

Portland Utility Board
August 2, 2016 4pm – 6:30pm
Room B, Portland Building
Meeting # 14 Minutes

Attendees:

PUB Members:

Allan Warman (by phone)
Colleen Johnson
Gwynn Johnson
Julia Person
Kendra Smith
Robert Martineau

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

Absent:

Janet Hawkins*
Meredith Connolly*
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)
Jeff Winner (CIP Planning Supervisor, Water)
Megan Callahan (Communications Director, BES)
Gabe Solmer (Communications Director, Water)
Jim Blackwood (Senior Policy Director, Commissioner Fish's Office)
Liam Frost (Policy Director, Commissioner Fish's Office)
Chris Wanner (Water Group Manager, Water)
Jane Bacchieri (Watershed Services Group Manager, BES)
Melissa Merrell (Principal Analyst, City Budget Office)
Jessica Kinard (Principal Analyst, City Budget Office)

Public:

Janice Thompson (Citizen Utility Board)

I. Call to Order, Introduction of Audience Members

Kendra called the meeting to order at 4PM.

II. Approval of Prior Meeting Minutes and Disclosure of Communications.

Julia motioned for approval of the minutes. Colleen seconded. The minutes are passed without objection.

Kendra updated the board on a meeting that she and Allan had with Commissioner Fish. Colleen attended the EPA presentation on July 20 about the proposed cleanup of Portland Harbor. She said that there weren't many people there; most of the comments were not very favorable. Rob had his regular meeting with Commissioner Fish's office related to his union position.

III. Summer Supply Plan and Groundwater, Chris Wanner, Water Group Manager, Water

Chris Wanner provided an [overview](#) of the summer supply plan and the groundwater supply. He said he would touch upon the ground water resources of the bureau, its contribution to the overall supply system, and the summer protocols of the bureau to ensure there is enough water for customer demand and fish habitat. Portland has a primarily surface water system – the Bull Run Watershed. The Columbia South Shore wellfield is groundwater system, sourced below surface. Regulations for surface water and groundwater are different – groundwater has much less compliance requirements than surface water. PUB members were encouraged to call him for more info on the specifics of regulation requirements. The wellhead protection area has regulatory rights and a robust system to ensuring system stays clean.

The wellfield facilities include pumps, wells, a 2 million gallon storage tank, treatment components, and solar panels. While the bureau doesn't have to treat the ground water to meet federal requirements -- they could introduce directly into the system -- that would be disruptive to blending with surface water and undesirable for a variety of other reasons. The bureau treats groundwater exactly the same way as they treat the surface water from Bull Run. They lift about 230 psi (a lot of pressure) of water. There are 26 active wells and some inactive wells that go into aquifers from which the bureau no longer draws. The current capacity of the wellfield is 100 million gallons per day at start-up. For context, the City of Tigard just came off as one of our wholesalers so we have come down a little bit in demand (by about 3 million gallons per day as a result). Current demand is around 80 million gallons/day. Water from the wellfield is pushed up to Powell Butte Reservoir. Total investment in the wellfield is \$50 million, \$150 million in current replacement costs.

Last summer the bureau pumped more groundwater than normal, but usually it's less than 5%. Groundwater provides the emergency water backup system in the case of turbidity events or other outages. It also provides summer and fall seasonal augmentation of the Bull Run supply and helps offset water releases required to maintain fish habitats.

Julia asked, for customers, what is the difference between water from Bull Run and the wellfield, and is notice provided to customers when the groundwater is being used? Chris responded that the main difference is the groundwater is more alkaline which is a good thing, and there is extensive notification as the chemistry can affect some clients such as dialysis patients or beer brewers. The bureau provides customers with the seasonal supply plan and

updates; sensitive user notifications; website updates; and media releases. In some cases, when there is a major turbidity event for example, the bureau has to shift over quickly so these sensitive user notification list is really important to be able to quickly get the word out. Communications include a table that shows a comparison between the water sources in relation to temperature, pH, alkalinity, and other factors.

Melissa asked if the operations at the wellfield currently is a maintenance run and Chris responded yes, and the run is scheduled to last until next Wednesday.

The current [summer supply plan](#) and [August update](#) are available online on the Water Bureau website. The bureau also provides [weekly updates](#). The goal is to try to make it through the year just on Bull Run supply because the chemistry is consistent and its cheaper for the bureau. The wellfield is used to supplement supply when needed. The bureau will be finalizing an agreement with the Forest Service on the conditional 20-year use agreement for the lake at Bull Run. The bureau is doing a test this year with the blessing of the forest service in the lead up to signing an agreement next summer. As of July 2016, they have about 9.9 billion gallons of usable water which is very good. Demand is down generally while supply is up.

Kendra asked if the spike in use in 2015 occurred when we were in a drought. Chris clarified that an official drought was not declared but it was dry and hot and people wanted water. The bureau used more groundwater than normal to help meet that demand. Colleen asked why the demand was low this year and Chris responded that in comparison, the weather is cooler – the demand is very weather dependent. Chris also talked about the option the bureau has when there is high demand. Colleen asked who gets eliminated from the tier 1 contingency and Chris explained that they have “summer interruptible water” where wholesale petitioners have to request a certain set quantity per month of water. For ‘interruptible water, the rate is reduced 45%, the bureau makes a little extra money and water is cheaper for the wholesaler, but the water is able to be interrupted if need be. Only wholesalers have that option and there are typically only three that opt-in to the interruptible supply.

Chris then talked about snowmelt and drawdown. Snowmelt helps cool the water but is not needed to supplement the water. In 2015, there was hardly any snowmelt and it had all melted by January 24th. Drawdown would have left the bureau ‘down in the dirt’ behind the demand if the bureau didn’t have the groundwater source. Complete drawdown has many negatives, including problems with algae reproducing. Because of groundwater (and the weather this year) the bureau is in good shape to meet demand.

Kendra asked if there are any concern about the algae becoming toxic. Chris responded that it is very unlikely for the Portland system but they do a lot of monitoring. They have borrowed equipment from San Francisco looking at the algae. Ultimately if it were an issue, the bureau could shut down Bull Run and go completely to groundwater.

Colleen requested a tour of the wellfield and Chris said that can be arranged.

IV. Introduction to Watershed Services, Jane Bacchieri, Watershed Services Group Manager, BES

Jane introduced PUB to the [Watershed Services Group](#). Watershed Services has ~70 people – environmental professionals, planners, landscape architects, biologists, ecologist – and leads the

scientific, planning, and stewardship work of the bureau to improve public and watershed health.

There are three divisions: Watershed Programs, Science Integration, and Stormwater System.

The first division is the Watershed Division which has a strong geographic component to develop strong community partnerships. In 2006, watershed services created the watershed plan for Portland which addressed not just the symptoms but the causes to watershed and environmental problems. The plan focuses on an integrated approach to solutions. The bureau has been doing this work for 20 years to meet regulations. This group is the lead implementation of watershed projects and works with engineering services on the planning and implementation of these projects. The office is currently doing a citywide risk assessment for the different categories in that plan. The division works collaboratively with the rest of the bureau. Jane pointed to the Tabor to the River overview handout in members' packets. Prior to that work, there were many neighborhoods in SE that were having sewer system backups in basements. In 2006 the bureau began a pipe solution and a green infrastructure solution with the goal of looking for opportunities to manage stormwater before it gets into the system and make our system more green. Through a 'grey and green' solution, the bureau was able to reduce the cost by \$15 million over the course of the project. They are currently looking at this integrated approach and for other areas where they can use it in the city.

When the bureau did the watershed plan for the city, it was not a BES plan - it was a city plan. One goal was to establish close partnerships and looked to use community partnerships such as the Community Watershed Stewardship Program. Another example is the longstanding partner with PSU. Through low-cost grants for up to \$10k for community projects, the bureau has looked to engage diverse communities. The grants act as seed money and is used to leverage additional resources. The projects are small projects, but engage the community and can have significant impact.

Rob asked Jane to talk more about the community partners and Jane responded that they have worked with SE neighborhoods; the new Portlanders community; and the back of the handout has a list of all their partners over the past 20 years and where they are geographically located. The orange are the 2014-15 projects.

Allen asked what kind of metrics are used to measure the programs. Jane said these are small amounts of money, but they look at the amount of funding leveraged and the volunteer hours used. They get at least a 50/50 cost share and sometimes as much as 4:1.

Kendra asked how much is spent on this program and Jane said about \$93,000 per year. They provide grants of up to \$10,000 and have an average of 13 grants a year. The awards were just made for this year and can be found on the BES [website](#).

Allen asked if grant recipients report back with a result and Jane said yes, BES has one grad student intern who is working with the recipients to track progress, invoices, make sure things are going as planned.

Jane then talked about the Science Integration Division which provides scientific basis, analysis, and information for BES and ESA guidance for City compliance; coordinates the City's

streamlining multi-agency team for permitting City projects (this process saves about 6 months of time, and has been recognized with an award from the State); and coordinates assessment prioritization of culverts around the City. The division is looking at fish barrier culverts and the need to replace those. For example, this summer they are doing their final two replacements in Crystal Springs. The division is also looking to address stormwater issues. The map in the handout provides overview of different projects in the Crystal Springs area.

The third division, the stormwater system division, supports implementation of the stormwater manual that the City has had since 1999 and a just completed revision that goes into effect this month. The bureau has tried to make it as user-friendly as they can for the development community while also meeting system needs. An overview of watershed monitoring program is included in the member packets. The office provides baseline monitoring of the watersheds and developed a watershed 'report card' for the public to understand the current status of our watersheds better. It also provides a basis for understanding where they need to go in the future.

Gwynn remarked that the first Portland green street was developed in 2003 and then asked who built it. Jane responded that the first green street was actually built by OMSI in 1993 or 1994, but that wasn't in the public right of way – the first one in public right of way was built in 2003.

Julia asked about the integration of green methods and Jane responded that they will continue to use green infrastructure. It is now how utilities are now managing stormwater because of the community benefits and cost savings.

Robert asked how are the projects turned over to the community and about the ongoing maintenance costs and needs. Jane responded that ideally, projects are constructed so that ongoing maintenance is not going to be a big issue, or is minimized. Maintenance is one of the reasons why people don't want to do this work, it's an ongoing conversation internally and externally. There are conversations with the community grants on what will be required in terms of maintenance. Julia said that her company is actually a green street steward, and across from a green street. Maintenance is minimal and it's been a good way for employees to get out together. Gwynn asked about tomato plants in the green street facilities and Jane said those aren't as effective or as low maintenance at mitigating stormwater but they are adjusting their thoughts based on what people like to plant. Julia said they might try to put hops in our green street.

Jane mentioned that someone captured a video of salmon spawning in crystal springs that is available on a [website](#).

V. Board Discussion: Terminal 1 BES property

Mike Jordan and Jim Blackwell joined the conversation as a resource to answer questions. Mike said he is expecting that Council will take up this issue next week (August 10). At a high level: BES purchased terminal 1 north back in 2004 in connection with the big pip project and no longer need for property beyond maintenance easement. BES followed city policy for surplus property, including giving other public entities an option to use the facility, no one took advantage of that. It has been leased to other entities, including for staging an indoor track leading up to the IAAF.

The property is on the market now and BES is accepting bids through August 15. Separately, there has been a proposal made by a private entity for a long term repurposing of the property for homeless services and Commissioner Saltzman has put together a motion for council to take action on a short term proposal next week (August 10).

The Terminal 1 property is a relatively valuable asset for BES – estimated to be worth somewhere in the range of \$8 million to \$10 million range. If they sell the property, all the money will go to the construction program, delaying the need to issue more debt and ease the pressure on rates; the capital program issues ~\$100 million/year in debt so the potential sale revenue is a relatively small amount.

Colleen asked an overarching question: What could/should this board's response to this issue be? Also, is the question for the board as to whether or not the board feels this is a good idea? There is an issue of timing with this proposal coming before the ongoing bid closing and review. There is also a question of taking an asset purchased by BES and paid for by ratepayers to be used for another use.

Mike responded that those are great questions and are all in play here. BES has had a fair amount of discussion over the past year or two on the question of what it means to have this property be a BES asset and the obligation to the ratepayers when there is a proposal to use it for another use. BES believes they should get a market rate return on that asset, and yet, if you are a policy maker, how would you balance those issues against other city needs, and there is a legal question in there.

Jim responded that while the lease details will become public Thursday he believes it would be a lease to the Housing Bureau in 6 month increments. The basis/enabling element to this is the State of Emergency related to homelessness. Commissioner Fish opposes this action. His concern is that, should this go forward, there should be no harm to ratepayers and would push for recovering market rate rent. The Comprehensive Plan has the area tightly zoned as industrial. Gwynn asked where the funds would come from if the city were to purchase the land from BES for this use. Jim said that as long as the ratepayers are held harmless, the source is not a concern. There may be an opportunity cost if the market is at its peak now and the sale on the private market is impeded. Gwynn followed up that anything that comes out of the General Fund will have to be supplemented by ratepayers. Jim responded the mostly the same people are impacted, but different the money comes from different streams. Expenses from the General Fund will have to be balanced with things like Parks, Police. The Commissioner also doesn't think this is a good idea from a broader policy standpoint, but that is not something that the PUB can weigh in on.

Rob suggested board members discuss their views and Kendra said she thought it would be appropriate for PUB to write a letter and go and testify. Allan said in his opinion, this runs against our land use policy, and customers paid for this property – those dollars should be returned. He asked how much of the potential sale revenue would go to the rate stabilization account. Mike J. Responded that the proceeds would go to the construction fund, not the rate stabilization fund, but monies between the two funds are relatively fungible, both are used to stabilize rates over time.

Mike J. cautioned PUB from getting into evaluating what the use should be. The need for BES is a return on the investment.

Kendra asked for motion to develop a subcommittee to form a letter and forward to council. It was motioned and seconded. The motion passed. Kendra will also attend and testify. The committee will meet on August 8th and send comments to Melissa to be able to send the letter on August 9. Colleen, Robert, Gwynn, and Kendra volunteered. Melissa will send notice to all members.

VI. Board Discussion: Prior Year Review, Annual Report, FY 2016-17 Work Plan

Kendra reminded that board that they have an annual report to submit to Council in September and invited the ex-officio members to join the table. The annual report should include what the board did last year as well as an update to what they expect to accomplish in the next year.

Marie offered that the work of establishing the processes of the PUB- the bylaws, get to know the routine and how to make decisions - was an accomplishment in and of itself. Orienting the PUB, establishing a base of knowledge about bureau operations and budget processes, establishing rules and responsibilities for our leadership. Those accomplishments will make it easier for every new PUB member from here on out. Gwynn agreed and said they've built the foundation for the Board this year. That can be the hardest part and the most important part.

Alice agreed that there have been some solid work products. Cindy offered that it would be good to narrow last year's tasks to a couple of options and emphasize what the next steps will be. Kendra offered this could be a workplan item for next time.

Rob suggested that the report should recognize the work of the subcommittees and Kendra agreed that it should include a list of the outcomes of the subcommittees including the testimony and letter from the budget subcommittee, and the process development of the membership committee.

Robert asked if the PUB has finalized that process and Melissa reminded them that they adopted it as your board procedures.

Kendra asked if there were things that the PUB could improve upon for next year.

Robert noted that in the last grouping of the [summary document](#), there is a topic on lead. Rob states this is important and a hot topic, but he doesn't know if it warrants a lot of attention from PUB. Perhaps they could see what the impact of the lead kits being sent out is on ratepayers.

Marie said the bureau presentations have functioned to give us enough knowledge so that the PUB can address issues in the future in an educated way.

Gwynn requested keeping the meeting times consistent. Marie agreed that consistency is important for the board members and the public, especially as a new body that is an advisory board and a public board. Rob remarked that there could be some benefit to having this meeting in other areas of the City. Marie agreed but also emphasized that because they are so new, consistent timing and location make a difference for people knowing what to expect.

Melissa said that while next year's budget calendar isn't yet available, January and February will be challenging months and the board may need to consider additional meetings or adjusted timing.

Alice said that she thinks it's important to focus on the upstream questions, knowing what is coming in the pipeline before it's there, before budget season. Melissa said that she is working on setting up a process with both bureaus to get regular updates for upcoming projects or in-progress projects that are changing.

Cindy suggested the PUB should set a threshold for the 'big' category of projects – a way to focus their work and not see every project. She also found the spreadsheet workplan very helpful, and realized there has been a lot covered and will continue to be covered in the next year. She recommended building in some time for reflection on the types of work plan topics that are the most valuable/important.

Robert suggested the PUB review all the blue ribbon commission's recommendations at some point. He said it would be a good opportunity to remember the work of that board and review what has worked and discuss what is important to maintain going forward. Kendra said that could be part of the annual report – the grounding in the CUB/blue ribbon commission report.

Liam told the PUB that the Commissioner's office has reserved a time certain place on the agenda for September 29th at 2:00pm for the PUB's report. Melissa reminded the board that they will have to approve their report and plan at the September 6th meeting to be ready for that meeting.

Cindy asked to talk about the CUB handout and Kendra called Janice to speak to her memo. Janice said that she would talk about two points. It's important to think ahead, such as tweaking the purpose statement on the website. Having one commissioner in charge of both bureaus was recommended by the blue ribbon commission, which cannot be bound in legislation, but she is having conversations about this with the incoming mayor.

Cindy commented that she thought it was a thoughtful analysis and had good recommendations. She asked about #5d (recommendation #2), was wondering whether Janice thought it was more important for subcommittees to be functionally separate versus being more tied towards bureau issues – could there be synergies or opportunities from there being more crossover and consideration by the full board. Janice replied that she didn't think there was any magic bullet. There always needs to be a coming up and reporting back from a deep dive that any one subcommittee is doing. Kendra said that is her concern, that you could drift into the universe of having two PUBs. Janice said in terms of taking a more thematic approach, you would need more than two. It actually increases the push to having 11 members instead of nine. That approach might be worth trying first.

Kendra asked for there to be some notes in the annual report related to the CUB report and for feedback from the group.

Colleen summarized where they stood for products: we have a letter on Terminal 1; she would support a letter to the incoming Mayor on the benefit of having one commissioner in charge for

both bureaus. Code changes seem another area to discuss, and possible the topic of two standing committees could be a topic of conversation in the future.

Kendra said that timing-wise, the PUB needs to do the annual report and can build in time through the workplan to lay out some of the other items, but the annual report draft needs to get to members by the end of August so that it can have approval at the September 6 meeting.

Marie echoed what Cindy said with regards to having time for reflection. The PUB has very much been receiving information and communication has been to Council. Is the PUB providing feedback just to Council or to the bureaus themselves? Is there a place for the PUB to say: Here are the issues we grapple with and here's what we've heard from the community about it so that they can provide more analysis. Where at the PUB is makes sense for the first year, but they may be nearing a time to stretch a little bit.

VII. **Public Comment**

There was no general public comment.

VIII. **Next Meetings**

August 26 Bull Run Onsite Inspection

Board Meeting September 6th.

CIP

Annual report

The meeting adjourned at 6:34 PM.