2020 Water Rate Frequently Asked Questions (FAQ)

The City of Hillsboro Water Department carefully manages drinking water rates, and strives to ensure equity and affordability for all customers. Water rates are designed so that all customers, including residential, commercial, and industrial users, pay their fair share based on how they use the City’s water system and how much water they use.

Response to Testimony from the Water Rate Public Hearing

*Staff is working to develop a response to testimony provided at the Water Rate Public Hearing about financing the Willamette Water Supply Program. Please check back here over the next week for the City’s official response.*

**Does the Utilities Commission have authority over how landlords divide up the utility bill between tenants?**

The City of Hillsboro Utilities Commission does not possess any authority past a water meter on a single-family residential customer’s property, and therefore does not have authority over landlord – tenant billing agreements, or third-party billing companies. Oregon law regulates the manner in which tenants can be billed by their landlord for utility charges. Click [here](#) to learn more.

**Is the City looking at offering a rebate for Single-Family Residential customers with low water usage?**

To keep water affordable and to encourage efficiency, Hillsboro Water’s single-family residential rate structure currently includes three tiers based on how much water is used. The first tier covers zero through eight ccf (up to 6,000 gallons) per month, or zero through 16 ccf (up to 12,000 gallons) per bi-monthly bill. The water sold under the first Tier is considered “essential” for basic life needs. Analysis completed at the time of the latest rate study found the entire water usage for over 80% of single-family residential customers was covered in Tier 1, which has the lowest residential water usage rate.

**Water Rate General Information**

**What is the history of water rate adjustments for single-family residential customers?**

The last water rate increase took effect on February 1, 2019.

The approved 2019 water rate adjustment for single-family residential customers included a nine percent increase to the volume charge and no change to the base charge.

For a typical single-family residential customer with a 3/4 inch connection using about 6,000 gallons of water (or eight hundred Cubic Feet (8 ccf's of water) per month, this resulted in a $1.60 per month increase or about a five percent increase. One ccf is equal to one hundred cubic feet of water or 748 gallons.

For comparison, the American Water Works Association (AWWA) surveyed water systems nationwide about their residential water rate increases and found that nationally rate increases are averaging 5.9 percent annually.

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</tr>
</thead>
<tbody>
<tr>
<td>Monthly Water Portion of City Utility Bill (based on typical use of 6,000 gallons of water (or eight ccf's)</td>
<td>$20.69</td>
<td>$22.64</td>
<td>$24.12</td>
<td>$25.60</td>
<td>$27.07</td>
<td>$29.50</td>
<td>$32.74 (no increase)</td>
<td>$32.74</td>
<td>$34.34</td>
<td>$36.02 (proposed)</td>
</tr>
</tbody>
</table>
How is the Hillsboro Water Department funded?
Hillsboro Water is funded solely by water rates and water System Development Charges (SDC), and does not receive any tax revenue or money from the City of Hillsboro’s general funds. SDCs are one-time charges paid by developers to add new service or increase the meter size on existing service.

What do water rates fund?
Water rates invest in:

- Ensuring water quality and reliability of service so that drinking water is available when you need it
- Investing in an additional water supply source and seismically resilient pipelines, reservoirs, and a new water treatment plant (Willamette Water Supply System)
- Obtaining and maintaining State water rights to legally draw water from various sources
- Maintaining and increasing water capacity at the Joint Water Commission (JWC) Water Treatment Plant
- Operating and maintaining the water system, including reservoirs, treatment plants, pipelines, and infrastructure
- Providing customer service
- Constructing and replacing water infrastructure
- Complying with regulatory standards, including water testing
- Paying debt service on bonds
- Employing the Water Department workforce

Water Rate Classes

How many different water rate classes are there?
Hillsboro Water has nine retail water rate classes. Over 90% of the water meters currently in service are for single-family residential customers:

- Single-family residential
- Multi-family residential
- Commercial
- Industrial
- Public entities
- Nonprofit
- Irrigation
- Fire protection (for fire sprinkler systems)
- Bulk water

What are the proposed 2020 water rates for each customer class?
In 2018, Hillsboro Water completed a Water Rate Study and Cost of Service Analysis. The study reviewed the costs incurred to provide water to each customer class and recommended future water rate adjustments for each customer class.
Based on those recommendations, the proposed 2020 water rate increases – separate for each customer class – include:

<table>
<thead>
<tr>
<th>Hillsboro Water Customer Class</th>
<th>Proposed 2020 Water Rate Percentage Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-Family Residential</td>
<td>4.9%*</td>
</tr>
<tr>
<td>Multi-Family Residential (1.0 peak factor)</td>
<td>7.9%**</td>
</tr>
<tr>
<td>Multi-Family Residential (1.5 peak factor)</td>
<td>11.1%**</td>
</tr>
<tr>
<td>Commercial</td>
<td>12.9%**</td>
</tr>
<tr>
<td>Industrial</td>
<td>10.5%****</td>
</tr>
<tr>
<td>Irrigation</td>
<td>20.0%</td>
</tr>
<tr>
<td>Public Entities</td>
<td>14.7%</td>
</tr>
<tr>
<td>Nonprofit</td>
<td>10.4%</td>
</tr>
<tr>
<td>Private and Public Fire Protection</td>
<td>11.3%</td>
</tr>
<tr>
<td>City of Cornelius (wholesale)</td>
<td>9.2%</td>
</tr>
<tr>
<td>City of Gaston (wholesale)</td>
<td>2.6%</td>
</tr>
<tr>
<td>LA Water Co-Op (wholesale)</td>
<td>2.6%</td>
</tr>
<tr>
<td>Bulk Water</td>
<td>12.9%</td>
</tr>
</tbody>
</table>

These percentage increases are for typical customers. Individual account increases may be different.

*Single-Family Residential Customers:
  - For example, the drinking water portion of the utility bill for a typical single-family residential customer using approximately 6,000 gallons (or 8 ccf) of water per month would increase by $1.68, from $34.34 to $36.02.
  - For a typical residential customer using 8 ccf/month, the rate adjustment is comprised of a 9.9% rate adjustment to the volume charge and a 0.0% adjustment to the base rate. 1-1/2" and 2" residential meter base rates were increased to align with AWWA standard multipliers.

**Multi-Family Residential Customers:
  - Duplexes and triplexes served by a single meter will be moved to the single-family residential customer classification to help moderate rate increases for these customers.
  - The multi-family residential customer water volume charge will be split into a Winter Volume and Usage over Winter Volume Charge, similar to other rate classifications, to provide customers with more control over the water portion of their utility bill.
  - The multi-family residential percentage increase will vary based on peak usage volume; the percentage shown is for 1.5 peak factor.
  - For more information, access the Water Rate FAQs.

***Commercial Customers:
  - The bulk water rate is now tied to the Commercial rate.

****Industrial Customers:
  - A Large Industrial schedule will be added to this classification with rates and volume charges for 6”, 8” and 10” meters where the total water usage at a single site is at least four million gallons per day, to increase the portion of revenue derived from base charges.

Does the 2018 Water Rate Study and Cost of Service Analysis recommend water rate adjustments?
Yes.
The 2018 Water Rate Study identified the need for a 10.5 percent overall rate increase each year from 2019 to 2023. The initial rate increases are different based on the customer class. A Water Rate Study is completed at least every five years. It includes a detailed cost of service analysis to allocate Hillsboro Water’s costs between the customer classes, including residential, commercial, industrial, etc. All Hillsboro Water expenditures are assigned to each customer classification based on their use of resources. The goal is to set water rates to recover only the costs related to that customer class and avoid cross-subsidies. As a result, residential customers only pay for the parts of the system that benefit them and commercial customers only pay for their share, for example.

Once costs are assigned to each classification, then Hillsboro Water calculates how much of a water rate increase is needed to generate sufficient revenue from each customer classification to cover their costs. This is why in a year when a study is done, water rate increases can be different for each customer classification, while in years between rate studies rate increases are usually uniform for all customer classifications.

Next is a table of the approved 2019 water rates and the proposed water rate increases by customer class from 2020 to 2023. These are overall rate adjustments. Individual customer bills may change by a different percentage. The 2020 column provides the rate adjustment for Utilities Commission approval. Years 2 through 5 show the forecasted rate increases for information only. Overall, the Water Rate Study recommends 10.5 percent per year for the next five years.

<table>
<thead>
<tr>
<th>Customer Class</th>
<th>Year 1 Effective 02-01-2019</th>
<th>Year 2 Proposed 01-01-2020</th>
<th>Year 3 2021</th>
<th>Year 4 2022</th>
<th>Year 5 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>C-1 Residential/Domestic*</td>
<td>5.0%</td>
<td>4.9%</td>
<td>5.0%</td>
<td>10.5%</td>
<td>10.5%</td>
</tr>
<tr>
<td>C-10 Non-Profit</td>
<td>6.0%</td>
<td>10.4%</td>
<td>10.5%</td>
<td>10.5%</td>
<td>10.5%</td>
</tr>
<tr>
<td>C-9 Industrial</td>
<td>8.5%</td>
<td>10.5%</td>
<td>10.5%</td>
<td>10.5%</td>
<td>10.5%</td>
</tr>
<tr>
<td>C-7 Sales / Other Water Utilities – Cornelius</td>
<td>9.2%</td>
<td>9.2%</td>
<td>2.5%</td>
<td>2.5%</td>
<td>2.5%</td>
</tr>
<tr>
<td>C-7 Sales / Other Water Utilities – Gaston, LA Co-op</td>
<td>10.9%</td>
<td>2.6%</td>
<td>2.5%</td>
<td>2.5%</td>
<td>2.5%</td>
</tr>
<tr>
<td>C-8 Multi-Family (1.0 peak factor)**</td>
<td>14.7%</td>
<td>7.9%</td>
<td>10.5%</td>
<td>10.5%</td>
<td>10.5%</td>
</tr>
<tr>
<td>C-8 Multi-Family (1.5 peak factor)**</td>
<td>14.7%</td>
<td>11.1%</td>
<td>10.5%</td>
<td>10.5%</td>
<td>10.5%</td>
</tr>
<tr>
<td>C-2 Commercial***</td>
<td>14.7%</td>
<td>12.9%</td>
<td>10.5%</td>
<td>10.5%</td>
<td>10.5%</td>
</tr>
<tr>
<td>C-6 Sales/Public Authorities</td>
<td>14.7%</td>
<td>14.7%</td>
<td>10.5%</td>
<td>10.5%</td>
<td>10.5%</td>
</tr>
<tr>
<td>C-4 Private/C-5 Public Fire Protection</td>
<td>14.7%</td>
<td>11.3%</td>
<td>10.5%</td>
<td>10.5%</td>
<td>10.5%</td>
</tr>
<tr>
<td>C-11 Irrigation</td>
<td>20.0%</td>
<td>20.0%</td>
<td>20.0%</td>
<td>10.5%</td>
<td>10.5%</td>
</tr>
<tr>
<td>Bulk Water**</td>
<td>91.2%</td>
<td>12.9%</td>
<td>10.5%</td>
<td>10.5%</td>
<td>10.5%</td>
</tr>
</tbody>
</table>

These percentage increases are for typical customers. Individual account increases may be different.

* For a typical residential customer using 8 ccf/month, the rate adjustment is comprised of a 9.9% rate adjustment to the volume charge and a 0.0% adjustment to the base rate. 1-1/2" and 2" residential meter base rates were increased to align with AWWA standard multipliers.

** Multi-Family percent increase will vary based on peak usage volume, the percentage shown is for 1.5 peak factor.

*** Bulk Water rate is now tied to the Commercial rate.
Does each customer pay the same base fee and use fee?

No. Water rates for each customer class are set to cover the costs of providing service to the customers in that class. Each class of customer is charged a different monthly base fee and a usage fee. See chart below.

For example, single-family residential customers currently pay $2.22 per ccf (1 ccf = 748 gallons) of drinking water, while water for irrigation currently costs $4.94 per ccf.

Different than the other rate classes, single-family residential customers have a three-tiered rate structure with progressively higher rates as water consumption increases. Thanks to conservation efforts, today over 80 percent of customers are only using water under the tier one residential rate, which is the lowest residential rate.

Across the different water classes, meter sizes range up to 12 inch connections.

The base fee is fixed, which means it stays the same amount month to month. The typical single-family residential customer currently pays a base fee of $16.58. The usage fee is based on the customer’s water usage registered by the water meter. Currently, over eighty percent of Hillsboro Water single-family residential customers fall into Tier 1 which has the lowest residential water usage rate.

In comparison, industrial customers with a one-inch meter currently pay a monthly base fee of $79.02, a difference of $62.44 per month compared to single-family residential customers.

Compare the 2019 base and use fees for the different customer classes on the Water Rate Schedule Resolution worksheet.

How many residential customers fall into Single-Family Residential Tier 1 usage?

To keep water affordable and to encourage efficiency, Hillsboro Water’s single-family residential rate structure includes three tiers based on how much water is used.

The first tier covers zero through eight ccfs (up to 6,000 gallons) per month, or zero through 16 ccfs (up to 12,000 gallons) per bi-monthly bill. The water sold under the first Tier is considered “essential” for basic life needs. Analysis completed at the time of the latest rate study found the entire water usage for over 80 percent of single-family residential customers was covered in Tier 1, which has the lowest residential water usage rate.

Do all customers pay water rate increases?

Yes.

All customers pay water rate adjustments. No customers, including businesses and corporations operating in the City of Hillsboro, are exempt from paying water rate increases.

Hillsboro Water completes a Water Rate Study and Water Cost of Service analysis every five years. The study reviews the costs incurred to provide water to each customer class and recommends water rate adjustments for each customer class. This results in each customer class paying for the costs and infrastructure used to provide their water. In this way customers located inside the City of Hillsboro are not paying for pipelines and infrastructure to provide water to upper system customers and vice versa. Single-family residential customers are not paying for costs to provide water to irrigation customers and vice versa.

Do businesses and industrial customers get more favorable water rate increases or subsidies?

No.

City of Hillsboro businesses and industrial customers do not receive favorable water rate increases or subsidies. Hillsboro Water completes a Water Rate Study and Cost of Service analysis every five years that identifies the costs
incurred by each customer class. In this way, costs related to providing water to commercial customers are funded by the water rates paid by commercial customers to avoid cross subsidies.

**Why are the proposed increases for single-family and multi-family residential customer different?**

To ensure equitable treatment of all of the customers served by Hillsboro Water, a Water Rate Study and cost of service analysis is conducted every five years. The cost of service analysis takes all of the water system costs and allocates costs to each customer classification based on how much it costs to provide water to those customers. The goal is to avoid cross subsidies.

During the 2018 Water Rate Study and cost of service analysis, water usage patterns for each customer class were reviewed, including single-family and multi-family residential customers.

Peak usage is the difference between winter and summer usage. Summer months are the period of high demand for water. During this span of time, it is more expensive for Hillsboro Water to supply higher volumes of water.

The Multi-Family Residential water volume charge is proposed to be split into a Winter Volume and Usage over Winter Volume Charge (or Summer), similar to other rate classifications. Customer usage during winter months (November 1 through April 30) will be averaged to determine the Winter Volume. When usage exceeds this average, only the usage above the average will be charged at the proposed higher rate. This proposal will help promote the Commission’s and the City’s goals of promoting affordability by providing customers with more control over their water bills.

Staff identified that most Multi-Family customers have relatively low peak summer usage. No summer peak usage would result in a 1.0 peaking factor, while using 50% more water in summer months would result in a 1.5 peaking factor. Many Multi-Family accounts were below 1.5 with some customers very close to 1.0. However, a number of accounts have exhibited very high peaking at 2.0 and higher. By adding a Winter/Summer split rate schedule, customers with low peaking will see a small increase in their summer water bills, while customers with high peaking factors will see higher summer water bills. This will help to meet the Commission’s goal that each customer should pay for their fair share of costs. This is also helping to moderate the proposed Multi-Family rate increase to about 7.9% which is the proposed increase for a customer with a 1.0 peaking factor. If the split rate were not implemented, then the overall rate increase would be about 14.7%.

### Multi-Family Base and Volume Charge per ccf

<table>
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<tr>
<th></th>
<th>Base</th>
<th>Winter Volume</th>
<th>Summer Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$26.32</td>
<td>$2.73</td>
<td>$2.73</td>
</tr>
<tr>
<td>2020 proposed</td>
<td>$29.25</td>
<td>$2.93</td>
<td>$3.44</td>
</tr>
<tr>
<td>Increase</td>
<td>$2.93</td>
<td>$0.20</td>
<td>$0.71</td>
</tr>
<tr>
<td>Percent</td>
<td>11.1%</td>
<td>7.3%</td>
<td>26.0%</td>
</tr>
</tbody>
</table>

The next chart shows examples of two customer bills at different peaking factors. The first example shows a customer using the same amount of water for each month during the year or a 1.0 peaking factor. This customer will see a 7.9% average monthly bill increase. The second example shows a customer using 50% more water during six months of the year, or a 1.5 peaking factor. The summer bills will increase by a higher percentage than the winter bills, for an average annual percentage increase of 11.1%.
Proposed 2020 Rate Adjustment  
Examples for Typical Customers  
1 ccf = 748 gals  

<table>
<thead>
<tr>
<th>Meter</th>
<th>Volume Usage ccf</th>
<th>Average Monthly Charge</th>
<th>Charge Per Residence</th>
<th>Increase per Residence</th>
<th>Average Percent Increase*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi-Family Residential</td>
<td>1-1/2”</td>
<td>200 all year</td>
<td>$97.49</td>
<td>$25</td>
<td>$1.99</td>
</tr>
<tr>
<td>25 Residence Complex at 1.0 peak factor</td>
<td>$586.00</td>
<td>$683.49</td>
<td>$27.34</td>
<td>$1.99</td>
<td>7.9%</td>
</tr>
<tr>
<td>Multi-Family Residential</td>
<td>1-1/2”</td>
<td>200W/300S</td>
<td>$97.49</td>
<td>$25</td>
<td>$3.41</td>
</tr>
<tr>
<td>25 Residence Complex at 1.5 peak factor</td>
<td>$758.00</td>
<td>$855.49</td>
<td>$34.22</td>
<td>$3.41</td>
<td>11.1%</td>
</tr>
</tbody>
</table>

The proposal is also for duplexes and triplexes served by a single meter will be moved to the Single Family Residential classification to help moderate rate increases for these customers.

The cost of service analysis is helping to “true up” water rates to where they need to be. For example, single-family residential rates were already fairly close to covering the costs in the cost analysis, so their proposed water rate increase is smaller. Since multi-family water rates were lower than necessary to cover multi-family residential customer costs, the water rates are proposed to be increased by a larger percentage.

Hillsboro Water plans to continue its reviews. Account histories will be reviewed for outliers with unusual usage patterns to determine if conservation may help. In those cases, Water Department staff will reach out to the staff of the multi-family complex to offer assistance with irrigation best practices and to inform them about irrigation upgrades and potential rebate incentives. Staff also plan to analyze potential changes to the rate design that might help to meet conservation and affordability goals.

### Setting Water Rates

**What is the water rate setting process?**

Water rates for Hillsboro Water’s service area are established and approved on an annual basis by the City of Hillsboro Utilities Commission – not the City Council. Their decision occurs after an extensive review of the revenue requirements and costs underlying any rate proposal, and after receiving community input.

Hillsboro Water completes a Water Rate Study and Cost of Service analysis every five years, which is used to develop recommendations for rate adjustments by customer class. In the year’s in-between rate studies, Hillsboro Water generally recommends across-the-board rate adjustments to all customer classes.

Setting rates is a public process and includes the opportunity for input by all interested individuals and groups, especially customers of all rate classes. Hillsboro Water works with customers throughout the year to discuss water rate challenges and seeks ideas and solutions for managing cost issues.

To better align with the rate setting processes for other City departments, last year Hillsboro Water started moving to a beginning of the year effective date for water rate adjustments.

On October 7, 2019, the Utilities Commission will hold an informational session and public hearing at 6 pm in Room 113 at the Hillsboro Civic Center (150 East Main Street) to receive input from the public on the 2020 proposed water rates. After reflecting on the public feedback, the Commission will then consider taking action on proposed rate adjustments at its November 12, 2019, meeting. If approved, any water rate adjustments will be applied to the drinking water portion of the City utility bill on January 1, 2020.

**How does Hillsboro Water calculate water rates?**

Water rates are designed so residential, commercial, and industrial users pays their fair share based on how they use the City’s water system and how much water they use.
Hillsboro Water completes a Water Rate Study and Cost of Service analysis every five years to determine the costs being incurred to provide water to each customer class. Then, water rate adjustments are recommended, so that revenue collected from each customer class will be sufficient to cover costs incurred. In years when a Water Rate Study is not completed Hillsboro Water typically recommends an across-the-board water rate adjustment as described below.

For recommending an across-the-board rate adjustment, Hillsboro Water uses water rate modeling software to develop scenarios of possible annual water rate adjustments. As the year progresses, Hillsboro Water obtains increasingly more dependable information on the outlook for the next budget year and the long term forecast. This includes updated capital project cost estimates, usage and revenue trends of Hillsboro Water’s customer base, and an update of how the current budget year may finish regarding revenues and expenditures.

With the updated information, Hillsboro Water develops and enters scenarios into the water rate model. The model then provides suggested water rate increases necessary to meet the financial needs of department, meet required debt service covenants, maintain adequate reserves for unexpected events, and provide for the future needs of the community.

Does Hillsboro Water look at just one water rate option each year?
No.

During the budget and rate developing process, Hillsboro Water develops multiple scenarios or options using rate modeling software to determine the water rate that would meet the financial needs of Hillsboro Water and the community while also meeting debt service covenants and providing adequate reserves for unexpected events.

Throughout this process, Hillsboro Water analyzes revenue trends and necessity of capital projects and scrutinizes listed operating and maintenance expenditures. Each scenario outcome is discussed in depth internally to ensure the proposed water rate change both provides the level of service Hillsboro Water customers expect from their water provider and meets the department’s financial needs.

Who approves water rates?
Water rates for Hillsboro Water’s service area are established and approved by the City of Hillsboro Utilities Commission. The Utilities Commission makes rules for the conduct and management of the water system, sets rates for the use and consumption of water, sets system development charges for new or expanding construction, and also sets charges for other services provided inside or outside of the City of Hillsboro.

How often are water rates adjusted?
Water rates for Hillsboro Water’s service area are established and approved through an annual public hearing process by the City of Hillsboro Utilities Commission and go into effect at the start of each year.

Will the City of Hillsboro seek a water rate increase next year?
Customers served drinking water by Hillsboro Water can expect water rate increases annually.

Each year costs increase for salaries and benefits, as well as supplies and treatment chemicals. New costs arise, for example to respond to new regulatory requirements and emerging issues such as the toxic algae bloom experienced in Salem’s water system.

Another important cost driver is the level of repair and replacement of the existing water system, including pipelines, fixtures, and water quality monitoring systems.

From now until 2026, Hillsboro Water will be making significant investments in the development of the Willamette Water Supply System as Hillsboro’s additional and redundant water supply source to meet our community’s needs today, in the future, and during emergencies. This new system will include a new state-of-the-art water treatment
facility and also will be seismically strengthened to better withstand earthquake damage. To help lower the cost increases, the Water Department has partnered with another water provider on the Willamette Water Supply System.

Even with recent water rate increases, Hillsboro Water’s water rates remain lower than the average of water providers in the region. The next chart compares water rates in several cities across the US and shows that Hillsboro’s current water rates remain competitive.

Is the public notified about proposed water rate adjustments?

Yes. The public is notified of proposed water rate adjustments and afforded an opportunity to provide input through an annual public hearing process. Notices are included in the following:

- City utility bill
- Local newspapers
- City of Hillsboro and Hillsboro Water social media
- City of Hillsboro website
- City publications, including the City Views Newsletter and Happening in Hillsboro e-newsletter

The public is also invited to provide feedback on the proposed 2020 water rates at an Informational Session and Water Rate Public Hearing on October 7, 2019. Hearings are advertised in local newspapers, on social media and the city website, messaging in customer’s City utility bills, and articles in city publications.
Once the decision is made on any water rate change, Hillsboro Water sends a media release to local newspapers, updates the city website, and includes messaging on social media and in City utility bills to notify customers of a water rate adjustment before the change takes effect.

**How can customers provide feedback throughout the year and during the water rate setting process?**

The City of Hillsboro Utilities Commission holds a regular meeting the second Tuesday of each month at 1:30 pm in Conference Room 207 at the Hillsboro Civic Center. Meetings are open to the public and time is set aside each meeting for members of the public to address the Utilities Commission. Meeting agendas and packets are posted on the [Utilities Commission webpage](#) in advance of each meeting.

During the water rate setting process, members of the public are invited to submit feedback in the following ways. For each of the feedback channels listed, the Utilities Commission is provided copies of written feedback and a summary of oral feedback is received prior to the public hearing.

**Proposed 2020 Water Rate Increase**

**What are the proposed 2020 water rates?**

Hillsboro Water is proposing separate rate adjustments for each customer class (i.e. single-family residential, multi-family residential, commercial, public entities, non-profit, industrial, etc.) for 2020.

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<th>Proposed 2020 Water Rate % Increase</th>
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<td>Multi-Family Residential (1.5 peak factor)</td>
<td>11.1% ***</td>
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<tr>
<td>Commercial</td>
<td>12.9% ****</td>
</tr>
<tr>
<td>Irrigation</td>
<td>20%</td>
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<td>Public Entities</td>
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</tr>
<tr>
<td>City of Gaston (wholesale)</td>
<td>2.6%</td>
</tr>
<tr>
<td>LA Water Co-Op (wholesale)</td>
<td>2.6%</td>
</tr>
<tr>
<td>Bulk Water</td>
<td>12.9%</td>
</tr>
</tbody>
</table>

These percentage increases are for typical customers. Individual account increases may be different.

* Single-Family Residential Customers:
  * For example, the drinking water portion of the utility bill for a typical single-family residential customer using approximately 6,000 gallons (or 8 ccf) of water per month would increase by $1.68, from $34.34 to $36.02.
  * For a typical residential customer using 8 ccf/month, the rate adjustment is comprised of a 9.9% rate adjustment to the volume charge and a 0.0% adjustment to the base rate. 1-1/2" and 2" residential meter base rates were increased to align with AWWA standard multipliers.

** Multi-Family Residential Customers:
• Duplexes and triplexes served by a single meter will be moved to the single-family residential customer classification to help moderate rate increases for these customers.
• The multi-family residential customer water volume charge will be split into a Winter Volume and Usage over Winter Volume Charge, similar to other rate classifications, to provide customers with more control over the water portion of their utility bill.
• The multi-family residential percentage increase will vary based on peak usage volume; the percentage shown is for 1.5 peak factor.
• For more information, access the Water Rate FAQs.

*** Commercial Customers:
• The bulk water rate is now tied to the Commercial rate.

**** Industrial Customers:
• A Large Industrial schedule will be added to this classification with rates and volume charges for 6”, 8” and 10” meters where the total water usage at a single site is at least four million gallons per day, to increase the portion of revenue derived from base charges.

Community members are invited to provide feedback on the proposed rates online, in-person, by phone and email, and on social media until 5 pm on September 30, 2019.

The City of Hillsboro Utilities Commission will hold an Informational Session and Public Hearing on the proposed 2020 water rates on October 7, 2019, at 6 pm in Conference Room 113 at the Civic Center, 150 East Main St. After the public hearing, there is about a month for the Utilities Commission to review and consider the Department rate adjustment recommendation and the input received from the public. At the Utilities Commission’s regular meeting on November 12, 2019, the Commission then considers whether to approve the proposed water rate adjustment for each customer class. If the Commission approves the proposed water rates, the new water rates for all customers would take effect on January 1, 2020.

If the proposed 2020 water rate increases are approved, how will it impact my City utility bill?

If approved by the City of Hillsboro Utilities Commission, the water rate increase would:

• Only be applied to the water portion of the City of Hillsboro City Utility Bill, not the Sanitary Sewer, Surface Water Management, or Transportation Utility services.
• Be applied to all water rate classes – including single-family residential, multi-family residential, commercial, public entities, non-profit, irrigation, bulk water, fire protection, wholesale, and industrial customers.
• Take effect January 1, 2020.

For example, the drinking water portion of the utility bill for a typical single-family residential customer using approximately 6,000 gallons of water per month would increase by $1.68, from $34.34 to $36.02.

Would the proposed 2020 water rate increase affect the Sanitary Sewer, Surface Water Management, or Transportation Utility services on the utility bill?

No.

Any water rate adjustment would only be applied to the water portion of the City utility bill.
System Development Charges

What are Water System Development Charges (SDCs)?
Water SDCs are a one-time charge for new water meter connections, or increased usage for meters three inches or larger. SDCs are not charged to new customers activating service at an existing meter.

What are the current Water SDCs?
The current Water SDCs are posted online at Hillsboro-Oregon.gov/WaterSDC.

Who sets Water SDCs?
The City of Hillsboro Utilities Commission sets Water SDC fees. Under the City of Hillsboro Charter, the Utilities Commission has been granted final authority to establish Water SDCs, water rates, and other water-related charges.

Following the requirements of Oregon law, the City updates SDCs on a regular basis through a process similar to updating water rates.

Why are Water SDCs important?
Water SDCs, also known as impact or “buy-in” to the water system fees, provide revenue to Hillsboro Water from new user hook ups to recover costs of existing and future capacity enhancing capital improvements. A common objective of SDCs is to have “growth pay for growth.”

What do Water SDCs fund?
Revenue from Water SDCs only funds capital projects that:

- Expand Hillsboro’s current drinking water system to serve new customers
- Construct new water infrastructure to meet future demand needs
- Reimburse the City for existing water systems facilities

Water SDCs are paying for about 60 percent of the new Willamette Water Supply System treatment plant and pipelines.

How are Water SDCs calculated?
Methodology established in 2014 calculated Water SDCs adopted between 2014 and 2018 as well as those proposed in 2019.

The current methodology:

- Was based on the adopted 2013 Water Master plan’s projected capital improvement expenditures to expand the Joint Water Commission Water Treatment Plant and develop the Willamette Water Supply System (WWSS), which includes a new water treatment plant to expand the water supply available to Hillsboro customers.
- Determined that the Utilities Commission could establish 2015 SDCs of up to $10,236 for standard new single-family residential connections.
- Helped ensure that new development provides an equitable contribution toward the capital cost of investments in WWSS water infrastructure that expanded the capacity of the water supply system.
- Reiterated that SDCs are adjusted annually based on Engineering News Record Construction Cost Index (ENR CCI). This keeps the charges consistent with changes in construction industry pricing.

How do Water SDCs benefit current customers?
Water SDCs assign the costs of new capital improvements — at least in part — to customers who cause an increase in demand rather than to existing customers through higher rates.
SDCs keep water rates lower. For example, SDCs fund about 60 percent of the new Willamette Water Supply System treatment plant and pipelines. Water rate revenue from existing customers funds the remaining 40 percent.

**What is the history of the City of Hillsboro’s Water SDCs?**

Each year since 2015, the Utilities Commission has adopted Water SDCs that are lower than the maximum allowable amount approved in 2014. The SDCs were set at levels that provide 60 percent of the funding for design and construction of the City’s additional water source system. Water rate revenue from existing customers funds the remaining 40 percent.

SDCs have been phased in progressively from 60 percent of the maximum in 2015 to the proposed 95 percent for 2019. See table below.

**History of City of Hillsboro Water SDCs**

<table>
<thead>
<tr>
<th>Year</th>
<th>ENR CCI</th>
<th>Maximum Water SDC Allowed</th>
<th>Actual SDC Adopted</th>
<th>Percent of Maximum</th>
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</thead>
<tbody>
<tr>
<td>2015</td>
<td>N/A</td>
<td>$10,236</td>
<td>$6,182</td>
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</tr>
<tr>
<td>2016</td>
<td>1.69 percent</td>
<td>$10,409</td>
<td>$6,830</td>
<td>66 percent</td>
</tr>
<tr>
<td>2017</td>
<td>1.74 percent</td>
<td>$10,590</td>
<td>$8,455</td>
<td>80 percent</td>
</tr>
<tr>
<td>2018</td>
<td>2.13 percent</td>
<td>$10,815</td>
<td>$8,634</td>
<td>80 percent</td>
</tr>
<tr>
<td>2019</td>
<td>*</td>
<td>$10,815</td>
<td>$10,300</td>
<td>95 percent</td>
</tr>
</tbody>
</table>

The City will adjust the maximum allowable SDCs for 2019 by the 2018 Engineering News Record Construction Cost Index (ENR CCI) after the 2018 inflation rate is published.

**Do other City departments have SDCs?**

In addition to Water SDCs, there are SDC charges for the sanitary sewer, surface water management, transportation, parks, and supplemental South Hillsboro fees (if applicable). These charges are collected by the City to fund future expansion of the systems.

**Water Rate Drivers**

**What factors determine Hillsboro’s water rates?**

The four most significant factors determining Hillsboro’s water rates include:

1. Protection of Public Health: Supplying customers with safe and reliable drinking water is Hillsboro Water’s highest priority. Through monitoring, testing, and treatment, source protection, risk assessment, and emergency response planning, Hillsboro Water protects the water system and ensures the water delivered to local homes and businesses meets the stringent standards set by the state and federal governments and is safe to drink and use.

2. Additional Water Supply: The Tualatin Valley Water District and the cities of Hillsboro and Beaverton are partnering to develop the Willamette Water Supply System as an additional water supply source. The large scale, seismically-resilient water infrastructure project is currently under construction, and includes building a new state-of-the-art water treatment plant, reservoirs, and more than 30 miles of large-diameter transmission pipeline from the Willamette River to Hillsboro. This new, reliable water supply, along with Hillsboro’s current water supply — the upper-Tualatin River — will support growth and provide an additional supply for Hillsboro residents and businesses for decades to come.
3. Water Treatment Production Capacity and Seismic Resiliency: In response to the need to provide additional water for growing communities in western Washington County, the Joint Water Commission (JWC) — owned in partnership by the cities of Hillsboro, Beaverton, Forest Grove and the Tualatin Valley Water District — are working to complete a multi-year water treatment expansion, improvements project, and facility plan for the JWC Water Treatment Plant. The project addresses long-term water capacity and strengthens seismic resiliency while bringing the capacity of the plant from 75- to 85-million gallons (of water) per day. Learn more on the JWC website.

4. Maintaining Essential Infrastructure: From treatment plants to reservoirs to pipelines, much of the system that delivers water to and around Hillsboro was built decades ago. Hillsboro Water strategically upgrades, repairs, and in some cases replaces aging parts of the system to deliver safe, reliable drinking water to customers.

**Does the current water system really need improvements or maintenance?**

Yes.

Effective operations and maintenance support the City of Hillsboro’s overall water system sustainability and can help extend the life of the system. For example, one upcoming capital project is a “cathodic protection system.” This will place cathodes on large water pipelines to reduce corrosion on the outside of the pipe which will increase the useful life of the pipelines.

By strategically investing in the current water system, Hillsboro Water helps make sure clean, safe, and reliable water is accessible to our customers on demand. It is important to plan ahead for the next 50 years of water service and to develop a second water source — the Willamette Water Supply System — so that Hillsboro does not become overly reliant on a single raw water source.

**Additional Water Source for Hillsboro**

**Does the City of Hillsboro need another water source?**

Yes.

In the next 25 to 50 years, the Hillsboro community is expected to need roughly twice the amount of water used today. While the upper-Tualatin River will remain Hillsboro’s primary water source, the City of Hillsboro is partnering with the Tualatin Valley Water District and the City of Beaverton to develop the Willamette Water Supply System (WWSS) as a new water source. This will create an additional water supply source to meet our community’s needs today, in the future, and during emergencies.

With two independent water sources (the upper-Tualatin River and the mid-Willamette River at Wilsonville), the system will be better able to respond to a temporary disruption in one water source, for example due to a toxic algae bloom. The projected expanded water usage justifies the use of System Development Fees (SDCs) to fund a fair share of this investment. This is why SDCs are funding about 60 percent of the WWSS.

The new water system will be one of Oregon’s most seismically resilient water systems. This system will be built to better withstand natural disasters, protect public health, and speed regional economic recovery by restoring critical services more quickly. Also, quick restoration of water service will be critically important for fighting fires that may occur immediately after a major seismic event. Because a seismically resilient water system will benefit both current and future customers, water rates will fund about 40 percent of the investment in the new treatment plant and SDCs will pay the other 60 percent.

In addition to meeting customer water demand, the Willamette Water Supply System will offer existing City of Hillsboro customers additional significant benefits, including excellent finished water quality, ownership and control of the supply,
year round reliability, and an alternate water supply in the event of an emergency. This is also why the investment is being split about 60 percent to SDCs and about 40 percent to water rate funding.

Has construction started on the Willamette Water Supply System (WWSS)? Yes.

In October 2016, the first pieces of pipe for the WWSS were installed on the Kinsman Road Partnership Project through part of Wilsonville. The entire system will include more than 30 miles of 66-inch diameter water pipeline traveling from Wilsonville to Hillsboro, water storage tanks in Beaverton, an expanded water intake on the mid-Willamette River at Wilsonville, and a state-of-the-art water filtration and treatment plant in Sherwood.

The Tualatin Valley Water District (TVWD) and cities of Hillsboro and Beaverton are partners on this project. Did any other water agencies show interest in participating in the WWSS? Other water agencies are participating in planning and design discussions and may join the WWSS in the near future. Any additional partners will share costs.

What other water sources were considered? While the City of Hillsboro Utilities Commission designated the mid-Willamette River as the preferred additional water source for Hillsboro residents, several other viable water options were analyzed as potential future water sources. These included a Hagg Lake expansion, Mid-Willamette, South Willamette, Northern Well Field, and Bull Run/Columbia South Shore Well Field. Visit the Hillsboro Water Supply website to learn more.

What are the benefits of adding the mid-Willamette River at Wilsonville to the City of Hillsboro’s water supply portfolio? The Willamette Water Supply System will offer Hillsboro customers significant benefits, including:

- Excellent finished water quality
- Ownership and control of the supply
- Year-round reliability
- An additional water source
- Will meet water needs in Hillsboro Water’s service area for the next 50 years

What is the water quality of the Willamette River? The watershed that feeds the Willamette River is very large and produces consistent, high volume flows. The intake for the mid-Willamette River option is in Wilsonville, miles upstream from Portland and the Willamette Falls. This section of the Willamette River has been tested extensively over the last decade, and results have found it to be a high-quality drinking water source. The City of Wilsonville has been operating its water treatment plant drawing water for this section of the Willamette River for more than 15 years and has consistently produced high quality water.

How will the WWSS affect the City of Hillsboro’s monthly utility bill? Anticipating the long-term need for new water sources, the City of Hillsboro began years ago to prepare for the necessary investment.

Nevertheless, customers will experience annual water rate increases at least through 2026. While costly in upcoming years, the project eventually will stabilize customers’ water costs and make the City of Hillsboro’s water supplies more secure. Long term public financing will be used to stretch the debt out over time and better match the costs of this project with future water users.
Why should the current community have to pay for a future water system?

Over the past century, the Hillsboro community invested in water infrastructure that continues to serve our community, including:

- Construction and expansion of the Eldon Mills Dam and Barney Reservoir, a raw water storage for western Washington County.
- Building of the largest conventional water treatment plant in Oregon and intake on the Tualatin River south of Forest Grove.
- Partnership in the construction of Scoggins Dam (Hagg Lake).
- Installation of more than 20 miles of large diameter water transmission pipelines to the City of Hillsboro.

Today, Hillsboro is the largest city in Washington County and has a healthy base of industrial, commercial, and residential water users. Hillsboro plans ahead to secure future water supply and also maintains high water quality standards.

System Development Charges (SDCs), which are one-time fees paid for new development and expansion, will fund about 60 percent of the investment in the water treatment plant. Also, the plan is to partially fund this investment through low interest public financing that will be repaid over about 30 years. This will better balance project costs across current and future water users and will reduce the need for higher rate increases.

Planning, developing, and funding the Willamette Water Supply System as an additional water supply source for Hillsboro is critical for the present and future. The City remains committed to providing safe, reliable, and high quality water today and for years to come.

Is the construction of the waterline from the mid-Willamette River being built primarily for South Hillsboro?

No.

The addition of the mid-Willamette River is not being built only to support future South Hillsboro water demand. As an additional water source for the City of Hillsboro, the mid-Willamette River will be a seismically resilient, redundant system that:

- Brings security to existing customers by reducing dependency on a single source, especially during emergency events such as a toxic algae bloom.
- Provides additional water capacity in drought years. For example, during the severe drought in 2015, the existing water system was barely able to meet water demands, and this was well before South Hillsboro development.
- Provides supplementary water needed to meet long term projected growth in water demands throughout the City of Hillsboro. There are a limited number of water rights issued by the State, so it is important to develop a second water source to meet projected water needs for the next 50 years.

The planning for a new water supply began before South Hillsboro planning began over 10 years ago. In 2010, a water supply study was conducted to identify a water source that could best meet the projected 40-year increase in demands of Hillsboro and neighboring water suppliers, and also adhere closely to the local community's values and expectations for its high quality, reliable water supply. In February 2013, after analyzing six different options for a future water source, the mid-Willamette was selected as the preferred source. Learn more on the Hillsboro Water Supply website.

How much will the project cost?

The total investment for the Willamette Water Supply System is currently estimated at more than $1.2 billion, split between the three partners with Hillsboro investing about 35 percent.
How will the project be paid for?

The Tualatin Valley Water District and the cities of Hillsboro and Beaverton are committed to keeping rates affordable for customers and are using a combination of methods to fund the project:

- Cash reserves—money that has been saved to pay for the project
- Borrowing money through low interest public financing—repaid by customers over an extended period, so future water customers share the cost
- Current customer rate increases
- System development charges paid for by new development will fund about 60 percent of Hillsboro’s share
- Potential investments by others if other water systems decide to invest in the new Willamette Water Supply System in the future

In addition, Hillsboro Water is in the process of securing a $251 million Water Infrastructure Finance and Innovation Act (WIFIA) low-interest federal loan from the U.S. Environmental Protection Agency to support the Willamette Water Supply System. Hillsboro ratepayers will save more than $125 million in repayment costs over 35 years, thanks to the WIFIA loan, for developing the additional and seismically resilient water supply.

Where can I find more information about Hillsboro’s additional water supply, the Willamette Water Supply System?

Additional information is available online on the Our Reliable Water website, by contacting 503-941-4570, or sending an email to info@OurReliableWater.org.

Wholesale Customers

Does the proposed water rate increase apply to wholesale customers?

Hillsboro Water sells water to three wholesale customers: the Cities of Cornelius and Gaston and the LA Water Cooperative. In 2018, Hillsboro Water completed a Water Rate Study - which included a Cost of Service analysis - which recommended to the City of Hillsboro Utilities Commission specific rate adjustments to each customer class, including wholesale. The water rate adjustments recommended for wholesale customers reflect the costs incurred to provide water service.

If the proposed Hillsboro Wholesale Customer Rate is approved at the Utilities Commission October 8, 2019, regular meeting, the new water rates will go into effect on January 1, 2020.

Why are Hillsboro Water’s wholesale customers paying a different rate?

Hillsboro Water sells water to three wholesale customers in Washington County: the Cities of Cornelius and Gaston and the LA Water Cooperative.

Water is delivered to each wholesale customer through one or more master meters. From there, the three wholesale customers deliver water to their respective customers using their water system.

As with other customer classes, Hillsboro Water updates a Cost of Service Study every five years to identify costs incurred to provide water service. Therefore, wholesale customers pay their fair share to purchase their water from the City of Hillsboro. For example, wholesale customers don’t pay costs to operate and maintain the portions of the City of Hillsboro’s water system that provide service to residential customers, commercial customers, etc. Conversely, residential and commercial customers don’t have to pay for the portions of the system that serve wholesale customers.
Water Affordability

Are there resources available for Hillsboro Water customers living on a fixed income to help with the proposed water rate increase?

In partnership with the Salvation Army, the City of Hillsboro’s Customer Assistance Program currently offers $150 in payment assistance per household in a rolling 12-month period to qualifying customers. The City increased funding available for this program in Fiscal Year 2017-18 (spanning July 1, 2017 to June 30, 2018) to allow more customers access to the program, and to help offset the impact of the proposed rate adjustments on customers. To date, no qualified applicant has been turned down due to lack of funding.

In 2019, the City of Hillsboro Utility Billing Group successfully switched all customers who have been traditionally billed on a bi-monthly basis to a monthly City utility bill. Monthly billing will provide customers the opportunity to improve budget planning, manage water consumption on a monthly rather than bi-monthly basis, and be alerted to possible leaks in a timelier manner.

Customers can also reduce the water portion of their utility bill by investing in more efficient appliances and fixtures. Hillsboro Water offers rebates as an incentive to upgrade and home water audits to help customers identify usage habits, pinpoint leaks, and can cut water usage by as much as 30 percent by implementing simple conservation measures.

The City also offers a three-tiered residential water rate structure based on water usage. Tier 1 is charged at one rate, the next tier is charged at an increased rate, and so on. Over 80% of Hillsboro Water’s residential customers have usage covered entirely by Tier 1 rates. The tiered structure provides customers with affordable access to water for their essential needs.

How do customers request payment assistance?

Customers interested in applying for payment assistance through the City of Hillsboro’s Customer Assistance Program can schedule an eligibility-screening appointment with the Salvation Army at 503-640-4311.

Are water services trying to rise to levels that force more people into public assistance for paying utilities that are essential?

Stewardship of ratepayer dollars is treated with the utmost respect and care by Hillsboro Water.

Pricing of water services accurately reflects the true costs of providing high-quality water to customers, maintaining infrastructure, planning for upcoming repairs, and, replacing water infrastructure. At present, the monthly water portion of the utility bill for a typical single-family residence in the City of Hillsboro using eight ccfs — 6,000 gallons — of water per month is typically $35, which is often less than some other services such as cell phone plans and cable TV. Over 80% of water customers use eight ccfs or 6,000 gallons of water or less per month and thus qualify for the tier one rates.

Are customers just getting the same level of service for a higher price?

The water utility industry is a capital intensive utility industry. To operate and maintain Hillsboro Water’s extensive water system requires constructing new and replacing aging water infrastructure, and securing and investing in a second water source, the Willamette Water Supply System. Having a second water treatment plant served by a different water source will provide Hillsboro customers with a backup if one water source becomes temporarily unusable. For example, the City of Salem has only one water source and was forced to issue a do not drink notice to certain customers due to a toxic algae bloom.

The Willamette Water Supply System will be more seismically resilient and will allow for one source to continue providing water if the other source is temporarily interrupted.
Stricter regulations increase costs for water quality testing. For example, the Salem water system was impacted by a toxic algae bloom. The State of Oregon is preparing to implement more frequent testing requirements as a result. This will result in safer water, but will also increase costs.

Investments in repairing and replacing old pipes and infrastructure help bring drinking water to customers that remains pure and reduces water loss due to leaks. Surveys of Hillsboro customers have shown that they are very concerned about high quality water. These investments will allow Hillsboro customers to continue to enjoy water that is safe and clean.

**Is the City of Hillsboro considering a senior citizen discount for the water portion of the utility bill?**

Affordability is a major concern for the City, the Utilities Commission, and Hillsboro Water. Hillsboro Water conducted an [affordability program assessment](#) (see page 74) that surveyed the programs offered by other water systems, and reviewed the different types of potential programs. Based on that research, Hillsboro Water is not proposing to establish a senior citizen discount rate. City staff is coordinating its efforts and research with larger citywide initiatives on affordability.

**Social Security is not keeping up with cost of living. What can customers do?**

The City of Hillsboro offers several ways that customers can manage their water usage and cost:

- Customers interested in applying for payment assistance through the City of Hillsboro’s Customer Assistance Program can schedule an eligibility-screening appointment with the Salvation Army at 503-640-4311.
- City of Hillsboro customers are encouraged to [email City of Hillsboro City Utility Billing](#) or call 503-681-6163 to inquire about possible payment arrangements.
- Customers are encouraged to consider Hillsboro Water’s [rebate program](#) for purchasing and installing water efficient appliances and fixtures. Besides the rebate, higher efficiency means less water usage every month.
- Customers can manage their total water costs by limiting their water usage. Consider scheduling a free residential [home water audit](#) offered by Hillsboro Water to identify usage habits, pinpoint leaks, and can cut water usage by as much as 30 percent by implementing simple conservation measures.

**Growth & New Development**

**Does growth in the City of Hillsboro affect the water system?**

Yes.

Hillsboro Water is informed of when growth will occur by the City of Hillsboro Planning Department, and is obligated by state law to make preparations for that growth to occur.

Hillsboro Water prepares water demand projections for 50 years in the future. Those demand projections are modified informally every year and more formally about once every five years. Hillsboro Water uses land use data for these projections, since projected water demands can vary greatly depending on if the land is slated for residential, commercial, or industrial purposes. The long term water demand forecast is used to update the Water Master Plan every five years. Also, the water demand projection is used to forecast long term revenue trends, for example to qualify Hillsboro Water for low interest public financing.

Because it can take many years to purchase new water rights and to design and construct new or expanded treatment plants, reservoirs and related infrastructure, Hillsboro Water plans for water needs for the next 50 years. By the time the growth happens, Hillsboro Water is ready to serve.
Can new home owners and businesses take on more of the cost?

New development does bear a fair share of the burden for new supply and infrastructure capital costs.

Water System Development Charges (SDCs) in the City of Hillsboro are higher than average for the region, reflecting the City of Hillsboro Utilities Commission’s commitment that new development should pay for expanding infrastructure investments. However, by State law new development water SDCs can only pay for capital expansions, not operating costs. For example SDC revenue is paying for 60 percent of the investment in the Willamette Water Supply System including a new state-of-the-art water treatment plant and new pipelines. All other expenses are supported with water rates, which are paid by new and current customers alike.

Can the City of Hillsboro’s current infrastructure support the South Hillsboro growth?

Some, but not all, of the growth can be handled by current water supplies. As customer usage levels grow closer and closer to full system capacity, water supplies are under more strain. The City of Hillsboro will need a new source to meet all needs (especially summer demands when customer needs are greatest) no later than 2026.

City of Hillsboro has already had to supplement its water supplies by leasing water and water treatment plant capacity to meet all customer needs a few times in the past due to emergency situations, e.g. summer drought of 2015. The 2015 summer drought occurred long before South Hillsboro development.

Also, leasing water supplies can be unreliable because other water systems may not have extra capacity to lease. Development of a second reliable water source (Willamette Water Supply System) is underway and slated to be finished in less than a decade, which will improve reliability for all customers.

Comparables

How does Hillsboro’s water rates compare locally and nationally?

Hillsboro Water’s water rates remain lower than the average of water providers locally and regionally.

For example, if the City of Hillsboro Utilities Commission approves the proposed 2020 water rate increase of 4.9% for single-family residential customers, the drinking water portion of the monthly utility bill would increase by $1.68, from $34.34 to $36.02.

In fact, even with the proposed 2020 water rate increase, Hillsboro Water would have the second lowest water charge per month compared to 12 other local water agencies.
The next chart compares water rates in several cities across the United States, and shows that Hillsboro's current water rates remain competitive.
Even with the proposed water rates increases, Hillsboro Water’s tap water would continue to cost less than a penny a gallon, a true bargain considering the resources and expertise it takes to treat and deliver safe and reliable water to customers’ taps 24 hours a day, 365 days a year. When compared to other products used each day – such as milk or coffee – tap water is clearly one of the best deals around.

### Comparing Costs Per Gallon

<table>
<thead>
<tr>
<th>Product</th>
<th>Cost</th>
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</thead>
<tbody>
<tr>
<td>Coffee</td>
<td>$12.79</td>
</tr>
<tr>
<td>Milk</td>
<td>$3.49</td>
</tr>
<tr>
<td>Gasoline</td>
<td>$3.12</td>
</tr>
<tr>
<td>Bottled Water</td>
<td>$2.00</td>
</tr>
<tr>
<td>Hillsboro Water</td>
<td>1c</td>
</tr>
</tbody>
</table>

**Water Budget**

Where can I locate further information about Hillsboro Water’s current budget?

View the [City of Hillsboro Fiscal Year 2019-20](#) budget spanning July 1, 2019 to June 30, 2020. Specific details on the Water Department’s Fiscal Year 2019-20 budget are included in this City budget document beginning on page 269.

**City of Hillsboro City Utility Bill**

What are the different charges included on the City utility bill?

The City utility bill reflects charges based on the cost of basic sanitary sewer, surface water, transportation, and water services provided by Clean Water Services and the City of Hillsboro.

#### Sanitary Sewer

**Rate/Fees Setting**

- Clean Water Services sets Sanitary Sewer and Surface Water Management (SWM) rates.
- City of Hillsboro City Council adopts the rates set by Clean Water Services with adjustments if applicable.
- City of Hillsboro bills customers for these services.

**Charge/Fee**

- **Base Fee:** All customers pay the base fee. This fee is used to pay for the piping required to collect sewage and for the construction and operation of Clean Water Services wastewater treatment facilities.
- **Usage Fee:** For most customers, this portion of the bill is based on the wintertime average (November through April) of water use. This wintertime average is adjusted each July/August to establish the next year’s billing.
Surface Water Management (SWM)

Rate/Fees Setting
- Clean Water Services sets Sanitary Sewer and Surface Water Management (SWM) rates.
- City of Hillsboro City Council adopts the rates set by Clean Water Services with adjustments if applicable.
- City of Hillsboro bills customers for these services.

Charge/Fee
- This fee pays for drainage and water quality programs including street sweeping, ditch maintenance, storm drain cleaning, emergency flood response, education, and erosion control enforcement.

Sanitary Sewer and Surface Water Management Local Service Fee

Rate/Fees Setting
- City of Hillsboro City Council sets this fee.

Charge/Fee
- This fee funds the repair and replacement of sanitary sewer and surface water management infrastructure systems. Revenue generated from this fee will be invested in specific system improvement projects.

Transportation Utility Fee (TUF)

Rate/Fees Setting
- City of Hillsboro City Council sets this fee.

Charge/Fee
- This fee pays for street maintenance and provides limited funding for pedestrian and bicycle improvement projects. TUF is based on the estimated number of roadway trips generated by a property.

Water

Rate/Fees Setting
- City of Hillsboro Utilities Commission sets this rate.

Charge/Fee
- **Base Fee:** All retail customers pay a set base fee that funds the general system maintenance, debt service, and service costs.
- **Usage Fee:** This fee is per ccf or 100 cubic feet of water (1 ccf = 748 gallons) and is based on the customer’s water usage registered by the water meter. The use fee can change from bill to bill and adjusts up or down depending on the water use for that billing period. This fee funds the costs associated with water purchased, transmission lines, storage, water treatment and testing for purity, and also pays a portion of the operation and replacement costs of the system.

When are charges/fees adjusted?

Fees/rates are adjusted four times each year:

1. Water rates are adjusted annually in January.
2. Fees adjusted in February (not always annually) include the Sanitary Sewer Local Service Fee and Surface Water Management (SWM) Local Service Fee.
3. Each April, the Transportation Utility Fee (TUF) is adjusted.
4. Fees adjusted annually in July include Sanitary Sewer and Surface Water Management (SWM) – Clean Water Services rates.
How will the proposed 2020 water rates affect the typical single-family resident’s City utility bill?

The proposed 2019 increase applies only to the water portion of the City utility bill. If the proposed water rate increase is approved, the drinking water portion of the utility bill for a typical single-family residential customer using approximately 6,000 gallons of water per month would increase by $1.68, from $34.34 to $36.02.

In the future, will the water portion of the City utility bill be separated and sent as its own bill?

No.

To save on costs, the City utility bill will continue to include the four City utility services and fees.

Are all customers billed on a monthly basis?

Yes.

In October 2017, City of Hillsboro City Utility Billing began switching customers traditionally billed on a bi-monthly basis to monthly billing. This process was completed in 2019.

What are the benefits of monthly billing?

Monthly billing will provide City of Hillsboro customers the opportunity to improve budget planning, manage water consumption on a monthly rather than bi-monthly basis, and be alerted to possible leaks in a timelier manner.

Will monthly billing be cheaper than bi-monthly?

No.

Monthly City Utility Billing will not be cheaper. The City of Hillsboro will be generating more City utility bills, which will increase printing and mailing costs. However, the City does receive volume discounts on printing and mailing, so it is anticipated those costs will not double due to savings attributed to volume increase discounts.

Besides these costs, the City does not anticipate any other cost increases such as additional staffing. The City is working to maximize technology to be as effective and efficient in reading meters and generating bills.

Also, with monthly billing, many customers will find it easier to manage their bills and payments. This will translate into a small reduction in the amount of late payments which will lower costs for Hillsboro Water. Therefore, the added billing costs will be partially offset by fewer past due accounts.

What is the cost of switching from bi-monthly billing to monthly billing?

The City of Hillsboro currently spends approximately $95,000 annually on printing/mailing service and postage for its City Utility Bills. The City is estimating that those costs won’t quite double as we will receive volume discounts from mailing service and have larger mailing groups. The City is projecting cost for printing/mailing/postage, not including any postage rate increases, will increase about 75 percent. This means an increase of about $71,250.

All the expenses for City Utility Billing operations are funded by the four utilities on the City Utility Bill. Water would pay for about $20,500 of the projected increase. At this time, there are no plans to increase City Utility Billing or Meter Reading staff related to the move to monthly billing. The City will be maximizing the use of the technology it has already invested in and will continue to review and improve processes to be as effective and efficient as possible.

The move to monthly billing was driven by customers’ requests and to align with the monthly billing standard by most other utilities (electric, telephone, natural gas). The City believes that customers will benefit from the move in several ways:
Monthly billing allows customers to align their bill payment with other monthly expenses so customers can budget more efficiently. This will result in a small reduction in past due accounts which will provide some savings to partially offset the increased billing costs.

- Smaller more manageable payments.
- Monthly billing provides the customer with a more timely account of water use which will allow them to adjust their usage quicker and conserve water, especially during the summer months.
- Monthly billing will help identify customer water leaks much sooner, thus reducing high bills associated with those leaks.

Who can I contact to discuss the different charges on the City utility bill?

For questions, concerns, or feedback related to the following charges, email Utility Billing, visit our Utility Billing webpage, or call:

City of Hillsboro Public Works Department - 503-681-6146
- Sanitary Sewer
- Surface Water Management
- Transportation Utility Fee

City of Hillsboro Water Department - 503-681-6163
- Water

Reducing Water Charges

How can I lower the water portion of my utility bill and keep my lawn and garden green in the summer?

Between lawn maintenance, gardening, and staying hydrated, water use tends to increase in summer. Keep these 10 water wise tips in mind to help manage costs.

1. Adjust sprinklers so that they're watering the lawn and garden, not the street or sidewalk.
2. Water early in the morning (before 10 am) or later in the evening (after 6 pm) when temperatures are cooler and evaporation is minimized.
3. Water established lawns about 1-inch per week (a bit more during hot, dry weather). Find out how much to water this week with your personalized Weekly Watering Number.
4. Water in several short sessions each day that you water rather than one long session to allow for better absorption and to prevent run-off.
5. Use watering gauges to time how long it takes your sprinkler system to water an inch.
6. Adjust the amount you water each week throughout the irrigation season.
7. Create "watering zones" in your garden by grouping plants with similar watering needs, allowing you to give each plant the appropriate amount of water it requires.
8. Install a rain sensor. A rain sensor will allow your irrigation system to automatically shut-off if rainfall exceeds a certain amount. Afterward, the system will automatically resume its normal schedule.
9. Regularly check your irrigation system for leaks, broken lines, or blocked heads. Even small leaks can waste hundreds to thousands of gallons of water a month.
10. Add a shut-off nozzle to your garden hose and save about five to seven gallons each minute your hose is on.
Hillsboro Water also offers a rebate for purchasing and installing a WaterSense Weather-Based Irrigation Controller. For more information, visit the [Water Efficiency Rebates page](#) or call 503-615-6702.

**I currently reside in a townhouse/condominium/apartment and don’t use water outside.**

**Why is the water portion of my City utility bill so high?**

An unusually high water portion of the utility bill can be caused by a leak, change in water use, or due to the season. Some common causes include:

- A leaking toilet or a toilet continuing to run after being flushed.
- A dripping faucet.
- Increased number of guests for vacations, holidays, etc.
- Water-cooled air conditioners.
- A broken water pipe or obvious leak.
- A leaking water heater.

Leaks, whether unseen or unfixed, can waste hundreds and even thousands of gallons of water. It is important to routinely check plumbing and your home for leaky toilets, faucets, water pipes, outside taps and irrigation lines, and water heaters. Find [tips to address indoor and outdoor leaks](#).

To request a leak check, City of Hillsboro customers can contact Hillsboro Water at 503-615-6700. For after-hours water related emergencies, contact 503-615-6775 (pager).

**Does Hillsboro Water offer rebates for purchasing and installing water-efficient washing machines, toilets, and irrigation controllers?**

Yes. Hillsboro Water offers a comprehensive water conservation and rebate program to help customers use water more efficiently. Customers can request free water audits, leak detection kits, shower heads, and bathroom and kitchen aerators. They can also apply for rebates that promote water-conservation measures, including:

- **Washing Machine Rebates:** Apply for a $50 rebate when you purchase and install a new Energy Star qualified Washing Machine.
- **High-Efficiency Toilet (HET) Rebate:** Apply for a $75 per HET rebate when you replace your old water-wasting toilet(s) with an EPA WaterSense labeled 1.28 gpf High-Efficiency Toilet(s) HETs.
- **WaterSense Weather-Based Irrigation Controller Rebate:** Receive up to a $200 rebate when you purchase and install a WaterSense, weather-based controller.

For more information, visit the [Water Efficiency Rebates page](#) or call 503-615-6702.

**I’m interested in learning more about water-wise practices and looking to drive savings on the water portion of my utility bill. Can you help?**

Yes.

If the water portion of your utility bill is higher than normal and you’re not sure why, it may be time for a residential home water audit. Alternatively, if you’re looking to drive savings, or just curious to learn more about water-wise practices, you can sign up to receive a free water audit offered by Hillsboro Water. Learn more and request an audit [online](#) or by calling 503-615-6702.