

SECTION 1: The Portland City Charter shall be amended by adding the following Chapter 11,
Article 4:

Chapter 11

Article 4: Water and Sewer Budgets and Rates

Section 11-401. General Policy. Rates for water and sewer service to City residents should be fair and equitable, and should only include costs associated with providing water and sewer services. Rates should be set to generate sufficient revenue to fund annual budgets, and calculated using generally accepted ratemaking practices. Utility principles of least-cost and least-risk should be evaluated in making capital investments decisions in water and sewer system maintenance and upgrades. Water and sewer service budgets and financial plans should promote efficiency and effectiveness, advance long-term City watershed management goals, and be the product of an asset-management approach to operations, maintenance and investments for water and sewer services. Water and sewer services are necessary for human health and welfare, and as such, provision of these services should reflect the interests of water and sewer ratepayers, consumers and the public, and should be affordable to all people regardless of income. To the extent legally permissible and fiscally advisable, water and sewer service rates should provide reductions or discounts for low income residential ratepayers.

Section 11-402. Limitations on Expenditures. Expenditures of revenues derived from operation of the water and sewer bureaus shall be limited to programs, operations, maintenance, and capital improvements that are directly associated with providing water and sewer services, consistent with sound utility practices and compliance with legal and regulatory requirements.

Section 11-403 Administration. The Independent Utility Commission is established to promote the accountability, efficiency, effectiveness and affordability of the City's water and sewer services. The Commission shall have five members who shall be appointed and may be removed for cause by the Auditor, subject to approval by the Council. The Commission shall hold regular meetings at fixed times. The Commission may adopt procedural rules regarding its operations under this Article.

Initially, two members of the Commission shall be appointed for a one-year term; two for a two-year term; one for a three-year term. Thereafter, appointments shall be made for three year terms. In making appointments to the Commission, the Auditor will seek a range of relevant professional disciplines, academic expertise and volunteer experience, in the following or substantially similar disciplines: public accounting, financial auditing, municipal finance, public administration, utility ratemaking, utility economics, engineering or law.

Commission members shall serve without salary or compensation of any nature. Each Commission member shall be a City resident at the time of appointment. No current City employee shall be appointed to or serve on the Commission, nor shall any individual with a financial interest in the water or sewer bureaus, where such interest is distinct from that of the general public, whether by employment, contract or otherwise, be appointed to or serve on the