Welcome to the City of Hillsboro
2020 Water Rate Public Hearing

October 12, 2020
6:30 PM
Zoom Teleconference
City of Hillsboro Utilities Commissioners

- **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 water rates and system development charges**
- **Rates/fees for sewer, surface water, and transportation are not set by the Utilities Commission**

[Image of commissioners]

Hillsboro-Oregon.gov/WaterRates
Water Rate Public Hearing Agenda

- Welcome & Introductions
- Expectations
- Staff Presentations
- Public Comment
- Next Steps
- Closing Remarks
- Adjourn

Hillsboro-Oregon.gov/WaterRates
Expectations

• Everyone will be treated with respect before, during, and after the meeting.

• Utilities Commissioners will give their undivided attention to speakers.

• Each speaker will receive a full three minutes to provide testimony on water-related matters under the Commission.

• Testimony must be relevant to water-related matters under Utilities Commission authority.

• The Utilities Commission Chair will rule “out of order” any participant making disrespectful comments about or to the Commissioners, staff, and participants. Further disruption will result in the participant being asked to leave.

• Participants will not be allowed to donate their allotted time to other participants.

• All public comment will be considered by the Utilities Commissioners before any decision is made regarding the proposed water rate increase.

Hillsboro-Oregon.gov/WaterRates
Welcome

From Niki Iverson, Hillsboro Water Department Director

Upper-Tualatin River
Most of Hillsboro’s tap water begins as rainfall in the Tillamook State Forest, about 30 river miles west of Hillsboro.

**TILLAMOOK STATE FOREST**

Rain water is captured in the Barney and Scoggins Reservoirs (Hagg Lake) and supplements the Upper-Tualatin River in summer months.

**BARNEY RESERVOIR**

**SCOGGINS RESERVOIR (HAGG LAKE)**

**UPPER-TUALATIN RIVER**

Hillsboro’s current drinking water source is the upper-Tualatin River which begins in the Tillamook State Forest.

**CHERRY GROVE SLOW SAND FILTER PLANT**

Water travels 5.6 river miles before being drawn out of the upper-Tualatin River for filtration and treatment at either the Cherry Grove Slow Sand Filter Plant (SSF) or the Joint Water Commission (JWC) Water Treatment Plant. Both plants operate 365 days a year, 24 hours a day.

**FERNHILL RESERVOIR**

**JOINT WATER COMMISSION WATER TREATMENT PLANT**

Our water distribution system and water treatment plants are maintained, evaluated, and upgraded regularly to stay in line with advancements in technology, health science, and government regulations.

**Hillsboro’s Reliable Drinking Water Source and System**

Water is delivered to Hillsboro by 2 large transmission lines.

Hillsboro customers use 17 million gallons on an average day, up to 33 million on a summer day.

**City of Hillsboro**

331 miles of water pipeline ranging in size from 4 to 24 inches deliver water straight to your tap.

Hillsboro Water maintains more than 2,500 hydrants for fire suppression.

3 in-town reservoirs can store up to 30.5 million gallons of finished water.

To address long-term future water need, Hillsboro will add a second water source, the mid-Willamette River, by 2026.
Protecting Your Drinking Water

- Source Protection
- Treatment
- Maintenance
- Testing
- Future Planning
Delivering Clean, Safe Drinking Water

The City of Hillsboro is committed to delivering water to our community 24 hours a day, 7 days a week.

Hillsboro’s water is thoroughly treated before reaching customer’s taps.

Hillsboro’s water continues to be safe to drink and use.

Hillsboro-Oregon.gov/WaterRates
Keeping Water Flowing

Joint Water Commission
Water Treatment Plant
Generators

Hillsboro-Oregon.gov/WaterRates
Customer Categories: Accounts

- Single-Family Residential: 90%
- Residential: 1%
- Multi-Family Residential: 1%
- Commercial: 4%
- Public Entities: 0.5%
- Non-Profit: 0.5%
- Industrial: 1%
- Irrigation: 2%
- Private/Public Fire Protection: 0.5%

Hillsboro-Oregon.gov/WaterRates
Customer Categories: Demand

- **Industrial**: 49.5% (4,197,451 MGD)
- **Commercial**: 5% (452,951 MGD)
- **Multi-Family Residential**: 7.1% (603,674 MGD)
- **Residential**: 23.4% (1,980,246 MGD)
- **Irrigation**: 3.5% (296,112 MGD)
- **Wholesale**: 8.2% (693,450 MGD)
- **Public Entities**: 1.8% (151,053 MGD)
- **Non Profit**: 0.5% (43,743 MGD)

MGD: Million Gallons per Day
Customer Categories: Revenue

- Industrial: 39.7%
- Single-Family Residential: 31.8%
- Multi-Family Residential: 6.8%
- Commercial: 6.8%
- Public Entities: 2.8%
- Non-Profit: 0.8%
- Irrigation: 6.1%
# Investing in Hillsboro’s Water System

## Water Rates
- Who pays water rates?
- Who sets water rates?
- How are water rates calculated?
- What do water rates fund?

## Water SDCs
- Who pays water SDCs?
- Who sets water SDCs?
- How are water SDCs calculated?
- What do water SDCs fund?

[Hillsboro-Oregon.gov/WaterRates](Hillsboro-Oregon.gov/WaterRates)
Factors

1. PROTECTION OF PUBLIC HEALTH
   Ensuring water quality and reliability of service through monitoring, testing, treatment, source protection, risk assessment, and emergency response.

2. MAINTAINING ESSENTIAL INFRASTRUCTURE
   Upgrading, repairing, and replacing parts of Hillsboro’s current water system.

3. ADDITIONAL WATER SUPPLY
   Investing in the mid-Willamette River at Wilsonville as an additional water supply source.

Hillsboro-Oregon.gov/WaterRates
### Current Water Rate

<table>
<thead>
<tr>
<th>Description</th>
<th>Use (CCF)</th>
<th>Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Charge</td>
<td></td>
<td>$16.58</td>
</tr>
<tr>
<td>Use</td>
<td></td>
<td>$19.44</td>
</tr>
<tr>
<td>Water Subtotal</td>
<td>8</td>
<td>$36.02</td>
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</tbody>
</table>

### Proposed Water Rate

<table>
<thead>
<tr>
<th>Description</th>
<th>Use (CCF)</th>
<th>Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Service</td>
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<td></td>
</tr>
<tr>
<td>Fixed Charge</td>
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<td>$17.00</td>
</tr>
<tr>
<td>Use</td>
<td></td>
<td>$22.08</td>
</tr>
<tr>
<td>Water Subtotal</td>
<td>8</td>
<td>$39.08</td>
</tr>
</tbody>
</table>
## Cost of Service Study: Rate Recommendations

<table>
<thead>
<tr>
<th>Customer Category</th>
<th>Year 1 Effective 02-01-2019</th>
<th>Year 2 Effective 01-01-2020</th>
<th>Year 3 2021 Proposed</th>
<th>Year 4 2022</th>
<th>Year 5 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-Family Residential</td>
<td>5%</td>
<td>4.90%</td>
<td>8.5%</td>
<td>8.8%</td>
<td>8.9%</td>
</tr>
<tr>
<td>Private/Public Fire Protection</td>
<td>14.7%</td>
<td>11.3%</td>
<td>10.2%</td>
<td>10.5%</td>
<td>10.5%</td>
</tr>
<tr>
<td>Multi-Family Residential</td>
<td>14.7%</td>
<td>11.1%</td>
<td>10.3%</td>
<td>10.5%</td>
<td>10.5%</td>
</tr>
<tr>
<td>Commercial</td>
<td>14.7%</td>
<td>12.9%</td>
<td>10.4%</td>
<td>10.5%</td>
<td>10.5%</td>
</tr>
<tr>
<td>Public Entities</td>
<td>14.7%</td>
<td>14.7%</td>
<td>10.4%</td>
<td>10.5%</td>
<td>10.5%</td>
</tr>
<tr>
<td>Non-Profit</td>
<td>6%</td>
<td>10.4%</td>
<td>10.5%</td>
<td>10.5%</td>
<td>10.5%</td>
</tr>
<tr>
<td>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>Irrigation</td>
<td>20%</td>
<td>20%</td>
<td>15.2%</td>
<td>15%</td>
<td>10.5%</td>
</tr>
</tbody>
</table>

These percentage increases are for typical customers. Individual account increases may be different.
#1 Factor Determining Water Rates: Additional Water Source

Hillsboro-Oregon.gov/WaterRates
## WWSS Cash Flow Forecast Estimates: Uses

<table>
<thead>
<tr>
<th>Year</th>
<th>WWSS</th>
<th>WIFIA Payments</th>
<th>Bond Payments</th>
<th>Total Uses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$53,631,633</td>
<td></td>
<td>$1,430,000</td>
<td>$55,061,633</td>
</tr>
<tr>
<td>2022</td>
<td>$75,681,734</td>
<td></td>
<td>$1,430,000</td>
<td>$77,111,734</td>
</tr>
<tr>
<td>2023</td>
<td>$130,186,208</td>
<td></td>
<td>$1,430,000</td>
<td>$131,616,208</td>
</tr>
<tr>
<td>2024</td>
<td>$76,687,008</td>
<td></td>
<td>$1,430,000</td>
<td>$78,117,008</td>
</tr>
<tr>
<td>2025</td>
<td>$29,092,028</td>
<td></td>
<td>$1,430,000</td>
<td>$30,522,028</td>
</tr>
<tr>
<td>2026</td>
<td>$18,971,708</td>
<td></td>
<td>$1,430,000</td>
<td>$20,401,708</td>
</tr>
<tr>
<td>2027</td>
<td>$2,441,586</td>
<td>$2,913,000</td>
<td></td>
<td>$5,354,586</td>
</tr>
<tr>
<td>2028</td>
<td></td>
<td>$2,913,000</td>
<td></td>
<td>$2,913,000</td>
</tr>
<tr>
<td>2029</td>
<td></td>
<td>$2,913,000</td>
<td></td>
<td>$2,913,000</td>
</tr>
<tr>
<td>2030</td>
<td>$5,069,168</td>
<td>$2,913,000</td>
<td></td>
<td>$7,982,168</td>
</tr>
<tr>
<td>2031</td>
<td>$10,138,337</td>
<td>$2,913,000</td>
<td></td>
<td>$13,051,337</td>
</tr>
<tr>
<td>2032</td>
<td>$10,138,337</td>
<td>$2,913,000</td>
<td></td>
<td>$13,051,337</td>
</tr>
<tr>
<td>2033</td>
<td>$10,138,337</td>
<td>$2,913,000</td>
<td></td>
<td>$13,051,337</td>
</tr>
<tr>
<td>2034</td>
<td>$10,138,337</td>
<td>$2,913,000</td>
<td></td>
<td>$13,051,337</td>
</tr>
<tr>
<td>2035</td>
<td>$10,138,337</td>
<td>$2,913,000</td>
<td></td>
<td>$13,051,337</td>
</tr>
</tbody>
</table>
### WWSS Cash Flow Forecast Estimates: Sources

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash Reserves</th>
<th>Bonds</th>
<th>WIFIA</th>
<th>Total Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$20,196,804</td>
<td>$34,864,829</td>
<td>-</td>
<td>$55,061,633</td>
</tr>
<tr>
<td>2022</td>
<td>$20,111,734</td>
<td>-</td>
<td>$57,000,000</td>
<td>$77,111,734</td>
</tr>
<tr>
<td>2023</td>
<td>$21,616,208</td>
<td>-</td>
<td>$110,000,000</td>
<td>$131,616,208</td>
</tr>
<tr>
<td>2024</td>
<td>$18,117,008</td>
<td>-</td>
<td>$60,000,000</td>
<td>$78,117,008</td>
</tr>
<tr>
<td>2025</td>
<td>$14,522,028</td>
<td>-</td>
<td>$16,000,000</td>
<td>$30,522,028</td>
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<tr>
<td>2026</td>
<td>$12,878,323</td>
<td>-</td>
<td>$7,523,385</td>
<td>$20,401,708</td>
</tr>
<tr>
<td>2027</td>
<td>$5,354,586</td>
<td>-</td>
<td>-</td>
<td>$5,354,586</td>
</tr>
<tr>
<td>2028</td>
<td>$2,913,000</td>
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<tr>
<td>2030</td>
<td>$7,982,168</td>
<td>-</td>
<td>-</td>
<td>$7,982,168</td>
</tr>
<tr>
<td>2031</td>
<td>$13,051,337</td>
<td>-</td>
<td>-</td>
<td>$13,051,337</td>
</tr>
<tr>
<td>2032</td>
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<td>-</td>
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<td>$13,051,337</td>
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<tr>
<td>2034</td>
<td>$13,051,337</td>
<td>-</td>
<td>-</td>
<td>$13,051,337</td>
</tr>
<tr>
<td>2035</td>
<td>$13,051,337</td>
<td>-</td>
<td>-</td>
<td>$13,051,337</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$191,861,543</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Cash Reserves**: $72,055,513  
  Water Dept. cash balance at August 31, 2020
- **Additional Net Cash**: $119,806,030  
  Additional cash to be earned
- **Annual Net Cash**: $13,311,781
Cash Reserves

Cash Reserves Drawdown

<table>
<thead>
<tr>
<th>Year</th>
<th>Reserve Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aug. 2020</td>
<td>$72,055,513</td>
</tr>
<tr>
<td>2021</td>
<td>$51,585,709</td>
</tr>
<tr>
<td>2022</td>
<td>$31,746,975</td>
</tr>
<tr>
<td>2023</td>
<td>$10,130,767</td>
</tr>
<tr>
<td>2024</td>
<td>$(7,986,241)</td>
</tr>
</tbody>
</table>

Hillsboro-Oregon.gov/WaterRates
Willamette Water Supply: Project Funding

- Water Rates
- Reserves
- Revenue Bonds
- Water Infrastructure Finance and Innovation Loans (WIFIA)
- Water System Development Charges (SDCs)
Cost Management Strategies

- Keeping Rates within the Five-Year Projection Plan
- Decreased ownership in the Willamette Water Supply Terminal Storage Reservoirs
- Review Annual Willamette Water Supply System Baseline Budgets
- Developed Priority Cost Management Options for the Water Treatment Plant
- Deferred Non-Emergency Capital Projects
Reservoir Cost Savings
Monthly Comparables

- Proposed City of Hillsboro Drinking Water Cost: $39.08
- Natural Gas: $77.16
- Cell Phone: $65.00
- Internet Service: $63.23
- Garbage & Recycling: $45.00
- Cable TV: $100.00
- Other City of Hillsboro Utility Costs (Sewer, Surface Water, Transportation): $70.74
- Electricity: $100.91
Local Water Rate Comparison

Hillsboro-Oregon.gov/WaterRates
National Water Rate Comparison

Hillsboro-Oregon.gov/WaterRates
City of Hillsboro
Water Department’s
Additional Water Supply

Marlys Mock
Willamette Water Supply Program
Communications Supervisor
Willamette Water Supply: Partnership & Benefits

**Benefits**
- Additional supply
- High quality and safe finished water quality
- Local ownership of the supply
- Year-round reliability
- Value

Willamette River at Wilsonville
Willamette Water Supply: Resilient Infrastructure

Water Infrastructure

1. Modified intake on the Willamette River at Wilsonville
2. A new state-of-the-art water filtration facility near Sherwood
3. More than 30 miles of earthquake resilient water pipe
4. Water storage tanks that securely hold 30 million gallons of water on Cooper Mountain
Project costs are estimated at $1.3 billion, and shared proportionately by partners.
Willamette Water Supply: Staying on Budget

- Negotiate the best price and quality for services and goods
- Make cost effective engineering design decisions
- Proactively manage risks early
- Partner on construction projects
- Rigorously manage all aspects of the Program
- Accurately forecast cash flow needs so partners can plan ahead
Willamette Water Supply: Partnership Projects

Partnership projects save money and reduce construction impacts.

Kinsman Road Project
Partnered with the City of Wilsonville and Oregon Department of Transportation

124th Avenue Partnership Project
Partnership with Washington County

South Hillsboro Area Pipeline Project
Coordinated with Newland Construction Inc.
Willamette Water Supply: Treatment

Clean Water in Seven Steps
Producing Safe, Good-Tasting Water

1. INTAKE SCREENS
   Protects fish and prevents debris from entering the treatment facility

2. ENHANCED SEDIMENTATION
   Removes river silt and materials that are small enough to pass through the intake screens

3. OZONATION
   Destroys contaminants, breaks down organic chemicals and odor-causing compounds

4. GRANULAR ACTIVATED CARBON
   Removes organic material, dissolved chemicals and odor-causing compounds

5. SAND FILTER
   Filters any remaining silt or particles

6. ULTRAVIOLET DISINFECTION
   Destroys illness-causing pathogens

7. CHLORINATION
   Protects treated water from bacteria as it's delivered to customer's tap

All the way to homes and businesses

www.OurReliableWater.org
20190410
Improving Our Economy

To date, 95% of money spent has gone to local employees, and goods and services.
Utility Assistance & Water Efficiency Resources

Tacy Steele
City of Hillsboro Water Department
Program Manager
Utility Assistance Resources

Federal Utility Bill Relief Funding

• Impacted by COVID-19
• City of Hillsboro residential utility account
• Government assistance programs or household earns at or below 80% area median income for past 30 days
• Limited, ends December 30, 2020
• City of Hillsboro allocated $19,332.54 to date

City Utility Bill Assistance Program

• Flexible Payment Plan
• City Bill Relief
• Ongoing

Hillsboro-Oregon.gov/UtilityAssistance
503-681-6163

Hillsboro-Oregon.gov/WaterRates
8 Water Efficiency Resources that Save You $$

1. Low-Flow Showerheads
2. Water Efficiency Rebates
3. Water Educational Materials
4. Toilet Leak Detection Tablets
5. High-Efficiency Aerators
6. Home Water Audits
7. Weekly Watering Number
8. Utility Bill Leak Adjustment

Hillsboro-Oregon.gov/WaterRates
## Affordability Measures

<table>
<thead>
<tr>
<th>Customer Input</th>
<th>Monthly Billing</th>
<th>City Utility Assistance Program</th>
<th>New Customer Categories</th>
<th>Adjusted Customer Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refinance WIFIA Loan</td>
<td>Monthly Billing</td>
<td>City Utility Assistance Program</td>
<td>New Customer Categories</td>
<td>Adjusted Customer Categories</td>
</tr>
<tr>
<td>Phased Water Rate Increases</td>
<td>Tiered Rate Structure</td>
<td>Peak Pricing</td>
<td>Manage Expenditures &amp; Investments</td>
<td>Federal Utility Relief</td>
</tr>
</tbody>
</table>
Water Rate
Public Hearing
If you are on the line and would like to comment on the proposed water rates for 2021, please raise your Zoom hand.
Next Steps, Public Feedback, & Additional Information
Next Steps: 2021 Water Rate Setting Process

- **Sept. 30:** Community Conversation (in English)
- **Oct. 12:** Water Rate Public Hearing
- **Nov. 10:** Utilities Commission Vote
- **Sept. 9:** Public Comment Period Opens
- **Oct. 15:** Community Conversation (in Spanish)
- **Oct. 30:** Public Comment Period Ends
- **Dec. 2020:**
- **Jan. 1, 2021:** New rates go into effect

Hillsboro-Oregon.gov/WaterRates
Public Feedback and Additional Information

• **Call:** 503-615-6702

• **Online:** [Hillsboro-Oregon.gov/WaterRates](Hillsboro-Oregon.gov/WaterRates)

• **Email:** [Water-Department@Hillsboro-Oregon.gov](Water-Department@Hillsboro-Oregon.gov)

• **In Person or Mail:** 150 East Main Street, Hillsboro, Oregon 97123

• **Social Media:** @HillsboroWater and Facebook.com/HillsboroWater

• **Virtual Zoom Meetings:**
  • Oct. 12: Water Rate Public Hearing
  • Oct. 13 and Nov. 10: Utilities Commission Monthly Meetings
  • Oct. 15: Community Conversation (in Spanish)
Thank You for Joining Us

Hillsboro-Oregon.gov/WaterRates