

# Tualatin Valley Water District



Delivering the Best Water Service Value

## Water Rate Advisory Committee Meeting # 2; September 14, 2016; 6:00 p.m.

### Attendees -

#### *Rate Advisory Committee*

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|---|---|
| <input type="checkbox"/> Al Schmitt                 | <input type="checkbox"/> Kim Schoenfelder                             |
| <input type="checkbox"/> Amy Way                    | <input checked="" type="checkbox"/> Laura Mitchell                    |
| <input checked="" type="checkbox"/> Chrissy Erguiza | <input checked="" type="checkbox"/> Mark Poling                       |
| <input checked="" type="checkbox"/> Craig Hopkins   | <input checked="" type="checkbox"/> Pam Treece                        |
| <input checked="" type="checkbox"/> Gary Burns      | <input checked="" type="checkbox"/> Randy Mifflin                     |
| <input checked="" type="checkbox"/> Jessica Stanton | <input checked="" type="checkbox"/> Sandy Galaway                     |
| <input checked="" type="checkbox"/> Jordan Luevano  | <input checked="" type="checkbox"/> Wendy Polanco (for Jessica Adams) |
| <input checked="" type="checkbox"/> Keith Hobson    |   |

#### *TVWD Board of Commissioners*

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|---|---|
| <input checked="" type="checkbox"/> Richard Burke | <input checked="" type="checkbox"/> Jim Doane, P.E. |
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#### *TVWD Staff*

- |  |   |  |
|--|---|--|
| <input checked="" type="checkbox"/> Mark Knudson, P.E. | <input checked="" type="checkbox"/> Paul Matthews | <input checked="" type="checkbox"/> Joe Healy  |
| <input checked="" type="checkbox"/> Alex Cousins       | <input checked="" type="checkbox"/> Tod Burton    | <input checked="" type="checkbox"/> Frank Reed |

#### *HDR Engineering*

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|---|---|---|
| <input checked="" type="checkbox"/> Tom Gould | <input checked="" type="checkbox"/> Shawn Koorn | <input checked="" type="checkbox"/> Doug Zenn |
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### ■ Welcome

Doug Zenn opened meeting #2 of the Tualatin Valley Water District (TVWD) Rate Advisory Committee (RAC). Mr. Zenn welcomed the group, introduced new attendees, facilitated introductions, and provided an overview of the agenda. RAC members were provided a light supper prior to the start of the meeting.

### ■ Partnerships

In response to a request by the RAC at its first RAC meeting, Mark Knudson presented information on the types of partnerships TVWD maintains. Mr. Knudson's presentation included specific examples of TVWD partnering with other agencies and the operating and capital cost savings realized from those relationships.

### ■ Sharing of Future Costs

Paul Matthews responded to the question from RAC Meeting No. 1: How will future rate adjustments be shared between the residential and commercial/industrial customers? Specifically, Mr. Matthews presented information on how the District's costs are allocated to customers and the basis for the development of the District's water rates. He noted that the rate

design component of the process is a specific area that the RAC will discuss and provide recommendations. Mr. Matthews provided a review of the District's rate schedules and discussed the basis for, and purpose of, the fixed and volume charges. Mr. Matthews also discussed the basis for system development charges (SDCs) and how the District uses SDCs to offset the costs of meeting the demands of future growth.

RAC question:

- What is the current residential SDC? Answer – \$6,687 for a 5/8 x 3/4-inch meter.

### ■ **Affordability Discussion – Part 1**

Tom Gould presented the first part of the affordability discussion. The purpose of the evening's affordability presentation was to gain direction from the RAC on the areas that should be explored further in the next meeting. Utilities use a variety of methods to address affordability, but currently there is no industry standard approach.

#### **The evening's presentation and discussion followed are 4 steps:**

- 1. Gain a "Big Picture" perspective** – Understand affordability from a national perspective; defining affordability; identify root causes of affordability problems and the way in which addressing these problems may provide benefits.

RAC questions included:

- Are affordability programs related only to water utilities? Answer – No, these are programs that can apply to other utilities (water, electric, wastewater, etc.)
- Is there a "round up" approach where customers can round up their payments beyond what they owe to assist customers with limited economic means? Answer – Yes, but that is on the funding side of the program, not the approach to meet affordability impacts. The District's existing Customer Emergency Assistance Program is funded in part by customer donations like "round ups".
- Are you asking the RAC if an affordability issue exists, and if yes, what should be the program to address it? Answer – Yes, that is what the District is asking of the RAC. What can the District do to help customers in need?

- 2. Identify TVWD-specific data** – How may addressing affordability impact the District and its customers? As data to examine, include projected average customer bills and average income levels within TVWD's service area.

RAC questions included:

- Typical monthly bill projections (Slide 20 of "Issue 1 – Review of the Issue of Affordability")  
– Are we only talking about water? Answer – Yes, these amounts represent the projected

water bills only.

- Shouldn't we include the total TVWD bill? Answer – The sanitary sewer and stormwater management bills are managed by Clean Water Services. Because TVWD only affects the water portion of the bill, we are focusing only on water at this time.

It is important to understand that a community-wide measure may miss the details on affordability issues. Across any community, there may be some affordability issues.

RAC question:

- What is the percentage of water bills that are included in monthly rents? Answer – This is a difficult question to answer. The District does not have this type of information. Addressing affordability issues for those people that don't pay water bills is an industry-wide issue.

**Question for the RAC:** Are there customers within TVWD's service area with affordability issues/concerns?

**Answer:** The consensus of the group was that affordability issues exist within the District's service area.

RAC question:

- How would a customer know what affordability programs are available? Answer – Utilities are getting better at how they advertise current programs. If TVWD implements a new or revised program, it will need to be communicated.

**3. Review and discuss affordability programs** – Basically, there are 5 programs available to address affordability:

- a. Bill discounts – Reduction in bill, usually long-term; applied to rate structure.
- b. Flexible terms – Examples include arrearage forgiveness, bill timing adjustment, moving from bi-monthly to monthly billing, etc.
- c. Temporary assistance – Assistance provided on a short-term or one-time basis.
- d. Water efficiency – Utilities subsidize water efficiency measures (conservation).
- e. Lifeline rates – A subsidized rate for a fixed amount of water (essential needs).

Administration of affordability programs should also be considered as part of the evaluation. A comparison of the various programs was provided for both local and other national utilities.

RAC question:

- Does cost-of-service analysis address affordability? Answer – No, cost-of-service analysis does not consider affordability.

**4. RAC feedback** – Should TVWD augment its existing customer assistance program and rates to better address the issue of affordability? Discussion ensued among the RAC members.

The group reiterated that affordability is, or will be, an issue for TVWD’s customers.

RAC questions included:

- What will happen if there are future affordability issues and this group’s recommendation is not enacted? Answer – Through elections, the Board could change in response to customers’ concerns. An overall level of distrust of the District would also be a concern.
- What level of outreach should the District do to inform customers on the District’s direction? Answer – We are doing outreach and try to get as much information out there that we can through a variety of avenues.

**Question for the RAC:** Should TVWD continue its current program, or make adjustments?

**Discussion:** Yes, the District should be ahead of the curve in addressing affordability issues. Regardless of what happens with rates, what is the best and most effective way to deal with affordability impacts? Who are the customers that have affordability issues?

RAC question:

- What level of outreach is there now? Answer – This question requires more information. At the next RAC meeting, Alex Cousins will discuss the District’s strategic communication plan.

**Question for the RAC:** What programs should the District consider?

**Answer:** At this point, all of the programs should be considered. However, lifeline rates may not target the customers with the most need.

## ■ Closing

In closing, Mr. Gould quickly reviewed where the committee is in the process. The next steps include answering the following questions:

- What does a low-income rate/discount look like?
- What do the other programs look like?

Again, comments were taken from each participant. The RAC appreciates the transparency and information provided. The pace of the meetings is good given the amount of information conveyed. RAC members appreciate the engagement and conversation within the group.

Meeting adjourned.