



# City of Hillsboro

## Utilities Commission Monthly Meeting

**August 13, 2024**

**1:30 pm**

**Hybrid Meeting: In-Person/Zoom**

# City of Hillsboro Utilities Commission

- Made up of **three City residents**
- Established by the **City of Hillsboro Charter**
- Authority over the **operation of the City water system**
- Responsible for **setting drinking water rates and system development charges**
- **Rates/fees for sewer, surface water, and transportation are not set by the Utilities Commission**
- **Monthly hybrid meetings open to the public (in-person/Zoom)**



David Judah  
**Chair**



Deborah Raber



John Godsey

# 1. Consent Agenda

- 1.1 Utilities Commission Regular Meeting Minutes June 11, 2024.
  
- 1.2 Consider ratification of an Intergovernmental Agreement regarding Hazard Mitigation Grant Program between City of Hillsboro and the Joint Water Commission.

## 2. Public Comment

Speakers today need to have signed up with the Water Department staff in advance, or on the sheet in the back of the room.

We will call each speaker by name when it is their turn to address the Commission. If you have written materials for the Commission, please provide all copies to the Commission Recorder who will distribute them to the Commission. Comments are limited to three minutes, and up to six minutes for translation needs.

A City staff translator is available to assist with real-time Spanish translation at today's meeting.

Community members in need of any other language interpretation (including Sign-language) needs to reach out to Water staff 72 hours prior to a meeting to ensure interpretation is available.

# 3. Communication and Non-Agenda Items



## 3.1 Directives Report – presented by Tacy Steele

1. Total FY 2023-24 HUB Assistance helped 595 customers with foregone revenue of \$44,081 in water revenue and \$112,500 in total. The City Manager gave approval for revenue foregone to exceed the original cap of \$100,000.
2. July 2024 has surpassed July 2023 with 61 unique customers served, compared to 26. Water revenue foregone is at \$6650 for Water and \$15,145 total, compared to \$1928 and \$4912 in 2023.
3. A 2<sup>nd</sup> Annual Community Partner Appreciation Lunch and Engagement Session was held on July 24, with attendees from all three partners in attendance. Updates were provided by City Departments, Utility Assistance Billing Changes were presented, and next steps and communication tools were discussed in a group roundtable.

# Questions?

# 5. Discussion Items

- 5.1 Overview of 2025 and 2026 Proposed Rate Setting and Draft Rate Study – presented by Lee Lindsey

# Agenda

- Community Advisory Panel (CAP)
- Background
- Preliminary Rate Study Results
- Important Takeaways and Assumptions
- 2025 and 2026 Rate Proposal Timeline



## NOTICES & UPDATES

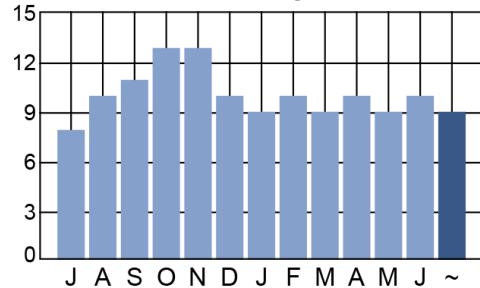
You have feedback – and we want to hear it! Share your input on the latest Hillsboro projects on our new engagement platform: [Engage.Hillsboro-Oregon.gov](https://engage.hillsboro-oregon.gov).

Free utility assistance funding - with no payback - is now available to qualifying Hillsboro customers with past-due water and wastewater costs on their city utility bill. Learn more at [Hillsboro-Oregon.gov/UtilityAssistance](https://hillsboro-oregon.gov/UtilityAssistance).

Curious about Hillsboro's exceptional drinking water quality? Learn more in the 2024 Water Quality Reports at [Hillsboro-Oregon.gov/WaterQualityReport](https://hillsboro-oregon.gov/WaterQualityReport).

Water Usage

1 CCF = 748 gallons



Meter ID 90203340  
 Previous Meter Read 1.472  
 Current Meter Read 1.481

## Utility Services Charge

### City of Hillsboro & Clean Water Services\*

Sanitary Sewer Service	
Fixed Charge	\$35.70
Average Use	\$14.20
Sanitary Sewer Local Service Fee	\$2.50
<b>Sanitary Sewer Charges Subtotal</b>	<b>\$52.40</b>

Surface Water Management Service	
Fixed Charge	\$11.09
Surface Water Management Local Service Fee	\$3.50
<b>Surface Water Management Subtotal</b>	<b>\$14.59</b>

### City of Hillsboro

<b>Transportation Utility Fee</b>	<b>\$9.11</b>
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Water Service	
Fixed Charge	\$21.94
Use (1 CCF = 748 gallons): 9 CCF	\$33.95
<b>Water Subtotal</b>	<b>\$55.89</b>

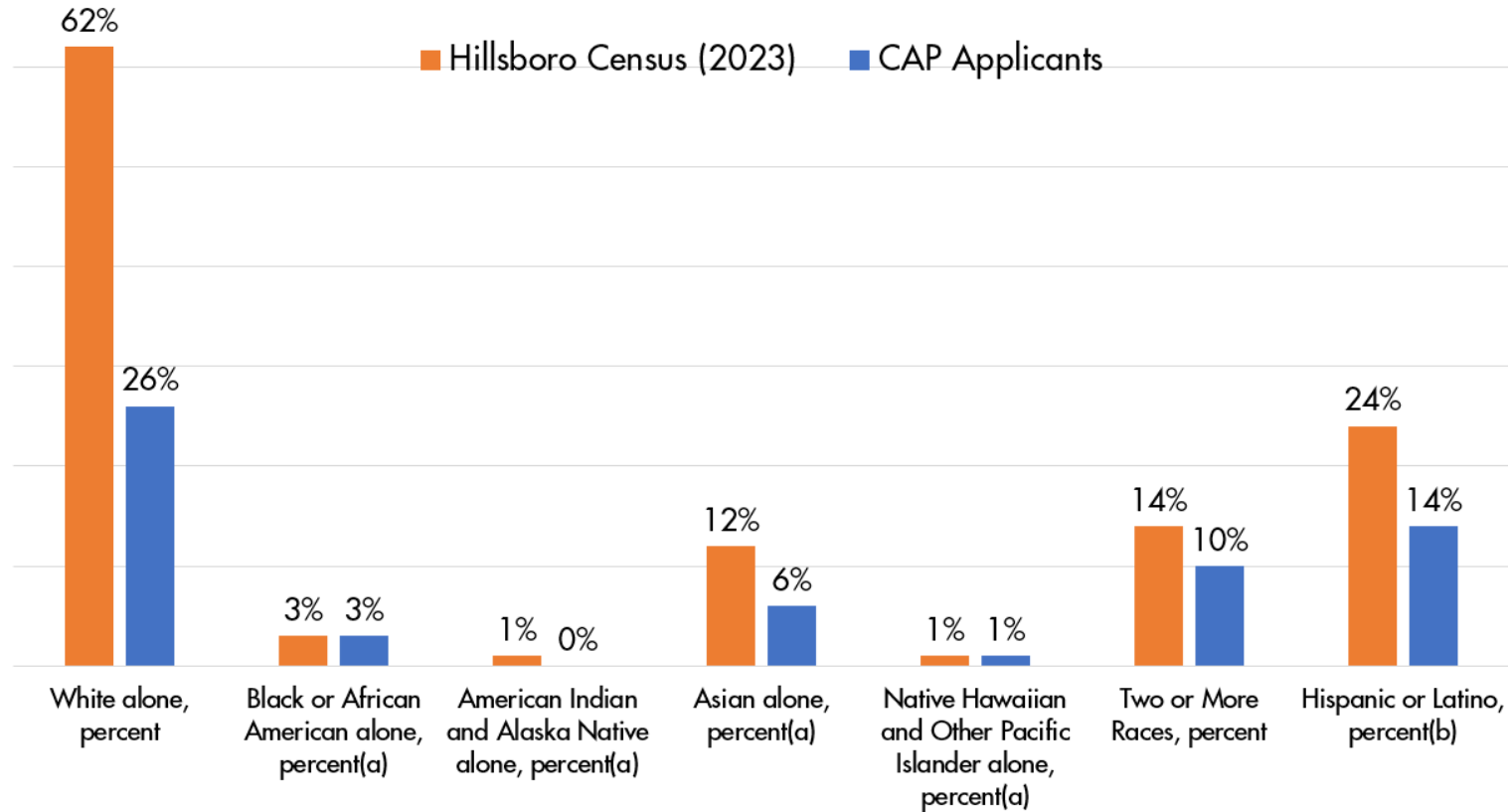
\*Clean Water Services is the regional provider of sewer and surface water management. The City partners with Clean Water Services to bill and provide those services within Hillsboro.

Total New Charges	\$131.99
Previous Balance	\$136.58
Adjustments	\$0.00
Less Payments Received	(\$136.58)
<b>Total Amount Due</b>	<b>\$131.99</b>

Statement due date applies to new charges only. Any previous unpaid balance is due and payable immediately to avoid shut off. If you are unable to pay the past due amount on your bill, the city wants to work with you. Please contact the Utility Billing Division at 503-681-6163.



# Community Advisory Panel (CAP)

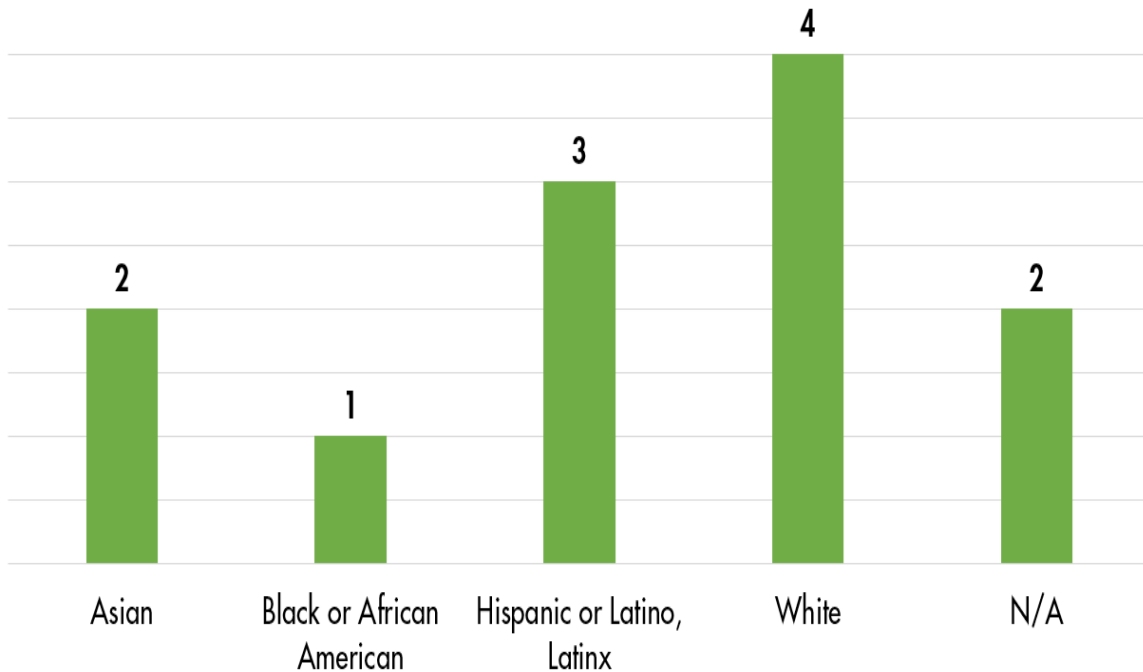


**Extensive outreach paid off with 58 eligible applicants.**

- **Water's most successful solicitation for public participation.**
- **We included an offer to help with transportation and babysitting costs if needed.**
- **We paid a cash stipend to ensure that applicants wouldn't have to choose between work or CAP participation.**



# Community Advisory Panel (CAP)



The 12 panelists included renters, homeowners, condo owners, single parent, and other factors.

We achieved our goal of a diverse group.

## Key Points for the CAP:

- ✓ Pilot in 2025 and 2026.
- ✓ 6.5% overall revenue adjustment.
- ✓ Incorporate incremental changes.
- ✓ Integrate into City's existing billing systems.

Status Quo defined as applying rate adjustment with no changes to rate design. CAP members reviewed data and asked for follow up data. Members drilled down into details before making their decisions.



## 2024 Water Community Advisory Panel

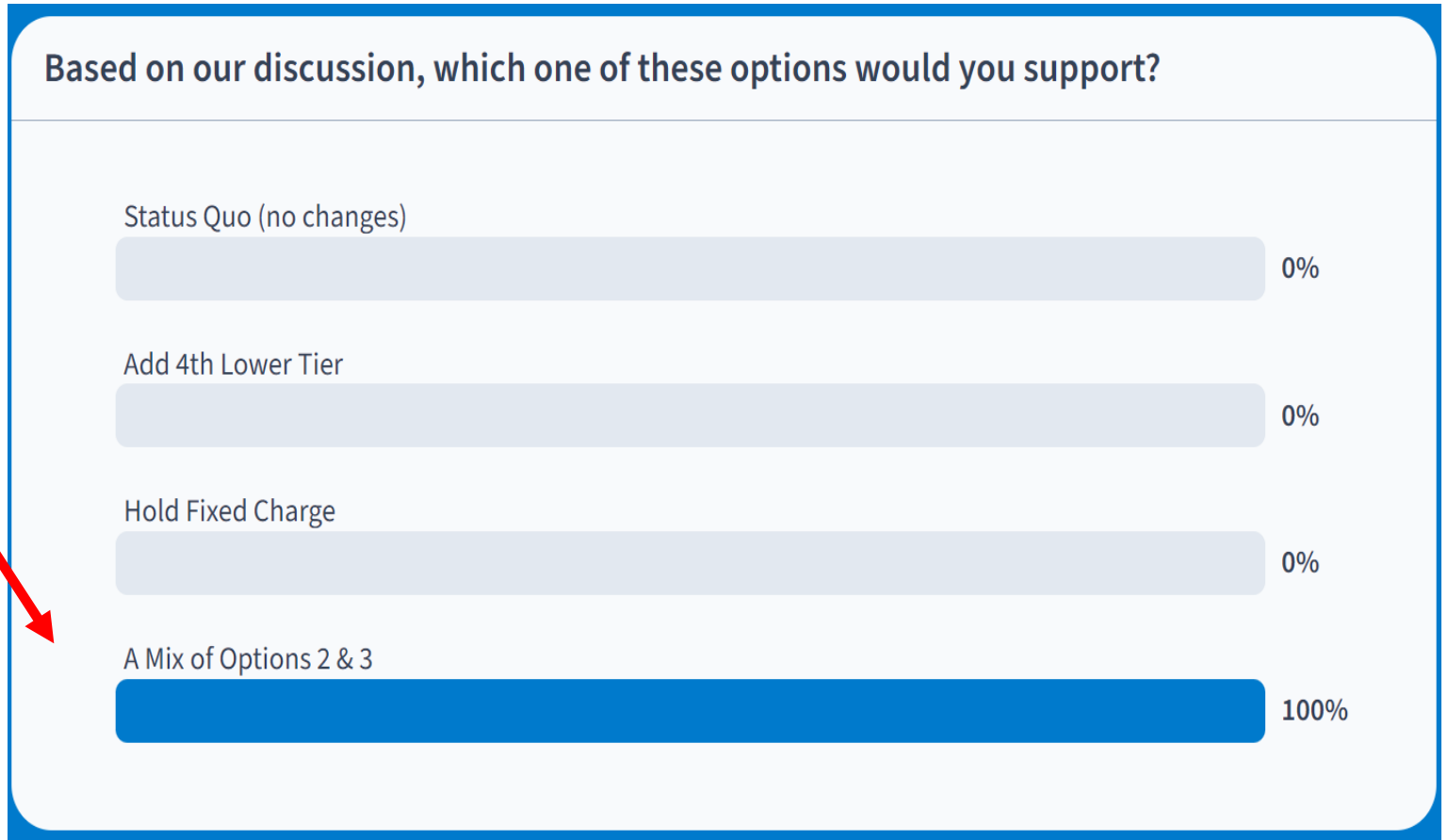
Met five times  
for about two  
to three hours  
per meeting.

# Community Advisory Panel (CAP) Recommendations

**We used a real-time phone survey for CAP to vote on options.**

## Single Family:

- Add a fourth rate tier.
- Holding base charge flat.
- Helps low volume customers like retirees, but all customers will get low rate.



# CAP Recommendations

City of Hillsboro Monthly Rates 2025 Proposal					
C-1A, C-1B, C-1C Single Family Residential		Class Code 1 Monthly Volume Charge Per Residential unit			
Meter Size	Base Rate	Block 1 0 - 4 ccf	Block 2 5 - 8 ccf	Block 3 9 - 18 ccf	Block 4 19+ ccf
5/8"x3/4"	<b>\$21.94</b>	\$3.63	\$4.18	\$6.36	\$8.72

- *Single Family Residential* includes single homes, duplexes and triplexes. This also includes a garage converted into small apartment, and similar residential infill.

- \$21.94 base rate is the lowest base rate in Hillsboro's Water Rate Schedule.
- Block 1 is lowest retail volume rate and block 2 is second lowest. For contrast, Industrial volume rate is \$4.75/ccf.
- All residential customers benefit from this rate for their first 8 ccf per month.

# CAP Recommendations



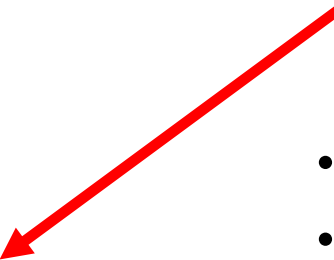
Single Rates	Winter-Summer Rates	Delta	Delta	Peak		
Total	Total	Amount	Percent	Factor		
\$ 1,529	\$ 1,473	\$ 57	3.9%	1.1		
\$ 620	\$ 614	\$ 6	1.0%	1.2		
\$ 1,973	\$ 1,937	\$ 35	1.8%	1.4		
\$ 18,302	\$ 7,949	\$ 353	2.0%	1.4		
\$ 4,579	\$ 4,471	\$ 108	2.4%	1.4		
\$ 3,827	\$ 3,817	\$ 10	0.3%	1.4		
\$ 1,113	\$ 1,103	\$ 10	0.9%	1.5		
\$ 1,036	\$ 1,022	\$ 14	1.4%	1.5		
\$ 1,249	\$ 1,222	\$ 26	2.2%	1.5	<b>Increased Bill</b>	
\$ 1,674	\$ 1,640	\$ 34	2.1%	1.5	<b>654.35</b>	<b>1.8%</b>

\$ 2,443	\$ 2,459	\$ (17)	-0.7%	3.5		
\$ 516	\$ 512	\$ 3	0.7%	3.5		
\$ 15,002	\$ 15,614	\$ (612)	-3.9%	3.5		
\$ 973	\$ 982	\$ (10)	-1.0%	3.6		
\$ 3,469	\$ 3,541	\$ (72)	-2.0%	3.9		
\$ 1,836	\$ 1,880	\$ (43)	-2.3%	4.1		
\$ 1,990	\$ 2,048	\$ (58)	-2.8%	4.1		
\$ 2,605	\$ 2,723	\$ (118)	-4.3%	4.3		
\$ 8,606	\$ 9,079	\$ (473)	-5.2%	6.3	<b>Lower Bill</b>	
\$ 4,803	\$ 4,958	\$ (155)	-3.1%	6.6	<b>(1,553.45)</b>	<b>-2.5%</b>

## Multi-Family:

CAP reviewed the current rate structure with winter and summer rates and the impacts of reverting back to a single Multi-Family volume rate.

- Top ten lowest peaking accounts would see 1.8% increase plus the rate adjustment.
- Top ten highest peaking accounts would see 2.5% reduction.
- Goes against conservation goals.
- CAP prioritized conservation.



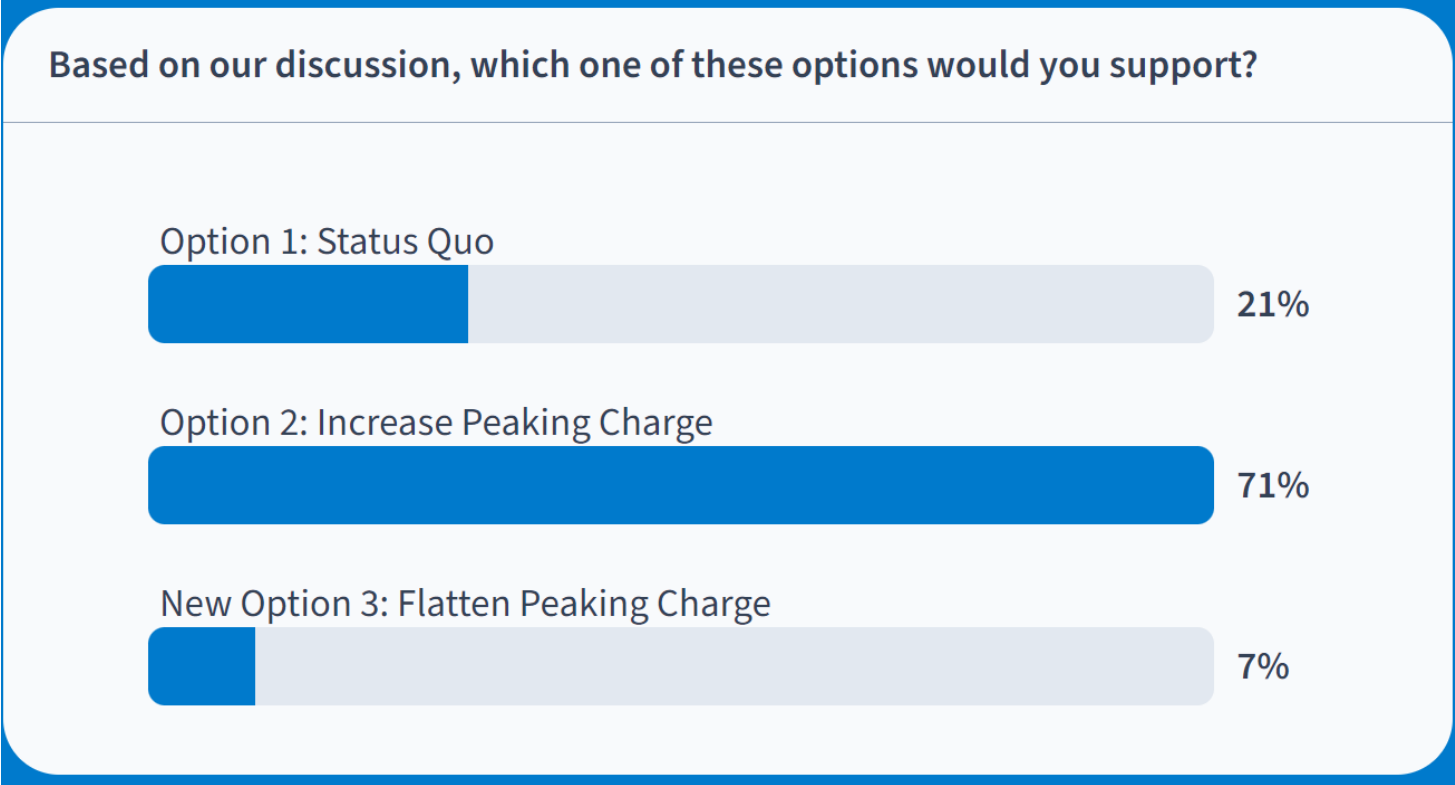


# Community Advisory Panel (CAP) Recommendations



## Here is the CAP vote on Multi-Family options:

- Reduced the *winter* rate.
- Increase the *usage over winter* (summer) rate.
- Encourage conservation.
- Helps customers will low summer peaking.



# Community Advisory Panel (CAP) Recommendations



City of Hillsboro Monthly Rates – Status Quo @ 6.5%			
C-8 Multi-Family Residential Class Code 2			
Meter Size	Base Rate	Winter Volume	Usage over Winter Volume per ccf
5/8"x3/4"	\$46.43	\$4.62	\$5.46
Rate Adjustment	6.5%	6.5%	6.5%

City of Hillsboro Monthly Rates - CAP Recommended/Rate Study			
C-8 Multi-Family Residential Class Code 2			
Meter Size	Base Rate	Winter Volume	Usage over Winter Volume per ccf
5/8"x3/4"	\$46.43	\$4.56	\$5.79
Rate Adjustment	6.5%	5.0%	12.8%

## Multi-Family

**CAP recommended a lower adjustment for Winter Volume and then a higher increase for Usage over Winter (peak summer usage).**

**Winter Volume charge is adjusted by 5.0% and Usage over Winter by 12.8% to reach overall 6.5% revenue adjustment.**

**The change will be gradually implemented for two years.**

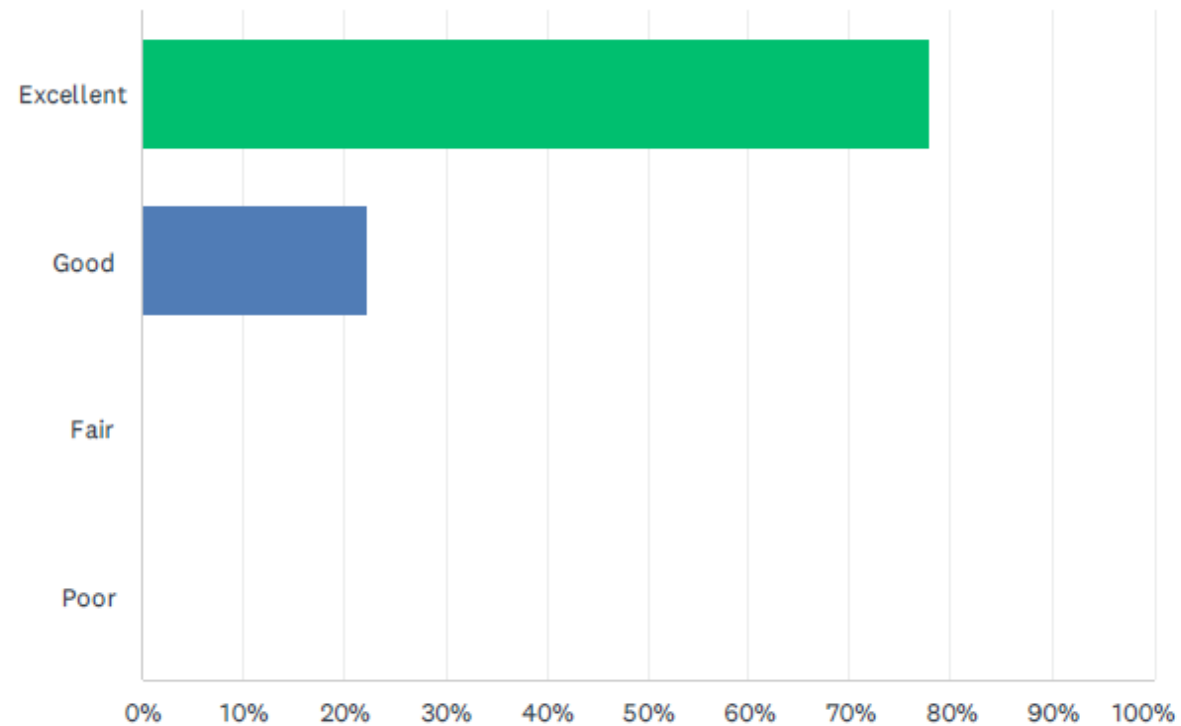
# Community Advisory Panel (CAP) Survey Results



Q1 Overall, how would you rate your experience as a member of the Community Advisory Panel?

Answered: 9 Skipped: 0

- Survey was administered after the last meeting.
- Feedback on positives and areas for improvement next time.



# Background – 2021 Presentation



This slide assumes there was no deal on WWSS negotiations on project deferrals.

- Increased WTP construction cost to \$268M, and overall WWSP cost increase of \$315M.
- Even with project deferrals, we were still anticipating approximately 9.5% to 10.5% rate increases for the six-year period.

City of Hillsboro		Model OK	Calibration Manager	Scenario Manager	Charts & Display	Printing Navigati	
Water Financial Plan & COSA							
Summary Projections	Current	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Rate Adjustment		0.00%	15.98%	15.98%	15.98%	15.98%	15.98%
Change in Example Monthly Bill		\$0.01	\$1.59	\$5.49	\$6.37	\$7.38	\$8.56
Example Monthly Bill	\$32.74	\$32.75	\$34.34	\$39.83	\$46.20	\$53.58	\$62.14
DSC Test 1		20.50	28.07	38.95	48.40	22.34	16.52
DSC Test 2		15.15	24.41	36.61	46.01	19.91	13.99
Water Fund Balance Diff from Target (\$1000s)		\$22,779	\$83,670	\$113,208	\$144,765	\$54,788	\$41

# 2024 Preliminary Rate Study Results



## Draft Rate Model Results:

- Overall rate adjustments from 4.0% to 6.5% over next six years.
- Cash balances decrease to about \$33M by 2026 as WWSP is completed.
- All \$251M WIFIA loan is drawn down.
- Potential need for a new \$35M revenue bond, has varied from \$35M to about \$60M.
- SDCs help keep rates more affordable; Growth pays for growth.

*Figures in \$1,000s or as noted*

	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
<b>Proposed Rate Adjustment</b>	<b>0.00%</b>	<b>6.50%</b>	<b>6.50%</b>	<b>4.00%</b>	<b>4.00%</b>	<b>4.00%</b>	<b>4.00%</b>	<b>4.00%</b>
Total Funds	\$96,545	\$57,794	\$32,687	\$41,171	\$51,624	\$31,804	\$46,894	\$59,113
WIFIA (and revenue bond proceeds in 2021)	48,847	46,677	0	0	0	0	0	0
Bonds	0	35,000	0	0	0	0	0	0

# Previous 5-Year Rate Adjustment Summary

- UC direction was to implement rates aligned with Cost of Service Analysis.
- UC Goal was to allow for more moderate rate changes by next rate study.
- Irrigation was low for many years, which made catch up harder.
- UC smoothed year 3 Irrigation in response to public comment.

Summary of Water Rate % Adjustments – PREVIOUS YEARS						
Customer Category	Year 1 Effective 2/1/2019	Year 2 Effective 1/1/2020	Year 3 Effective 1/1/2021	Year 4 Effective 1/1/2022	Year 5 Effective 1/1/2023	Year 6 Effective 1/1/2024
Single-Family Residential	5.0%	4.9%	8.5%	8.8%	<b>8.8%</b>	<b>8.9%</b>
Non-Profit	6.0%	10.4%	10.5%	10.5%	<b>10.4%</b>	<b>10.5%</b>
Industrial	8.5%	10.5%	10.5%	10.4%	<b>10.5%</b>	<b>10.5%</b>
Multi-Family Residential	14.7%	11.1%	10.3%	10.3%	<b>10.4%</b>	<b>10.4%</b>
Commercial	14.7%	12.9%	10.4%	10.6%	<b>10.6%</b>	<b>10.5%</b>
Public Entities	14.7%	14.7%	10.4%	10.5%	<b>10.4%</b>	<b>10.5%</b>
Fire Protection	14.7%	11.3%	10.2%	10.5%	<b>10.5%</b>	<b>10.5%</b>
Irrigation	20.0%	20.0%	15.2%	14.9%	<b>10.5%</b>	<b>10.5%</b>
Bulk Water	91.2%	12.9%	10.4%	10.6%	<b>10.5%</b>	<b>10.5%</b>

# Summary of Proposed Rate Adjustments

**DRAFT - PRELIMINARY**



Customer Classification	01/01/2025	01/01/2026
Single-Family Residential	5.7%	5.7%
Multi-Family Residential	6.5%	6.5%
Non-Profit	3.3%	3.2%
Industrial	7.8%	7.7%
Large Industrial	7.5%	7.4%
Commercial	3.3%	3.2%
Public Entities	7.8%	7.7%
Irrigation	6.5%	6.5%
Private/Public Fire Protection	6.5%	6.5%
City of Cornelius (Wholesale)	5.6%	4.3% 2023 CPI-U
City of Gaston & LA Water Co-op (Wholesale)	6.5%	4.3% 2023 CPI-U

## Cost of Service Study:

- 6.5% or less: revenue estimate aligned with cost estimate.
- Above 6.5%: revenue estimate fell below cost estimate.
- UC direction is to phase in over two years.
- These are typical/averages, so individual bills may differ.

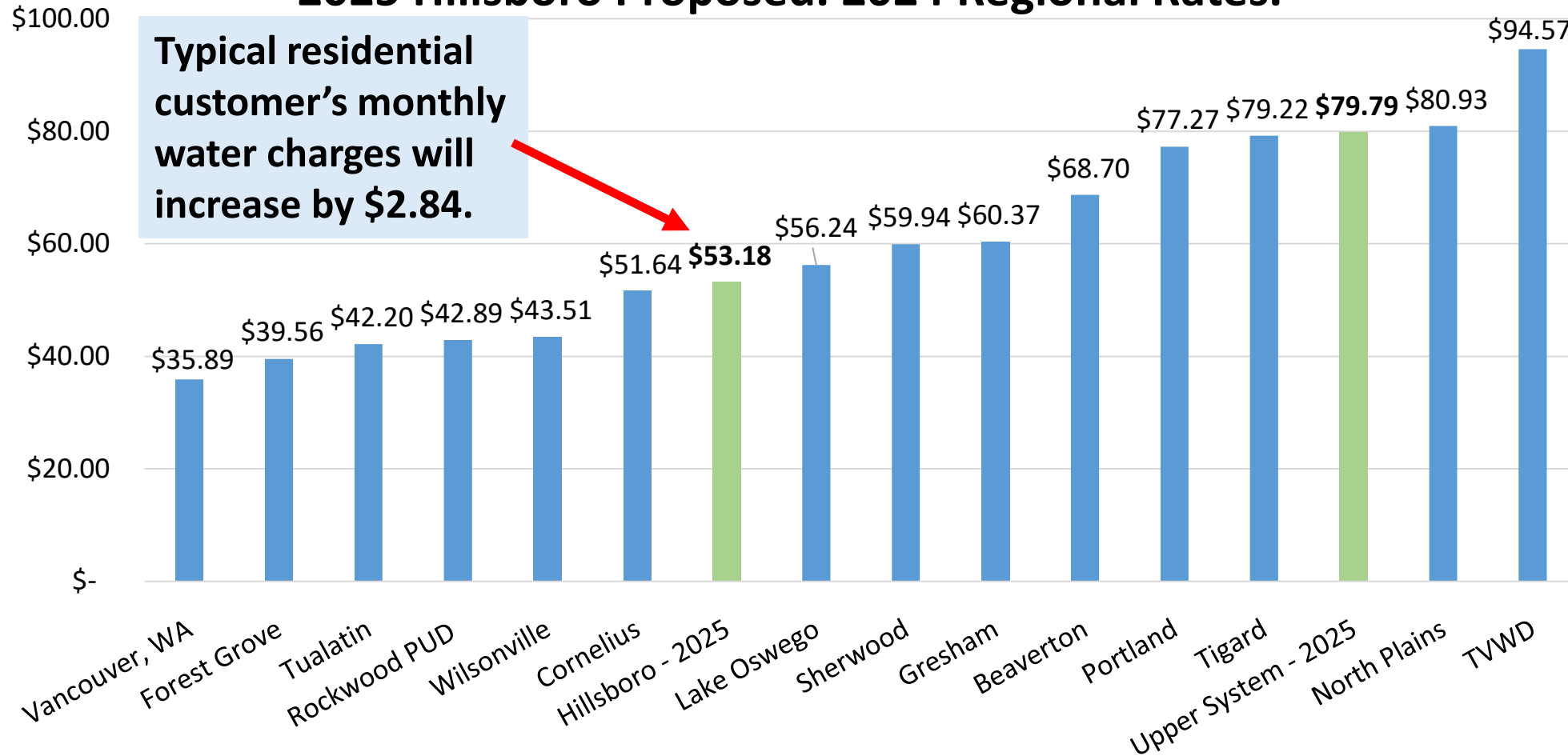
**In October, UC will consider approving 2025 and 2026 rate proposal.**

Summary of Proposed Rate Adjustments - DRAFT – PRELIMINARY						
Customer Classification	01/01/2025	01/01/2026	01/01/2027	01/01/2028	01/01/2029	01/01/2030
Rate Study Year	1	2	3	4	5	6
Single-Family Residential	5.7%	5.7%	4.0%	4.0%	4.0%	4.0%
Multi-Family Residential	6.5%	6.5%	4.0%	4.0%	4.0%	4.0%
Non-Profit	3.3%	3.2%	4.0%	4.0%	4.0%	4.0%
Industrial	7.8%	7.7%	4.0%	4.0%	4.0%	4.0%
Large Industrial	7.5%	7.4%	4.0%	4.0%	4.0%	4.0%
Commercial	3.3%	3.2%	4.0%	4.0%	4.0%	4.0%
Public Entities	7.8%	7.7%	4.0%	4.0%	4.0%	4.0%
Irrigation	6.5%	6.5%	4.0%	4.0%	4.0%	4.0%
Private/Public Fire Protection	6.5%	6.5%	4.0%	4.0%	4.0%	4.0%
City of Cornelius (Wholesale)	5.6%	4.3% 2023 CPI-U	2024 CPI-U	2025 CPI-U	2026 CPI-U	2027 CPI-U
City of Gaston & LA Water Co-op (Wholesale)	6.5%	4.3% 2023 CPI-U	2024 CPI-U	2025 CPI-U	2026 CPI-U	2027 CPI-U



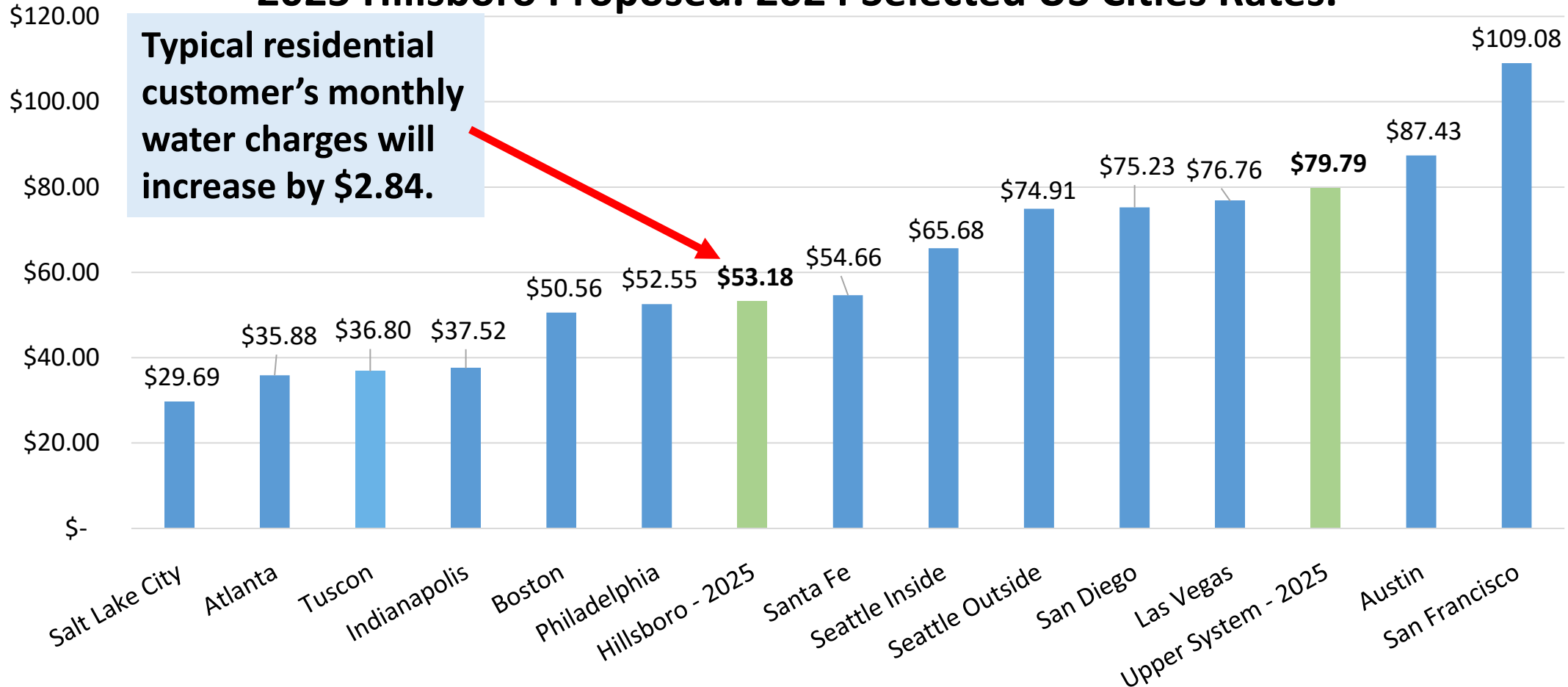
# Regional Comparison of Typical Residential Water Charges

## 2025 Hillsboro Proposed. 2024 Regional Rates.



**Hillsboro Water Rates continue to be in the *middle of the pack*.**

## National Comparison of Typical Residential Water Charges 2025 Hillsboro Proposed. 2024 Selected US Cities Rates.



**Hillsboro Rates continue to be in the *middle of the pack* in the national comparison.**

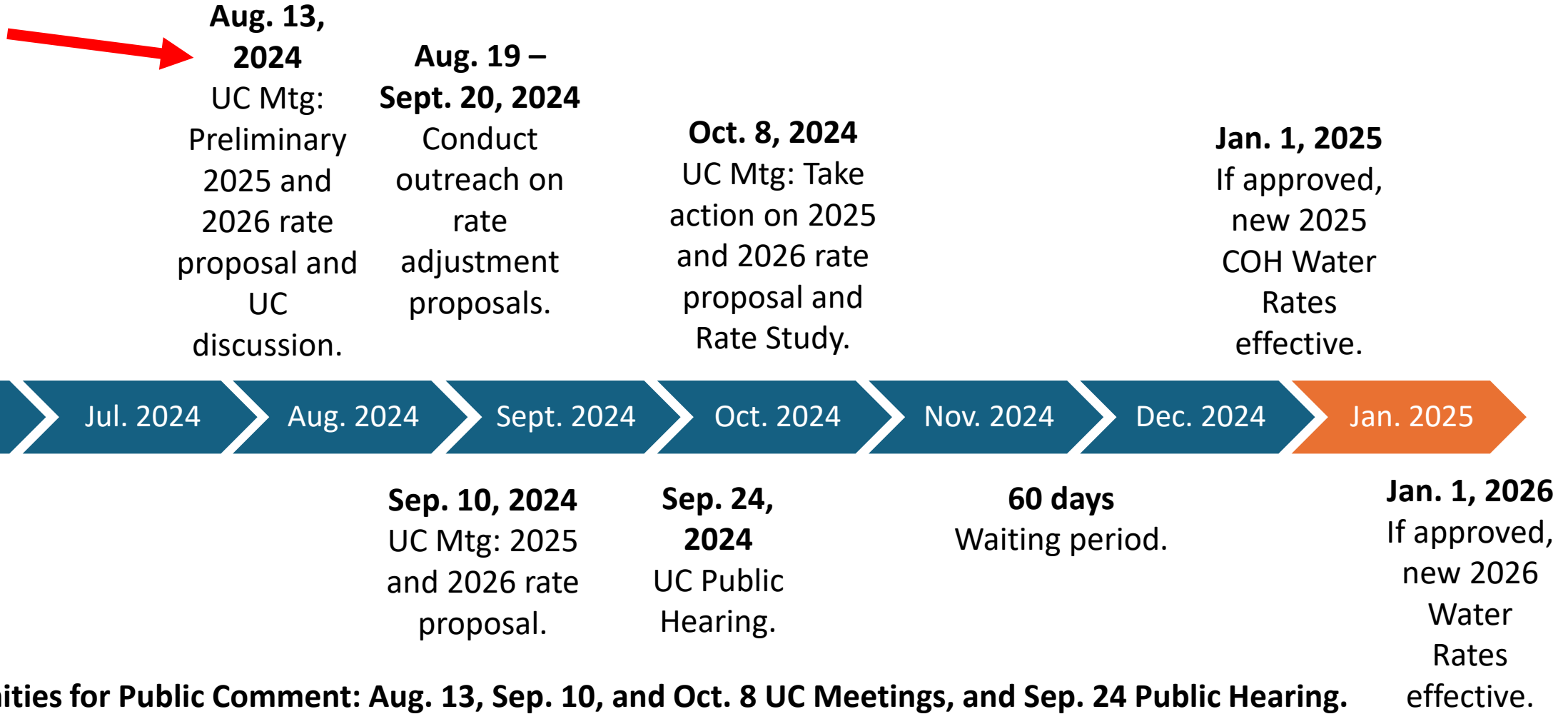
# Important Takeaways and Assumptions:

Rate Model Debt Service Forecast - Estimates	Existing Debt Service	With \$35M New Debt	Percent Change
2025 (No WIFIA P+I)	\$1.6M	\$3.9M	140%
2030 (Partial WIFIA P+I)	\$8.4M	\$10.7M	27%
2031 (Full WIFIA P+I)	\$13.9M	\$16.2M	16%

- \$35 million new debt bond in the Rate Model.
- This has been very consistent as we have updated the model ranging from \$35M to about \$60M.
- Monitoring cash balances/burn rate for timing a new bond. Watching for rates to drop.
- Resolution includes new language for temporary meters.

# 2025 and 2026 Rate Proposal Timeline

UC will consider two-year (biennial) rate proposal.



**Opportunities for Public Comment: Aug. 13, Sep. 10, and Oct. 8 UC Meetings, and Sep. 24 Public Hearing.**  
**Public Outreach Period: Aug. 20 through Sept. 20 for verbal and written comments.**

No action  
requested.  
**Questions?**

# 5. Discussion Items

## 5.2 Financial Report – presented by Mellisa Franklin

# Monthly Financial Status Report



- ✓ Close of the 12<sup>th</sup> Month of the Fiscal Year 2023-2024.
- ✓ Water Charges for Services Revenues are at an estimated \$50.6 million and tracking higher than last fiscal year for the period.
- ✓ Water SDC Revenues are at \$9.6 million. We continue to keep the SDC revenue projection low due to the year-to-year volatility.
- ✓ Expenditures came in below budget as expected.
- ✓ Water demand water produced is at the 3<sup>rd</sup> highest, when compared to data from 2018 to 2022.

# WWSS Funding Summary



Willamette Water Supply System (WWSS) Investment Summary	WWSS/WIF Total	Percent
COH Investments thru 5/31/24	<b>330,174,573</b>	
<b>Cash Flow Funding - Goal is about 60% funding from SDCs.</b>		
Water Fund 500	6,450,681	8.0%
Water SDC Fund 504	74,192,585	92.0%
<b>Total Cash Flow Funding</b>	<b>80,643,265</b>	<b>100.0%</b>
<b>Borrowed Funds</b>		
Water Bond Fund 503	50,760,224	18.6%
Water WIFIA Fund 505	221,871,741	81.4%
<b>Total Debt Funding</b>	<b>272,631,965</b>	<b>100.0%</b>
<b>Total WWSS Investment 6/30/24</b>	<b>353,275,230</b>	



# WWSS FY 2023-2024 BUDGET VS ACTUAL



WWSS/WIF FY 2023-2024 Budget	FY 23-24 8.1 WWSS Budget	Total FY23-24 Expenditures as of 6/30/24	Available Budget as of 6/30/24
Water Fund 500	-	171,351	(171,351)
Water Bond Fund 503	-	-	-
Water SDC Fund 504	-	3,076	(3,076)
Water WIFIA Fund 505	149,837,885	99,077,005	50,760,880
Water Debt Service 506	-	-	-
<b>Total WWSS/WIF Investment</b>	<b>149,837,885</b>	<b>99,251,432</b>	<b>50,586,453</b>

\*Hillsboro WWSS Approved Budget is from WWSS Baseline 8.1.

\*\*Management Reserve for Baseline 8.1 totals \$8,841,577.

\*\*\*Amounts include WWSS/WIF/WIFIA/COH 1.0 expenses during the FY.

# Questions?

# 5. Discussion Items

## 5.3 Commissioners' Report

**Willamette Water Supply System Commission  
Board Meeting Agenda  
Thursday, August 1, 2024 | 12:00 - 1:30 PM  
Microsoft Teams Meeting**

- 4. GENERAL MANAGER'S REPORT – David Kraska**  
*Brief presentation on current activities relative to the WWSS Commission*
- 5. CONSENT AGENDA**  
*These items are routine and may be approved in one motion without separate discussion. Any Board member may request that an item be removed by motion for discussion and separate action. Any items requested to be removed from the Consent Agenda for separate discussion will be considered immediately after the Board has approved those items which do not require discussion.*
  - A. Approve the June 6, 2024 meeting minutes
- 6. BUSINESS AGENDA**
  - A. None scheduled
- 7. INFORMATION ITEMS**
  - A. Water Treatment Plant Schedule Recovery Progress Update – David Kraska
  - B. Planned October Business Agenda items – Joelle Bennett
  - C. The next Board Meeting is scheduled on October 3, 2024, via Microsoft Teams
- 8. COMMUNICATIONS AND NON-AGENDA ITEMS**
  - A. None scheduled
- 9. ADJOURNMENT**

# Questions?

# 5. Discussion Items

## 5.4 Director's Report – presented by Tacy Steele

1. Successful Butternut Creek Neighborhood Conversion!
2. Orenco Woods Nature Park Trail Updates
3. City Council Approves Community Advisory Vote on Fluoridation
4. Hometown Taps Help Hillsboro Beat the Heat
5. Annual Water Quality Reports Published
6. Water-Themed Children's Storytime at the Hillsboro Brookwood Library
7. Repair and Response Wrap
8. Utility Assistance Program Mentioned in Washington County's Community Newsletter
9. Hillsboro Water's 2024 Educational Outreach
10. Staff Updates

# 5. Discussion Items

## 5.4 Director Report – Lee Falls Fire



# Questions?



# 6. Advice and Information

- 6.1. Upcoming Meetings Calendars
- 6.2. Affordability Information

## Adjourn Meeting