

City of Bend

Infrastructure Advisory Committee (IAC)

September 15, 2011 IAC recommendation regarding City's Water Rate Structure:

The Infrastructure Advisory Committee (IAC) met on September 13 and September 15 for the purpose of providing a recommendation on the City's Water Rate Structure.

The IAC respectfully disagrees with the Council decision to shift more revenue to the volume component of the water rate at this time.

The committee believes the water rates should be sufficient to generate stable revenues required to support operations and maintenance, maintain and develop necessary capital infrastructure and conform to the City financial policies. The IAC believes putting a larger portion of the revenue on the volume component at this time is not appropriate or consistent with water industry standards. Revenues that are largely dependent on volume introduce revenue volatility for the City's water budget and potentially cause rate volatility for the user. The IAC understands the importance of water conservation but is aware that there are other rate methodologies and ordinances to achieve this goal yet still provide revenue stability. The IAC unanimously agreed that revenue stability should be the greater focus.

The IAC unanimously supports Council decision to move from a 400 cf allowance to a zero allowance. However, the IAC recommends this decision be tabled, and recommends the IAC be allowed time to recommend an appropriate fixed cost component of the water rate that achieves the required needs of the current and future proposed water system. The IAC committee was appointed by Council to provide recommendations to the Council on infrastructure related issues including rates and rate structures, and its members were chosen for their credentials, expertise and experience.