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Portland Residents Benefit from Water Sewer Rate Reform 5/00 -

City Commissioners Erik Sten and Dan Saltzman will introduce a reformed sewer and water rate structure for fiscal year 2000-2001 before City Council on May 24th. The Commissioners' rate reform efforts will create significant savings for residential customers and many small businesses in the City.

"With the new rate structure, customers have more control over their costs," said City Commissioner Erik Sten. "It's a pretty simple theory: If you use less water, you'll pay less." A customer using 50 gallons of water a day will see their total annual water, sewer, and stormwater bill cut from \$332 per year to \$284. That's a reduction of 14.4%.

"We are very pleased to hold the line on significant rate increases this year. We heard from our customers and responded to their needs," said City Commissioner Dan Saltzman. "Environmental Services and the Water Bureau did a fine job producing budgets that are fiscally responsible, meet the needs of the ratepayers and support resource conservation efforts."

Water and sewer service fees will be reduced by 70 percent. Reform efforts have focused on tying customers' bills more directly to the actual services that customers receive. In an effort to help customers cut costs and save water, the Water Bureau is also increasing its efforts to work with customers so that they can use water more efficiently.

Service charges are the basic minimum charge that all customers pay. Under the new rate structure, water service charges for residents will fall from roughly \$6.25 a month to about \$1.75. Sewer service charges will drop from \$4.18 to \$1.99. This means big benefits for seniors and other customer living on fixed incomes. As a group, seniors generally use very little water.

The changes that benefit low water users mean high water users pay more. This will mean some significant increases for customers who use over 50,000 gallons of water a day. Some large industrial customers protested that the rate reform would unfairly shift costs from residents to big businesses. The Water Bureau already has a program in place that works with its biggest customers to help them find ways of conserving water. Some large industries have seen their water use decline by over 50% as a result. The average single family water bill will fall by 10%. For sewer and stormwater services, the average resident will see their monthly bills increase by 3.3% if their water use stays the same. This increase is substantially lower than the 9.4% increase customers saw in 1999-2000.

Sewer and stormwater rates have risen substantially in recent years as the City works to stop raw sewage overflows into the Willamette River and Columbia Slough. This ambitious and much-needed program is on schedule to be completed by 2011. Portland's Clean River Plan is estimated to cost \$1 billion, and because there is no state or federal

aid for this work, city rate payers are bearing the entire cost. Because of the big price tag of the cleaning up the river, the City Council has cut over \$150 million from the water and sewer budgets in the last three years. Activities like preventative maintenance of the water and sewer system have not been fully funded as a result of cost-cutting measures.

If approved by Council, the new water and sewer rates will go into effect July 1, 2000. While the majority of residential customers are on a quarterly billing system, monthly billing is available at no additional charge.

The rate reform work does not stop here. The costs of cleaning up the Willamette River will continue to put pressure on rates. Currently, even those customers who manage their own stormwater receive no credit on their bill. Given rising costs, many customers have protested that the current system is unfair. In response, Commissioners Sten and Saltzman have worked with residents, businesses, neighborhood associations and environmentalists to develop a Clean River Incentives Program for customers who take steps to manage the rain that falls on their properties. While costs will continue to rise as the City fulfills its environmental responsibilities, every step is being taken to ensure that customers who do the right thing are not unfairly penalized.

The Bureau will return to City Council for approval of the Clean Rivers Incentive Program by September, and will begin accepting applications after October 1, 2000. The financial impacts of the program will not appear on ratepayer bills until after January 1, 2001.