

Portland Utility Board
September 6, 4:00 – 6:30pm
Room C, Portland Building
Meeting # 15 Minutes

Attendees:

PUB Members: Alice Brawley-Chesworth, ex officio
Allan Warman
Cindy Dietz, ex officio
Janet Hawkins
Julia Person
Kendra Smith
Lee Moore
Marie Walkiewicz, ex officio
Collen Johnson

Absent:

Meredith Connolly *
Robert Martineau *

*Notice of absence provided prior to meeting

Staff: Mike Jordan (Director, Bureau of Environmental Services)
Cecelia Huynh (Director of Finance and Support Services, Water)
Jonas Biery (Business Services Manager, BES)
Bill Ryan (Chief Engineer, BES)
Susan Aldrich (Program Management & Controls Division Manager, BES)
Gabe Solmer (Public Information Manager, Water)
Jeff Winner (Capital Improvement Program Planning Supervisor, Water)
Megan Callahan (Public Affairs Manager, BES)
Jim Blackwood (Senior Policy Director, Commissioner Fish's Office)
Liam Frost (Policy Director, Commissioner Fish's Office)
Andrew Scott (Director, City Budget 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

The meeting was called to order 4:05pm.

Allan announced that Gwynn had resigned immediately from PUB. Allan noted that this leaves a vacancy on the PUB and that this process typically takes 2-3 months. Melissa noted that PUB adopted a set of procedures around recruitment and that these guidelines shall be followed. In the near term, there is currently a need for another person to share PUB's role on the Administrative Review Committee. Interested PUB members should contact Melissa.

Minutes approved without amendments.

No disclosures of conflict of interest.

Allan then thanked the Water Bureau for the on-site inspection of the Bull Run watershed two weeks ago.

Allan also noted that PUB has received from BES the 36 pages of [City comments](#) on the EPA proposal for the Portland Harbor. Mike Jordan and Annie Von Burg provided a brief summary of the comments. Generally, the plan isn't perfect but the City thinks it's going in the right direction.

Mike also noted that EPA is planning to make a summary decision by the end of the calendar year.

Jonas explained that BES has begun the budget process for next year, but just recently, the person managing the budget passed away. BES will work to make deadlines and be forthcoming with information to PUB, but this unexpected vacancy will create a challenge.

II. Budget Development Update

BES

Susan Aldrich and Bill Ryan then provided a [preview](#) of BES' CIP. The capital assets of the bureau have a \$13 billion in total replacement value. An estimated \$2 billion of assets are in poor or very poor condition – approximately 20 years of CIP projects at the current annual amount of investment. This represents only maintaining current assets – not system expansion. In the bureau's experience, it generally costs three times as much to conduct emergency work to address asset failures rather than proactively and intentionally replace assets prior to failure.

Lee asked about the remaining useful life of the \$13 billion in assets. Susan explained that the remaining useful life depends upon the type of asset, but that \$2 billion in assets are in poor condition. Generally speaking, BES feels as though they are not maintaining assets at the optimal replacement rate but they are in adequate position. Bill Ryan noted that as the system expands, the amount needed for replacement costs will increase.

Susan explained that BES develops a series of plans that inform the CIP. These plans typically take 1-5 years to develop. BES is currently in the initial stages of the FY 2018-2022 CIP. Approximately 12 new projects are expected to be considered.

Allan asked about how the bureau prioritizes projects that will appear in the CIP. Susan replied that there is a cross bureau team that scores the projects based on a variety of criteria including business case, health and safety, environmental impact, and other factors. Susan also explained that projects may be planned for years 6-10 which would not appear in the published Adopted Budget this cycle.

Allan asked whether the bureau would be able to rank the projects if not all were funded. Susan explained that projects that allowed the bureau to meet regulatory requirements would trump other projects.

Susan then provided an update of current projects. The Tabor to the River project is projected to be completed in FY 2016-17. This project represents a new way of doing business that meets capacity and reliability needs by using both 'gray' and 'green' solutions in a least-cost approach. The bureau is considering this approach for other basins.

The bureau is also finishing a 10-year, \$80 million project to make improvements in the Fanno Basin, worked on a number of regulatory-driven projects, will continue to work on large diameter sewer pipes, and extensions along Terwilliger Boulevard.

In the next five years, the bureau expects major reconstruction and investment projects at both Tryon Creek and Columbia Boulevard Waste Treatment Plants and work to address pump station infrastructure and the stormwater system.

Susan and Bill noted that with the upcoming plans, BES will likely need additional staff to manage the number of projects. Currently, the bureau has "thinned the soup", and in the process, trained and moved people into project management positions. That is, much more of the soft costs – design and engineering – is performed by consultant with City staff performing more of a project management role. The bureau is also using an enterprise project management system to create additional consistency across the bureau for project management.

Water

Jeff Winner then provided an [overview](#) and [sliddeck](#) of the Water Bureau's CIP. The bureau recently completed three major projects at or under budget: Powell Butte 2, Kelley Butte, and the Interstate Facility.

Ongoing major projects include the Willamette River Pipe Crossing and the Washington Park Reservoir Project. While the project cost for the Washington Park Reservoir project has increased, it is believed to now be stable.

There are three projects for supply reliability: Headworks generator improvement, Headworks chlorine scrubber replacement, and Lusted Hill generator and room remodel.

Similar to BES, Water also has a number of master plans that inform the bureau's CIP. Upcoming plans include a supply system master plan (\$2.2 million, to be completed in 2020), seismic study (\$1.5 million, to be completed in 2016), water quality corrosion study (\$0.5 million, results available in 2017), Conduit 3 assessment (\$1.0 million).

At least four new projects are anticipated to be in the upcoming CIP:

- Bull Run Road Project (\$1.7 million)
- Fulton Pump Mains Replacement (\$5 million)
- Vivian Groundwater Improvements (\$1.7 million)
- NE Portland Project Bundle (\$0.9 million)

Looking farther ahead, upcoming budgets may include projects related to the Headworks Facility Master Plan, Powell Butte 1 Reservoir 1 Roof, Washington Park Hypochlorite, Conduit assessment, changes related to the Lead and Copper Rule, and the seismic study.

Kendra asked if the bureau might consider delaying the Willamette River Pipe Crossing until there is a better bid environment and the master supply plan is complete. Jeff explained that there is enough risk in the other crossings failing that a reliable crossing is urgent.

Kendra asked about when the bureau might see a smoothing in the capital plan. Jeff explained that a number of the projects included in the distribution plan were deferred until after the completion of the LT2 projects and so the current capital plan currently has an increased investment in the distribution system.

Allan asked if the Water Bureau's prioritization process is similar to BES'. Jeff explained that projects are not numerically ranked and that the bureau considers a number of criteria and the current opportunities for projects, and then how these projects fit within the current financial climate and constraints.

III. **PUB Annual Report and Work Plan**

To begin this conversation, PUB received public comment on the workplan. Janice Thompson of Citizen Utility Board and Carol Cushman of the League of Women Voter signed up to give comments.

Janice provided follow-up comments on having two standing subcommittees in a [memo](#) to PUB and provided additional written [comments](#). Janice said that PUB should begin by highlighting the reasons why PUB was created. Janice also offered a few small edits on dates and wording. She also had several suggestions on PUB's recommendations on rates, the Administrative Review Committees, and ex-officio members.

Carol Cushman then provided testimony on several different topics, including the report and workplan. Carol is glad that ex-officio members are now attending meetings year round, that future agenda setting is a regular part of the PUB meeting at the end. She recommended that the PUB website should state that PUB makes recommendations to Council but also provides oversight of the bureaus. Following CUB's recent comments to PUB, the role of the PUB position

in CBO should be clarified. The schedule for the rate hearings should be readdressed. Standing committees could be valuable, especially if they make the full PUB meetings more productive.

LOWV would support an increase in the number of board members. The selection committee should include PUB members and residents should be allowed to participate.

PUB then discussed the general comments included in the report.

Marie began by suggesting some changes that she thought would address areas where the PUB's role seemed understated.

Kendra thought that the table outlining PUB activities should also include PUB's role on the Administrative Review Committee.

Kendra also raised concerns as to whether the description of activities fully explains the outcome of PUB's role. Lee suggested that they consider how the public would respond to PUB's annual report. Carol suggested that there should be increased focus on public outreach and equity.

Lee noted that PUB made progress on specific issues and participation on the administrative review committee, but that PUB spent a good portion of the year learning about the bureaus in order to be able to ask more informed, critical questions. Kendra suggested that this sentiment be moved towards the beginning of the activities subsection.

Cindy thought that the report should note that PUB has already had two vacancies. Members agreed that expanding the voting members from nine to eleven would broaden the base of knowledge and ease some of the strain of member absences. Melissa will add a 'requested code changes' section that includes the expansion as well as a clarification to the code that ex-officios serve year-round.

PUB then discussed the merits of having standing committees but generally thought that the existing policy of using ad hoc committees was working.

PUB also discussed the value of having advance warning of potential issues, and whether the PUB analyst would be helpful in flagging these issues. They directed Melissa to identify issues as they arise.

Janet motioned to accept the report with the change instructions. The motion was seconded, all members voted in favor.

IV. Next meeting agenda

October 4, 2016

- 5 year Financial Plans
- BES Strategic Plan Update
- Sewer 101 and CSO System Operations

The meeting adjourned at 6:45 PM.