

**FY 2013-14 Budget Development Process
Budget Advisory Committee (BAC)**

**October 16, 2013, 2:00 to 4:00 p.m.
Fir Creek Conference Room, Third Floor, Portland Buiding**

AGENDA

1. Welcome and participants introduction (Edward Cambell)
 - a. Budget Advisory Committee membership
 - b. Roles and responsibilities of the BAC
 - c. Communications with BAC
 - d. Internet web site for budget information
<http://www.portlandoregon.gov/water/59498>
 - e. FY 2014-15 Budget Process and Calendar
2. Water System Basics (Edward Campbell)
3. FY 2013-14 Budget (Cecelia Huynh)
4. Financial Plan (Cecelia Huynh)
 - Rate conventions
5. FY 2014-15 Budget Process (Cecelia Huynh)
6. Capital Improvement Plan Status/Update (Mike Stuhr)
 - FY 2012-13 CIP Annual Report
7. FY 2014-15 Water Rates Forecast Update (Cecelia Huynh)
 - Risks / Opportunities
8. Questions and Answers
9. Public Comments and Questions
10. Next meeting agenda – Wednesday, October 30, 2013
 - FY 2012-13 CIP Annual Report (Mike Stuhr)

During the BAC meeting, the public is asked to please step outside of the room for conversations. This is helpful for staff concentrating on taking notes. Thank you.

SUMMARY NOTES

Attendees: Water Bureau: 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, Stan VandeBergh, Jeff Winner and Robin Hagedorn (recorder); Water Bureau Labor Representatives: Mark Gipson, AFSCME; Non-Represented, Ashley Schaer; Advisory Community (BAC) Members: Citizens: Charles McGee II, Glenn Bridger, Kay Durtschi, Mike Ellis, Kellie Barnes and Lise Glancy, Port of Portland. PURB: Catherine Howells and Thomas Badrick. Others in attendance: Ryan Kinsella, Office of Management & Finance (OMF), Commissioner Nick Fish and Sonia Schmanski, Office of Commissioner Nick Fish; Kathryn Notson, citizen; and Jeff Bissonneth, Citizens Utility Board of Oregon.

Agenda:

- Welcome
 - Membership Roles, Responsibilities and Communications
 - Water Bureau Budget & CIP Overview
 - Questions and Answers
 - Public Comments and Questions
 - Next Meeting Agenda
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Welcome and IntroductionsEdward Campbell

Edward called the meeting to order and announced that David Shaff was away from the office on vacation.

Edward asked those present to introduce themselves and then introduced Commissioner Nick Fish as the Water Bureau's Commissioner-in-Charge.

Commissioner Fish

Commissioner Fish welcomed all the participants to the BAC and expressed his thanks and appreciation for their service and spoke briefly on how the committee should focus on the bureau's core mission and remain transparent to the public throughout the process as the budget is crafted. The BAC was also offered support and resources through the Commissioner's office.

Kay Durtchi asked if the City Council would rescind their decision to sell the Freeman Tank in SW Portland.

Commissioner Fish reported that the property sale will go through, but in the future a more visible public notification process will be used for all surplus property sales.

Michael Ellis suggested that the Water Bureau's book *Portland's Precious Heritage* be given to the new committee members, as it provides an excellent and detailed look at the history of Bull Run, the water system and bureau to the present day.

Commissioner Fish noted several positive changes coming soon for the bureau including monthly billing statements and a redesigned billing statement that clearly shows the breakdown for sewer and water charges.

Commissioner Fish again thanked the committee members present and excused himself from the meeting.

Agenda Overview

Edward Campbell

Edward reviewed the agenda, explained the role of the BAC and noted the information provided at the meeting would be available on the Bureau's website within 1 day after the meeting. Additionally, if BAC members have additional questions after the meeting ends, to direct them to Tim Hall, Community Involvement & Information Manager. Tim will oversee getting answers and both questions and answers will be shared with all BAC members and be posted to the budget website for the public to view.

Cecelia Huynh

Cecelia reviewed the budget calendar for the group.

Glenn Bridger asked about meeting after December 18th and if the group would be notified of additional meetings which Cecelia confirmed that the BAC would be informed of any additions to the calendar.

Water Bureau Budget & CIP Overview

Edward Campbell, Cecelia Huynh, Mike Stuhr, Jeff Winner

Edward presented information that reviewed various components of the FY 2014-15 budget process including:

- Water System Basics included the system assets which value \$7.1 Billion; the priorities of the Water Bureau to meet customer needs, fire protection and public health, a well maintained water system and continuing to use resources wisely. Also covered was the condition of bureau assets and noting various federal and state regulations the bureau must follow.

Cecelia presented information on:

- FY 2013-14 Adopted Budget included a review of resources of funding and spending requirements.
- Financial Plan included the 5-year funding requirements, the Adopted 5-year CIP, Water Revenue Bonds information, Water Rate Stabilization Account, 5-year retail rates forecast and assumptions and reviewed the retail rate conventions and how they are calculated.
- Budget Process for FY 2014-15 was reviewed including the internal budget timeline and the Mayor's budget directions to the General Fund Bureaus. The Utility Bureaus have not received specific budget direction to date.

Mike and Jeff presented information on:

- Capital Improvement Plan Status/Updates which included the CIP Annual Report and CIP updates. Mike briefly explained how the CIP is developed based on the needs of the aging water system and noted more details of the CIP will be discussed at the October 30th BAC meeting.
- Jeff explained how to read the project information found in the annual report.

Cecelia presented information on:

- Rates Forecast Updates covering retail rates for FY 2015-19 and the risks and opportunities that can impact the rates moving it higher or lower depending on costs and savings.

Questions and Answers

- Michael Ellis requested that the *Portland's Precious Heritage* book be provided to new members.
- Lise Glancy asked for a comparison of commercial/industrial bills among water providers in the metro area similar to the residential slide that we provide.
- Kathy Koch recommends providing a comparison of the changes made to the residential billing statement.
- Glen Bridger requested additional information and possible discussion of how the 6 large budget programs are defined -- he doesn't think Regulatory Compliance makes sense as a separate budget program.
- Kellie Barnes requested budget numbers at the sub-program level.
- Kellie Barnes also asked for more information about the bureau's projected debt load -- Badrick Thomas Badrick added the basic question of whether the bureau is concerned about current and projected debt load which Cecelia answered in the meeting.

Public Questions and Answers

None

Next Committee Meeting and Agenda

The next BAC meeting is Wednesday, October 30, 2013 at 2:00 p.m. in the Portland Building, 3rd Floor, Fir Creek Room.

Tim Hall will send out a meeting reminder.

- ◆ Agenda: CIP Annual Report