Portland Utility Board

April 5, 2016, 3:30 – 6:30pm
Room C, Portland Building
Meeting # 10 Minutes

Attendees:

PUB Members:
Alice Brawley-Chesworth, ex officio
Allan Warman
Cindy Dietz, ex officio
Gwynn Johnson
Janet Hawkins
Julia Person
Kendra Smith
Lee Moore
Marie Walkiewicz, ex officio
Meredith Connolly
Michael Harrison
Robert Martineau

Staff:
Mike Jordan (Director, Bureau of Environmental Services)
Mike Stuhr (Director, Portland Water Bureau)
Megan Callahan (Communications Director, BES)
Cecelia Huynh (Director of Finance and Support Services, Water)
Kathy Koch (Portland Water Bureau)
Brad Blake (Portland Water Bureau)
Ed Campbell (Portland Water Bureau)
Jim Blackwood (Senior Policy Director, Commissioner Fish's Office)
Liam Frost (Policy Director, Commissioner Fish's Office)
Claudio Campuzano (Principal Analyst, City Budget Office)
Melissa Merrell (Principal Analyst, City Budget Office)

Public:
Janice Thompson (Citizen Utility Board)
Carol Cushman (League of Women Voters)

I. Call to Order, Introduction of Any Audience Members

Kendra call the meeting to order at 3:33 pm, invited the public to introduce themselves, and requested signup for testimony. Michael H. suggested moving public comment to 5:15 to allow the public to be able to comment on the proposed board rules.

II. Approval of Prior Meeting Minutes and Disclosure of Communications

Melissa pointed out two corrections to the minutes sent to her by board members and Allan clarified that BES is limited to producing up to 2 megawatts per site. Rob motioned to approve the minutes as amended; Allan second. The minutes were approved unanimously by voice vote.

Kendra disclosed 3 check-ins with various staff including Fred Miller, Mike Jordan, and Mike Stuhr. Michael met with Mike Stuhr regarding energy permitting system with OHSU. Allan met with Fred Miller and also Marc Crowder at the Water Bureau and Dennis Jaramillo at BES. Janet met with Al Iverson, a former City staffer.

III. Update from Council Work Sessions and Utility Summit

Michael H. provided update from the Council for work session on the proposed bureau budgets and PUB's letter. Council will be interested in a PUB response on the low income discount program. Michael H. said that he assured Council that if it looked like they were going to make changes, PUB would do outreach before voting on a formal position.

Kendra provided an update on the Utility Summit that she and Alice attended. The summit was a joint meeting of local providers and other stakeholders. The group talked about more integration of water and wastewater providers. Topics included resiliency, managing costs, and strategies to incent greener practices with regards to what cleaning products go into system.

IV. Bureau Discussion of Strategic Plans Process and Public Involvement.

<u>BES</u>

Mike Jordan updated the PUB on the BES strategic plan that is still in logistics mode of getting underway. He expects to begin engaging PUB in June. The bureau is in the first round of interviews for consulting help and will then move to selecting a steering committee of bureau employees. These need to be 'trusted agents' who don't necessarily need to be management. The bureau is working to set up the architecture to allow for ownership by stakeholders. That includes looking for a 'project manager', ideally someone internally that can be used temporarily for this process.

The bureau anticipates starting with a round of stakeholder input in at least three broad categories: 1) articulating workload in terms of outcomes in community, 2) what are the major strategies the bureau should be using, and 3) what are the metrics that would help to know if the bureau is achieving success.

Mike J. thinks that a first draft or at least big picture will be in place by the beginning of budget development in September/October/November and a final by the time the budget is submitted in early February.

Janet expressed interest in engagement with OEHR. Mike J. responded that the BES internal equity committee has just completed the Equity Roadmap for the bureau in conjunction with OEHR. They anticipate using that roadmap as a filter for all discussions in strategic plan. He noted the tension between having a separate section dedicated to equity and incorporating equity throughout the plan. He hopes to achieve the latter.

Allan asked the director to define stakeholders. Mike said that he thinks stakeholders are anyone who has significant interest in BES work. Broadly speaking, that means the business and industrial community, environmental interests, neighborhoods, environmental justice advocates, elected officials, the PUB and other oversight bodies. This represents just a sampling and the bureau is looking to get a comprehensive view. Allan commented that inclusion of customers and ratepayers would generate greater acceptance.

Rob asked how do the bureaus move forward with costs and benefits regarding green and grey infrastructure and reflect the community's interest. Mike J. said he feels the bureau has done a good job of dealing with point source but the biggest issue in the future will be non-point source. He said the big challenge is finding the appropriate balance of built and natural infrastructure.

Janet suggested that a natural level of engagement is with the community and that it would be good for the PUB to be in attendance at neighborhood meetings. Mike J. said he would provide more updates on the communication and outreach plan.

Michael H. asked if the group would like updates on outreach and involvement as the process unfolds. Kendra said yes, noting that a steady flow of information is more valuable than a report at the end. She suggested getting some sense of community values through a survey tool. Mike J. said that the bureau had just finished survey work on Portland Harbor Superfund. They got 2,700+ responses that will help Council build responses to EPA and something like that could be incorporated into the process.

Meredith said it would be helpful to understand not just the outcomes and strategies chosen, but also those that are not chosen. Understanding why things were discarded will help understand the decision-making calculus. Mike J. said that it is usually a matter of priorities and finance.

Lee suggested that providing the PUB with updates would work well. He expects an iterative 'do-learn-do-learn' process.

Allan suggested that if there was significant interest this might be a good candidate for subcommittee work and a deeper dive. The group agreed to check back at a later date.

Water

Ed Campbell from the Water Bureau said that the bureau envisions a very similar process, though there is a sequencing issue. Water has a number of pending issues that the bureau would like to resolve before engaging in a more robust planning process. They will likely have an interim plan. The Deputy Director – to be brought on later this year – would be the project manager. There has been direction from Commissioner's office to develop a strategic communications plan. Part of that process will be to evaluate Key Service Levels. That activity is likely to occur after July. A deeper planning process would happen in 2017/18 resulting in plan by 2018/19.

The update to the existing plan would come to PUB this summer for review. Staff involved in the Communications Plan will also be involved in Strategic Plan.

Rob asked if there are any opportunities for the bureaus to work on communications and strategic planning together. He said it seems like it would be a missed opportunity if not.
Ed commented that already there is a lot of coordination and outreach already exists – e.g. through bill statements.

Mike J. said there is room to improve on coordination and collaboration in areas like values surveys, etc. Liam added that the Water Bureau didn't have a communication director for a while. Now that she is on board, she meets and communicates regularly with Megan from BES. Alice commented that from a community perspective, they don't see two separate bureaus. Ideally, it would be a single communication and appear seamless.

V. Recommendations of the Low-Income Discount Subcommittee.

Michael H. introduced the work of the Low Income subcommittee which has met five times to review and discuss the recommendations made in the report. The way forward has mostly to do with values decisions which is why they are bringing it back to the full committee for discussion. The purpose is to share some of subcommittee's conclusions, determine if additional research is needed, and get initial feedback from PUB members. The subcommittee has concluded that it's not up to PUB to direct or recommend expenditures of the General Fund. Also, if subsidies are being provided to market rate units with shared meters, it would be difficult to ensure that it made it through to tenants. The subcommittee explored 10 options and has identified three routes forward:

a) Status quo (i.e. expand to budgeted 10,000),
b) Expand the program to 13,000 renters in regulated units based on the relative certainty that they would benefit from the subsidy, and
c) Phase out program over time because of inequities.

Janet said the subcommittee had approached this as a learning effort. She noted that staff were really helpful in understanding the issues. The options were really representative of a range from expansion to elimination to status quo. She said it would be really helpful to have OEHR come in and help the PUB to think about how to approach this.

Meredith highlighted that none of the three options are a recommendation. Lee added that all options have pros and cons, and noted that his district has faced the same issues. Michael H. said one could pick option A or options A&B, but option C stands alone. Lee said from a fairness perspective, when the group has put in so much effort and time, it doesn't make sense to really start tearing it apart. Michael H. responded there was no consensus in the group.

Lee asked about the 10,000 number: is 10,000 the right number? Are there 2,000 people that need to be reached? Michael explained that it was the budgeted goal. Lee added that in Clackamas the goal is to get people off the subsidy, not on the subsidy.

Cindy said the options really represent a range. The subcommittee wanted to check in with other members on values. Marie asked a technical question. What is the impact of some costs on rental housing? Does PUB have the information that is needed to know how much rents are impacted? She said she gets a little nervous that a subsidy reflects the cost that is being passed on; this is not a simple math problem. Rob said he would be interested in the customer service director's perspective on operations under all of the options and interested to know if a conservation component would help reduce their monthly burden. Melissa clarified that costs in option B are foregone revenue. No administrative costs were figured since there is little sense of how that would be managed. Michael H. said because water consumption is a smaller portion of the total bill compared to the base charge, conservation efforts wouldn't make a large difference.

Melissa provided some general housing data. There are about 260,000 housing units in Portland and about 65,000 of those are low-income households. 25,000 are single family units with about 10,000 renters and 15,000 owner-occupied units. 40,000 are multi-family units, 13,000 of which are part of the Portland Housing Bureau portfolio. 27,000 are market rate rental. About 8,000 household participate in the Low-Income Discount program, all of which are single-family households.

Cindy said there was a significant concern with regards to the costs of administration related to the pilot. Michael H. asked for clarification around how difficult Option B would be for the bureaus. Melissa responded that it really depends on how the subsidy is structured and who performs it. Gwynn said that she thought Option B should be off the table since it doesn't really provide a benefit. Michael H. clarified that 13,000 would get a benefit. Other unsubsidized users would see rate increases. Liam also added that the 13,000 represents those living in units in the Portland Housing Bureau portfolio. Marie noted the relative ease of administration for those renters but also they already have a better housing cost burden situation since they are subsidized. Folks that are most struggling are those in market rates. Option B doesn't get to them. Kathy added that even those managed units would be a heavy lift to figure out administrative costs. Testing eight accounts from Home Forward showed immense challenges.

Kendra noted that this program is inequitable no matter how you look at and there is a need to develop alternative solutions that provide people with what they need to survive. Perhaps we need to look at something new.

Michael encouraged members to offer questions that they need to be answered in order to address this question.

Meredith suggested eliminating option B and discuss expanding to 10,000 versus the phase out at next meeting. Lee asked if the committee looked at having a program that targeted unsubsidized tenants. Michael H. noted that reaching the unsubsidized multi-family was challenging and there could be EPA regulations involved as well. Meredith said she thought the General Fund and Portland Housing Bureau could tackle affordability in a much more effective way but the subcommittee chose to limit discussion to utilities.

Michael said that he thought that foreclosing on Option B would require a bit more thought to process, outreach, and provide public notification. Janet reiterated the values component. Michael suggested having staff invite someone from the Portland Housing Bureau to meeting with the subcommittee. Rob asked if it could be appropriate for Council to weigh in again, potentially on option C. Liam clarified that the report was referred to the PUB by Commissioner Fish and not Council. Gwynn wanted to know whether the Commissioner's office would be interested in Option C if perhaps it were accompanied with a suggestion to replace it with something better.
Michael said the committee was interested in developing recommendations in isolation and independently. Meredith agreed. Alice noted that there is no perfect solution. No one wants to stop giving something people depend on. Option C without practical replacement is unworkable. Lee said if there are 8,000 people in program now, why not get to 10,000 and then reassess.

Michael suggested the subcommittee meet again and the board move to public comment.

VI. Public Comment.

Carol Cushman said she sat through all subcommittee meetings. She added that the number of people that have been served by the program has varied from year to year. Participants have to reapply every two years. The Water Bureau also has an emergency repair program. Janice Thompson emphasized the challenge of estimating administrative costs of Option B. She also asked why there no option to expand into rental housing, market rate and thinks there needs to be more explicit discussion of what options are NOT in the three presented, and why. She doesn't think a phase out makes any sense and that Option G needs to considered with the other leading options.

VII. Continued Discussion of Internal Board Rules and Adoption.

The board considered their working document of board rules and discussed adding a process suggested by the subcommittee for filling vacancies. Alice wondered if it was strange that the board was self-selecting new members. She suggested that the rules and process clearly state a desire to have diversity of expertise on the board and add a reference in the document to the ordinance and compositional guidance. The members generally agreed. Meredith asked if there was a consensus around selecting our own members. Jim Blackwood added that any of the Commissioner's offices can help fill positions. ONI and OEHR can help diversify outreach. Rob suggested that the recommendations be added. There was no formal motion or second, but there was general agreement.

Janice raised concerns about public comment not happening before a vote specifically on this issue. She was invited up to speak. She raised concerns with the Commissioner's office not playing active role in recruitment, fearing it put too much burden on PUB members. Kendra and Melissa highlighted that the commissioners' offices and the directors of both bureaus would help.

VIII. Recommendation of Co-chairs

Three members expressed interest in being co-chair: Robert Martineau, Kendra Smith, and Allan. Melissa reminded the board of the election process they had adopted at the previous meeting.

Each candidate had three minutes to talk about why they were interested in the position. Rob said he would like to help lead. He is a labor leader and has experience with facilitation to help have genuine and productive discussion. He would like to enhance agenda setting and take advantage of ex-officio members and gain institutional knowledge. He wants to help address the large amount of information and get on top of it. He rejected the assertion that this board was created in environment of lack of public trust. He wants to help the board get traction to advise the council in a responsible way.

Kendra said wants to lead the board and the bureaus to work collaboratively with bureaus on strategic plans, interagency agreements, affordability of services, and improved value. She said she is new to chairing and is learning the process. She is looking forward to continuing to serve.

Allan joined the board because of his background in utilities through work with BES and Water at PGE. He has a business background and financial awareness. He feels the

customers/ratepayers needs to be foremost of thought. He has focused on large customers for PGE but it's a balancing act to make sure that all sides are represented. He has taken in lots of info, analyzed and thought about it, and made decisions. He feels co-chair leaders need to listen. He thinks the process of building consensus is fun.

The meeting was then open to board members for questions. Gwynn asked Rob what he means when he says he wants to 'institutionalize this board' mean? Rob said that he is able to provide institutional memory and knowledge including billing system problems, knowing 'where the bodies are buried'. He wants to help facilitate and get the collective head around just how big the system is. His priority is stewardship: building and maintaining the system every day.

Lee asked Kendra about her background. She said that she was a consultant doing watershed planning and previously worked for Clean Water Services. She spent 12 years implementing watershed restoration programs. She has built and managed CIPs and dealt with staffing. She spent 7 years with Bonneville Environmental Foundation.

Lee asked each candidate to talk about time availability. Rob said time hasn't been a problem so far and he has time to commit. He doesn't see it as a constraint. Kendra acknowledged that the Board does take a lot of time but so far she has been able to handle it. Allan said he checked in with his management at PGE. They are okay with it and have no time constraints.

Michael asked Rob to clarify his statements last meeting that the PUB was created to be 'political cover'. He wants to know from each candidate why they think the PUB is important. Rob clarified that the board was created as work of the Blue Ribbon Commission created by Charlie Hales with very little consultation with Council while talking to Oregonian in an effort to get their endorsement. He said the BRC recognized the value of the BACs and PURB. The PUB is a replacement and has the opportunity to continue that work. If in process we provide cover for politicians that is not the intent, but the result. Kendra said she served on the BRC and recommended the creation of the PUB. That process was great learning experience to identify opportunities and address pitfalls (including communication and rising rates). She presented to the advisory committee for Clean Water Services on a regular basis and those were some of the richest discussion in her career – understanding community values and perspective – and made for a strong organization. She said that she had talked with Michael J. about having peer-to-peer dialog. Allan said he believes the value in the PUB is bringing forward the customer perspectives and constituency dialog. The PUB can help identify priorities regarding the budget and that the budget oversight role is important to for the PUB. He said the PUB has significant opportunities to communicate to customers what bureaus do and what they will do tomorrow.

There was no public comment.

Melissa called the vote. With 6 votes, the board recommended Kendra for the first co-chair position. With 5 votes, the board recommended Allan for the second co-chair position.

IX. Work Plan Revisit

The group decided to delay this conversation and revisit during a future meeting.

The meeting adjourned at 6:30 PM.