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To: PUB Members and PUB staff person Melissa Merrell
CBO staff – Andrew Scott, Claudio Campuzano, Ryan Kinsella
Commissioner Nick Fish and utility bureau liaisons – Liam Frost and Jim Blackwood
From: Janice Thompson, Citizens' Utility Board of Oregon

**Observations and Suggestions on Portland's Revamped Public Utility Oversight System
Summer 2016**

Introduction

I was pleased to get an invitation from Commissioner Fish to convey CUB's thoughts on the status of Portland's recently revamped system to provide oversight of utility bureau management by bureau leadership and the City Council. The following memo more broadly shares CUB's observations and suggestions from that meeting and has a particular focus on congruence with recommendations from the Portland Utilities Blue Ribbon Commission (PUBRC), on which I served. A visual summary of Portland's current utility bureau management oversight system including outside review by CUB and a stronger internal oversight group, the Portland Utility Board (PUB), is provided as an attachment.

Positive Trends

- 1) The Bureau of Environmental Services (BES) and Portland Water Bureau (PWB) are complex bureaus so there will likely be an ongoing learning curve. However, the PUB's learning curve is significantly less steep due to their diligent work getting themselves up to speed with help from numerous informative presentations from both utility bureaus.
- 2) Ex officio members have extensive knowledge of the utility bureaus and are providing valuable input with a high degree of respect and understanding of their status as non-voting members of the PUB. That ex officio members should serve year-round is consistent with the background provided below:
 - a) The PUB ordinance amendment adding ex officio members was linked to the involvement of bureau staff on budget advisory committees (BACs) that are part of the budget development process for all bureaus. This has evidently led to some confusion about whether ex officio PUB members serve year-round or just during the traditional budget development period in the fall.
 - b) The PUBRC heard criticism that the "fall only" timeline of BACs was a major barrier to providing meaningful input on developing PWB and BES budgets. This contributed to a major PUBRC finding that the budget process should be viewed as a year-round endeavor and that the PUB should serve as the BACs for both PWB and BES due to the extent that utility bureau budgets are dominated by capital improvement planning and other "upstream" decisions.
 - c) The approach recommended by PUBRC to ensure that the PUB benefits from utility bureau staff input, akin to having bureau staff serve on BACs, was for a staff person from either BES or PWB to serve on the PUB as a voting member. This approach also ensured that internal knowledge from within the bureaus was available year-round.

- d) When the PUB ordinance was amended to add ex officio members, I saw this as a positive development given the knowledge of bureau staff members. I also assumed that their involvement would be year-round because that approach would be consistent with related PUBRC recommendations. If a code change is required to make this a reality, CUB would support such an amendment.
- 3) The effectiveness of the agenda development process has been enhanced with the increased effort on getting input from all PUB members at the end of each meeting for items to consider at the next meeting. Seeking agenda suggestions from the utility bureaus should also continue, especially since their recommendations are informed by their extensive knowledge of the budget process. Inclusion of agenda items linked to City Council deliberations that affect utility bureaus, such as the Terminal 1 debate, is also great.

Concerns and Suggestions

- 4) Role and staff clarifications - PUB and City Budget Office (CBO)
- a) The PUB staff person needed to be housed somewhere and the logical location, which was supported by PUBRC, was the CBO. However, CUB has four recommendations to help ensure a clearer understanding of the different roles played by CBO staff and PUB's staffer.
 - b) Two background points inform these recommendations:
 - i) A major motivation for creating the PUBRC was concern about City Council management of the utility bureaus. The PUBRC made accountability suggestions but did not recommend removing the City Council from their budgeting and management role. This is reflected in CUB's oversight triangle attachment to this memo with the PUB and CUB providing input to the City Council emphasizing "upstream" decisions that influence budgets. Utility bureau expertise should be sought by the entity in each corner of the oversight triangle, but the oversight target of the PUB and CUB is the City Council since they are the decision making entity. In other words, the PUB's oversight role in providing input to the City Council, should not be obscured due to the PUB staff placement in the CBO, an entity that works for the City Council and though it gives advice, ultimately carries out directives from the City Council.
 - ii) One of the PUBRC's most emphatic recommendations was for the PUB to have its own dedicated staff with resources provided by the two utility bureaus. This PUBRC recommendation is reflected in the following sentence in section 11 of the PUB ordinance: *One full-time staff will be dedicated to and directed by the PUB, with hiring and administrative management by the CBO Director.* However, the PUBRC did not want to see the PUB staff person as also being responsible for the ongoing work of CBO analysts in managing the budget process and conducting utility bureau analysis for the City Council, work that is paid for via the general fund overhead model. This is made clear in the following sentence in section 11 of the PUB ordinance: *One full-time equivalent staff will support the ongoing CBO utility budget analysis.* The inclusion of this provision in the PUB ordinance was not intended to imply a comingling of CBO and PUB staff efforts, but rather to ensure that the PUB staffer would not be inappropriately burdened with two jobs, working for the PUB and doing CBO analysis and budget process management for the City Council. In other words, the PUB staffer works for the PUB and CBO staff work for the City Council. This is highlighted in yellow on the oversight triangle attachment and delineated in terms of key "what" and "for whom" points in the summary below:
 - (1) CBO staff analyzes bureau budgets for the City Council.
 - (2) PUB staff analyzes bureau operations and budgets as well as City Council decisions for the PUB.

- c) Recommendation #1 - Change the "purpose" statement on the PUB website to reflect that the primary target of PUB's oversight recommendations is the City Council. The current language is: *"The Portland Utility Board (PUB) is a citizen oversight body for the Portland Water Bureau and Bureau of Environmental Services."* A reader of this statement who is not familiar with the commission form of government would never realize that it is the City Council that provides policy and budgeting direction to BES and PWB. This clearer statement is recommended: *"The Portland Utility Board (PUB) is a citizen oversight body for the Portland Water Bureau and the Bureau of Environmental Services and City Council management of these public utility bureaus."*
- d) Recommendation #2 - Change the description of the PUB staff assignment on the CBO's online staff summary as shown in the mock up sheet attached at the end of this memo
- e) Recommendation #3 – Do not repeat using the PUB staffer as a co-author of last March's CBO analysis of the BES requested budget and as the author of a section of CBO's analysis of the PWB requested budget.
 - i) CUB assumes that PUB staff involvement in CBO's March 2016 reports for the City Council analyzing requested utility budgets was an element in getting the new PUB staffer up to speed. At the time, this did not have a significant impact because the timing of the CBO report release did not dovetail well with the PUB meeting schedule.
 - ii) If, however, the timing of PUB meetings and CBO reports in the spring of 2016 had facilitated more thorough PUB review of the CBO reports, there would have been the potential for inappropriate and troubling conflicts if PUB members disagreed with analysis written by its own staff person for CBO's City Council target audience.
 - iii) If this practice is repeated in the future, PUB members would not get the kind of staff support recommended by the PUBRC and CUB would definitely object.

Recommendation #4 – The PUB, whenever possible, should avoid scheduling meetings of the full group and committees when its staff person is not available. It is great that CBO staff provide basic assistance, such as taking minutes, to the PUB staff. The target audience of CBO analysis and process decisions, however, is the City Council and not the PUB; therefore, CUB recommends striving to avoid putting CBO staff into roles better suited to the PUB staff person during PUB meetings.

5) Use of Committees

- a) The low income discount committee and the committee that met regarding PUB practices are great examples of using committees for relatively short term efforts and/or one-time or occasional projects.
- b) Using a committee last January to write the BAC letter was unavoidable due to time constraints, but in CUB's view this practice should not be a regular occurrence since reviewing utility budgets is a core function of the PUB and should involve its full membership. For example, using the budget committee again in regard to the utility rate hearing could have been avoided since, with advance notice, it seems quite likely that BES and PWB could have provided rate ordinance background at a regularly scheduled PUB meeting the month before the rate hearing. CUB has two recommendations to avoid using a budget committee for matters best suited for discussion by the full PUB.
- c) Recommendation # 1 - PUB staff person should advocate with CBO staff who prepare the FY 2017-18 budget process timeline so key events like the utility budget work sessions with the City Council dovetail with PUB meetings to facilitate discussion by all PUB members when developing PUB's budget recommendations. CUB also recommends that budget process timelines be made available sooner since that could facilitate the PUB adjusting its meeting schedule for a better fit with budget events.
- d) Recommendation #2 - The PUB should consider forming two standing committees, one focused on BES and one focused on PWB.

- (1) Each of these committees would need to bring key findings and recommendations to the full PUB for approval. This approach, however, seems like it would facilitate “deeper dives” into each bureau and make it easier to schedule committee meetings, especially when meetings between regular PUB sessions would be helpful to dovetail with the budget process timeline.
- (2) This PWB and BES committee approach was discussed by the PUBRC as one way to address the challenges of one citizen oversight group dealing with two large and complex bureaus. For this reason as a PUBRC member, I advocated for an 11-member PUB. There were valid concerns, however, about recruiting challenges so the PUBRC recommendation was for a PUB with either 9 or 11 members. The PUB ordinance set a 9 person membership cap.
- (3) If the PUB was interested in two standing committees, one per utility bureau, then a code change would be required which CUB would support. If the PUB has counter arguments or just is not interested in a BES and PWB standing committees approach, however, CUB will bow to its wishes on this matter.

6) PUB membership recruitment responsibilities and process

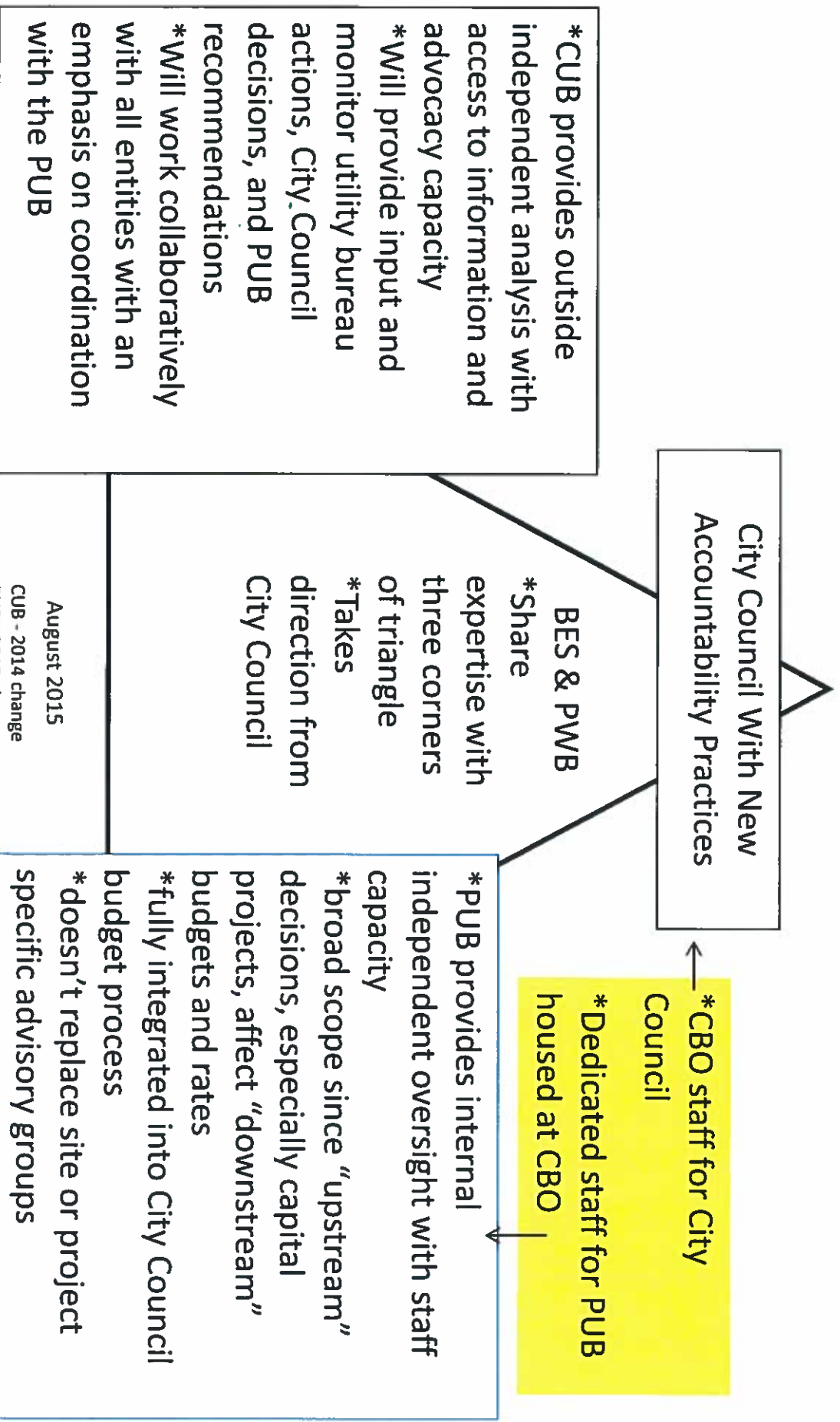
- a) It is great that PUB’s board procedures include a process for PUB members to address possible vacancies. However, it is essential that inclusion of this provision not be viewed by the City Council and especially the BES and PWB Commissioner(s)-in-Charge as a rationale to shirk responsibility to recruit PUB members. This is highlighted in PUB’s procedure document, but it is an important point that bears repeating and one that CUB wants to emphasize to the recipients of this memo from Commissioner Fish’s office.
- b) Use of board recruitment tools available at the Office of Neighborhood Involvement (ONI) is recommended. Consultation with utility bureau staff familiar with ONI tools and to learn about bureau communication mechanisms is also suggested.
- c) During the summer of 2015, the PUB member selection process was led by the Mayor’s office and Commissioner-in-Charge Fish and his staff. Time did not allow for a review team composed of stakeholders and other City resource people, such as possible inclusion of a representative from the Office of Equity and Human Rights, to review PUB applications in 2015. Formation of such a review team to increase the transparency of the application and selection process in the future is recommended, especially when several PUB member vacancies are expected.

Additional Suggestions Regarding Staff Assistance to the PUB

- 7) Since the City Council is the key target of PUB oversight, consider having the PUB staff monitor City Council agendas and provide quarterly reports to the PUB in regard to the following:
 - a) Council decisions that involve the utility bureaus with an emphasis on points made by Council members during their discussion as well as points made during public testimony. A particularly educational element in these staff reports to the PUB would be highlighting the steps in capital improvement projects that come before the City Council since this could help identify possible oversight improvements for construction planning and/or management.
 - b) Council decisions on Citywide policy matters and how they affect the utility bureaus.
 - c) Council decisions regarding other bureaus that affect utility bureaus.
- 8) Consider having the PUB staff person interview the PUB member serving on the PWB/BES billing disputes Administrative Review Committee (ARC) and prepare regular reports for the PUB. Quarterly reporting is an initial recommendation, but this timing could be adjusted with input from the PUB member serving on the ARC. These reports would facilitate the PUB learning about the types of customer disputes that are appealed to the ARC which, in turn, could help identify policy adjustments for possible City Council recommendation by the PUB.

Current Portland Public Utility Oversight Triangle

All Entities Interact, Input From CUB and PUB, City Council Decides



City Budget Office Staff Assignments**Andrew Scott, Director**

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Assistant Budget Director

- Budget Process Coordinator
- Office of the City Auditor
- Funds Management
- General Fund Overhead Model
- Citywide Numbers
- Tax Supervising & Conservation Commission
- HR/EBS/BTS Liaison

Claudio Campuzano (503) 823-6848

Principal Financial Analyst

- Special Projects & Capital Coordinator
- Office of Management & Finance (lead)
- Bureau of Environmental Services
- Citywide Asset Managers' Group
- Analyst Training Coordinator
- Strategic Planning Coordinator
- Accounting Liaison
- Portland Harbor Superfund

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- Citywide Performance Management
- Tableau Administrator
- Lean Process Improvement

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- Council Calendar
- Public Outreach Coordinator
- State Legislation Coordinator
- Bureau Website
- Legal Files

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- Office of the City Attorney
- Mayor and Council Offices
- Social Media Coordinator

Josh Harwood (503) 823-6954

City Economist

- Portland Development Commission (lead)
- Economic & Financial modeling
- Revenue forecasting
- Labor Cost Forecasting
- General Fund Compensation Set-Aside
- Current Appropriation Level Targets

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- Budget Monitoring Process (BMP) Coordinator
- Portland Housing Bureau (lead)
- Bureau of Planning & Sustainability
- Office of Neighborhood Involvement
- Portland Bureau of Emergency Management
- BRASS Administrator – BMP
- City/County Coordination
- Continuity of Operations Plan Coordinator

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- Bureau Indirect Rates

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- Office of Government Relations
- Special Appropriations
- City Reserves Database

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- ~~• Bureau of Environmental Services~~
- ~~• Portland Water Bureau~~

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- BRASS Administrator – Production
- City Fees and Charges
- System Development Charges
- Budget Mapping

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- Portland Fire & Rescue
- Bureau of Fire & Police Disability & Retirement
- Equity Liaison
- Columbia River Levee Project

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- Citywide Asset Managers' Group
- BRASS Administrator - Uploads
- Technology Oversight Committee Liaison
- GFOA Award Submittal

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