

Portland Utility Board
March 15, 2016, 12:00 – 2:00pm
Pettygrove Room, City Hall
Meeting Minutes

Attendees:

PUB Members: Cindy Dietz, ex officio
Janet Hawkins
Kendra Smith
Meredith Connolly
Michael Harrison

Staff: Cecelia Huynh (Director of Finance and Support Services, Water)
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

Michael called the meeting to order. All PUB members and members of the public introduced themselves.

II. Review Meeting Minutes

Moved by Janet. Second Meredith. Approved unanimously. Kendra abstained.

III. Public Comment

This part of the agenda was skipped with the understanding that those members of the public present would be able to contribute their thoughts on an ad hoc basis.

IV. Discuss Matrix and Potentially Make Recommendation

Michael expressed the goal of looking to bring a short list of options to full PUB. Melissa was tasked with making sure that it is noticed and on the agenda with the expectation that the PUB would take action.

Carol noted that the language around ‘homeowners’ and ‘renters’ is imprecise. Suggests keeping that distinction clear, particularly with regard to rented single family homes. Michael agreed and thanked Carol. Melissa to make adjustments to the document, as needed.

Janice asked about the status of graphic that she had suggested. Melissa noted that she can provide an update on data and that the graphic is in process. Melissa reported that the City has roughly 270,000 housing units in the city. Roughly half single family homes and half units are multifamily dwellings. Of the single-family homes, roughly 80% are owned by the occupants,

20% are rented. Half of the rented single-family homes are rented by low income residents. About 5% of residents (both owners and renters) in single-family homes participate in the discount program. Almost 70 percent multi-family homes are occupied by renters. Of all residents in multi-family homes, almost half are low-income. The graphic will be available for the April 5 regular PUB meeting.

Meredith noted that she will not be in attendance at the April 5 meeting.

Melissa walking through changes in matrix, which was updated based on comments and with Cecelia's help with Water component, specifically the 2,000 person expansion.

There was some clarifying discussion around what the 2,000 person expansion impact on rates would be versus increasing the current enrollment by 2,000 and meeting the current budgeted target of 10,000. Cecelia made clear that the current rate forecast included the 10,000 and each year that the target was not met resulted in a one-time rate benefit. The additional 2,000 would result in an ongoing rate increase. Michael noted that going from a consistent underenrollment to consistent full enrollment does have a real ongoing rate impact. No consensus on perspectives was achieved.

Kendra asked how much does it cost per household?

Cecelia responded that the per household benefit averaged \$520; this doesn't count staff time for administration.

Kendra responded that should would like a per person total cost, including administration with the goal of using that figure to help size the expansion and the rate impacts.

Janet noted that there is a distinction between ongoing subsidy and the emergency amounts, so per person varies.

Kendra responded that an average in that case would still be useful.

Michael deferred to staff to develop the appropriate presentation and that Melissa should work offline with utility bureau finance staff to accomplish that. He reiterated Kendra's concern regarding average cost, and felt an estimate based on the existing allocation of administrative costs would be appropriate. Put the question to the group.

Cecelia clarified that Kendra would like the current cost of the program, per customer. She said the bureau can provide that. She would need to follow up with BES to get that full cost.

Janet mentioned that adding a position for outreach would help to close the 10,000 gap.

Cecelia provided the historical perspective that enrollment did get close to 10,000. The increase was not a result of doing more outreach, however; it was a result of the economy. The current decline is also a function of the economy.

Michael reiterated his agreement with Kendra and others that having a sense of additional administration costs would be helpful.

Kendra felt that the program was trying to fit a round peg in a square hole and that the group needed to call that out. She listed several assumptions:

- The City has interest in ensuring basic human well-being by providing water and sanitary services to all citizens, regardless of income or living circumstances.
- It is a priority that the City provide fair and equitable assistance to lower income citizens, to help preserve human health and avoid the costs and complexities of facilitating shut-offs due to nonpayment.
- The costs associated with continuing or expanding the low- income discount program impacts utility rates.
- The cost of the program are distributed across all customers, including those just above low income thresholds, making it inherently inequitable for those not able to access the program, choosing not to participate, or just above the income limits.

She felt that the group has to be honest that complexity of reaching all of the parties through the utility bill is not feasible. Need to be clear that addressing this through another mechanism would be better suited and eliminating the discount would make everyone's bill cheaper.

Meredith noted that bill increases to fund additional subsidy would have a greater impact on people on the eligibility bubble.

Kendra stated that she was looking to phase out program and find a better way to address the same goal that doesn't do it through a regressive means.

Michael suggested presenting to the full PUB the following options: 1) phase out, 2) 'option 0', and 3) expansion. Asked for clarification regarding use of term 'regressive'.

Kendra and Melissa clarified that it meant that increases impacted lower-income individuals to a greater degree as a percent of income.

Janet felt that 'regressive' is more typically in reference to taxes and believed that a more appropriate phrase would be 'less equitable'.

Kendra agreed to the clarification of her statement.

Michael reminded the group of the need to clarify and flesh out existing options then identify several to bring to full PUB.

Meredith asked what the potential growth of program might be if expanded. What would be the differential/inequitable impacts on those not currently paying their bill?

Michael suggesting making Option 0+ the full 25,000 enrollment with the rationale that if the group is going to be expansive, it should be as broad as possible and assume full enrollment. Another option would be to provide a figure for each additional 1,000 participants, even with the understanding that the cost to acquire additional participants and administer a larger program would have greater costs.

Melissa stated she would work with Jonas to get BES numbers for option 1.

There was general discussion about whether it is cheaper to administer a program for renters in managed units. Cindy reminded the group that managed units are more complex (and therefore expensive) administratively.

Carol followed up on the option to reduce ongoing program and increase emergency program. Earlier presenters had talked about the two parts of the program.

Michael noted that this is somewhat reflected in option 8.

Kendra raised that concern that this is a lot to go through with the PUB and that it is mostly background. Hopefully the subcommittee would have a 'cut to the chase' recommendation to focus energy there and make sure that the group doesn't take too much time.

Michael responded that he was looking to bring 3 forward that represent broad range – extremes and something in the middle. An option for marginal change was appropriation especially since that is the direction the City is going in. He left open the possibility that the subcommittee might feel passionately and choose a single option. Continuing the discussion of options he moved to the next option (2) which increases the number of participants without increasing resources available. He felt that there is a point at which the subsidy is no longer meaningful, but the group had not been able to pin that number down. Melissa will assign a dollar range to any administrative costs associated with that option.

Cindy cautioned the group that expansion and funding mechanism are two separate questions and suggested that some of the options be broken up into eligibility/funding pairings.

Michael acknowledged that this made sense, however, as envisioned, the number of options presented to the PUB would be a subset of the options explored and breaking it down further might cause confusion.

Meredith agreed with Michael that this is the cleanest way to present it, but acknowledged that Cindy's point is a good one – i.e. that who you serve is a separate question from how you pay for it.

Cecelia stressed the need to break down the difference between discount costs and administrative costs.

The group discussed Option 4. Michael felt it would be useful to assign a range of costs associated with the administration. Cindy reminded the group that the report highlights a number of administrative cost challenges.

The group discarded Option 5 as not being utility-related.

The group discussed Option 6 (Opt-in charge on bill). Melissa provided an update on some research into this issue. Michael asked if she could see if their experience has yielded resources ranging from 'not insignificant' to 'meaningful.' In the event that the resources are not significant, the group could discard the option. Cindy noted that the option was something that could enhance any other options. Meredith raised the concern about legal challenges to using

the bill. Melissa reminded the group that there was already a similar opt-in item on the sewer bill.

Kendra suggested the possibility of a donate button on utility website that would redirect users to another entity.

Janet drew the comparison to Oregon HEAT and Portland Parks Foundation. She also noted that Salem has the United Way administer their funds.

Kendra thought that the donation approach might be something that the Oregon Association of Clean Water Agencies or other organizations that might look at strategies that take a regional perspective and approach to ensuring access to water.

Janice agreed that getting a handle on what is feasible with regard to a donation pool would streamline future discussion. Janice will provide information regarding HEAT. That information might help to establish some sense of whether it is scalable.

Meredith proposed moving the opt-in option off the list of options as that mechanism could potentially supplement any of the options; as a separate option it detracts from the conversation about what program structure the group recommends.

Cecelia expressed here belief that it would be unlikely you find a lot of money in opt-in. Most utilities doing it are doing it because they can't provide discount programs. And Portland has a pretty robust discount compared to other jurisdictions.

There were no questions or issues on Option 7.

The group discussed Option 8, ending the discount program and exploring other options, agreeing that ending would be one of the options at the extreme. A possible phase out was discussed.

Cecelia noted that she is not sure there is additional need in the 'crisis assistance' program, so a shift of resources there would not necessarily result in additional outcomes.

Michael suggesting that ending the discount program would be something done only with the acknowledgement that other tools are more appropriate for keeping people in housing with running water. Wants to move away from 'exploring other options' language. PUB should be more specific about what other options.

Kendra read into the record several draft recommendations which were later circulated to the subcommittee. Among the recommendations, she suggested the City use General Fund and other resources to address affordability issues.

Carol noted that the PUB discussing housing issues constituted mission creep.

Janice made the comment that the goals are good, but other, non-utility resources would be appropriate.

Michael clarified the point: that the existing program has inequities. Option 8 addresses them, stopping short of what other parts of government should do.

Meredith noted it is important to recognize values associated with this program. She is undecided on this option. The program as it stands gives 8,000 households a 50% discount. That value would be lost. She is uncomfortable getting rid of the program without substituting it with something else.

Michael suggested as an example, the emergency shut-off program was a way to go.

There was general discussion about the value of linking a phase-out with the phase-in of the \$15 minimum wage. Melissa would confirm when minimum wage is implemented and tie phase out in the matrix to that.

Kendra raised the idea of using Utility License Fees paid by the utilities to fund affordability programs.

Michael suggested that options 1, 8, and the status quo be the options brought to the full PUB.

Carol felt the three options seem reasonable

Janice expressed concern about the quick time period that options were narrowed, and that PUB should develop a presentation that shows how they narrowed their recommendations.

Michael said a cover memo would be developed that explains how options were developed and define the timeframe for the discussion.

Cindy suggested the memo should provide context of why PUB was tasked with reviewing the report.

Michael asked the group if there should there a greater effort to collect public comment prior to PUB vote. He suggested that the agenda include time to discuss alternatives and a discussion of to what extent PUB should engage the public on this topic.

Janet said it made sense to have public comment in April, vote in May and that the Commissioner's Office will be likely be interested in this meeting.

Kendra asked if it was Council's responsibility – not PUB's – to solicit public comment.

Cindy responded that PUB should collect public comment on their recommendations.

PUB then took a formal vote to forward options 1, 8 and status quo to PUB for consideration.

The meeting adjourned at 2:00 PM.