

SUMMARY NOTES

Attendees: Water Bureau: David G. Shaff, Edward Campbell, Chris Wanner, Cecelia Huynh, Mike Stuhr, Kathy Koch, and Ty Kovatch. Water Bureau Budget Support Staff: Tim Hall, Mary Leung, Susan Bailey, Jan Warner Jeff Leighton, Greg Drechsler, Stan VandeBergh, Nathan Walloch, Jeff Winner, Steve Schenk and Robin Hagedorn (recorder); Water Bureau Labor Representatives– AFSCME: Mark Gipson; COPPEA: David Argast; Non-Rep Staff: Ashley Schaer; Budget Advisory Community (BAC) Members: Citizen, Glenn Bridger, Kay Durtschi, Mike Ellis, Lise Glancy, Port of Portland.. Others in attendance: Ryan Kinsella, Portland Office of Management & Finance (OMF)

Agenda:

- ◆ Welcome and Introductions
 - ◆ Housekeeping
 - ◆ FY 3013-14 Budget Week – Preliminary Decisions
 - ◆ 5-Year Capital Improvement Program
 - ◆ Water Rates
 - ◆ Questions and Answers
 - ◆ Public Comments and Questions
 - ◆ Next Meeting Agenda
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Welcome and IntroductionsDavid Shaff:

David welcomed the committee members and guests, followed by introduction of Ashley Schaer who will serve as the BAC member for Non-Represented bureau staff.

HousekeepingDavid Shaff:

David briefly reviewed the previous BAC meeting, reminding members the final meeting notes from October 17 were now on the budget website.

David reviewed the questions submitted by committee member Mike Ellis after the previous BAC meeting. Members were provided with a printed copy of the questions and answers.

David noted that the agenda packet for the meeting had the complete list of BAC members and budget staff.

David asked for additional agenda items. Nothing was added to the formal agenda.

David provided an update on Fluoridation. Multnomah County Elections Office and the Secretary of State's Elections Division completed their signature verification process for the referendum petition calling for a public vote on fluoridating the City of Portland's drinking water. The issue now qualifies for a vote by City of Portland residents and will be on the ballot for the May 2014 primary election. David noted that all work on the project has now ended. It is expected that some public outreach will happen as the election draws closer and that Tim Hall will manage the information requests that come in. Cost estimates on the project will also be updated if needed.

Mark Gipson asked if the wholesale customers have a voice in the fluoridation issue. David reported that the wholesale partners can go before the Portland City Council and present their views on the issue. David also noted that the new City Council could vote to rescind the ordinance but doesn't view that as likely. David reported that if Bull Run water is fluoridated, the entire system, including all wholesale customers will have fluoridated water.

FY 2013-14 Budget Week

David Shaff:

David provided a review of the bureau's budget week activities and proposed program water rankings established by bureau managers and budget staff. The requested budget reduction package notes the service impacts that the proposed 5% operating budget cuts would have throughout the bureau. The proposed reductions would eliminate 11 bureau positions along with program cutbacks for a total of over \$4.2 million for the FY 2013-14 fiscal year.

Glenn Bridger commended the managers and budget staff for their efforts in the budget preparations and searching for savings throughout the bureau.

Lise Glancy also commended staff on the work done in budget preparations.

David noted that all areas of the bureau were researched, and reported that floor space allocated to the bureau for staff and meeting room use were discussed and as a result some 3rd floor meeting rooms would be turned back to the City's General Facilities along with space on the 14th floor currently used by the Planning and Asset Management group. Work space for that group will be found on the 5th and 6th floors already occupied by the bureau if the move for the workgroup is approved.

Kay Durtschi asked if costs for the use of the Jerome Sears Building in SW Portland were also included in the budgeting. David reported that the Emergency Management group is using the facility on a temporary basis until the new Emergency Coordination Center is completed and that the program costs are covered in the budget as an Engineering expenditure.

5-Year Capital Improvement Program

Mike Stuhr:

Mike reviewed the five year CIP for the bureau noting four additional large projects will be coming online for the FY 2013-14. Phase 2 of the Carolina Pump Main Extension, Bertha Service Area Improvements, Raymond Tank Supply Improvements and Division Street Piping projects will begin. The Division Street Piping project is part of LT2 compliance. There will also be two major projects for the Watershed starting. Road paving for Road 8 & 10 provide back-up and primary access for bureau use respectively. Both roads have sections that require greater repair than patching and needs to be brought up to current standards.

Water Rates

Cecelia Huynh:

Cecelia provided information on rate conventions or what type of cost reductions must be achieved to equal a 1% retail rate reduction.

Cecelia provided a 5-year water retail rate forecast noting the various impacts on the previously forecast rate increase for the FY 2013-14. The initial rate increase was forecasted at 14.8% and with

new information available along with the 5% operating reductions the updated rate as of November 8, is now forecasted at 9.5%.

Cecilia reviewed budget forecast assumptions based on several factors including retail demand, inflation assumptions, the updated 5-year CIP and Bond Sales. Cecelia also noted the risks and opportunities that can impact the budget forecast.

Kay Durtschi asked about lower demands for water. David attributed lower demand to several factors including conservation efforts, general lower public demand, and new plumbing codes that require new water-saving fixtures. David also noted that water demand is down around the country for most water agencies and districts.

Questions and Answers

Mike Ellis asked about the bureau's bond rating. David reported that the rating is AAA.

Public Questions and Answers

None

Next Committee Meeting and Agenda

The next BAC meeting is Wednesday, November 28, 2012 at 2:00 p.m. in the Portland Building, 3rd Floor Fir Creek Room.

Tim Hall will send out a meeting reminder.

Agenda: Capital plan on the gauging stations LT2 Variance Monitoring Update