

Initiatives to Change the City Charter

1. The Friends have proposed three initiatives to be placed on the November 2004 ballot? What are they, and what will they do?

Initiative #1 refers more than a 3% annual rate increase for debt service on water revenue bonds to a vote. This initiative limits spending on capital improvement projects without voter approval. Capital investment expenditures that will result in an annual increase of water rates by more than 3% in any one year will be referred to a vote by City Council. Capital Improvement Projects are paid for via revenue bonds. The debt service on these bonds generally doubles the ultimate cost of the project with every \$5 million to \$6 million dollars resulting in a 1% increase in rates. Necessary capital improvement projects such as replacing the vulnerable Sandy River Crossing could be completed without referral but \$100-\$200 million dollar projects such as the reservoir demolition and burial project and the Powell Butte membrane filtration plant would need to be referred.

Initiative #2 creates an elected Water Board to set water rates. This initiative creates a Water Board comprised of city residents elected from five districts that are within the City of Portland boundaries to set water rates. Presently the City Council sets the rates. Accountable oversight of the Water Bureau is needed. The current Public Utility Review Board (PURB) is only advisory and the city limits the information available to the PURB.

Initiative #3 requires a vote of the electorate prior to demolishing or selling major components of the Bull Run water system. Portland has had a municipal water system since 1894 when the reservoirs allowed the City to access Bull Run River water. Before that time, drinking water for a majority of the City came from the Willamette River via privately owned companies. There are indications that City Council is considering major changes in the management and possibly ownership of Portland's water system. The trend to privatize water systems is growing world wide as multi-national corporations see the potential profits in a resource necessary for life. For more information visit the Public Citizen's Water for All Campaign.

2. Why did the Friends take this action?

The current PURB board is not an effective oversight body because its actions are only advisory and the questions it is allowed to pursue are restricted. We are seeing the result of this lack of oversight. Residential water rates rose by 9% this year and 8.7% the year before. A similar increase is expected again this summer. If the proposed reservoir demolition, related projects and the filtration plant proceed, water rates will rise by 80%. The City's debt rating is at risk as a result of three consecutive years of problems found by independent auditors of the Water Bureau's financial activities. We are deeply concerned that the invaluable legacy of the Bull Run reservoir and the Portland water system will be sold or removed to a regional agency. This agency will be another step removed from citizen oversight and ultimately either the agency or its management could be privatized.

3. What is the current status of the petition drive?

The Friends have begun the petition drive to place these initiatives on the ballot. We have completed our first round of petitioner workshops and have another planned for February 14th. This will continue.

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