

These minutes contain materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

SENATE COMMITTEE ON
WATER POLICY

February 21, 1991 Hearing Room 137
3:00 p.m. Tapes 19 - 20

MEMBERS PRESENT: Sen. Larry Hill, Chair
Sen. Dick Springer, Vice-Chair
Sen. Wayne Fawbush
Sen. Bob Kintigh
Sen. Eugene Timms

STAFF PRESENT: Lisa Zavala, Committee Administrator
Bernadette Williams, Committee Assistant

MEASURES CONSIDERED:

SB 328 -- Permits Governor's Watershed Enhancement Board to accept moneys from public or private sources -- Public Hearing and Work Session
SB 327 -- Requires installation of water meters by January 1, 1996, to measure use of water supplied by municipal water service supplier -- Public

Hearing

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TAPE 19, SIDE A

003 CHAIR L. HILL: Convenes the meeting at 3:15.

SENATE BILL 328 -- PUBLIC HEARING

Witness: William H. Young, Director, Water Resources Department

CHAIR L. HILL: Opens the Public Hearing.

015 WILLIAM H. YOUNG, Director, Water Resources Department: Presents testimony in support of SB 328 (EXHIBIT A) and pamphlet on "Oregon's Watershed Enhancement Program" (EXHIBIT B).

060 CHAIR L. HILL: This would allow the board to receive and spend monies provided the Legislature grants it in an expense limitation?

YOUNG: Correct.

CHAIR L. HILL: This has a subsequent referral to Ways and Means.

YOUNG: Ways and Means has to give us an appropriate spending limitation and the ability to spend and receive those dollars.

CHAIR L. HILL: This gives Ways and Means permission to grant an expense limitation and to allow revenues to flow to this purpose.

SEN. TIMMS: Would private funds be part of the expenditure limitation?

CHAIR L. HILL: Yes.

SEN. TIMMS: It would allow them to spend so much money, even though we don't know how much money will be available?

YOUNG: Describes how an expense limitation works.

SEN. TIMMS and WILLIAM YOUNG discuss the expenditure limitation.

100 SEN. TIMMS: Supports the program. It needs to be expanded.

CHAIR L. HILL: Closes the Public Hearing.

SENATE BILL 328 -- WORK SESSION

CHAIR L. HILL: Opens the Work Session.

111 MOTION: SEN. KINTIGH: Moves SB 328 to the Committee on Ways and Means with a do pass recommendation.

Hearing no objection SB 328 is referred.

SENATE BILL 327 -- PUBLIC HEARING

Witnesses: William H. Young, Director, Water Resources Department
Tom O'Connor, League of Oregon Cities
Jeff McIlvenna, City of Reedsport
Jerry Schmidt, Oregon Association of Water Utilities
Jim Myron, Oregon Trout
Doug Myers, Waterwatch
Fred Van Natta, Multi-Family Housing Council of Oregon and Manufactured Housing Communities of Oregon

CHAIR L. HILL: Opens the Public Hearing.

-This came from the interim committee, but we'll have BILL YOUNG speak about what it means to the Department.

124 WILLIAM YOUNG, Director, Water Resources Department: Presents testimony in support of SB 327 (EXHIBIT C).

159 CHAIR L. HILL: How many cities are metered?

YOUNG: Doesn't know. He thinks the large majority of cities are metered. Those smaller units that furnish water for a half-dozen houses and are covered by the Health Division are not metered.

-He continues with the concept of the bill.

231 CHAIR L. HILL: The commission currently has the authority to require metering?

YOUNG: We believe we do.

CHAIR L. HILL: How does your policy regarding planning by municipalities speak to metering?

YOUNG: Out of our draft plan we came up with a reasonable way to deal with waste practices that might exist in municipalities--metering. The commission could develop such a rule and that rule could require metering. Our policy on conservation carries the suggestion that we have the authority in the statutes to eliminate wasteful practices.

255 CHAIR L. HILL: This bill accelerates requiring metering by a certain time.

YOUNG: If there were a blanket requirement on every municipality to have a conservation plan by January 1, 1993; we don't think many of those municipalities would be equipped to get that plan together in that time frame.

274 CHAIR L. HILL: Does the fiscal impact of \$176,447 (EXHIBIT C) come from section 2 (2)?

YOUNG: Explains where the fiscal impact comes from.

285 SEN. TIMMS: There's the delay into mid-1993.

YOUNG: We expect to be among the largest of the suppliers by mid-1993. We expect there would be a longer delay before all municipalities have plans.

SEN. TIMMS: You have a plan underway. If you're allowed to do this in progressive fashion you wouldn't have the fiscal impact if you went about this quicker?

YOUNG: We already have staff contemplated and proposed in the Governor's recommended budget. The staff required would be more than the staff we currently have.

310 SEN. KINTIGH: How would cities that use water for washing streets be covered by this?

YOUNG: Cities can usually make a reasonable estimate of the water they need for street washing, fire suppression, etc. Metering gives them the ability to measure the losses in the system and would be important to municipal conservation.

332 CHAIR L. HILL: Are diversions used by cities generally metered?

YOUNG: There are differences from place to place, but generally they are.

CHAIR L. HILL: A municipality in a critical groundwater area would also be reporting extraction of groundwater for municipal purposes?

YOUNG: Municipal wells in a critical groundwater area would be subject to the same restrictions any other wells in that area would be.

357 CHAIR L. HILL: Has the commission reached a conclusion that some point in the future that municipal users should have all customers metered?

YOUNG: The commission hasn't come to that conclusion. Their general sense is that metering is valuable in trying to conserve water.

CHAIR L. HILL: You have that authority to do it statewide or in an assortment of municipalities?

YOUNG: Correct.

392 TOM O'CONNOR, League of Oregon Cities: Presents a survey of metered cities (EXHIBIT D). We do not oppose metering and we have a policy that supports conservation.

-The League is not excited about government mandated metering. There is a cost involved.

-He describes the survey.

TAPE 20, SIDE A

035 O'CONNOR: The survey shows the overwhelming majority of cities in Oregon do meter. He has no figures on the small municipal water supplies that are metered.

044 CHAIR L. HILL: Bend is a good sized city that is not metered. It's very dry in the summer.

O'CONNOR: Explains what happened in Bend (See page 2 EXHIBIT D).

-He describes how Redmond is in the process of completing a metering program.

071 CHAIR L. HILL: Can you comment on inverted block rates?

O'CONNOR: Intended to.

-The Farmers Home Administration requires metering as a condition of the grant or loan.

091 CHAIR L. HILL: What are those grants used for?

O'CONNOR: Explains.

-State Water Resources Development Loans require metering.

CHAIR L. HILL: We are considering some large bonding programs to assist municipalities to rebuild or expand sewage treatment and water filtration capacities. Are there any proposals to link that to metering?

109 O'CONNOR: You're referring to the funds for the Federal Safe Drinking Water Act. It's been estimated that it will cost the state \$1.4 billion and more. A good portion of that will be covered by local revenue bonding and rate-based improvements. There is a significant gap particularly for small communities where there isn't adequate funding available. There is a proposal to set up state loan programs. The task force that worked on that talked about metering as a requirement of those loans.

-The Safe Drinking Water Act will be the real driver. Metering will probably be a requirement for the loans.

140 CHAIR L. HILL: Will the league support metering as a requirement for loans?

O'CONNOR: Would have to take that before the board.

-The Safe Drinking Water requirements will require tremendous expense. Metering would add an impact on top of that.

CHAIR L. HILL: If metering encourages conservation and efficiency there might be a savings.

O'CONNOR: Doesn't know if you can make a correlation between the two.

CHAIR L. HILL: You might have to treat less water.

158 O'CONNOR: Municipalities currently must report their total water use to the Water Resources Department.

-He discusses the planning requirement of the bill.

-He discusses line 17, section 3.

-He discusses the definition of "municipality."

-He discusses declining block rates. The league would oppose an amendment to eliminate declining block rates.

CHAIR L. HILL: Define declining block rates?

255 SEN. FAWBUSH: The more you use the less you pay.

CHAIR L. HILL: Where do they come from? Are they determined by the water provider?

O'CONNOR: You pay less for a larger volume of water used.

CHAIR L. HILL: Where does it come from?

O'CONNOR: Rate structure is defined by individual cities and is part of a public process.

-He explains where they came from.

-We oppose eliminating declining block rates, because it is not the proper role of the state to set local rate structures.

308 CHAIR L. HILL: It is the proper role of the state to ensure use without waste.

O'CONNOR: That is state policy.

-The state has plenty of tools to ensure conservation without getting into rate structures.

337 SEN. KINTIGH: Is the survey complete?

O'CONNOR: Some small communities are not in here.

-It's not 100 percent accurate, but is a good picture.

SEN. KINTIGH: How much does a meter cost?

O'CONNOR: Between \$100 and \$300.

377 O'CONNOR: The survey includes estimated costs and project costs.

412 SEN. TIMMS: How many systems are antiquated? We don't know about water waste and leakage.

O'CONNOR: We have been living off the generation that put in the infrastructure and we have not been keeping up with it.

-One of the first steps under the department's conservation plan is to phase in reducing leakage.

461 CHAIR L. HILL: Discusses the City of Springfield replacing its wooden pipes.

TAPE 19, SIDE B

023 SEN. TIMMS: There is a big problem of waste and leakage. Have we ever had a water survey to determine the difference in water usage among the cities and how water is used in different areas?

039 O'CONNOR: The state's never done a survey, but there is a lot of information available.

-It's difficult to compare systems.

-Water Resources has that information as part of their basin plans.

SEN. TIMMS: If a city is in a pumping situation they would have more of an incentive to conserve.

It would be interesting to see how they do in other places.

062 O'CONNOR: It would vary by the amount of industry, etc. The various water utilities have a good deal of information about usage.

CHAIR L. HILL: Some cities figured it was economical to install meters on their own. Why do the cities that haven't started metering find it to their advantage not to find out how much water is getting to their customers?

O'CONNOR: That as variable as the number of cities.

085 CHAIR L. HILL: Bend wanted it, but the voters said no.

-Why did the city want it?

O'CONNOR: Doesn't know. The relevant issue is the local political dynamics, people don't want to be metered.

098 SEN. TIMMS: They had big problems putting in their sewers, it cost millions of dollars. Adding water to that was probably too much for the people.

O'CONNOR: It may not be cost effective to meter all connections at a given time.

141 JEFF MCILVENNA, City of Reedsport: Presents a history of the city's water system.

-He presents a letter in opposition to SB 327 (EXHIBIT F).

200 CHAIR L. HILL: You are the only water right holder of Clear Lake?

MCILVENNA: Yes.

-The city is not opposed to water conservation. Our ordinances are written to prohibit any wasting of water.

-We have a requirement for water meters for all new and industrial customers and retrofitting of water meters for any industrial or commercial user that requires upgrading in the quantity of water they use or their water line size.

-He describes their aggressive leak repair program.

-We should meet our water requirements for another 50 to 100 years.

-He discusses the federal mandates for clean water, which will raise our

rates 97 percent.

-If the state mandates meters it will cost us approximately \$750,000, which will require rates to raise an additional 20 percent.

-We don't feel meters are need or warranted for Reedsport.

-Limit the mandate to those watersheds with critical concerns.

-Don't penalize those places that don't anticipate or have a problem.

268 JERRY SCHMIDT, Oregon Association of Water Utilities: The league made a good presentation.

-The Federal Safe Drinking Water Act will eventually mandate meters.

296 CHAIR L. HILL: Accounting for water loss can be done without meters, but done more effectively with them.

-Is not aware that the federal language of the Safe Drinking Water Act requires meters. Any metering would be occasioned by state actions.

-How do utilities figure out what to do to minimize loss if they don't have meters?

318 SCHMIDT: Health Division rules require master meters.

CHAIR L. HILL: What's a master meter?

SCHMIDT: Explains.

-We support meters, but there is a point where meters are not economically feasible.

350 CHAIR L. HILL: The smallest place that is putting in meters is Prescott.

353 SEN. KINTIGH: You are mostly small units. There is no minimum in the bill is there?

SCHMIDT: In some very small water districts it is not economically feasible to install meters.

-It's difficult to try and figure out a breakpoint.

-We would suggest 150 service connections as the minimum, because that is a number we have dealt with and is in statute.

390 JIM MYRON, Oregon Trout: Presents testimony in support of SB 327 (EXHIBIT F).

441 CHAIR L. HILL: Canby has a maximum monthly rate?

TAPE 20, SIDE B

004 MYRON: Yes.

-He concludes his testimony.

CHAIR L. HILL & MYRON discuss the City of Canby's energy conservation program.

028 SEN. KINTIGH: How many customers go over the 2,000 or 6,000 mark?

MYRON: Doesn't have the figures with him, but it is a sizeable number.

-He describes an incentive for the promotion of water use.

SEN. KINTIGH: Do all people use the water to irrigate gardens?

MYRON: Probably. They pump the water out of the Molalla River, which has had serious water quantity and quality impacts in the summer.

050 SEN. KINTIGH: Are there water rates for other times of the year?

MYRON: It's a flat fee the rest of the year.

064 DOUG MYERS, Waterwatch: Supports the bill.

-We would like to see the bill go further. All consumptive out-of-stream users of water should meter or measure their use of water.

-We have a comprehensive bill coming up that addresses metering and measuring water.

079 FRED VAN NATTA, Multi-Family Housing Council of Oregon and Manufactured Housing Communities of Oregon: Refers to the page 2, line 2, the definition of municipal water supplier services.

-He doesn't know if intent of bill is to cover apartments, duplexes, etc. He wants to make sure that is not the intent.

CHAIR L. HILL: Doesn't know if that is the intent.

-We'll take that into consideration if the bill goes anywhere.

-It is his view that is not the intent, the objective was to meter buildings and not to meter every rental owner.

VAN NATTA: We have no objection to metering parks or buildings.

124 MCILVENNA: Comments on declining rates.

-Elimination of descending blocks could harm a lot of industry and shouldn't be considered.

158 HAYES: Will talk with their Conservation Manager about declining blocks.

CHAIR L. HILL: Please check this out.

-He adjourns at 4:55 p.m.

(EXHIBIT G) -- Letter in opposition to SB 327 from TONY PAXTON, City Administrator, City of Talent.

(EXHIBIT H) -- Letter in opposition to SB 327 from RHODA DEGIOVANNI, City of Garibaldi.

Submitted by, Reviewed by,

Edward C. Klein, Lisa Zavala,
Committee Assistant Committee Administrator

EXHIBIT LOG:

A - Testimony on SB 328 - William Young - 1 page
B - "Oregon's Watershed Enhancement Program" - William Young - 15 pages
C - Testimony on SB 327 - William Young - 1 page
D-Metered Water Service in Oregon Cities - Tom O'Connor - 5 pages
E-Testimony on SB 327 - Jeff McIlvenna - 2 pages
F-Testimony on SB 327 - Jim Myron - 3 pages
G-Testimony on SB 327 - Tony Paxton - 1 page
H-Testimony on SB 327 - Rhoda DeGiovanni - 1 page