Attendees:

PUB Members: Alice Brawley-Chesworth, ex officio
Allan Warman
Cindy Dietz, ex officio
Janet Hawkins
Julia Person
Kendra Smith
Marie Walkiewicz, ex officio
Meredith Connolly
Micah Meskel
Robert Martineau
Scott Robinson
Ted Labbe

Absent:
* Colleen Johnson
* Lee Moore

*Notice of absence provided prior to meeting

Staff: Mike Jordan (Director, Bureau of Environmental Services)
Gabe Solmer (Deputy Director, Water)
Dawn Uchiyama (Deputy Director, BES)
Jonas Biery (Business Services Manager, BES)
Cecelia Huynh (Director of Finance and Support Services, Water)
Megan Callahan (Public Affairs Manager, BES)
Liam Frost (Policy Director, Commissioner Fish’s Office)
Nicole Adams (Communications Director, BES)
Karen Mynahan (Senior Deputy City Attorney)
Ken Bartocci (Principal Financial Analyst, BES)
Steve Hansen (Capital Program Management & Controls Manager, BES)
Bill Ryan (Chief Engineer, BES)
Jeff Winner (Capital Improvement Program Planning Supervisor, Water)
Marveita Redding (Pollution Prevention Services Group Manager, BES)
Mary Ellen Collentine (Principal Engineer, Water)
Shannon Fairchild (Financial Analyst, City Budget Office)
Melissa Merrell (PUB Principal Analyst, City Budget Office)

Public: Janice Thompson (Citizen Utility Board)
I. Call to Order, Disclosures of Communications, and Approval of Prior Meeting Minutes

II. Anderson Lawsuit Update, Karen Moynahan, Senior Deputy City Attorney

Karen provided an overview on the legal challenges and decisions so far related to the Anderson v. City of Portland lawsuit. Generally, the city was sued over more than 30 types of programs or projects alleging they were a misuse of ratepayer funds. Over the past five years, the parties have worked throughout the programs in a piecemeal fashion. The city prevailed on some questions and lost on others. There will be a hearing on April 7 for the remedy phase of the case. While the judge ruled against the city for some groups of spending, the remedy phase will include a tallying of what expenses in those groups may be reasonable water-related and which are not. Karen was asked how much it has cost the city to defend and she said the attorneys time isn’t tracked by case as in private law firms.

III. City Budget Office Review of Budget Submissions, Shannon Fairchild, City Budget Office

Shannon provided a brief overview of her review of the Water bureau budget request and her recommendations. She reminded the board that she had presented a thorough walk through at the budget subcommittee the week prior. She then opened the conversation for board questions.

Melissa and Kendra pointed to the board members to the written comments that Colleen provide for the rest of the board and Melissa suggested that the board hold questions about Mt. Tabor until after the related agenda item.

Rob asked about the decision package related to Unidirectional Flushing. Shannon responded that the bureau was currently working on a flushing study. Her recommendation is to wait until after the study is complete so that a strong business case for the right level of staffing can be made. As requested, this staff request would result in more stability in staffing but not substantively increase the amount of system flushing that takes place.

Micah also asked about this program and its interactions with corrosion control and impact on water quality. The current study and the corrosion control work will look at some of that. Jeff will get answer for Micah.

There was also a conversation about the records management position. Shannon said that in her conversations with the bureau, there is no doubt that records management is an issue for the bureau. Her concern is that it hasn’t been made a leadership priority and needs to also be expected as individual employee responsibility. All of the costs would have ongoing impact on rates. Meredith asked for the thoughts of the subcommittee. Kendra responded that she is also concerned with records management having worked in a utility and seeing how hard that can be. She sees value in the work but questions whether it should be an FTE. Could it be management driven or can they consider a contract? Alice concurred, noting that in bureaus this type of work isn’t one person’s job so it rarely gets done. Melissa directed the board to Colleen’s comments.
which was in line with some of the comments so far. Marie asked if there was more urgency or need for this position because of the relocation due to the Portland Building renovations. Shannon responded that the bureau was using temporary work to address those needs.

Rob said that with the exception of the emergency management position, he thinks the other positions should be funded. Those are all at the operational level of the water system. He also said that while he is staff and represented, only one position proposed would be that union and it’s the lowest proposed paid position.

Allan thanked Shannon and CBO for the analysis and commented that as a board he felt they should be conscientious of ongoing rate impacts of budget decisions and ask the bureaus to make choices that may sometimes be painful.

Kendra raised the possibility of recommending the administrative support for the deputy also have responsibility for records management.

Ted noted that the CBO recommendations are good. He emphasized the importance of water conservation in the system. The water system management and conservation plan needs to be submitted to state. As a city, we think the leakage is small but don’t really know. Jeff said the city is working on an update for the audit to include 2015-2016 data and it’s scheduled to be finished in October.

Meredith asked for the bureau perspective, what would the effect be if the council agrees with CBO recommendations. Cecelia said the flushing program would continue as is. There wouldn’t be any changes to records management so that problem would continue to grow. They bureau will still collect data for water loss as they’re required to do. New work related to emergency management wouldn’t be done.

BES
The board then moved to a discussion about BES and Shannon provided a brief overview of her review recommendations.

Scott advised the board that he had asked about the percent completion rates for both bureaus during the budget subcommittee discussion. Bill Ryan had said that BES had a high completion rate during construction of the big pipe. [Both BES and Water provided graphs subsequent to the subcommittee discussion]

Meredith asked about the renewable fleet transition and life cycle costs analysis and fuel savings. Shannon responded there are incremental cost for conversion which varies by vehicle. Meredith pointed out that in addition to cost considerations, the shift could help the city with environmental goals and climate change. There may also be a more procurement savings if more are converted at once.

Ted mentioned that he would like to see a discussion of two items - the wholesale contract increases for MCDD and the technical support related to party sewers. Rob also asked about the triple bottom line analysis for biogas and if things like the portable generator could run on CNG.
Meredith also commented on a process point. She feels this is excellent analysis and it would be good to have before needing to write a budget letter. Melissa pointed the board to Colleen’s comments which also included suggestions for process improvements next cycle.

Melissa summarized the conversation so far and suggested the board delay final consideration until after the Mt. Tabor discussion later in the meeting.

IV. **Capital Improvement Plan Quarterly Update**, Steve Hansen, Capital Program Management and Controls Manager, BES, Bill Ryan, Chief Engineer, BES, and Jeff Winner, Capital Improvement Program Planning Manager, Water

**BES**

Bill and Steve provided an update to BES capital projects. The biggest change for the sewage treatment program is related to the headworks project at Tryon Creek. The bureau identified an unincorporated risk in the previous plan that resulted in higher than anticipated costs. They now plan to use a gravity option that has higher capital costs ($11 million); but lower long term operating costs and avoidance of other capital work. There are still risks in the 5-year plan and it assumes a two-year time extension from DEQ for expansion of secondary treatment.

In the Maintenance and Reliability program, two capacity projects were accelerated (one in NW and one in Alder Basin); Oak A—Sandy Trunk was adjusted to allow more time for design.

They also gave an update on the Yamhill/Morrison project which is coordinating rehab work with planned MAX downtime. There are sewers under the light rail. Construction period will be from March—May and the bureau is coordinating in street work with light rail downtime. Most of the pipe can be lined. Bureau has 3 weeks to do this work.

Steve told this board this is one example of the work that BES is doing to better improve process and execution to coordinate with PBOT, Water, Procurement, and other city bureaus and offices.

Bill also talked about the biogas utilization update. The bureau has received proposals from potential gas buyers and is reviewing those.

Steve provided an overview of the CIP process review that the director has mentioned to the PUB previously. The bureau hasn’t looked closely at its internal process since CSO. They are reviewing how do projects come into the CIP, how are they assigned, how do projects get completely, as well as equity factors. Steve presented the work in three phases.

**Water**

Jeff provided an update on capital projects for the Water Bureau. He provided PUB with a refresher on the capital projects in the bureau’s proposed CIP for the next 5 years which will include $10 million in new projects.

The bureau is also expecting to reduce the current year capital budget by about $11.6 million based on current year-end projects. Washington Park is progressing a little slower than anticipated. Construction across the county is frantic which could result in supply issues, though they haven’t yet. The bureau is also changing how it budgets for the billing system upgrade that
was approved in the Fall budget monitoring process. There will be a cost shift to capital improvements from the operating budget but no impact on customer rates. The bureau may need to delay some projects (potentially a generator at headworks) to pay for the corrosion treatment facility. It’s not explicitly included in the CIP but could be accommodated. Allan and Meredith asked when they expected a treatment facility to be complete and Jeff said Fall 2022 but that might change. The current cost estimate includes a 30% contingency but the bureau believes it can deliver the project for less than 20 million. Allan requested a follow up briefing at another time on the facility construction.


Mary Ellen provided an overview of the project history and that the resolution adopted by City Council in 2015 was the culmination of many people coming together after an adversarial and contentious history. John stressed the positive collaboration between the bureau and the members of the association and that members have put in many hours of unpaid time to work on this project.

Kendra asked for what the next steps are for the project and how they would be affected by the current budget process. John responded that from a community standpoint it would be devastating and an unfortunate response to the amount of work that has been done so far. Mary provided an overview of the FY 2016-17 work on preservation and the interpretive program. They are planning to work on the highest priority projects and are fairly confident they will be able to spend $1.8 million in the next year. There is concern that they will lose ground and costs will increase if the projects are delayed. John also said that any delay would bring up questions of being able to trust the city to follow through on decisions.

Meredith commented that because the funds for this work come from the General Fund and not rates paid by water customers, she felt it would not be appropriate to weigh in on the Council decisions to allocate General Fund dollars. John responded that the priority list and estimates was created assuming the allocation of $1 million per year and urged the PUB to tell Council to support the spending. Melissa reminded the board that they have made an initial statement in their budget letter from January: the board supports the bureaus request that these activities come from the General Fund and not water rates.

VI. Board Conversation about CBO recommendations and Comments to Work Session

Kendra reintroduced the suggested for board comments from the discussion at the beginning of the meeting. She called for a straw poll to see positions of the board members on potential statements to city council and asked for consideration of each bureau separately.

There were four proposals for the Water Bureau:
1. No statement
2. Concur with CBO plus the records management position
3. Concur with CBO but combine the administrative support and records management work in one position.
4. Concur with CBO plus recommend the water loss, unidirectional flushing, and records management position (all but emergency management)
5. A standalone option of whether to make a statement about Mt. Tabor

Six members supported concurring with the CBO recommendation but combining the roles of the administrative support and records management. One member supported recommending all positions except the emergency management position.

All members supporting making some statement on Mt. Tabor and then began a conversation about what type of statement they might make. Members discussed making a statement about the concern about public trust or the potential impact that delayed funding might have on the ability to fulfill the initial resolution or potential cost increases. Other members raised concerns with the using limited resources for this activity when there are other pressing needs across the city.

Rob proposed a recount of the initial question of making a statement giving the conversation and points made by all members. On second consideration, the majority of members supporting making no statement.

There were three proposals for BES:

1. No statement
2. Concur with CBO recommendations
3. Concur with CBO plus one supervisory engineer

One member supported making no statement on the CBO reviews and recommendations. The rest supported concurring with the CBO recommendations. None supported concurring with the CBO recommendation plus a supervisory engineer.

Kendra then opened the floor for public comment.

Janice Thompson, Citizens Utility Board, presented her thoughts on the bureau submissions and CBO reviews. She is not supportive of the moving the Mt. Tabor request to the budget monitoring process. She generally supports all of the bureau requests though she’s going to review the Water Loss Audit again because she had different takeaways than CBO. She thought that comparing emergency staff in Water to staff in other bureaus was not a fair comparison. She is still working on her review for BES.

Kendra proposed a motion that the board authorize the chairs to convey to the City Council that as a board, the PUB concurs with the City Budget Office recommendations for BES and that the PUB concurs with the City Budget Office recommendations for Water with the additional consideration that the records management request should be considered within the scope of the Deputy Director’s office to signal the importance of Bureau-wide records management and that it could be considered as part of the role of the administrative support for the deputy to minimize the ongoing rate impact of additional staff costs.

Eight members voted to support the statement and one voted to oppose.

VII. Items for next agenda
March 7, 2017, The Portland Building 4PM.
BES Strategic Plan Update
The Regulatory Environment of the bureaus – permits, waivers, exemptions
Resiliency Plan BES

There were no other public comments.

The meeting adjourned at 6:30 PM.