

AGENDA

CITIZENS UTILITY ADVISORY BOARD

Wednesday, September 1, 2010
6:00 p.m.

JOHNSON CREEK FACILITY CONFERENCE ROOM
6101 SE JOHNSON CREEK BLVD.

- | | | |
|-------|---|--------------|
| I. | CALL TO ORDER | CUAB Chair |
| II. | INTRODUCTIONS | CUAB Chair |
| III. | CONSENT AGENDA | CUAB Board |
| | A. Approve minutes from June 9, 2010 | |
| IV. | REPORTS | |
| | A. Wastewater Master Plan Adoption
(information only) | Gary Parkin |
| | B. Update Municipal Code to allow for
monthly billing (and related issues)
(Board action: recommendation on
moving forward with monthly billing) | Andrew Parks |
| | C. Billing equity, use of same rate schedule
for entire City, regardless of location.
(information only) | Andrew Parks |
| V. | MATTERS FROM THE BOARD | CUAB Members |
| VI. | OTHER | |
| VII. | INFORMATION SHARING | ALL |
| VIII. | FUTURE MEETING DATE/AGENDA ITEMS | ALL |
| | Discuss the need for a second September meeting | |
| | Wednesday, October 6, 2010 / Discuss field trip plans | |
| IX. | ADJOURN | |

CUAB MEETING MINUTES
Wednesday, June 9, 2010
Johnson Creek Facility Conference Room
6101 SE Johnson Creek Blvd.

Members Present

Bob Hatz, Vice Chair
Beth Kelland
Mike Scolar

Members Absent

Charles Bird, Chair (present via phone/video feed)

Staff Present

Gary Parkin, Engineering Director
Andy Parks, Interim Finance Director

Guests

None

I. CALL TO ORDER

Vice Chair Hatz called the meeting to order at 6:10 p.m.

II. INTRODUCTIONS— Pat and Andy introduced.

III. CONSENT AGENDA

Minutes from the March 3, 2010 meeting were presented, and adopted without change.

IV. REPORTS

A. Andy Parks reviewed the City/CCSD#1 Settlement Agreement terms and provided information on the impact of the pending settlement with a rate for treatment of \$20/EDU in 2010, \$23 in 2011 and \$26 in 2012. Additional rate increases of about 12% in 2011 and 27% in 2012 would be needed to fully recover costs. The information is preliminary, and EDU's need to be determined (an EDU audit is planned for 2011 for use in 2012).

Andy presented a table showing current revenue and expenditure requirements, showing the revenue with surcharge and planned rate increase, and the expenditures for collection and treatment.

Andy Parks reviewed billing alternatives, including monthly billing, credit and automatic withdrawal. Andy talked about providing an incentive (like 2% reduction) for those using auto pay since it was less costly for the City. The CUAB agreed that this would be a good thing to pursue.

V. MATTERS FROM THE BOARD.

VI. OTHER

VII. INFORMATION SHARING

VIII. FUTURE MEETING DATE/AGENDA ITEMS

Next meeting: Wednesday, July 7, 2010. Discuss field trip plans

IX. ADJOURN

The meeting adjourned at 8:10 p.m.

Bob Hatz, Vice Chair

Gary Parkin, Scribe

Memo:

To: Citizens' Utility Advisory Board
From: Andy Parks, Interim Finance Director
Date: August 25, 2010
Re: Monthly utility billing and other related policy issues

As we have discussed previously we plan to implement monthly utility billing this fiscal year. I have initiated a process to prepare for the transition and implementation and have identified several policy, procedure and code issues that will likely require modification.

The current proposed schedule is as follows:

Item	Due Date	Parties Involved
Review best practices	September 30, 2010	Finance and public works staff, software vendor
Develop draft policy and procedures, amendments to City code	October 31, 2010	Finance and public works staff
Present draft policies and procedures and code changes to CUAB	October 6, 2010	Finance and public works staff and CUAB
Present recommended policies and procedures and changes to City Council	October 19, 2010	Finance and public works staff and City Council
Implementation	November 2010	Finance
Other items		
Outsourcing bill printing	September 2010	Finance
Online bill payment	September 2010	Finance, RIM, IST

We appreciate your feedback to the proposed schedule and level of involvement the CUAB is interested in.

Memo:

To: Citizens' Utility Advisory Board

From: Andy Parks, Interim Finance Director

Date: August 25, 2010

Re: Billing Equity

The City currently bills and collects for services provided by other public utilities, e.g., Portland sewer treatment and WES sewer treatment. Billing for these services varies. The City incorporates the cost of WES into its overall sewer billing schedule. However, customers connected to Portland's system are billed at rates charged by the City of Portland. This policy decision creates billing inequities that may be perceived if not actual.

Per internal discussion and review of the financial impact of this policy several issues are worth consideration:

1. The City has a requirement to provide various utility services within its boundary.
2. The decision to not extend sewer collection lines or pumping infrastructure to collect and treat waste through the City's collection system (treatment provided by WES) that serves the vast majority of Milwaukie's residents and businesses was made in large part to save dollars that otherwise would have been expended to serve a limited number of properties. Therefore, an economic benefit to all Milwaukie residents and businesses was realized.
3. The number of residential properties and businesses that are connected to other systems is limited. With the exception of a single major customer, the financial impact to charge customers connected to other systems the same rates as all other Milwaukie customers is less than \$5,000 annually.
4. The administrative costs to bill and collect for various rate structures, depending on location issues, for the same service adds complexity and opportunities for errors.
5. The intergovernmental agreements with the City of Portland and others should be reviewed and updated. Some of the current agreements do not provide "wholesale" pricing and or compensation for billing and collection services provided by the City of Milwaukie.
6. The City is presently moving forward with an annexation effort in the northeast. Some of the properties in this area will be served by City of Portland sewer, and billed by the City of Milwaukie. To reduce confusion, create sense of community and insure equity charging all customers that annex to the City the same rates is desirable.
7. We reviewed property tax records and noted that the industrial property that is the major customer does not generate sufficient property taxes to create an offset for the reduced billing if it were implemented.

Recommendation:

Staff recommends equalizing rates for services billed and collected by the City of Milwaukie, with the exception of customers whose consumption is more than 500 CCF during a billing cycle. Additionally, when the City is able to secure cost savings from the City of Portland, those savings should be passed on to the industrial customer(s) that are excluded from the rate equalization.

Please see attached schedule of accounts connected to the City of Portland's system reflecting current charges and charges if billed Milwaukie rates.

PDX Sewer Accounts

ACCOUNT #	Consumption/Winter Average June or July 2010 bill	PDX Sewer bill June or July 2010	Hypothetical COM Sewer bill June or July 2010	Amount LESS collected by charging COM Sewer Rates rather than PDX
16-3030-00	7922	\$ 61,577.71	\$ 39,471.63	\$ 22,106.08
16-3080-00	23	\$ 178.78	\$ 134.61	\$ 44.17
16-3120-00	15	\$ 116.60	\$ 94.77	\$ 21.83
16-3140-00	3	\$ 23.32	\$ 35.01	\$ (11.69)
16-3160-00	18	\$ 139.91	\$ 109.71	\$ 30.20
16-3174-00	117	\$ 909.44	\$ 602.73	\$ 306.71
16-3175-00	8	\$ 62.18	\$ 59.91	\$ 2.27
30-1280-00	2	\$ 15.55	\$ 30.03	\$ (14.48)
30-1290-01	7	\$ 54.41	\$ 54.93	\$ (0.52)
30-1550-01	4	\$ 31.09	\$ 39.99	\$ (8.90)
30-1560-01	16	\$ 124.37	\$ 99.75	\$ 24.62
30-1600-01	12	\$ 93.28	\$ 79.83	\$ 13.45
50-1100-01	15	\$ 116.60	\$ 94.77	\$ 21.83
30-1590-00	6	\$ 46.64	\$ 43.11	\$ 3.53
40-1120-00	12	\$ 93.28	\$ 66.15	\$ 27.13
40-1130-00	15	\$ 116.60	\$ 77.67	\$ 38.93
40-1135-00	12	\$ 93.28	\$ 66.15	\$ 27.13
40-1140-00	10	\$ 77.73	\$ 58.47	\$ 19.26
40-1310-03	10	\$ 77.73	\$ 58.47	\$ 19.26
19 Accounts				
Color Code			Commercial Total in 1 billing cycle	\$ 22,535.57
RESIDENTIAL			Residential Total in 1 billing cycle	\$ 135.23
COMMERCIAL				
			Commercial Total in 1 year	\$ 135,213.42
			Residential Total in 1 year	\$ 811.35