

Portland Utility Board

December 15, 2015 3:30 – 6:30pm

Room C, Portland Building

Meeting # 6 Minutes

Attendees:

PUB Members:

Present:

Allan Warman
Janet Hawkins
Julia Person
Kendra Smith
Meredith Connolly
Michael Harrison
Robert Martineau

Alice Brawley-Chesworth, ex officio
Cindy Dietz, ex officio
Marie Walkiewicz, ex officio

Absent:

Gwynn Johnson*
Lee Moore*

*Notice of absence provided prior to meeting

Staff:

Mike Jordan (Director, Bureau of Environmental Services)
Mike Stuhr (Director, Portland Water Bureau)
Jonas Biery (Business Services Manager, BES)
Susan Aldrich (Program Management & Controls Division Manager, BES)
Bill Ryan (Chief Engineer, BES)
Ellen Larson (Principal Financial Analyst, BES)
Cecelia Huynh (Director of Finance and Support Services, Water)
Jeff Winner (Capital Improvement Program Planning Supervisor, Water)
Gabe Solmer (Communications Director, Water)
Jim Blackwood (Senior Policy Director, Commissioner Fish's Office)
Claudio Campuzano (Principal Analyst, City Budget Office)
Ryan Kinsella (Senior Analyst, City Budget Office)
Melissa Merrell (Principal Analyst, City Budget Office)
Ben Walters (Chief Deputy Attorney, City Attorney's Office)

Public:

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

I. Call to Order, Introduction of Any Audience Members

II. Budget Development Update

a. Guidance Update

Jim Blackwood provided an overview of the Commissioner Fish's budget direction to the bureau. Bureaus were directed to develop a budget that would not result in a combined rate increase of no more than 5%. Bureaus were not asked to develop reduction packages, as General Fund bureaus were directed, but that they should develop an efficient, cost effective base budget.

b. Directors' Overview

Mike Jordan then introduced how BES developed its base budget. Based on his experience, over the past few years, the City has made cuts to central services. These reductions have impacts on bureaus, and particularly BES. As example, BES has very little support from Human Resources with recruitments but has 40 vacant positions and many previous position fillings have been internal appointments, resulting in more vacancies. BES is requesting a position to fill this HR need. Michael also noted that the bureau would have budget requests for the following items:

- Labor relations. BES is asking to convert positions that were contracted into labor-represented positions.
- Permit renewal and monitoring. BES is asking for a position to support this process.
- Portland Harbor. BES recently hired a project manager to oversee the City's role in the project.
- A position to assist with assessing the system, including stormwater, pump stations. This position would identify areas of the system that most urgently need improvements and how to efficiently maintain assets.

Michael thought that BES requested budget would result in rates in line with last year's forecast.

Michael Stuhr introduced the context for how the Water Bureau developed their budget. He noted that over the past seven years the bureau has been developing its capital budget based on federal and state requirements – particularly LT2 requirements. He also explained that the capital program is driven by the needs of an aging infrastructure. Seismic resiliency is a third key factor in how the bureau develops its capital budget. The bureau is also developing a seismic resiliency plan in accordance with the Oregon Resiliency Plan.

The bureau is also requesting some positions:

- Cryptosporidium testers based on the idea that access to contract testing may not be available.
- Horticulturalist position to assist with the maintenance areas around the newly created reservoirs.

c. BES

Susan Aldrich then explained how BES developed its upcoming five-year capital plan. Specifically, in response to prior PUB inquiries, she highlighted high profile projects, whether the current plan would address backlog, policy areas where PUB could provide direction, discretionary projects, high profile project, and new projects or projects with major changes. She then provided an overview of how the bureau's capital plan was organized.

She then highlighted projects within each of the capital programs that were new or had significant changes, particularly costly or might be of interest to PUB. These projects are outlined in BES handout "BES 5-Year CIP: FY16-20 Approved vs FY17-21 DRAFT" that is available on the PUB [website](#) under the meeting materials section.

Susan noted several program level budget changes for sewage treatment, maintenance and reliability, and surface water management.

Rob asked several clarifying questions about whether some of the capital plans included separating systems or upgrading combined components. Susan replied that there were no plans to separate currently combined areas and that capacity and condition-related work would upgrade the existing combined system in those areas.

Janet Hawkins asked assumptions for severity of storm events were included in the capital plan. Susan explained that capital plan maintains assets to handle 25-year storm events.

Michael asked if the recent flooding in Johnson Creek was due to system limitations or because of the size of storm event itself. Marie explained that the flooding was caused by the existing ground saturation level from other recent storms and the rate at which the rain fell. She also noted that due to recent projects, there was less flooding than there would have been without the projects.

Michael asked if projects were prioritized based on flood volume capacity. Susan noted that some projects are on opportunity to complete work. Marie explained that there additional criteria that bureau uses to prioritize these projects including: acquisition of property based on opportunities, trying to achieve flood mitigation, and meeting the City's environmental goals.

Jonas then provided an overview of how BES developed its operating budget. He provided a handout (available on the PUB [website](#) under the meeting materials section) that outlines how the bureau's current operating budget compares to the requested operating budget. The bureau is expecting to increase its operating budget by \$5.2 million – or a 4% increase compared to previous year. As part of his presentation, he highlighted key changes. Jonas also noted that the requested budget, including both operating and capital, is expected to fall within the target rate increase of 3.5%.

The bureau is requesting 9 new positions in addition to converting some contracted positions. These positions include:

- 4 planning positions

- 2 environmental compliance positions
- 1 operational position in waste water treatment
- 2 administrative positions: a data management position, and an HR position to address recruitment backlog

Other increases include increases for interagency agreements with PBOT for street maintenance, abatement issues on private property, and the replacement of vehicles (although less than estimated last year).

Jonas noted that this document and expected changes are still draft format, and that there may be changes before the bureau submits its requested budget.

Allan asked whether the \$5.2 million increase was compared to budget or expected actual costs. Jonas explained that it was over budgeted costs but that they could provide more clarity.

Meredith asked for the budget changes related to the Portland Harbor project. Michael Jordan explained that this project continues to change.

Michael asked whether there was risk-sharing with the development of the biogas plant. Michael Jordan explained that the current budget reflects the planned cost-sharing of the project.

Robert explained that he thought it was valuable for PUB to weigh-in on these types of projects that would benefit Portlanders, even if there were upfront costs.

Meredith asked whether the biogas project would benefit rate-payers. Jonas explained that there would be some benefit but not substantial savings. Susan explained that any benefit is yet to be determined and will be based on the final agreement.

Robert noted that future discussions should also include a discussion that this type of project has not only financial benefit but environmental benefits, and that these benefits should be considered.

Melissa asked whether the positions converted from contract would be cost neutral. Jonas explained that it depends upon the contract and whether the contract includes escalators. Bill Ryan said that the Engineering positions were cost neutral and, in some cases, generated savings.

Meredith asked whether the recent storm events were consistent with the expected performance of the combined sewer overflow. Bill Ryan explained that the current system was expected to handle on average 4 events based on 96% likelihood. Bill also noted that the current storm event was similar to 1996 flooding with much better system performance.

Allan asked whether there was a capacity issue with the system. Bill explained that the system has capacity to handle 96% of events.

d. WATER

Jeff Winner provided an overview of the Water Bureau's capital plan and how costs were divided amongst the seven capital programs. Distribution Program capital is largely the most expensive program. Upcoming reservoir costs increase the budget of the Transmission and Terminal Storage program. More details on the allocation of these costs were provided in a handout which is available on PUB's [website](#) under meeting materials.

The total 5-year CIP request is \$464 million - an increase from the FY 2015-2016 request of \$391 million. A major change of the CIP include an increase in Washington Park project of \$65 million. These changes are the result of needing to mitigate geotechnical issues and provide adequate seismic resiliency.

The draft proposed CIP also includes \$15 million in new projects over the four common years of the current and requested CIP. This includes the consolidation of \$4 million in Washington Park costs into earlier years. New projects include Dam 1 needle valve replacement, headworks septic system replacement, microwave communications system in Bull Run Watershed, Gresham conduit 2 trestle upgrades, new cryptosporidium lab, several distribution main projects, and chlorine scrubber replacements.

Meredith asked whether the crypto lab could provide services to other jurisdictions. Jeff explained that the lab is not being designed for this purpose. Meredith asked Jeff to clarify the City's LT2 variance. He explained that Portland is currently the only city with a waiver that allows the City to not build a UV treatment plant but that waiver requires on-going crypto testing. The initial 10-year waiver continues through 2022.

Meredith asked why the Washington Park Reservoir project budget significantly increased. Jeff Winner explained that there is seismic concerns with the project because the reservoir will be built on the landslide.

Allan asked about chlorine scrubber and where it was located. Jeff explained that it was located in Bull Run. There was also a question about the total estimated cost of Fulton Pump Station. It is still estimated at \$7.0 million.

Robert asked when it was decided to move forward with the Fulton Pump Station project. Jeff explained that Fulton Pump Station was the top priority of the 2006 distribution system master plan. However, a number of projects were deferred due to LT2 compliance projects. The bureau just recently decided to move forward with this project.

Alice suggested that it may be helpful to have a presentation on the planning process so that PUB can understand how projects enter the queue of the capital plan. Jeff explained that the Infrastructure Master Plan is key planning document that guides how the capital plan is developed. Jeff said this plan is in the queue for an update and suggested that this might be a useful for the PUB to get a briefing on the document in the future.

Cecelia then introduced the changes to the Water Bureau's requested operating budget. Compared to current year budgeted amounts, the operating budget is expected to increase by \$3.75 million --- or 4%. \$2.2 million of this increase are inflation costs based on the bureau's melded inflation rate of 2.7%. Additional costs are based on PCI compliance costs and bank fees. The bureau is also expecting to implement a new payment method vendor based on PCI compliance issues. The bureau is also requesting its based budget to cover the cyclical costs of employees moving through the apprenticeship program.

The bureau is increasing maintenance costs to conduct maintenance work on conduits while some of them are off-line in the coming year.

The bureau anticipates asking for decision packages related to in-house cryptosporidium testing, an engineering tech II position, and costs associated with Mt. Tabor Preservation Project.

III. **Public Comment**

Janice Thompson (Citizen Utility Board analyst) explained that CUB will be providing comments on bureau budgets near the beginning of the year and that she would provide PUB with these comments. This memo will highlight the current issues with the biogas plant. Janice asked if members had any questions on CUB's written testimony. No PUB members had any questions.

IV. **Approval of Minutes**

- Marie amendment: Incorrectly stated that 35% design is when BES budgets. 30% design is correct.
- Cindy suggestion is that in the November 3 minutes, it should read "**the** only lens".
- Allan noted that Lee was in attendance on November 24.
- Cindy should be listed as ex officio.

Allan moved to adopt as amended. Meredith seconded the motion. Minutes were adopted by voice vote. No votes in opposition.

Janet suggested to record attendance. Absences will be noted in the minutes and will indicated whether notice of absence was provided.

V. **Bylaws**

Ben Walters, Chief Deputy Attorney at the City Attorney's Office, joined the board for a discussion on bylaws. Melissa facilitated the discussion.

Section I. Purpose.

(I)(c) Meredith suggested "or at the request of City Council."

Ben's advice was that it was very thorough, perhaps not necessary, but not problematic. There was general agreement to include the language.

Robert suggested that perhaps include 'or at the PUB's discretion'. Ben suggested that that language might seem out-of-scope. Regardless of by-laws, the code would constrain their

inquiry. Michael suggested that (I)(a) covered the PUB's freedom to explore issues. Rob was comfortable with (a) encompassing the freedom.

Section II. Definitions.

Alice suggested that 'Member' be capitalized consistently throughout the document, in line with the definitions.

Meredith suggested an alternate language around ex-officio definition, as included in the document. There was agreement.

III. Membership.

In (g), Meredith flagged the recommendation from LOWV and CUB to refile application. Kendra was uncertain about the value. Meredith thought that perhaps it was related to any changes in status.

Carol added that the purpose would be to keep a balance, per the code. Reapplications might be necessary to maintain that balance based on other composition issues.

Michael felt that the benefits were great enough and burden low enough.

There was general agreement to keep to add a reapplication requirement.

Also in (g) there is the question of term limits. Michael expressed that he liked two three-year terms. Both long enough to get commitment, short enough to allow full engagement.

Janet agreed and expressed that term limits would allow to new voices to emerge.

Janice said that the Blue Ribbon Commission did not recommend term limits. However, the goal was to have a competitive process.

Alice raised the question whether the truncated terms were inclusive of or in addition to the two-term limit. Ben confirmed that the language meant that they were inclusive.

There was discussion around who would be serving the one- and two-year terms. Melissa will continue to work with individuals to figure out who was interested in what terms.

Meredith asked about limits for the ex officio members. Members were reminded that they are selected annually by the Commissioner-in-Charge.

Melissa sought agreement that term limits were okay and that two terms was the right number. The group was in agreement.

The group then moved to subsection (j). Ben recommended reflecting the code language regarding removal by the mayor. He also noted that it is not necessary to repeat code in instances where no elaboration is necessary.

Melissa restated the group's comments that the goal of the subsection was not to get involved in the Mayor's process, but rather to create a mechanism for members to raise concerns to the mayor and suggest removal.

Ben suggested the following language: "If the board determines that a member should be removed for due cause, the board may make a recommendation to the Mayor." Marie wanted to know if such a recommendation would be at the discretion of the executives or the body of the whole. Rob thought that this might be an appropriate issue for executive session with a quorum. He felt that it was something to be decided by the body and not the executives.

Ben was uncertain that a provision existed for such an executive session. Michael's preference is that individuals approach Mayor directly for redress rather than creating process for the body. Suggested language "Any member of the board may communicate to the mayor concerns regarding the continued service of another board member." Meredith also did not feel a public conversation would be appropriate, but wanted some mechanism for raising concerns. Ben suggested that perhaps that a common sense approach to handling attendance issues rather than in by-laws.

There was general understanding that (j) should be stricken with the understanding that if concerns arose, they would be raised with the chair who would address the issue as needed.

Regarding (k), Marie wanted clarification regarding ex officio term beginning and ending. Cindy highlighted that the code does have language regarding the end of the budget process. Melissa will raise the question with Council Staff as to the reappointment schedule.

IV. Organization.

Melissa clarified the idea that there would be staggered co-chairs. There was general discussion about how this would work with the staggered membership terms. There was general agreement to this portion of the bylaws.

V. Meetings.

Janet raised the question of whether Robert's Rules of Order (RRO) might have the unintended consequence of impeding people from having their voices heard. Ben recommended that RRO should not be used since it is overly formalistic and requires a considerable organizational effort to implement. He has other suggestions and will forward. Ben noted that rules of order could be adopted as procedure and do not necessarily need to be included in by-laws. Rob, who included the comments, was understanding of the burden of RRO; his desire is to have a formal mechanism for the structuring conversations and decision making.

Proposed change to (c):

"At the first regularly scheduled meeting of each fiscal year, the Board will adopt by vote rules of procedures to follow for meetings"

Michael expressed his desire to finish up next time. The discussion was held over and will be picked up with V(c)

VI. Next Meeting

Agenda items:
By-laws
BAC letter
Budget updates

Meredith suggested a subcommittee develop a draft of the BAC letter. Allan, Kendra, Rob, and Alice nominated themselves to general agreement.

The meeting adjourned at 6:35 PM.

Approved without amendment at January 19, 2016 meeting.