and cost adjustments made available pursuant to Portland Administrative Rules, the following charges shall apply:

- (A) For Fire Hydrant installations or removal for which a charge is specified in the “Water Fee Schedule” attached as Exhibit A and incorporated herein.
- (B) The charges in subsection (A) above shall not apply for the following fire hydrant installations. Charges in the following fire hydrant installations shall be calculated as provided for in section a.3(B) and the City Comprehensive Financial Management Policy, including but not limited to Policy BCP-FIN 2.06.
  - (1) Any fire hydrant installed in State or County roadways, hydrants the installation of which is affected by Street Car or Light Rail or railroad facilities,
  - (2) Any fire hydrant installed under circumstances determined by the Chief Engineer making it likely that the actual cost of installation will exceed substantially the charge specified in this Rate Ordinance.
- (C) Adjustment of a fire hydrant shall be calculated as provided for in section a.3(B) and the City Comprehensive Financial Management Policy, including but not limited to Policy BCP-FIN 2.06.

## **13. CHARGES FOR INSTALLING MAINS**

Notwithstanding City Code 21.08.010(C), except as provided in subsection (B) below and subject to cost adjustments pursuant to Portland City Code 21.08.020, 21.08.030, and 21.08.060 the charges for installing mains shall be as follows:

- (A) For all main installations for which a charge is specified in the “Water Fee Schedule” attached as Exhibit A and incorporated herein
- (B) The charges contained in the Water Fee Schedule shall not apply to the following mains. For the following mains, charges shall be calculated as provided for in section a.3(B), City Code 21.08.010, and the City Comprehensive Financial Management Policy, including but not

limited to Policy BCP-FIN 2.06.

- (1) Charges for mains not specified in the Water Fee Schedule;
- (2) Mains installed for other governmental agencies, within the Downtown Sub-district (defined in Title 33), in newly paved streets under 5-year moratorium, in State or County roadways, Highway/Freeway, Local Highway, Arterial/Collector street, mains that cross or are in streets affected by rail facilities and/or streets with cobblestone/Belgian Block pavement;
- (3) Mains installed where the Chief Engineer determines that the circumstances are sufficiently different from the circumstances assumed in creation of the Water Fee Schedule that actual cost of installation is likely to exceed substantially the charges contained in the Water Fee Schedule.

#### **14. COST SHARING UNDER CITY CODE 21.08.020**

- (A) For purposes of cost-sharing permitted by City Code 21.08.020, and notwithstanding any administrative rules previously adopted by the Administrator, an applicant shall be responsible for 60% of the cost of a project whose total cost does not exceed \$200,000 and the Water Bureau shall be responsible for 40% of the cost. Water Bureau cost-sharing; not to exceed \$5,780 for a standalone fire hydrant installation and not to exceed \$2,890 for a hydrant installed with a main extension. In circumstances where it is deemed in the public interest to adjust the cost distribution for an individual project, the cost distribution may be adjusted in accordance with the criteria found in City Code 21.08.020 with the written approval of the Chief Engineer, the Administrator, and the Commissioner-in-Charge.
- (B) Notwithstanding this provision, the Administrator of the Portland Water Bureau retains his authority under 21.08.020 to establish cost sharing distributions through administrative rule and may update these Council established cost share distributions by rule.

#### **15. PENALTIES**

- (A) A person found liable for violation of City Code 21.24.050 shall be subject to a penalty of up to \$10,000 plus reimbursement to the City of the cost of repairs, calculated as provided in section a.3(B) and the City Comprehensive Financial Management Policy, including but not limited to Policy BCP-FIN 2.06.

#### **16. ADJUSTMENTS**

- (A) When collecting fees and charges, the Administrator of the Portland Water Bureau may make adjustments, pay refunds, authorize or waive fees and charges when it is in the best business interest of the City. A full explanation of these changes must be filed with the office records. Credit balances on a final billed account of \$10.00 or less will not be refunded unless approved by the Administrator of the Portland Water Bureau or designee

The water rates and charges fixed by this Ordinance shall be in force and effect from and after July 1, 2020 and any and all Water Rate Ordinances now in effect conflicting in any manner with the provisions of this Ordinance, are hereby repealed on and after July 1, 2020.

Passed by the Council **May 27, 2020**

Commissioner Fritz  
Cecelia Huynh  
May 4, 2020

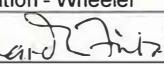
**Mary Hull Caballero**  
Auditor of the City of Portland

By: *Keelan McClymont*  
Deputy

~~354~~ 409  
 Agenda No.  
**ORDINANCE NO. 189975**

Title

Authorize the rates and charges for water and water-related services beginning July 1, 2020 to June 30, 2021 and fix an effective date (Ordinance)

INTRODUCED BY Commissioner/Auditor: <b>Commissioner Amanda Fritz</b>	CLERK USE: DATE FILED <u>May 12, 2020</u>
<b>COMMISSIONER APPROVAL</b>	
Mayor—Finance & Administration - Wheeler  Position 1/Utilities - Fritz <u>Amanda Fritz</u> Position 2/Works - Vacant Position 3/Affairs - Hardesty Position 4/Safety - Eudaly	
By: <u>Keelan McClymont</u> Deputy	
<b>ACTION TAKEN:</b> <b>May 21, 2020 Passed to Second Reading May 27, 2020 at 9:30 a.m.</b>	
<b>BUREAU APPROVAL</b> Bureau: Water Bureau Bureau Head: Michael Stuhr	
Prepared by: Cecelia Huynh CH Date Prepared: May 5, 2020	
Impact Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/>	
Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/>	
<b>City Auditor Office Approval:</b> required for Code Ordinances KLM	
<b>City Attorney Approval:</b> required for contract, code, easement, franchise, comp plan, charter	
Council Meeting Date <b>May 21, 2020</b>	

<b>AGENDA</b>
<b>TIME CERTAIN</b> <input checked="" type="checkbox"/> <b>Start time:</b> <u>2:15 pm</u>
<b>Total amount of time needed:</b> <u>30 minutes</u> (for presentation, testimony and discussion)
<b>CONSENT</b> <input type="checkbox"/>
<b>REGULAR</b> <input type="checkbox"/>
<b>Total amount of time needed:</b> _____ (for presentation, testimony and discussion)

<b>FOUR-FIFTHS AGENDA</b>	<b>COMMISSIONERS VOTED AS FOLLOWS:</b>	
	<b>YEAS</b>	<b>NAYS</b>
1. Fritz	1. Fritz	✓
2. Vacant	2. Vacant	
3. Hardesty	3. Hardesty	✓
4. Eudaly	4. Eudaly	✓
Wheeler	Wheeler	

**DATE:** 5/11/18  
**TO:** Mike Stuhr, Gabe Solmer, Kathy Koch, Cecelia Huynh, Karen Moynahan  
**FROM:** Liam Frost  
**SUBJECT:** Final Report on Financial Assistance Proposals

---

Launched in June 2017, the Portland Water Bureau's Affordability Project is transitioning from research and policy proposals to program design and implementation to begin in July 2018.

As such, this memo is intended to achieve the following:

- Document the research and methodology upon which policy proposals were based
- Summarize each proposal
- Provide context and background for rejected and approved policy proposals

## Background

This project was launched at the request of the Commissioner-in-charge of public utilities, Commissioner Nick Fish. Within a one-year timeframe, the project's objective was to review existing policies, identify opportunities for improvement, and submit policy proposals and funding requests.

After researching industry best practices and other utility assistance programs, it is clear that the Water Bureau has one of the most generous and comprehensive customer assistance programs in the nation. It is telling that in a 2016 EPA review of 795 large water utilities<sup>1</sup>, only three out of 10 offered a financial assistance program. While most other major utilities are only now beginning to explore financial assistance options, the Water Bureau established a program over twenty years ago and has strengthened it periodically.

In the national context, the Water Bureau's program is generous and comprehensive. It captures a broad income base (0-60 percent of median family income), provides substantial financial assistance (50 percent of the typical bill) as well as a \$150 crisis voucher annually, and has adopted many industry best practices like payment plans.

In addition, Portland's combined utility rate and rate increases are comparable to other large utilities, locally and nationally. Defining affordability only in terms of other utilities' rates, the Water Bureau is not an outlier. And defining affordability in terms of

---

<sup>1</sup> U.S. Environmental Protection Agency, *Drinking Water and Wastewater Utility Customer Assistance Programs*, 2016: 6.

measuring the bureau's financial assistance program against best practices and other utilities, the Water Bureau is a national leader.

However, a more appropriate metric would be to review whether the bureau is effectively meeting the needs of its low-income customers.

Portland has changed rapidly and so have customer income profiles. Consider the following:

- The average monthly rent in Portland rose 7 percent between 2015 and 2016, with increases between 12-18 percent in 1, 2, and 3-bedroom units.<sup>2</sup>
- Between 2000-2014, Portland's population increased by 83,000.<sup>3</sup>
- The Portland median household income (MHI) is \$53,230. The MHI for Black, Native American, and Hawaiian-Pacific households is around \$27,000 (lower than income levels in 2000). Meanwhile the MHI for White households is approximately \$57,000.<sup>4</sup>
- 52% of renter households are “cost-burdened” or spending more than 30% of their income on rent.<sup>5</sup>
- Multifamily unit production continues to be the bulk of new residential development, with 84% of all new housing units falling within the multifamily category.<sup>6</sup>
- Measured against the EPA’s affordability threshold of 4.5 percent of median family income (MFI), the Water Bureau is well-below at around 2 percent. However, for households in poverty, that burden is at 8 percent.<sup>7</sup>

The Water Bureau's current low-income customer assistance model does not fully meet the need on the ground.

Increasingly high demand for housing and its effect on the cost of living has exacted significant impacts on both lower income and middle-income households. This has a domino effect on the available household income to cover other basic costs such as water and sewer services. This is not unique to Portland; many municipalities are confronted with the same forces and face increasing pressure to respond with creative solutions.

---

<sup>2</sup> Portland Housing Bureau, *2016 State of Housing Report*, 2016: 10.

<sup>3</sup> Portland Housing Bureau, *2016 State of Housing Report*, 2016: 14.

<sup>4</sup> Portland Housing Bureau, *2016 State of Housing Report*, 2016: 17.

<sup>5</sup> Portland Housing Bureau, *2016 State of Housing Report*, 2016: 17.

<sup>6</sup> Portland Housing Bureau, *2016 State of Housing Report*, 2016: 22.

<sup>7</sup> American Water Works Association, *Affordability Tool for Federal Water Mandates*, 2013: 4.

Nationwide, public utilities are responding in ways that are tailored to their unique characteristics, which include the following considerations: customer base, existing rate structure, revenue need, and the legal, administrative and political landscape.

Considering that the Water Bureau has a long-established customer assistance program, it is well-positioned to respond to the current challenge in Portland.

The Water Bureau is not responsible for solving the housing crisis; nor should it be. However, it is responsible for serving all its customers equitably. Over twenty years ago, the bureau launched, and has since strengthened, an effective set of tools to assist low-income customers. This project continues that work. It took a fresh look at what the bureau's low-income customers' need and what the bureau can (and cannot) do to meet that need.

To that end, in consultation with bureau leadership, I set three goals for the project's recommendations:

- Target underserved communities and Portlanders in need
- Reach customers without accounts (multi-family units)
- Reduce shutoffs for low-income customers

The following is a chronological recounting of the project.

## **Stage One - Research and Engagement**

**Internal** – Upon the launch of this project, I created an intra-bureau taskforce to understand organizational capacity, needs and opportunities, and to provide feedback on my work. The team consisted of the following bureau staff:

- Elliot Lisac – Finance
- Alex Reagan – Customer Service
- Sarah Santner – Resource Protection
- Ashley Tjaden – Outreach
- Corbett White – Low-Income Programs

This team functioned as a sounding board for my research, and was invaluable for vetting and developing early policy ideas. Each member has also provided on-going expertise and advice. For example, Elliot Lisac (with the Water Bureau's Economist, Hossein Parandvash) has provided much of the data synthesis and analysis for policy proposals, while Ashley Tjaden has partnered with me on external outreach efforts.

I have also worked with the following Water Bureau and City staff for feedback on specific areas:

- Karen Moynahan – City Attorney's Office
- Brad Blake – Water Bureau
- Tara Bourdoin – Water Bureau
- Jennifer Gardner – Water Bureau
- Danita Henry – Water Bureau
- Cecelia Huynh – Water Bureau
- Kathy Koch – Water Bureau
- Marci Rees – Water Bureau
- Hossein Parandvash – Water Bureau
- Jonas Biery – Bureau of Environmental Services
- Mike Jordan – Bureau of Environmental Services
- Sherri Peterson – Bureau of Environmental Services
- Duane Peterson – Bureau of Environmental Services

- Thomas Lannom – Revenue Bureau
- Becky Anicker – Business Solutions Division, Revenue Bureau
- Karen Bradley – Business Solutions Division, Revenue Bureau
- Uma Krishnan – Portland Housing Bureau
- Matt Tschabold – Portland Housing Bureau

**External** – From the outset of this project I prioritized the input and feedback of our service providers. Their day-to-day experience with our low-income customers proved a valuable source of data and factored greatly into the development of the final policy proposals. I met and communicated with them regularly. In establishing a new relationship with each provider, it was important to first meet individually and at their place of work. My intention was to build trust and ensure that they felt free to express their opinions. Ashley Tjaden joined me at each of these meetings.

The service providers that gave ongoing input to this project are as follows:

- Kimberly Black – Self Enhancement Inc.
- David DiMatteo – Latino Network
- Jana Hak – North West Impact
- Maria Monroy – El Programa Hispano Catolico
- Linda Nguyen – Immigrant and Refugee Community Organization – Asian Family Center
- Irina Shkrabak – Native American Youth and Family Center

I also engaged with members from organizations representing older adults and people with disabilities. We twice met as a group to discuss issues specific to their clients and constituents. I also continued ongoing communication with AARP, Age-Friendly Portland, and NW Pilot Project.

The members of these groups that provided ongoing input are as follows:

- Alan DeLaTorre – Age-Friendly Portland
- Barry Fox-Quamme – Independent Living Resource Center
- JoAnn Herrigel – Elders In Action
- Sarah Milhouse – Multnomah County Aging and Disability Resource Connection

- Bandana Shrestha – AARP
- Bobby Weinstock – NW Pilot Project

In addition to ongoing engagement with the above stakeholders, I communicated with a variety of other individuals/organizations either for one data request or to explore the value of an ongoing relationship. These include:

- Marisa DiCristoforo – Portland General Electricity
- Rose Bak – Multnomah County  
Youth and Family Services Division
- Catherine Howells – Portland State University
- Maisha Land-Wood – City of Atlanta
- Charles Rynerson – Portland State University  
Population Research Center
- Neisha Saxena – Multnomah County  
Youth and Family Services Division
- Dianne Linn - Proud Ground, Executive Director
- Steve Messinetti - Habitat for Humanity, Executive Director
- Sarah Adams - CASH Oregon, Executive Director<sup>8</sup>

Throughout the duration of the project I provided regular updates and responded to queries from, both the Portland Utility Board (PUB) and the Citizens' Utility Board of Oregon (CUB).

## Data Sources

**Internal** - Traditionally, the Water Bureau has not tracked or analyzed low-income customer data. This was consistent with now outmoded industry standards that erred on the side of caution to protect customer data. Even so, the bureau has always scanned and stored all applications to verify customer qualification, which includes valuable information such as household size, income and source of income.

At the beginning of this project, I initiated an effort to capture all fields from every current customer's discount application into a spreadsheet to generate appropriate

---

<sup>8</sup> See final page of this report for titles and contact information.

analyses. The two data sources for this project were a list of currently-enrolled low-income customers from Cayenta (PWB billing system), and Barbara Streeter's (Data Process Manager) *P8* database which stores all scanned low-income applications.

The initial effort was conducted by two interns at the Commissioner Fish's office. It was then completed and finalized by Tara Bourdon, working under Sarah Santner (Water Efficiency Program Manager). Elliot Lisac (Senior Financial Analyst) aggregated the data in various categories and cross-referenced existing Cayenta data such as shut-off and consumption data, as well as census data. The Cayenta data was facilitated by Karen Bradley at the Revenue Bureau. I will discuss how this data was used in the later sections on final proposals. The final customer spreadsheet was transferred to Customer Service under the responsibility of Danita Henry.

**External** - In addition to working with local community organizations to identify various customer needs, I researched financial assistance programs throughout the nation, and reviewed trade journals/reports from the American Water Works Association, Circle of Blue, Water Deeply, the Water Research Foundation and the U.S. Environmental Protection Agency. I also worked with PSU's Population Research Center and the Portland Housing Bureau to identify local population trends and profiles, using American Community Survey (ACS) and Comprehensive Housing Affordability Strategy (CHAS) data.

Working from my research, analyzing customer need, meeting with community stakeholders, and meeting with our internal task force, we began developing several policy proposals.

## **Stage Two – Preliminary Proposals**

In the first week of November 2017, bureau leadership met to review potential budget requests to City Council for FY 2018-19. Ahead of the bureau’s internal budget review I prepared preliminary policy proposals for consideration.

Of the proposals submitted for review, the following two were rejected:

*i) Adjust Existing Discount to Represent Household Size/Consumption*

The current discount does not account for household size or consumption. The discount is a flat benefit: 50 percent of the median single-family household (Water: \$54.15 per quarter; BES: \$93.74 per quarter). Since it does not account for family size or consumption, a one-person household receives the exact same benefit as an 8-person household. Therefore, a large family incurs a higher cost per unit due to its size.

Instead of applying a flat credit to all low-income customers, I proposed two alternative and separate options: a 50 percent discount on individual consumption, and a discount based on household size. These were both rejected by bureau leadership for the following reasons.

An individual consumption-based 50 percent discount would require a large-scale and lengthy process to reprogram Cayenta. In addition, this would have impacts on other areas in the bureau, including water efficiency and rate-setting. To implement such a program would require a thorough cost/benefit analysis, as well as consultation and approval from multiple bureau staff. With the limited time and resources to undertake such a review, the bureau did not include the proposal in this year’s budget request.

The main objection to a household size-based consumption discount was the potential for undermining the bureau’s conservation goals, and the difficulty in verifying household size.

*ii) Lifeline Rate – Pilot Program*

While there is no definitive industry definition, a lifeline rate is a rate structure where low-income customers are provided a block rate<sup>9</sup> for “non-discretionary” or “essential” water consumption. It is not a new concept. In fact, a lifeline rate was considered in a 1994 report to City Council prepared by BES and PWB.<sup>10</sup> The idea was likely rejected because of the complexity in setting the rate only to eligible customers while retaining the regular structure for other customers.

---

<sup>9</sup> Increasing Block Rates is a rate structure in which the unit price of each succeeding block of usage is charged at a higher unit rate than the previous block(s).

<sup>10</sup> BES & PWB, *Analysis of Assistance Options for Low-Income Households’ Water and Sewerage Utility Costs*, 1994: 24

For some low-income customers, the discount and crisis voucher are not sufficient to prevent their water from being shut off. From the customer spreadsheet based on application information we found that a total of 302 currently-enrolled customers were shut-off (FY15-16); two-thirds of which were in the 0-30% of MFI income bracket.<sup>11</sup>

A Lifeline Rate could potentially reduce the likelihood of shut-off. While this policy option presents numerous challenges, perhaps the most challenging, from a policy perspective, is defining “essential amount of water.” In the literature I reviewed, I could not find consensus on this issue. Water consumption varies widely from place to place, and a range of factors go into how a household consumes water, including cultural considerations.

I worked with Elliot Lisac and Hossein Parandvash to explore some hypothetical lifeline rate scenarios and cost estimates. The scenarios were based on the median monthly consumption: 5 ccf. A Lifeline Rate would charge a qualifying customer almost nothing for the first 5 ccf, and then a 50 percent discount for any consumption beyond the 5 ccf threshold. This would include all charges (base, stormwater, Superfund), in addition to consumption. We also added a column for a rate of the first 10 ccf free only to provide a comparison for scale. The scenarios are below:

	First 10 CCF Free	First 5 CCF Free, 6-10 CCF 50%	Variance	First 5 CCF Free
Participants	10,000	10,000	-	10,000
100% Discounted CCF	10	5	5	5
50% Discounted CCF	-	5	(5)	-
CCF Rate	4.966	4.876	0.09	5
Base Charge	15.02	14.75	0.27	14.74
Volumetric 100% Discount	5,959,200	2,925,600	3,033,600	2,923,200
Volumetric 50% Discount		1,462,800	(1,462,800)	-
	5,959,200	4,388,400	1,570,800	2,923,200
Base Charge Discount	1,802,400	1,770,000	32,400	1,768,800
Total Discount	7,761,600	6,158,400	1,603,200	4,692,000
Current Discount	2,316,000	2,316,000		2,316,000
Incremental Discount	5,445,600	3,842,400		2,376,000
<b>Incremental Rate Impact</b>	<b>3.7%</b>	<b>2.7%</b>		<b>1.6%</b>

The Lifeline Rate proposal was rejected by bureau leadership due the magnitude of change that would be required to explore such a policy. Unfortunately, in the limited time we had to prepare the proposal, we were not able to explore the organizational adjustments required to implement. Ultimately, considering the number of details that

<sup>11</sup> Elliot Lisac Email, *Email – Elliot – RE Shut off Data, 1/8/18*

had yet to be determined, potential cost and complexity, bureau leadership appropriately rejected this proposal for FY2018-19.

In hindsight, our data analysis validated the decision. Working with Elliot and Hossein to cross-reference our spreadsheet on existing low-income customer data (discount recipients) with consumption data, we could not identify a correlation between income levels and consumption.

However, an issue of inequity remained: the existing discount is a flat benefit that does not account for household size or households in poverty. This last point factored greatly into one of the five final proposals: the expanded discount for people in poverty.

### **Stage Three -Final Proposals**

The following proposals were approved by bureau leadership and submitted as a decision package in the bureau's FY 2018-19 budget request. They were also presented to City Council at a work session on February 13, 2018. The following is a summary of each proposal and the rationale behind it.

#### **1) *Create Financial Assistance Services Team (FAST)***

The FAST team (3 FTE, including 2 new positions) will be responsible for the following three areas:

##### *Data*

As Portland's economy recovered from the recession, participation in the discount program decreased from 9,300 in 2011 to approximately 6,600 in 2017. However, according to CHAS data, more than 30,000 single-family homes currently qualify for the existing discount. At least 12,000 of those households live in poverty. To begin targeting specific communities and customers, the bureau needs to build systems to gather, synthesize and analyze customer data. Currently, the bureau does not have the capacity to do this. Such analyses should be based on both micro-data to identify customers-in-need, e.g. three consecutive late payments, as well as macro trends such as patterns among specific communities/income brackets/ household sizes. All analysis should inform ongoing policy review, but primarily it should focus on targeted outreach strategies to achieve the following two goals:

1. Reduce shut-offs for low-income customers.
2. Expand participation in the discount program.

##### *Specialized Service (dedicated financial assistance phone number)*

During his tenure as the bureau's Low-Income Services Program Coordinator, Brad Blake established and maintained strong relationships with the bureau's six service providers (the organizations that process the discount application forms). In every conversation I had with service provider staff, Brad was held in high regard for his responsiveness and commitment to providing valuable feedback. Program staff specifically highlighted that access to Brad was especially valuable. The ability to call Brad directly and talk through individual cases provided their clients with the time and service needed to address the specific needs of each case. Water Bureau Customer Service Representatives (CSRs) do not have the time or resources to provide this level of service. The bureau's contracted service providers know this, and instead called Brad directly.

Currently, the customer service call center is responsible for fielding a range of concerns and questions from all customers, including low-income issues. However, one of the bureau's Key Performance Measures (KPMs) is based on the average number of minutes the callers are on hold: two minutes or less. The FY 2016-17 reported hold time was 2.26 minutes. The bureau also has a performance measure that 80 percent of calls are answered within 60 seconds. In FY 2017-18, 51 percent of calls were answered within 60 seconds.

CSRs do not have the capacity to provide the longer call-times that low-income customers need.

The Financial Assistance Services Team will be trained and responsible for providing service that is both in-depth as well as sensitive to distinct issues associated with poverty.

Additionally, in creating a phoneline for dedicated service, the team will be able to better track financial assistance need and level of service, both of which were raised as issues in the 2017 audit.

### *Community Relationships*

Collecting and analyzing existing customer data will provide the bureau with better information to target individual customers and groups. However, a significant portion of Portlanders in poverty are people of color, a demographic that traditionally has been reluctant to engage with government. In addition, since 2011, the bureau has struggled to expand participation in its discount program while the number of qualifying households in Portland has remained around five times more than the existing participation rate. Therefore, the bureau will need to develop strategies to meaningfully engage with underserved communities.

Considering that the obstacles to greater enrolment may be cultural, the existing network of culturally-specific organizations in Portland is a key resource. The FAST team should build on Brad's work and leverage existing relationships in that network and forge new ones beyond the bureau's currently contracted service providers. This will require focused and ongoing relationship-building. For example, the FAST team will need to initiate meetings with various organizations and attend community events.

Additionally, in my meetings with service providers, I heard that staff sometimes fell behind on policy changes to the bureau's low-income programs. To help keep organizations apprised of changes, while also supporting the bureau's relationship goals, the FAST team should host biannual workshops to inform community organizations about existing and upcoming policies.

### *Internal Coordination and Other Data Sources*

The Revenue Bureau has sent the Water Bureau contact information for Portlanders exempt from paying the FY 2017-18 City Arts Tax based on poverty. In April 2018, the Revenue Bureau will add more names and addresses. The bureau should consider a direct mailing campaign following the launch of the FAST Team. If successful, the bureau should consider doing this on an annual basis. Coordination with Revenue is relatively simple due to the limited restrictions on information sharing within the City. However, when exploring external opportunities to share information, there are various privacy restrictions that need to be considered and consultation with the City Attorney's office is strongly recommended.

In addition, upon hiring the two new Program Coordinators, the bureau should consider immediately analyzing data on late payments and shut-offs for customers not currently enrolled in the discount program. I recommend identifying a target threshold (e.g. three consecutive late payments or four late payments in one year, two shutoffs in two years), and then determining the optimal method to target those customers: direct phone call; direct mailing, etc.

## **2) Increase the Value of the Crisis Voucher**

The Crisis Voucher (\$150) is a one-time only credit for low-income discount recipients. Eligible customers can request a voucher on an annual basis. Whereas the discount is an ongoing benefit designed to alleviate chronic income issues, the crisis voucher is designed to address short-term issues. It is an effective tool designed to relieve a sudden crisis and can prevent the customer from heading toward shutoff. However, while utility rates rise every year, the value of the crisis voucher has remained at \$150 since 2004.

### *Background*

Following a 1994 review of the utility bureaus' low-income services, the crisis voucher was originally proposed at \$30, but eventually implemented at \$75. In 2004, the value was doubled to \$150. The original rationale was tied to a proposal that would have required the customer to pay a third of a past-due bill to reconnect service. The \$30 represented the estimated average assistance (\$25-\$35) in this scenario. It should be noted that in 1994 the bureau's services and rate structure (as well as its customer profile) were significantly different than its current suite of services and rate structure.

Every customer that received a crisis voucher in FY 16-17 received the full amount available: \$150. This aligns with information shared by community partners, specifically that the \$150 does not cover the full cost of debt caused by individual crises. The bureau does not currently synthesize and analyze the data needed to cross-reference crisis voucher participation with shut-off data. The new Financial Assistance Services

Team will be tasked with establishing the data collection systems to generate this kind of analyses.

In the interim, as the team is assembled over the first year, the crisis voucher should be increased to reflect the increasing need from customers.

#### *Increase Calculation*

Initially, I presented two options to our oversight bodies (CUB and PUB), i) \$300; and ii) \$500. Both PUB and CUB recommended \$500.

The \$500 option was based on input from our service providers. In addition to the processing bureau discounts and crisis vouchers, they also process crisis assistance for electric, gas and other energy utilities. This assistance is funded by the state and is capped at \$500. The service providers expressed that \$500 would align with other utility assistance and provide case workers the flexibility they need to appropriately serve their clients.

The \$300 option was loosely based on the 2004 \$150 voucher and applying the combined utility rate from 2006 to 2017 (I was unable to discern the combined rate for 2004 and 2005). Adjusting for the 2006-2017 combined rates, the increase would have been \$271.

It is important to note that the crisis voucher can only cover existing outstanding payment to the bureau and not as a credit to the customer's account. Therefore, even if the value of the crisis voucher is raised to \$500 and a customer owes \$350, the customer can only receive \$350.

#### *Funding*

Historically, the Water Bureau and BES have split the cost of the crisis voucher equally: \$75 per bureau per voucher.

However, considering that BES is responsible for approximately two-thirds of the combined utility bill, we requested that this ratio be reflected in the crisis voucher, just as it is in the discount. On November 16, 2017, Jonas Biery and his team agreed to the proposal. It should be noted that BES was satisfied with this arrangement irrespective of whether the voucher would be increased to \$300 or \$500.

#### *Estimated participation*

The total number of annual recipients of the crisis voucher has declined from 4,500 in 2010 to 2,300 in 2016. Over that same period, the Water Bureau has consistently budgeted for a participation rate of 5,000. In FY 2018-19, the bureau will budget for a

participation rate of 3,000 to realistically match an expected increase upon the launch of the Financial Assistance Services Team and additional targeted outreach.

### **3) Adjust Income Guidelines to Reflect Local Incomes**

Since the inception of the low-income discount, customers have qualified based on the state median family income (MFI): a customer qualifies if their income is below 60 percent of MFI. According to Brad Blake, the state's MFI was chosen to align with the qualifying criteria of other energy assistance (usually state-funded) also distributed by the same community organizations in Portland.

Since 1994, the income profile of the Portland metro area has diverged from the rest of Oregon. There is now a significant difference between a one-person household in Portland at 60 percent of MFI (\$31,380), and that same household in the rest of the state (\$23,095).

During the past two years, Brad Blake has suggested raising the qualifying income threshold to reflect the increasing need of low-income customers for assistance. When I began looking into this issue, my goal was to identify the most relevant metric with which to qualify customers. Comparing the Portland metro area's MFI with the state's it was clear that the bureau was not using criteria that most closely reflected the need of its customers.

However, my analysis returned some unexpected results when comparing household sizes of five and above. While there were stark differences in the 1-2 person households in one direction for the Portland metro area, the opposite was true for 5-8 person households. The table below demonstrates these differences.

**Median Family Income (MFI) Comparison**

HH Size	State 60% (current)	PDX 60%	Highest Option
1	\$23,095	\$31,380	\$31,380
2	\$30,201	\$35,880	\$35,880
3	\$37,308	\$40,380	\$40,380
4	\$44,414	\$44,820	\$44,820
5	\$51,520	\$48,420	\$51,520
6	\$58,626	\$52,020	\$58,626
7	\$59,958	\$55,620	\$59,958
8	\$61,291	\$59,220	\$61,291

Acknowledging that if the bureau were to adopt the Portland metro MFI in its entirety, some current customers with large families potentially would no longer qualify for the discount or the crisis voucher, I instead proposed a hybrid option: 1-4-person households would qualify based on the Portland metro MFI, while 5-8 person households would qualify based on the state's MFI (applying the highest of the two metrics).

#### *Estimated participation*

I worked with Elliot to estimate additional participation in the program if we were to change the qualifying guidelines. Elliot's rationale is as follows:

"Expansion of the income guidelines only impacts households of 1-4 people. Based on the "INCOME IN THE PAST 12 MONTHS (IN 2016 INFLATION-ADJUSTED DOLLARS) 2016 American Community Survey 1-Year Estimates" report on the U.S. Census website, the bureau determined that approximately 1,500 additional households would participate. This assumption is based on current participation rates for the expanded eligible households. The Water bureau currently plans for 10,000 low income participants annually, so a revision to 8,000 participants (6,600 currently + expansion), would result in a \$433,200 decrease to foregone Water revenue."

#### *Recommendation*

In communicating with our community partners and in outreach materials, we will need to continue to highlight the dollar thresholds rather than the percentages to avoid potential confusion.

### **4) Expanded Discount for Single-Family Households in Poverty**

#### *Background*

In my meetings with our service providers last summer, I frequently heard that the majority of their clients were "struggling," and were one crisis away from losing their home. While the qualitative data and anecdotal evidence were compelling, I wanted to explore whether the existing data on our low-income customers would reflect the information I heard in my meetings. It did.

In FY 2015-16, of the bureau's 6,600 discount recipients, an estimated 302 experienced a shut-off. However, of those 302 customers, 195 were extremely low-income (see table below). In other words, approximately two-thirds of our enrolled low-income customers shut-off live in poverty. In addition, we (Elliot Lisac) found that over half of the bureau's enrolled low-income customers live in poverty, while a third live in poverty and receive

a fixed income (Social Security, SSI, SSDI, TANF, etc.). For older adults receiving Social Security alone, the average monthly income is about \$1,300 nationally, just below 30 percent of the Portland metro area MFI (extremely low-income<sup>12</sup>).

<b>Shutoffs</b>	<b>FY12-13</b>	<b>FY13-14</b>	<b>FY14-15</b>	<b>FY15-16</b>
Extremely Low-Income Shutoffs (0-30% MFI)	156	175	190	275
Other Low-Income Shutoffs (30%-60% MFI)	80	82	100	132
Total Low-Income Shutoffs	236	257	290	407
<b>Accounts Shut off</b>				
Extremely Low-Income Accounts Shutoff	117	134	137	195
Other Low-Income Accounts Shutoff	62	66	85	107
Total Low-Income Accounts Shutoff	179	200	222	302

### *EPA Affordability Metric*

The EPA advises that municipal utilities apply the following metric to measure the affordability of water and sewer bills: 4.5 percent of the local MFI. Applying this metric to the Water Bureau and BES, Portland returns a favorable ratio: 2.2 percent.

However, when applying this metric to households earning less than 30 percent of MFI, the ratio is as high as 8 percent, and for a 4-person household, 6 percent.

### *Proposal*

To address the need and reduce shutoffs for single-family households in poverty<sup>13</sup>, I proposed an 80 percent discount for households earning below 30 percent of MFI. For a 1-person household, this would reduce the EPA ratio from 8 percent to 1.7 percent; for a 4-person household, 1.2 percent.<sup>14</sup>

### *Recommendation*

The Financial Assistance Services Manager will need to communicate with service providers upon the launch of the expanded discount. The manager will also need to establish a relationship with the Housing Bureau in order to ensure that the income qualifications are current.

---

<sup>12</sup> The terms “low-income” and “extremely low-income” are terms defined by the US Department of Housing and Urban Development (HUD).

<sup>13</sup> It is extremely rare that a multi-family residential building is shutoff.

<sup>14</sup> Liam Frost, Excel File, *EPA – MFI Calculations*.

## **5) Utility Crisis Assistance for Multi-Family Renters**

### *Overview*

For years, the bureau has sought ways to provide assistance to low-income customers that are not directly billed by the Water Bureau. Currently, the only mechanism by which a discount or crisis voucher is given to a customer is by crediting their account. For customers that rent homes in multi-family buildings that do not have a Water Bureau account, this is impossible. The account holder is either the landlord or property manager, i.e. one account covering multiple units, with each household in that property paying for water and sewer through rent. The challenge, therefore, is to identify a mechanism by which assistance can be passed to the customer despite not having a Water Bureau account.

### *Challenges*

In exploring potential mechanisms, the bureau faced various obstacles, including the following:

- Meet Charter/bond requirements
- Meet EPA sewer/stormwater discount regulations (must assist end user)
- Ensure that the administrative cost of managing multi-family assistance is reasonable
- Ensure that existing organizational capacity is not burdened

The problem of providing assistance to multifamily customers is not unique to Portland. It is becoming a pressing issue for utilities across the nation, and some utilities are experimenting with alternative models. They include Seattle and New York.

### *Other Models*

New York provides a water discount through its Housing Development Corporation for subsidized housing, while Seattle discounts a water customer through its electrical utility. Neither of these options are currently feasible in Portland. The New York discount covers City-sponsored “affordable housing.” The Portland Housing Bureau already provides for a utility allowance in most affordable housing units it funds. With regard to Seattle, the Water Bureau met with PGE to explore an electric/gas bill credit, but PGE does not provide a discount on their bills. Instead, PGE contributes to a statewide fund that distributes energy assistance to community organizations.

The only other multi-family model that the bureau is aware of is the Columbus Department of Public Utilities in Columbus, Ohio, where the utility offers discounts to subsidized housing and also through private landlords that voluntarily submit applications in partnership with their tenants. The bureau has considered this approach, but concluded that the amount of administration and effort would likely not yield sufficient customer benefits to justify the additional cost of administration.

Considering the bureau's legal and regulatory restrictions, as well as few effective models in other municipalities, the bureau was encouraged to think creatively.

#### *Options Considered*

This is not the first time that the bureau has explored potential solutions to serving multi-family tenants. The most recent effort was initiated by Commissioner Fish in 2015. Commissioner Fish invited a group of community stakeholders and City staff to examine the multi-family issue among other areas over a series of meetings in January and February 2015. The eventual report highlighted the long-standing significant obstacles, including those described above.<sup>15</sup>

Focusing on the bureau's legal obligations, initial ideas centered around providing direct assistance to the customer in the form of a check or money order. The customer would apply through a contracted community organization in the same way as current customers with accounts. The bureau would then calculate the previous quarter's consumption in the customer's building, divide it by the number of occupied units, and cut a check for the difference between the average usage in that property and the 50 percent discount. The benefit of this approach would have been compliance with EPA and City Charter requirements.

However, to fully implement this approach, the impact to the bureau would be overwhelming for both the bureau and our community partners. The quarterly verification, and the issuing of checks/money orders would require a significant amount of funding for overhead and administration. While legally permissible, ultimately, this idea was rejected due to two other core considerations: reasonable cost and organizational burden.

#### *Indirect Assistance*

So, to meet EPA, City Charter and cost thresholds, the bureau explored contracting with an organization to deliver assistance directly to the customer. Ultimately, this is the model that the bureau proposed to City Council and is currently pursuing.

---

<sup>15</sup> 2015 Low-Income Discount Report – Expanding City Utility Discounts in Portland

### *Utility Payment Via Rent – Rationale*

At each stage of developing this proposal, Deputy City Attorney, Karen Moynahan, was consulted, and approved the rationale, the calculations and delivery mechanism.

Landlords of multi-family properties are predominantly the account holders<sup>16</sup> for water, sewer and stormwater payments, encompassing all residential units in that property. If no mechanism exists to directly bill tenants for their consumption, landlords pass these costs on to renters through rent charges. The only other alternative for landlords is to contract with a third-party billing company to collect utility payments on behalf of the landlord.

Therefore, if the bureau can identify an appropriate estimate for utility costs in a multi-family unit, the bureau can provide utility assistance to the renter/customer in the form of rent, or to a third-party billing company.

### *Assistance Amount - Rationale*

The bureau's existing formula for calculating the discount to single-family homes was used as a template to estimate the appropriate amount of assistance for multi-family customers.

The bureau's existing discount is based on the monthly median water/sewer consumption in single-family homes: 5ccf. The bureau then applies an approximate 50 percent discount to the entire bill (including stormwater, Superfund and the base charge), ultimately providing about \$590 in assistance for low-income customers annually.

Multi-family assistance is calculated in a similar way. First, divide total consumption in multifamily properties by the number of occupied multi-family units in Portland to yield an estimated average consumption (average instead of median because individual unit consumption data does not exist, and therefore it is impossible identify the “middle” unit). Second, applying an 85 percent discount to this average yields an annual assistance amount of about \$500. The tables below demonstrate how we arrived at \$500.

---

<sup>16</sup> Property management companies can hold a utility account on behalf of the landlord

RESMF Total Annual Consumption based on Cayenta Data and Rate Calculations				
Fiscal Year	Consumption (CCF)	Average Consumption per Unit (94,804)	Combined Sewer and Water Rate (volumetric only)	Average Annual Cost of Consumption per Unit (94,804)
FY14-15	4,360,749	46.00	\$12.87	\$592.08
FY15-16	4,434,356	46.77	\$13.44	\$628.64
FY16-17	4,211,362	44.42	\$14.04	\$623.50
FY17-18			\$14.69	\$0.00

Assistance Formula - Applying CHAS Data	2014-2015
Total Number of Occupied Multi-Family Units	94,804
Average One Year Consumption per MF Unit	46.00
Average One Year Cost per MF Unit	\$592.08
90% rebate	\$532.87
85% rebate	\$503.27
80% rebate	\$473.66

### Caveats

There are a couple of important notes to highlight regarding the above data. Unlike the bureau's existing discount, this formula does not include the base charge, stormwater or the Portland Harbor Superfund charge. The rationale behind this exclusion was to ensure a conservative approach to all calculations in order to absolutely guarantee that the value of assistance would remain well below actual likely cost. Thus, the assistance amount is tied only to consumption. Likewise, we took the same conservative approach to data sources.

It was important to only use the most relevant data in calculating the assistance value. To determine the number of occupied multi-family units, the most relevant and reliable data source was the Comprehensive Housing Affordability Strategy (CHAS). CHAS is described by the U.S. Department of Housing and Urban Development as follows:

"Each year, the U.S. Department of Housing and Urban Development (HUD) receives custom tabulations of American Community Survey (ACS) data from the U.S. Census Bureau. These data, known as the "CHAS" data (Comprehensive Housing Affordability Strategy), demonstrate the extent of housing problems and housing needs, particularly for low income households. The CHAS data are used by local governments to plan how to spend HUD funds, and may also be used by HUD to distribute grant funds."

The CHAS data released by HUD annually uses a 4-year period. For example, in 2016 HUD released the data for 2009-2013. In 2017, HUD released data for 2010-2014, and in 2018, HUD will release data for 2011-2015.

When we first began approximating the assistance amount, we applied the CHAS data to current consumption and rates (FY17-18). While this approach would be wholly appropriate from a data perspective, we again took a conservative approach and used FY14-15 consumption and rate data to more closely match the two data sources.

The result is an estimated average of water/sewer consumption and cost in a Portland multi-family unit: \$592.08. With an 85 percent discount, this yields \$503.27. To provide simplicity for the case managers who will be processing the assistance, we further rounded down the value to \$500.

Two main considerations determined the level of assistance at 85%/\$500. One: single-family customers are currently eligible for up to a total of roughly \$730 annually (50 percent discount plus \$150 crisis voucher). If these current proposals are approved by City Council, those same customers will be eligible for up roughly \$1,100. This is a clear equity issue.

#### *Assistance Delivery Mechanism – Home Forward's Short-Term Rent Assistance*

The Water Bureau is proposing to provide utility assistance in the form of rent by contracting with an organization that has demonstrated expertise and administrative infrastructure to process the assistance.

Home Forward is a publicly-chartered body. The bulk of its services include affordable housing development and distributing Section 8 tenant vouchers. In addition to these services, Home Forward manages the Short-Term Rent Assistance Program (STRA) for the Multnomah County area. STRA functions as a local hub for multiple sources of funding (federal, state, city and county), intended to provide financial assistance to low-income tenants in Multnomah County. The funds are distributed by Home Forward to multiple community organizations that in turn screen applicants for a variety of rent assistance services. These services include emergency hotel vouchers, rent payment,

help with eviction prevention, and help with housing placement. Eviction prevention assistance is paid directly to the landlord in the form of rent.

The bureau plans to invest only in eviction prevention to serve those customers that are facing a crisis, i.e. the most in need of assistance. The goal is to ensure that Water and Sewer costs do not lead to a customer losing their home.

Each funding source requires the applicant to meet specific criteria to qualify for financial assistance. While criteria differ from source to source, the Water Bureau-BES funding will require applicants to meet significantly different criteria due to its unique Charter restrictions, and will only be applied to rent owed to the landlord. These criteria include living in the Water Bureau's service area, and requiring the tenant/customer to have lived in the property for more than a year, thus having already paid their utility costs before assistance is provided. (For more detail on qualifying criteria and reporting requirements, please see the Intergovernmental Agreement with Home Forward).

#### *Accountability*

Home Forward regularly audits its contracted organizations to ensure that funding is being distributed appropriately, and that applicants are meeting requirements to qualify for assistance. Typically, this process involves Home Forward staff undertaking a site visit and selecting case files at random for review. If a case is deemed to have not met the required criteria, the amount of assistance provided is returned to the funding source. It should be noted that according to Home Forward such errors are rare. In addition to this standard review procedure, the Water Bureau is requiring further accountability mechanisms. These include Home Forward reviewing the first ten applications for utility assistance for each of the 19 community organizations, as well as submitting names and addresses for assistance recipients to the Water Bureau for further oversight.

#### *Administrative Costs*

The additional criteria and higher level of reporting will likely burden Home Forward and organizations with administrative costs. The effort to project these costs has been difficult for Home Forward since they will not be able to account for cost until the program is launched. However, the bureau is seeking \$40,000 in City general fund dollars to cover the estimated additional costs associated with overhead, administration or program delivery. Marc Jolin, Director of the Joint Office of Homeless Services, has committed his office to covering the cost of administering program funding in general. This is consistent with the existing governance structure where the Joint Office is responsible for securing funding to administer all of STRA's sources of assistance.

### *Single-Family Discount Compared with Proposed Multi-Family Assistance*

Describing this proposal to the layperson presents difficulty due to the complexity of both the bureau's restrictions and the proposal itself. However, it can be most simply described by the comparison to the existing discount below.<sup>17</sup>

#### **Existing Single-Family Discount**

Calculation: 50% of median consumption



Mechanism: Credited to account

#### **Proposed Multi-Family Assistance**

Calculation: 85% of average consumption



Mechanism: Credited to rent

### *Legal Analysis*

Chief Deputy City Attorney Karen Moynahan provided the following analysis in response to questions from the Portland Utility Board in January 2018:

"The program is consistent with the Judge's decision in the Anderson v. City of Portland lawsuit because the payments from the ratepayer fund will be used to occasionally relieve City water consumers from a portion of their water bill. Because the water funds will be used to help multifamily dwellers pay for their water (albeit indirectly), the use of ratepayer funds is authorized by the Portland City Charter.

In the ratepayer lawsuit, the Court ruled that, to be authorized by the Portland City Charter, the use of ratepayer funds must be reasonably related to the provision of water and sewer services. The Judge's ruling on SDC waivers is directly analogous to the proposed Multifamily Rent Assistance program. In 1999, to encourage the construction of affordable housing, Council agreed to waive the water SDCs that it would otherwise charge to developers who were connecting to the City's water system. Subsequently, Council decided to also waive SDCs for the construction of accessory dwelling units. In the Anderson litigation, Plaintiffs argued that the SDC waivers violated the City Charter restrictions on expenditures from the water fund because they were made with the goal of increasing affordable housing. Thus, Plaintiffs argued, the "expenditures" were not related to the provision of water services. The City's position was that the SDC waivers were not "expenditures," so the Charter limitations on Council's authority to spend ratepayer funds did not apply; and that even if SDC waivers were treated as expenditures, the waivers are reasonably related to the provision of water services.

---

<sup>17</sup> It is important to note that not all low-income multi-family renters will be eligible for the proposed assistance. Instead, the proposal targets the most vulnerable customers: those renters at risk of losing their homes.

The Court disagreed with Plaintiffs' contention, concluding that "[e]ven if the Charter limitations on expenditures from the water fund apply to the SDC waivers—an issue the court does not decide—the Council's decision to waive those fees is related to the city's water's services because the charges would otherwise be imposed to connect the structures to the water system." The court further concluded that the "fact that the decision to waive SDC charges for certain developments was designed to serve an additional public policy goal—encourage the construction of more affordable housing—does not make it unrelated to water services."

Applying the court's ruling on SDC waivers to the instant matter, the Water Bureau's proposal to provide water and sewer bill reimbursements to tenants in multi-family buildings is authorized under the City Charter. The Water Bureau is proposing to reimburse qualified tenants out of the water fund, which may or may not be considered an "expenditure" of ratepayer funds. Viewed conservatively as an expenditure for the purposes of this analysis, the reimbursed funds are related to the provision of water services because they are being disbursed to assist tenants in paying their water and sewer bills, which they pay indirectly through their rent. In fact, if these same qualified utility consumers resided in single-family dwelling, they would be entitled to water and sewer bill credit because they would receive a bill from the City under its bill relief program. Therefore, the proposed program passes the Anderson test because the use of ratepayer funds to assist tenants with their rent, in an amount that is calculated to relate to a certain average water use, is reasonably related to the provision of water services."

#### *Intergovernmental Agreement (IGA)*

Since Home Forward is publicly chartered, the bureau is using an IGA as the mechanism to contract with Home Forward. All obligations and responsibilities for the duration of the program are enumerated in the IGA, including client qualifying criteria and reporting obligations. The IGA was developed in collaboration with Home Forward staff, Ian Slingerland. At the time of writing, the IGA is scheduled to be presented to City Council on May 23, 2018.

City staff involved in the drafting of this document is as follows:

- Gabriel Solmer
- Kathy Koch
- Corbett White
- Annette Dabashinsky
- Corrina Rodriguez
- Karen Moynahan
- Liam Frost

### *Considerations for the Future*

At the end of the first year of the Home Forward partnership, the bureau will report on the new program's performance. This report will provide basic data on the number of households served, and demographic and geographic data. It will also detail issues that may have limited agencies' ability to distribute funding to customers. Any issues identified in the report should be accompanied by corresponding recommendations.

While there will likely be administrative adjustments and potential larger policy issues that may need to be amended, I would like to highlight the following areas for future review:

- Metrics – the goals of the existing Home Forward program are not new (preventing eviction), but the mechanism and qualifying criteria are new. Since the bureaus are providing funding for established goals, measuring the success of this new partnership in the first will largely be defined by whether the new mechanism works, i.e. can ratepayer money be effectively distributed in a way that does not overburden the existing service providers, Home Forward and the Water Bureau.
- BES Service Area - there are areas of Portland that receive BES services but not Water Bureau services, such as Rockwood (one of the poorest areas in the state). Since the Water Bureau service area does not cover all the BES service area, the current proposal only applies to customers that receive both Water and BES services.

The difficulty lies in applying the proposed assistance methodology to sewer consumption only. This then leads to major challenges in implementation on the community agency side. For example, the average annual cost of sewer and stormwater consumption in a Portland apartment is approximately \$422. This is below the proposed combined assistance of \$500. Calculating 85 percent of the typical sewer consumption returns an assistance amount of \$360; the client benefit does not warrant the cost of delivery. Implementation issues would arise when considering the additional administrative burden of processing an applicant for a limited return. Therefore, in the first year of the multi-family assistance, only tenants residing in buildings in the Water Bureau's service area will qualify.

*Recommendation:* BES has calculated that there are approximately 300 multi-family units in Rockwood. The incoming Low-Income Services Manager should work with Sherri Peterson at BES to explore an alternative for BES-only areas. This alternative would remove the eviction prevention requirement and provide all low-income BES service area multi-family customers a utility discount solely based on their income and location.

- *Basic Discount* – Home Forward and the Water Bureau do not expect to spend all of the funding (\$600,000) in the first year; this is a new model and there likely will be unforeseen issues that arise that will need to be resolved. A potential option to explore would be similar to the above alternative for BES-only service areas. The bureau in consultation with Home Forward could remove the risk-of-eviction requirement. Current CHAS data suggests that there are about 48,000 low-income multi-family units in Portland. If the bureau were to explore this option, I would recommend lowering the income threshold to below 30 percent of MFI to mitigate for a presumably significant large investment.
- *Portland Housing Bureau* – The Financial Assistance Services Manager will need to establish a close and on-going relationship with the Housing Bureau. Many of the reasons will be detailed later in the *Other Recommendations* section, but here the primary reason is to ensure that the Water Bureau is applying the most current housing data to the assistance formula. I strongly encourage that Elliot Lisac is involved in initial data conversations.
- *Administrative Costs* - in developing the proposal for this first year, it was necessary for the Water Bureau to negotiate and secure general fund dollars to cover the start-up administrative costs of launching the new program. In future budget years, it should be the responsibility of Home Forward and the Joint Office of Homelessness Services to lobby the City and County Councils to secure general fund to cover overhead costs and other administrative costs. This would be consistent in how Home Forward's other sources of funding are managed.

## **Other Recommendations**

In the course of one year, I explored a number of options for strengthening and expanding the bureau's existing financial assistance services. In addition to the proposed and final proposals there are other issues that require ongoing focus, and promising ideas that I was unable to pursue given the time constraints. They are as follows and are in no particular order:

### **Metrics**

As the incoming FAST Manager forms the new team, and begins to prioritize key data points and measures of success, I recommend the following two goals for the first year of implementation:

- Decreased number of shut-offs among currently-enrolled discount recipients – in FY15-16, there were an estimated 302 discount recipients in shutoff.
- Increased participation in the discount program – the bureau is budgeting for an increase of 1,400 over FY18-19.

### Portland Housing Bureau Partnership

In addition to needing current and accurate data as described above, there are various potential opportunities to explore with the Housing Bureau. Suzanne Zuniga at the Housing Bureau is prepared to discuss the following areas for potential partnerships:

- *Homeownership* – The Housing Bureau manages a homeownership program with community organizations like Habitat for Humanity and Proud Ground. Last year, I met with both executive directors (Steve Messinetti and Diane Linn<sup>18</sup>). Some of the housing projects they develop include condos, and both Steve and Diane would welcome an opportunity to explore a potential discount to income-qualified condo owners.<sup>19</sup> This is a complex issue and would need to be explored with both organizations and the Housing Bureau.
- *City subsidized multi-family housing* – Providing a discount to government-subsidized housing is extremely complicated. The main challenge is identifying how much of water and sewer costs are covered by rent, which is complicated by the *utility allowance* as partly prescribed by HUD. The Housing Bureau is currently reviewing the efficacy of applying the utility allowance to their affordable housing stock. The Water Bureau should work with the Housing Bureau in identifying potential avenues to assist low-income renters in City-sponsored units.
- *Renter Registration* - The Housing Bureau is getting ready to launch a tenant-landlord registration in the next year. There is potential for valuable data and outreach opportunities.<sup>20</sup> Until the Housing Bureau finalizes its plan, it is unclear what specific data it may collect. The Water Bureau should follow this closely and request regular updates to identify valuable opportunities for data sharing.

### Coordination with BES

Traditionally, communications with BES have been done on an ad hoc basis usually limited to funding decisions. With a renewed focus on their low-income programs, it would be useful for both bureaus to regularly consult and coordinate on ongoing programs and future policy changes. I worked mainly with Sherri Peterson on programmatic issues.

---

<sup>18</sup> Steve and Diane's contact information is on the final page of this report.

<sup>19</sup> Condo owners share one meter.

<sup>20</sup> It should be noted that many renters reside in single-family homes and have Water Bureau accounts.

### 60-80 percent of MFI

Since the inception of the bureau's financial assistance programs in 1994, the bureau's focus has been exclusively on customers in the 0-60 percent of MFI income range. As Portland's income profile continues to change and costs of living continue to rise, the bureau will be under pressure to include income ranges higher than 60 percent of MFI in its discount program. I recommend that the bureau analyze the impacts of such a change in anticipation of external recommendations.

### Oxford Houses

This is an idea that originally stemmed from a constituent email to Commissioner Fish's office. Oxford House is a private nationwide organization that provides homes for men that are recovering from substance abuse and addiction issues. Each home is rented by the individual tenants collectively. The rent is not subsidized and many Oxford Houses are single-family homes. The Water Bureau should explore the feasibility of automatically applying discounts to Oxford Houses and other similar programs.

### Data Gathering and Analysis

In addition to creating systems to analyze Water Bureau data, the bureau should also bring in existing data from other sources. For example, the Revenue Bureau has agreed to share a list of names and addresses that are income-based exempt from the Arts Tax. The bureau plans to cross-reference this data with its customer data and target those individuals with direct mailers or calls.

### Elliot Lisac

Elliot has been integral to the entire data portion of this project. I strongly recommend ongoing consultation with Elliot regarding any future changes to the five proposals. In particular, Elliot should be consulted on updating the formulas for multi-family assistance.

## **Stakeholder Contact Information**

### **Service Providers**

- Kimberly Black – Self Enhancement Inc.  
*Energy Assistance Program Supervisor*  
503-285-0493 x. 1108  
[kimberlyb@selfenhancement.org](mailto:kimberlyb@selfenhancement.org)
- David DiMatteo – Latino Network  
Family Stability Manager  
503-283-6881 Office  
[david@latnet.org](mailto:david@latnet.org)
- Jana Hak – North West Impact  
Director of Housing and Safety Net Services  
503-721-1765  
[jhak@impactnw.org](mailto:jhak@impactnw.org)
- Maria Monroy – El Programa Hispano Catolico  
Program Manager of Community Services  
503-489-6819  
[mmonroy@elprograma.org](mailto:mmonroy@elprograma.org)
- Linda Nguyen – Immigrant and Refugee Community Organization  
Asian Family Center  
Program Coordinator Energy Assistance Program  
503-235-9396  
[LindaN@irco.org](mailto:LindaN@irco.org)
- Irina Shkrabak – Native American Youth and Family Center  
Lead Energy Assistance Specialist  
503-288-8177, ext. 297  
[IrinaS@nayapdx.org](mailto:IrinaS@nayapdx.org)

### Older Adults and People with Disabilities

- Alan DeLaTorre – Age-Friendly Portland  
Coordinator - Senior Adult Learning Center  
503-725-5134  
[aland@pdx.edu](mailto:aland@pdx.edu)
- Barry Fox-Quamme – Independent Living Resource Center  
Executive Director  
503-422-5735  
[barry@ilr.org](mailto:barry@ilr.org)
- JoAnn Herrigel – Elders in Action  
Deputy Director  
503-595-7530  
[joann@eldersinaction.org](mailto:joann@eldersinaction.org)
- Sarah Milhouse – Multnomah County Aging and Disability Resource Connection  
CIS/Team Lead  
503-988-9368  
[sarah.milhouse@multco.us](mailto:sarah.milhouse@multco.us)
- Bandana Shrestha – AARP Oregon  
Director, Community Engagement  
503-513-7368  
[bshrestha@aarop.org](mailto:bshrestha@aarop.org)
- Bobby Weinstock – NW Pilot Project  
Housing Advocate  
503-478-6872  
[bobby@nwpilotproject.org](mailto:bobby@nwpilotproject.org)

### Other Stakeholders

- Marisa DiCristoforo – Portland General Electricity  
Special Attention Program Manager  
[Marisa.DeCristoforo@pgn.com](mailto:Marisa.DeCristoforo@pgn.com)

- Rose Bak – Multnomah County  
Youth and Family Services Division  
Division C-Director  
[rose-ellen.bak@multco.us](mailto:rose-ellen.bak@multco.us)
- Catherine Howells – Portland State University  
Adjunct Assistant Professor  
[chowellspdx@yahoo.com](mailto:chowellspdx@yahoo.com)
- Maisha Land-Wood – City of Atlanta  
Director-Care and Conserve Program  
404-546-3625  
[myland@atlantaga.gov](mailto:myland@atlantaga.gov)
- Charles Rynerson – Portland State University  
Population Research Center  
[ryneron@pdx.edu](mailto:ryneron@pdx.edu)
- Neisha Saxena – Multnomah County  
Youth and Family Services Division  
Senior Legal and Policy Analyst  
503-988-4777  
[neisha.saxena@multco.us](mailto:neisha.saxena@multco.us)
- Dianne Linn – Proud Ground  
Executive Director  
503-493-0293 (ex 16)  
[dianelinn@proudground.org](mailto:dianelinn@proudground.org)
- Steve Messinetti – Habitat for Humanity  
President and CEO  
503-287-9529 ext. 11  
[steve@habitatportlandmetro.org](mailto:steve@habitatportlandmetro.org)
- Sarah Adams – CASH Oregon  
Executive Director  
503-243-7765  
[sarah@cashoregon.org](mailto:sarah@cashoregon.org)