

WORK SESSION

AGENDA

WORK SESSION MILWAUKIE CITY COUNCIL OCTOBER 5, 2010

MILWAUKIE CITY HALL

Second Floor Conference Room
10722 SE Main Street

A light dinner will be served

WORK SESSION – 6:00 p.m.

Discussion Items:

	<u>Time</u>	<u>Topic</u>	<u>Presenter</u>	<u>Page #</u>
1.	6:00 p.m.	Utility Billing Audit and Rate Equity Updates	Andy Parks	1
2.	6:45 p.m.	Adjourn		

Information

Executive Session: All discussions are confidential and those present may disclose nothing from the Session. Representatives of the news media are allowed to attend Executive Sessions as provided by ORS 192.660(3) but must not disclose any information discussed. No Executive Session may be held for the purpose of taking any final action or making any final decision. Executive Sessions are closed to the public.

Public Notice

- The Council may vote in work session on non-legislative issues.
- The time listed for each discussion item is approximate. The actual time at which each item is considered may change due to the length of time devoted to the one previous to it.
- The Council requests that all pagers and cell phones be either set on silent mode or turned off during the meeting.
- The City of Milwaukie is committed to providing equal access to information and public meetings per the Americans with Disabilities (ADA). If you need special accommodations, please call 503.786.7502 or email ocr@ci.milwaukie.or.us at least 48 hours prior to the meeting.



Memo:

To: City Council

From: Andy Parks, Interim Finance Director

Date: September 10, 2010

Re: Billing Equity - Wastewater

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 made several years ago creates billing inequities for Milwaukie residents and businesses 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 by this decision.
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 based upon 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. However, due to economic impacts, we recommend at this time limiting rate equity to the first 500 CCF consumption during a billing cycle (two months), i.e., consumption above 500 CCF during a billing cycle would continue at the existing rates. The economic impact of this decision is approximately a loss of revenue of \$11,000 annually. Full rate equity would cost the City approximately \$135,000 annually. 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.

Concurrence:

The Citizen's Utility Advisory Board passed a motion at their September 1, 2010 meeting 3-0-1 (three in favor and one abstention) in support of the recommendation noted above. The CUAB indicated their desire to see rate equity throughout the City's rate structure however they did understand the negative economic implications of such an action.

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

cc: Citizens' Utility Advisory Board

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	Difference collected by charging COM Sewer Rates rather than PDX
16-3030-00	7922	\$ 61,577.71	\$ 60,181.21	\$ 1,396.50
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				
RESIDENTIAL			Commercial Total in 1 billing cycle	\$ 1,825.99
COMMERCIAL			Residential Total in 1 billing cycle	\$ 135.23
			Commercial Total in 1 year	\$ 10,955.96
			Residential Total in 1 year	\$ 811.35