

October 1, 2014

To: Mayor Charlie Hales
Commissioner Nick Fish
Commissioner Amanda Fritz
Commissioner Steve Novick
Commissioner Dan Saltzman
Auditor LaVonne Griffin-Valade

Subject: 2014 Portland Utility Review Board – Annual Report

It is our pleasure to provide to each of you, the Portland Utility Review Board Annual Report for 2014.

Each year the PURB submits an annual report to Council as referenced in Chapter 3.123.110 - Annual Report and Work session. Following the submission of the annual report, Council holds a work session with the PURB. We look forward to the opportunity to discuss the report with Council again this year.

Thank you for your time and consideration.

Sincerely,

Gordon Feighner
Interim Chair, Portland Utility Review Board

Portland Utility Review Board 2014 Annual Report



September 2014

Vision

The Portland Utility Review Board envisions a community that supports and provides affordable, reliable and environmentally sensitive utility services.

Mission

The mission of the Portland Utility Review Board is to provide equitable, reasonable and balanced representation of the community when advising the Mayor and the City Council on water, sewer, stormwater and solid waste financial plans and rates.

Goals

- Produce timely recommendations on major utility rate issues.
- Remain open-minded, courteous and non-biased in all work assignments and dealings with the Mayor, the City Council, city staff and the community.
- Seek to enhance the work of the Bureaus by offering both constructive criticism and positive acknowledgement.
- Ensure fair and equitable representation of the public.

How the PURB Works

The PURB has three standing committees¹; the Sewer and Stormwater Committee, the Solid Waste Committee and the Water Committee. Throughout each year they work with the three corresponding bureaus, with the primary function being to participate in the annual budget process and provide a recommendation to Council. In addition, the PURB addresses other issues and performs other functions related to the operation of the City's municipal utility functions. This year, several members of the PURB changed their committee assignments as a way to broaden perspectives and expand their knowledge base. It is likely that members will continue to rotate through different committees in an ongoing effort to increase institutional knowledge and resiliency.

¹ During the summer of 2014, the PURB voted to add a 4th standing committee, Communications.

Committees and Budget Process

Water Committee

The PURB Water Committee reviewed the proposed draft FY 2014-15 budget. Members of the committee attended the Budget Advisory Committee, (BAC) as non-voting members. As part of our recommendation to Council, we thanked the Portland Water Bureau staff who presented a substantial amount of information for the committee to review. The Portland Water Bureau staff was well prepared for this process, was very responsive to the requests from both the BAC members and the members of the public who attended, and was transparent with information presented.

The PURB Water Committee made a recommendation that the PURB endorse the Water Bureau's budget request for a 7% increase. The full PURB unanimously approved this recommendation.

The committee also requested that budgets include not only the percentage increase but a dollar amount to ensure that the public fully understands the rate increase. In the 2014-2015 budget, the 7% increase would result in an increase to \$1.93 per month for typical residential customer who uses 5 ccf, which would make their monthly water bill \$29.54. We think that adding dollar figures is a much more clear way to let the customers know how the rate impact will affect their lives.



Sewer and Stormwater Committee

PURB Sewer and Stormwater Committee members served on the BES Budget Advisory Committee as non-voting members and received excellent information from the Bureau that helped guide the BAC's endorsement of BES's budget request, which included a 4% increase in rates. The committee submitted this endorsement to the full PURB, which unanimously approved the recommendation.

The committee also brought up two additional issues with the rate setting process and procedures. First was a request that BES staff provide information in a similar format to that provided by the Water Bureau. This is a practice that could ultimately save BES staff time as well, as a higher level of information provided up front can significantly reduce the number of subsequent requests for information from BAC and PURB members, and will assure all stakeholders that the same procedures are used by both of the city's major utility bureaus. Second, the committee expressed concern that the bulk of the Bureau's budget is determined during the capital improvement plan (CIP) process, which is a long-term planning process that takes place outside of the BAC process. The committee therefore recommended that the CIP process include consideration of the rate impacts of projects as a determining factor of its recommendations.

Solid Waste Committee

Members of the Solid Waste committee participated in the budget process. Because the Solid Waste budget is a small part of the Bureau of Planning and Sustainability's budget, the PURB response is different than the other two bureau budgets and the focus is directed towards the rate setting process. The Bureau of Planning & Sustainability works closely with the PURB Solid Waste committee and the local haulers to balance the needs and interests of the residential customers with operational needs of the haulers. After several years of discussion, the haulers agreed to adjust the schedule of financial reporting to BPS so that the PURB would have sufficient time to offer a position on the rates at the rate setting stage. This is a significant improvement that allows the PURB to perform its function for all three utility bureaus.

The committee also continued its review of the extension of the clean fleet implementation schedule and stayed current on the status of food waste composting issues in North Plains, as both of these programs have an impact on customer rates.



PURB Positions

Rate Setting

The PURB recommends changing the process for water and sewer-stormwater rates to a biennial process. The bureaus already have multiyear financial plans, thus making this change would not be creating a new process; rather, it is refining an existing process. We believe that a 2-year process (at minimum) would provide a far greater level of comfort and stability in the rate setting process for customers, and a well-defined process would allow for minor adjustments as needed by the bureaus to continue operating at a high level.

PURB Activities

Administrative Review Committee

The PURB participates as one of the three members of the Administrative Review Committee for Water Bureau. During this last year, the Bureau of Environmental Services also began inviting the PURB to participate in the same process when affecting exclusively sewer billing issues. PURB members attended more than a dozen ARC hearings in the first 8 months of 2014.

Volunteer Time

PURB is an all volunteer-based City committee, although staff support is provided by both the City Office of Management and Finance as well as the Office of Planning and Sustainability, the Bureau of Environmental Services, and the Water Bureau.

Over the course of the last year, PURB members contributed more than **700 hours** of their time as volunteers. This number is significant, considering the PURB was not at full membership throughout the entire year. Activities outside of formal PURB meetings included:

- Four PURB members attended the City Budget forum held in East Portland at Parkrose High School
- PURB members serve as non-voting members on the relevant Bureau Advisory Committees throughout the budget process
- The PURB was represented on the Tryon Creek Wastewater Plant Citizen Advisory Committee

PURB Planning and Education

The PURB holds an annual planning retreat each year to ensure we efficiently and effectively plan our participation in the budget process, while also continuing to enhance the education of the PURB members.

This year our ten annual goals are as follows, with those already completed in bold:

1. Fill vacant positions with qualified candidates.
2. Finish and publish annual calendar.
3. **Schedule time for bureau staff at our meetings to educate us on various programs.**
4. Research and recommend options for long term rates and more direct review of all CIPs
5. **Create an annual report of PURB activity to demonstrate transparency and accomplishments.**
6. **Review and update our by-laws to incorporate the recruitment committee.**
7. **Identify/clarify a mechanism to regularly update the PURB web page.**
8. Clearly specify PURB role in relation to City Council/CUB/BAC*
9. **Perform outreach to our designated community by each member.**
10. Investigate best practices for PURBs by holding discussions with peer organizations Boards of Rockwood PUD, Clean Water Services, Tualatin Valley Water District, Hillsboro Water District and others as deemed valuable.

*The creation of the Blue Ribbon Commission by Council renders this goal moot.

Education

During the last year, the PURB has had presentations on the following topics.

Water Conservation Rate Study
Changes to the Water and Stormwater/Sewer Billing System
Election Laws as related to the PURB
Surplus Property Sales
Foster Flood Plain
CSO Reporting and Process
Underground Injection Control Program
Tabor to River program

PURB Outreach

Communications Committee

The PURB voted to make a by-laws change in 2014 to create an additional standing committee. The Communications Committee is focused on ensuring timely and useful information to the ratepayers. Projects included the PURB web page and creation of hand-out to be used in recruiting new members.

Web page

The PURB redesigned and updated the PURB web page, with support from the Portland Water Bureau and the City Budget Office. The updated version is more efficient and easier to use and can be found at: <http://www.portlandoregon.gov/cbo/63629>.

Recruitment Pamphlet

The PURB created a membership recruitment pamphlet with the support of the City Budget Office and the Bureau of Environmental Services.

PURB Challenges

Recruitment of new members has been an on-going issue. We applaud Commissioner Fish for encouraging a new approach where the PURB takes on the responsibility of recruiting new members. This does not replace the process of appointment. This change does give authority to the PURB to actively recruit members, which provides us with more focus than previous years. There have, however, been significant challenges to recruiting new members. This has been exacerbated by activities outside the control of the PURB. Some of these activities—at least on the surface—unintentionally damage the image and the value of the PURB. In the last three years, the value, role, and even continued existence of the PURB has been challenged by the IUC proposal, a contentious ballot measure, a lawsuit against the City, the City Club report, and now the Blue Ribbon Task Force. In addition, the city's contract with the Citizens Utility Board places in question the role of several positions on the PURB that advocate for residential customers. We find the addition of CUB to the overall process as a positive change, but it also creates an additional barrier to recruiting new members. A clear directive from City Council regarding the current role of PURB in utility rate-setting and other public policy processes would be helpful for both current members and potential recruits. It would also help with interactions between the various groups such as CUB and the Bureau Advisory Committees. Another activity Council could do to assist the PURB would be to publicly acknowledge the PURB. More than once, in public meetings, members of Council have identified the CUB and Bureau Advisory Committees, but left out the PURB when discussing the budget process and transparency.

PURB Members

Gordon Feighner, Interim Chair
John Gibbon
Catherine Howells
Tom Badrick

Janis Adler (term expired)
Charlie Van Rossum (term expired)
Vincent Sliwowski (term expired)

Acknowledgements

There are many people who should be acknowledged for providing information to the PURB this past year. The following City employees have contributed regularly and significantly to our continued education and by sharing information and technical. Without them we would not be nearly as able to provide our recommendations to City Council:

Bureau of Planning and Sustainability (Bruce Walker, Arianne Sperry)
Bureau of Environmental Services (James Hagerman, Sam Murray)
Portland Water Bureau (David Shaff, Cecilia Huynh)
City Budget Office (Ryan Kinsella, Tess Jordan, Daniel Trubman)

Special recognition

PURB web page: Lindsay Wochnick
PURB brochure: Karen Martinek