

Portland Utility Board

June 7, 2016, 4:00 – 6:30pm

Room B, Portland Building

Meeting # 12 Minutes

Attendees:

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

Absent:
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)
Cecelia Huynh (Director of Finance and Support Services, Water)
Megan Callahan (Communications Director, BES)
Gabe Solmer (Communications Director, Water)
Dawn Uchiyama (Sustainable Stormwater Division Manager, 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)
Kathy Koch (Customer Services Director, Water)
Jeff Leighton (Senior Engineer, Asset Management, Water)
Jeff Winner (CIP Planning Supervisor, Water)
Marci Rees (Senior Management Analyst, Water)

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

I. Call to Order, Introduction of Any Audience Members

Allan had lunch with Chris Wanner in the Water Bureau. Janet had an email conversation with Melissa.

II. BES Strategic Plan Update

Michael Jordan provided an update on BES' strategic plan. Dawn Uchiyama in BES will coordinate the strategic plan update.

The planning process has begun and the bureau has convened a steering committee. The committee will advise bureau leadership of the architecture of the process. Bureau leadership will serve in a governing role. The steering committee has already done some prescreening of bureau stakeholders. A contractor will provide technical assistance and manage some of the stakeholder outreach. The steering committee and Dawn will begin outlining the planning process. The first third of the process is expected to be data intake. The bureau will likely engage PUB during this part of the process.

Michael Jordan also reported that he anticipates the release of the Portland Harbor Plan within the next few days. After the release, it begins the 60 day review and comment period.

On June 30 there will be public comment on the plan at the University of Portland.

III. Approval of May Meeting Minutes

Prior to today's meeting, Melissa received several comments and edits, which Melissa tracked and updated in a "track change" document provided to members and on the back table.

Meredith motioned to approve. Kendra seconded. Minutes approved unanimously with the amendments previously submitted.

IV. Lead Update

Mike Stuhr provided an update to the PUB about recent lead testing in area schools and other buildings.

Multnomah County conducted 180,000 lead tests and investigated all of them. There were no findings of lead in water. The Water Bureau has an approved water quality testing process. There is also state law that requires schools test for lead. There are certain homes that are regularly tested because home pipes may contain lead.

The county health department monitors for lead paint contamination. The Water Bureau has offered assistance to the school district and the Parks Bureau for lead testing.

Meredith asked if the bureau was considering changing the chemical make-up of water to address lead concerns. Mike Stuhr responded that following the decision to disconnect the

reservoirs, the bureau began an anticorrosion study. When this study is complete, the bureau will contact partners and decide if the make-up needs to be adjusted.

Janet asked about the fiscal impact of any changes. Mike Stuhr responded that, in the near-term, the bureau may need to reallocate funds in order to address the increase in testing. BES has also been asked to assist with testing. These short-term costs were expected to be de minimis and not impact rates.

V. Washington Park Update

Mike Stuhr provided an update on the Washington Park Project.

The City first committed to covering open reservoirs in 1972. He then walked the PUB through a [presentation](#) that was given to City Council as part of the contract approval process in May. The project serves 360,000 people. Construction will begin in July 2016 and will comply with environmental requirements. The project is a key component of making the water system more resilient. The reservoirs are a hub for water on the west side of the city, serve three hospital complexes and are a historic landmark. The bureau conducted three years of public outreach around the project, which is expected to take seven years to complete. The large landslide zone and narrow work area pose challenges, though the bureau has done extensive testing to determine the design. Project costs have increased by \$20 million since 90% design stage. Mike S. said that this price increase was due to design changes to increase seismic resiliency. The deadline for the bureau to meet LT2 requirements is 2020. Mike S. also said the bureau has set ambitious goals as part of the Community Benefits Plan for the project. The plan includes \$1.14 million – 1% of hard construction costs—and contracts to improve local D/M/W/ESB subcontractors.

Allan asked about the capacity of the planned reservoir. Mike S. said that it would be 12.5 million gallons compared to the existing 35 million gallon capacity. The old capacity reflects the needs during early industrial Portland. The new reservoir is smaller based on current need.

Alice asked if the contingency was sufficient to address any change orders. Mike S. said yes, but the current budget for contingency reflects no major changes to the project design.

The Water Bureau will continue outreach on the project to understand the community's concerns. Mike S. provided a handout of upcoming outreach opportunities.

Gwynn asked if the bureau considered aquifer storage. Mike S. replied that they had not given extensive consideration to this option because the water is not readily available and so would be insufficient for an emergency.

Kendra asked if the bureau would provide PUB an update of any change orders and Mike S. replied yes.

VI. Key Service Levels of Portland Water Bureau

Jeff Leighton provided an [overview](#) of the Water Bureau's key service levels (KSLs). The bureau has been developing the KSLs for the past ten years and is working to incorporate public input

into the KSLs through a survey tool that has been out in the field for several weeks. No preliminary results were available yet. Surveys were still coming in. When the bureau first began looking at KSLs in 2006, very few other jurisdictions had KSLs. The bureau's current KSLs reflect both asset performance and customer satisfaction and are informed by the strategic plan. The bureau's key performance measures (KPMs) are the KSLs that the bureau finds to be most important.

Jeff then walked through each of the bureau's [KPMs](#). He noted that very few jurisdictions (only San Francisco in the U.S.) track asset risk as a KPM. Jeff then highlighted several other KSLs: fewer than 7 water quality complaints per 1,000 customers, number of water quality complaints, deliver capital improvement plan projects on schedule, and carbon emissions reduced from 2007 levels.

Regarding the forthcoming customer survey, Alice said she would like to see customer questionnaire to see what context was provided along with the question. Jeff said the bureau started with many more questions and then narrowed the questionnaire down to the most important and could be answer via online/mail survey. Some of the questions that required additional context were deemed to be more suitable for a focus group panel and eliminated from the survey. Gwynn asked how many surveys the bureau had received. Jeff said they sent 5,000 and have received 328 after only one of three mailings.

Gwynn said the people to whom she talks are concerned about customer service. She suggested that the bureau develop a grade that rates how the bureau has improved upon measures and then communicate this grade to customers. Jeff responded that determining how to grade the performance would be challenging because additional resources may be needed to make improvements.

Meredith asked how the bureau responds to changes in KSLs. Jeff said the bureau has decided to wait until the customer survey is completed before responding to changes in any of the measures. Currently, the measures are primarily for reporting purposes. Otherwise, the bureau does not have a consistent framework for using the measures to make operational changes.

Cindy asked if the bureau used the City Auditor's Annual Community Survey for performance monitoring. Jeff said a question from the Auditor's survey is already part of the bureau's 27 KSLs.

Allan asked how the bureau decided which utilities would be considered "peer utilities." Jeff said utilities were selected based on having comparable qualities and public access to KSL data.

Allan asked how the bureau used the KSLs to inform decision-making. Mike S. responded that the bureau's Asset Management group began incorporating service levels to develop asset management plans. Specifically, the bureau used the KSLs to improve the hydrant procurement process. Recently, the bureau has not done survey work or focus groups to assess customer satisfaction. The bureau will use these findings to inform budget development. Jeff also said that the bureau uses risk-levels to reallocate funding within the CIP to address the highest risk assets. Jeff Winner added that the Union Pacific Railroad relocation project was an example. The bureau identified risk and made adjustments to CIP in order to address that high risk. A similar process was used for the Willamette River Pipe Crossing project.

Janet asked about the number of non-English speakers who had responded to survey. Jeff said that was unknown. The survey was translated into four languages and there was information included in the mailing that offers additional translation services. Janet followed up with a question about the geographic response rate, and Jeff said it was too early to have that information.

Robert said that PUB should monitor the measures and BES' as well. Some of the Water Bureau's measures may no longer be appropriate. He stressed that PUB should remain involved in these discussions.

Kendra asked if there are opportunities to strike measures that do not change and reflect standard practices. She also said the bureau should redefine its key performance measures.

VII. Billing and Customer Service

Kathy provided an overview of the bill, noting that the bill is not only for water service but also sewer and stormwater. She said that the bureau recently implemented monthly statements that break up quarterly bills into three payments. Kathy provided a [handout](#) that outlined the different components of the bill.

Kendra said that the bill does not articulate that a large portion of the bill goes towards debt service that financed assets that have been previously built or improved. Kendra thought that this information would be useful for the public to understand that their bill pays for a long-term investment. Kathy said that the bureau is considering a redesign that balances providing enough information but not being too cluttered and unapproachable.

Marie said she thought that the mortgage analogy would be a helpful way to convey how retail rate revenues pay for system assets. Kathy said the bureau could look to adding this analogy to bureau FAQs, and Gwynn agreed that it would be useful information.

Allan said he thinks that customers don't understand that there are three bills included and they are surprised by the three month sticker shock.

Janet said it would be helpful to solicit input from underrepresented communities on what information would be helpful to include in the bills.

Meredith agreed that customers don't understand that there are charges for multiple utilities on the bill. She also hears that customers want monthly reading of water meters. Kathy responded that the options for monthly readings are costly.

Rob commented that while communication is necessary, it is difficult to increase rates to pay for additional communications and outreach. PUB should continue to think about how best to manage these communications expectations.

Kathy then talked about the bureau's PCI compliance process, and said the bureau was surprised about the compliance requirements. They lost the ability to offer voice-recognition payment (IVR) and automated payment. These two changes resulted in significant disruptions to billing

and customer service goals. A new application - the "invoice cloud" - will immediately address these issues. This payment system also interacts with the bureau's Cayenta billing system. The bureau hopes the options will be available to customers sometime this summer.

VIII. Public Comment

Janice provided an update on CUB's analysis of BES' biogas project. The City Council accepted CUB's recommendation to move project construction costs into later years, and budgeted only design work in the upcoming fiscal year. This will provide time to further define revenue options and interactions with the potential organic waste receiving facility. Metro has completed its RFQ process that decreased the number of potential vendors from 12 to 9. These nine vendors are eligible to respond to an anticipated RFP from Metro for a potential commercial food waste process operation. Waste Management is one of those nine vendors and their proposal includes BES as a partner accepting the processed organic waste as a feedstock for BES' proposed biogas project. CUB's view is that neither project will move forward without the other and that continued analysis needs to focus on key decision points on parallel but interrelated tracks. Pending additional information, CUB will continue its analysis on these projects so suggesting continued planning and evaluation work by BES shouldn't be viewed as our final recommendation.

Carol Cushman, League of Women Voters, complimented PUB for heeding the League's advice on the nature of the Rate Ordinance subcommittee. PUB should consider the budget timeline when planning for future meetings and then adjust their meeting schedule so that they can develop recommendations. For some budget deadlines, it may not make sense to meet at the regular meeting date or time. Carol also raised concerns that the bureaus prepared significantly for the rate subcommittee and that they did not get a chance to share this information.

IX. Next meeting agenda

Items for the next meeting's agenda include, the BES Stormwater System Plan, the Clean Rivers Reward Program, and an update on the Portland Harbor. Marie suggested time for reflection and to consider what is working and how they can improve the process. Rob suggested PUB members attend a Washington Park tour. He also reiterated that PUB should continue to engage in bureau performance measures at future meetings. Kendra asked if the PUB should wait until after the survey results. Rob responded that many of the measures will track outcomes that would not be impacted by feedback from the customer survey.

The Bull Run visit is scheduled for August 26th.

The meeting adjourned at 6:20 PM.