

Portland Utility Board
May 3, 2016, 3:30 – 6:30pm
Room B, Portland Building
Meeting # 11 Minutes

Attendees:

PUB Members: Alice Brawley-Chesworth, ex officio
Allan Warman
Cindy Dietz, ex officio
Janet Hawkins
Julia Person
Marie Walkiewicz, ex officio
Meredith Connolly
Robert Martineau

Absent:

Kendra Smith *
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)
Cecelia Huynh (Director of Finance and Support Services, Water)
Jonas Biery (Business Services Manager, BES)
Gabe Solmer (Communications Director, Water)
Megan Callahan (Communications Director, BES)
Liam Frost (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)

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

I. Call to Order, Introduction of Any Audience Members

Allan called the meeting to order at 3:30pm. He noted a change on the agenda to add time to talk about the rate ordinance hearing on May 19.

II. Disclosure of Communications

Janet had a meeting with Brad Blake and Gabe Solmer from the Water Bureau and Liam Frost from Commissioner Fish's office regarding the city/county relationship for the Low Income Discount Program. Allan met with Chris Wanner and Marc Crowder from the Water Bureau.

III. Staff Update

There will be a subcommittee meeting for the Low Income Discount Program on May 19 from 10-12pm. Ryan Curren from OEHR will be attending the meeting. There is also a hearing on the rate ordinances for both bureaus on May 19 at 2pm.

Jonas and Cecelia provided a brief update on the Proposed Budget adjustments and the upcoming rate ordinances. These ordinances enact the math that supports the Proposed Budget. The Proposed Budget primarily reflects CBO's recommendations, and additionally, costs associated with the data center move and fueling stations.

Jonas said BES anticipates \$1.4 million in additional revenues in FY 2016-17 and those additional rate revenues will also have a rate benefit. The rate for the coming fiscal year has been adjusted from 3.45 percent to 3.25 percent. SDC revenues are expected to decrease due a change in methodology.

For Water Bureau, the Proposed Budget approves all additions that the bureau requested, except for a records management analyst position. Additionally, the budget includes General Fund resources for installing solar panels at a water bureau facility. Projected costs of cost-of-living-adjustments (COLAs) and health benefits decreased; however, the bureau plans to keep the rate increase at 7.0% in order to offset the additional costs of bank card fees.

IV. Approval of Meeting Minutes

PUB approved the April minutes without any amendments.

V. Portland Harbor Update

Mike Jordan provided an update on the Portland Harbor liability. An open comment period for the proposed EPA plan will begin soon. BES is coordinating the City's comments on the plan. BES is reaching out to Commissioner's Office and all bureaus who may have an interest in the plan. The comments will be summarized and delivered by the Mayor and Commissioner to the EPA.

The Commissioner and Mayor will host a public meeting on May 24th at 6pm to solicit feedback and comments from the public.

BES recently met with the Portland Harbor Coordinating Council, who will work with underrepresented community organizations. BES has set aside \$50,000 to make grants for this outreach work.

Once the Record of Decision is out, then EPA will prescribe the allocation of costs. It is possible and likely that some parties will be ready to implement EPA's decisions before other parties. Meredith asked whether early remediation costs are recoverable. Mike said that this would be the case. Mike said that the City's comments to the EPA will include concerns about

environmental and economic justice. For example, the remediation work may generate significant job opportunities, which could benefit certain communities.

VI. Asset Management (AM)

Jeff Leighton (Water) and Jennifer Belknap-Williamson (BES) provided overviews of how each bureau addresses asset management. Their presentations and other materials are available on the PUB [website](#).

Jeff began by saying asset management includes: planning, decision support, identifying service levels, risk management, and forecasting. The Water Bureau is involved in the AWWA's Asset Management Committee and provides training to other utilities. Asset management is one critical driver of the bureau's capital plan. The bureau also develops asset management plans, which identify levels of service, inventory, asset condition, business risk, failure mode/useful life, repair strategy, and budget forecasting. Over the past two years, the bureau developed 54 business cases. Asset Management helps the bureau avoid significantly greater costs of catastrophic failure.

The bureau has a series of asset management initiatives that they have been implementing over the past five years, which they estimate to be 70% complete.

Jeff also provided the PUB members with information about an AWWA [survey](#) about the level of progress in utility asset management. Allan asked whether the survey includes cost estimates when asking about service levels. Jeff said that the AWWA committee decided that deciding on service levels should be in consultation with the public.

Alice asked about when and how PUB should be involved in the asset management practice. Jeff explained that the process is pretty well-defined in terms of asset management planning, and so it would be possible for PUB to jump into the process at any point.

Jennifer noted that BES submits projects plans, which inform the capital plan, in August and September. Jeff said that Water follows a similar timeline, but that at this point, Asset Management Plans have already been completed.

Jennifer provided an overview of BES' approach to asset management. Broadly speaking, BES uses AM principles to efficiently manage life cycle costs of systems to meet level of service goals. Asset management is integrated into each of the practices of the bureau's five divisions. Different divisions are more involved in the planning, design, operation, construction and evaluation of the assets.

The bureau has \$500 million of pipes that are at risk for failure in addition to \$150 million of lateral connections. The bureau uses the asset management system to identify where they should invest in rehabilitation, based on the net benefit cost calculation. They focus on pipes that they expect to fail within the next 10 years. The bureau also identifies opportunities to cluster projects in order to find efficiencies in construction costs and the bureau is also making progress in green infrastructure asset management.

Technology plays important role in managing assets (e.g., the hydraulic network system), and to the degree that PUB is interested in seeing these systems, BES can provide further information.

VII. Performance Management

Shannon Carney, the Performance Management analyst within the City Budget Office, provided an overview of the City's prior efforts in performance efforts and suggested way that PUB could be involved in the reviewing and developing future performance measures and evaluating current bureau measures. Performance management is about using performance data to inform decision-making. The City has been tracking performance data in the budget document since 1977, but recently, there has been an increased focus on refining and using performance measures.

Shannon asked PUB members to consider what is considered the core services of the bureau:

For Water, these included:

- Meet regulations
- Deliver fresh, clean water
- Stewards of resources
- Collect the money
- Ensure public health
- Fire prevention
- Reliable access to water

For BES, these included:

- Collection of stormwater
- Efficient treatment and collection
- No back-ups or "surprises"
- No street flooding/prevention
- Cost of services
- Healthy streams
- Equitable distribution

Shannon then asked how the bureaus measure these core services. These measures included:

- Collection water samples to be evaluated
- Satisfaction of services provided
- Number of service outages

Marie asked about how can to provide additional narrative context for performance trends. Shannon responded that all performance data must be interpreted through additional context and that she is working to provide additional context on the bureau dashboards.

Janet posed the question to the group regarding how historical data can be used to inform future capital plans. The group agreed to address this question in future meetings.

VIII. Rate Conversation

Melissa noted that the rate ordinances will be heard by Council on May 19th, which will include time for PUB to provide testimony. Per bylaws, any testimony by PUB members must be approved by the rest of the group.

Allan suggested that budget subcommittee meet for an hour or so to discuss the possible testimony for PUB to Council.

Janet agreed that an additional meeting would provide an opportunity to further discuss these issues.

Marie asked that the subcommittee consider what portion of the rate increases goes towards capital costs, and specifically, already-issued debt.

Claudio clarified that the Blue Ribbon Commission thought that PUB should have multiple opportunities to weigh-in on the budget process. This is an opportunity to provide additional input. Cecelia clarified what the testimony would look like: bureau presentation of rates, followed by public testimony, including PUB.

Melissa will send out a survey to identify when a subcommittee could meet to discuss PUB's testimony.

Marie suggested that PUB comments should focus on the long-term rate projections, financial plan and capital plan. Allan agreed.

IX. Membership Committee Report and Vote to Recommend New Member

Rob provided an overview of the process for selecting new members. He noted that they considered a number of applicants who originally applied for PUB and interview two members. In order to identify which skillsets were needed on PUB, the subcommittee recommended a survey of current members' skills and experience. Melissa is coordinating that effort. Based on the interviews and skillset needed on PUB, the subcommittee recommended Colleen Johnson to fill the currently vacant seat. Colleen then provided a brief background of her professional experience.

Janice Thompson asked whether there was a conflict of interest because of Colleen's role on the advisory board to DEQ. Melissa said that she spoke with the Attorney's Office and they suggested that Colleen disclose any potential conflicts of interest. Moreover, there was discussion about how each of the members has some potential conflict due to the nature of their employment or interests.

Rob then motioned to vote that PUB recommend Colleen for appointment. Julia seconded. PUB then voted unanimously in support.

X. Public Comment

Janice raised concerns about BES potential liability in the Portland Harbor clean-up. Janice also expressed concerns about the clean rivers program, given the anticipated sunset of the program.

XI. Next Meeting Agenda

Alice suggested that PUB consider the EPA's Portland Harbor Plan at the next meeting. Marie suggested that the talk about future field trips. Melissa will beginning looking for dates in July and August. Rob suggested that PUB follow-up with the key performance measure discussions. Marie suggested that they have an update on the Low Income Discount Report.

The meeting adjourned at 6:30 PM.