

Portland Utility Board
July 18, 2017, 11am – 1pm
Pettygrove Room, City Hall
Meeting #27 Minutes

Attendees:

PUB Members: Alice Brawley-Chesworth, ex officio
Allan Warman
Ana Brophy, ex officio
Colleen Johnson
Hilda Stevens
Micah Meskel
Mike Weedall
Meredith Connolly
Robert Martineau
Scott Robinson
Ted Labbe
Lee Moore
Van Le, ex officio

Absent:

*Dan Peterson

Staff: Commissioner Nick Commissioner Fish (Portland City Council)
Gabe Solmer (Deputy Director, Portland Water Bureau)
Nicole Adams (Communication Director, Portland Water Bureau)
Jaymee Cuti (Public Information Officer, Portland Water Bureau)
Cecelia Huynh (Director of Finance and Support Services, Portland Water Bureau)
Liam Frost (Management Analyst, Portland Water Bureau)
Teresa Elliot (Chief Engineer, Portland Water Bureau)
Kim Gupta (Senior Engineer, Portland Water Bureau)
David Peters (Principal Engineer, Portland Water Bureau)
Sonia Schmanski (Chief of Staff, Commissioner Fish)
Todd Lofgren (Senior Policy Advisor, Commissioner Fish)
Andrew Scott (Director, City Budget Office)
Jane Marie Ford (Financial Analyst, City Budget Office)
Aaron Kaufman (Hatfield Fellow, City Budget Office)
Melissa Merrell (PUB Principal Analyst, City Budget Office)

Public: Janice Thompson (Citizen Utility Board)
Carol Cushman (League of Women Voters)
Dee White

Regna Merritt
Scott Fernandez
Kathryn Notson
Lightening
Floy Jones
Lorie MacFarlane

**I. Call to Order, Disclosures of Communications, and Approval of Prior Meeting Minutes
Minutes Approval**

Allan opened the meeting and reminded the audience that the PUB is a group of citizen volunteers tasked to advise council on items related to the Water Bureau and the Bureau of Environmental Services.

He previewed the agenda. The discussion will focus on the water treatment decision facing the city. First, will be a discussion about the concerns members have expressed about the short time frame related to this issue and generally for issues coming before PUB. Then, the Water Bureau will respond to the requests for risk analysis and the other questions following last week's meeting. Next, will be a discussion following the [guide](#) curated from member comments to see where there is consensus. Each item will be considered separately with discussion and straw poll. Public testimony will be taken before any vote on a position. He invited anyone wishing to provide public comment to sign up on the back table. Comments will be limited to 3 minutes.

Allan reminded members they asked Melissa to poll members for another meeting time next week. There is a quorum of voting members who are available 11am – 1pm next Tuesday.

Colleen welcomed members of the press and reminded everyone that the chairs serve as the primary liaison between the board and the media and any comments are limited to issues or positions that have been voted on by the board as a whole. As the board hasn't voted on a statement for the treatment questions; the board has no position yet.

Colleen confirmed there was a quorum to conduct business and invited members to disclose any communications. Meredith had a meeting with Oregon Physicians for Responsibility about an unrelated topic but the organization has made comments about treatment. Allan had a phone with call with David Peters.

In the interest of time, adoption of last week's meeting minutes was delayed until the August 1, 2017 meeting.

II. Additional Monthly Meetings

Colleen began a discussion about meeting scheduling. By ordinance, the PUB is required to meet at least monthly. Members have expressed frustration that there isn't enough discussion time for the board. She asked members to consider whether they would like a standing second meeting each month. Third Tuesdays from 11am – 1pm seems to work for members. She commented that when the members volunteered, they agreed to one meeting per month and

this would be an additional time burden. She asked members to consider it and it would be discussed at the August 1 meeting.

Mike requested issues be brought to the board earlier so they have time to work harder on issues. Ted said there seemed to be a tendency for bureaus to come to the board just before going to Council. He hopes the bureaus will get into the habit of using PUB to hone messages in a public forum. He supports a second meeting but maybe not at the proposed time. Currently meetings are heavy on presentations and light on discussion. Scott also said the stack of materials was routinely too much to process just before a meeting and that the board needs materials sooner to have time to study it.

III. **Treatment Water** Gabriel Solmer, Deputy Director, David Peters, Principal Engineer, and Kim Gupta, Portland Water Bureau

Colleen invited the Water Bureau up to address the risk analysis and questions presented. She requested members hold any other than clarifying questions and advised public attendees that the list of [questions](#) the PUB has submitted was at back of room. Colleen stressed the need for more information earlier; which Gabe said they would work to do but also noted it was hard to prepare for meetings with last minute questions.

She then talked about the request from the Mayor at the June 27 work session that the bureau prepare a probabilistic model and cost benefit analysis for the options. She said the bureau has been working on the request and trying to find the best approach on how to weigh the issues. They began with a traditional cost/benefit analysis trying to quantify the value of benefits as best as possible. She said the bureau didn't find the results very useful. Colleen asked why. Gabe responded that many of the potential benefits were very difficult to quantify. The bureau thinks a risk profile may be more informative by isolating the risk mitigated or reduced by each option. Filtration reduces the risk of fire. What if the bureau builds UV and then something happens that requires filtration before the end of the UV useful life? What if new regulation make UV insufficient? What if nothing bad happens? Then filtration is unnecessary and expensive. If during the next 15 years something happens, filtration is the better choice. If nothing happens for 30 years, UV first is the better choice with a later move to filtration. The struggle is that the bureau can't predict when any particular risk might occur.

Ted asked if these discussions were being considered as part of a strategic plan. Gabe said yes, the risk register – what keeps you up at night and how do you plan for those risks – will be part of the strategic plan. Mike questioned the bureau's assertion it couldn't assign values to costs and benefits and he encouraged the bureau to build its capabilities to do so in context of asset management. Gabe clarified that they can do the analysis but didn't find it a helpful tool for this decision point.

Colleen stated her frustrated with late information, and acknowledge it goes both ways. PUB needs to be in the game much sooner.

Meredith asked about risks from climate change and their effect on Bull Run. She specifically asked about algae. Kim Gupta said that filtration will remove algae and other precursors to

disinfection byproducts (DBPs) as well as any actual DBPs that may form between Headworks and a filtration location. Filtration is the better for these issues.

Gabe addressed a question about the bureau's many plans including the supply system master plan and others.

Lee raised concerns that several issues were being conflated. The issues are layered and consideration of any regulation makes it difficult to talk about cost/benefit. Risk assessment comes in once you identify alternatives. He expressed doubt that cost/benefit is effective regarding regulation. Scott asked if the filtration option was independent of the water source. Could the bureau use a different water source to diversity risk?

Gabe suggested the PUB focus on identifying what's needed to provide input on the decision to facing council regarding OHA's requirement.

Meredith asked for information on why have other systems picked filtration. David Peters responded that Seattle has a filtered and a UV treated sources, Tacoma filters, NY filters half and has UV, Boston does not filter (does UV or ozone), San Francisco has UV. At the time of LT2, most systems already had filtration in place. UV was an accepted treatment for those that needed to do something to comply and some chose UV while others chose filtration.

Colleen thanked the Water Bureau staff and turned the meeting to the board discussion.

IV. Board Discussion of Statement for Council

Colleen facilitated the discussion taking each point from the [guide](#) independently with a straw poll for each item.

Discussion Item #1: Process Timeline for Council Input

If PUB is to be of value to the City Council, we must be included in the process much sooner and have access to quicker and better information. Complex issues such as the Biogas Project, Water Quality/*Cryptosporidium* issues, and the Hydro Deal have all come to PUB within a couple of months at best of going to the Council for action, often it seems as a fait accompli. Given that we are a Board of volunteers and typically meet once a month, that is not enough time to do any adequate analysis of the information. At times, we have not received the requested information until the day of our meetings, again making it difficult at best to provide meaningful feedback.

Mike commented on the need to work better with Water and BES to improve the communication and timing of items brought before the board. The board could create guidelines for the things they'd like to see and work with Melissa to help identify what's on the bureau's plates. The process and timeline for council input, PUB must be informed earlier to be effective. Micah added the board needs to work to refine its requests and Ana suggested a communication plan.

Colleen called for a straw vote and there was general agreement with the discussion item.

Discussion Item #2: Availability of Analysis Prior to Major Decision Points

Given the complexity and budgetary impact of these types of projects, citizens expect a more robust presentation of analysis that includes rate impact analysis, risk analysis, cost benefit analysis, an equity assessment, etc. at the beginning of consideration.

Scott expressed concern that such big decisions should have an anchor in a strategic plan framework. Ted would like to see such discussions start with the master plans to guide discussions and deliberations. Meredith noted that a strategic plan may not have helped in this particular situation given the bureau – rightly or wrongly – considered the issue covered with the variance. Ana said she would like to see more communication with the community and felt that there hadn't been sufficient engagement on the issue at this time.

Allan asked if a filtration or UV facility was in the bureau's strategic plan. Did the bureau have a contingency plan for when or if *cryptosporidium* were to be found. Gabe said the bureau has lots of plans. The direction from Council was to seek a variance and have a UV plan on hand. No work has been done on filtration because there was no direction to do so.

Van suggested in response to discussion items #1 and #2 that it may be good to formalize a process for routine items for consideration and one for non-routine items, so the bureaus would know what the board expects when items come before it.

Lee commented that as a country, we've done a lousy job with infrastructure, not even talking about resiliency or any other issues. Portland is fortunate to have two water sources. The PUB's role is to evaluate and frame policy to put before city council. He said this particular issue was a good point for the board to figure out ways to get better at what it does and what are the things that it ought to be looking at for the benefit of citizens.

Hilda stated that the public engagement piece was missing from Discussion Item #2. Staff should be going out to the public to meet with neighborhoods, stakeholders, public health officials. Citizens want to be part of the conversation.

It was suggested that Discussion Item #4 be added to #2.

Discussion Item #4 Public Engagement

Regardless of the chosen treatment option, there needs to be more frequent and more complete public engagement process outside of the PUB.

Colleen called for a straw vote and there was general agreement with the discussion item as amended.

The board then paused their conversation and welcomed Commissioner Fish.

V. Commissioner Nick Commissioner Fish

Commissioner Fish thanked the members for their engagement on this issue and reviewed the timeline: Council has hearing on August 2 and will be asked to make a decision then treatment. The bureau will be filing a resolution with its recommended course of action next Tuesday. At the council session, there will be consideration of all feedback that's been received. He requested written input from the PUB whether that be a recommended course of action or a set of values He said that the feedback coming into the bureau's website was running at about 60 percent in support of filtration. The [Portland Business Alliance](#) has submitted a statement in support of the UV first; filtration later approach (also known as UV Plus or the hybrid approach).

The Commissioner stated that council may amend the resolution from the Water Bureau during its consideration. He said there were three common threads in the feedback he's heard so far:

1. How should the City protect public health;
2. How should it comply with regulations;
3. How should any treatment facility be paid for?

He said this isn't a situation where computer models can definitively spit out the right answer if just given enough data. Each resident of Portland will weigh those factors differently.

He hopes that PUB will deliver a written recommendation on the three options but if not, he hopes there will be guidance on how council should reach a decision. He sees the decision as being between a least cost; narrow fix with UV; filtration which is the preferred option of most peer systems which addresses current and future challenges; and a third option which includes a short-term strategy to get into regulatory compliance, but begins a long-term planning solution.

He would also welcome input on how to manage the additional cost. He said the BES Big Pipe project put pressure on water bills. He's concerned about adding this and seeing the impact on combined rate increase. Does PUB have an opinion on how to manage rates a reasonable level?

Rob asked for clarification on what the bureau would be bringing to council; would it be an emergency ordinance (allowing faster consideration). The Commissioner stated that it wouldn't be an ordinance; it would be a resolution. Resolutions can be adopted on the spot and don't need to wait for a second reading.

Mike commented that he felt there was a 4th option. That the City take more time to complete a more detailed analysis. In its responses to PUB questions, the Water Bureau has said there is the potential for more time - that there may be room to ask for additional time if the city shows a commitment to a good faith plan.

Commissioner Fish said OHA may or may not allow the city more time. If not, and that's PUB's only input; PUB would miss an opportunity to be part of the decision. Mike said that in his experience as part of the regulated energy industry, regulators are likely to work with the City to find a solution. Commissioner Fish said the Water Bureau can't speak to what OHA may or may not decide.

Lee noted that in his opinion, OHA has probably viewed Portland as out of compliance for 15 years because of its special variance. He also said OHA may be feeling pressure from the Federal Government and the state would not risk losing its primacy role over this issue.

Colleen stated that she felt neither the PUB nor the City has enough information to make an accurate decision but could have a two-tiered input that included a time extension as well as other guidance. The Commissioner said that if it is PUB's will; he would ask for time.

Meredith asked if there could be a straw poll to see PUB's thoughts on the time extension. Gabe reminded PUB the notice from OHA was a Final Order. The City must respond by August 11.

Commissioner Fish said it would strengthen the City's request if they could commit to complying with regulation, but may need more time to decide on best solution. He said he would like PUB's decision by the end of the week.

Ted asked other members what information they feel is needed from the Water Bureau to decide? He said they need to be realistic about what info is available. This is a situation with information asymmetry and the PUB will need to get comfortable with uncertainty.

Commissioner Fish said the bureau could spend \$88 million and meet the compliance requirement of OHA by building a UV plant. Scott later asked about this estimate as it was the first the board had heard \$88 million instead of \$105 million. It was clarified that \$88 million is the cost of the UV facility. The UV design plan that the bureau has from 2009 included other items at headworks in the out-year capital plans for the bureau.

Allan said the filtration plant would take upwards of 12 years to buildout. He asked if the Commissioner thought that would be OK with OHA. The Commissioner said they'd find out when they submitted the plan to OHA. The City must treat for *Cryptosporidium*. Cost continues to be a concern of council. He feels the Mayor's hybrid idea captures many dynamics on the table. The council often has to make big decisions with unreasonable time and information. He advised PUB to make best judgement it can and to give the council its reasoning to help them get it right.

VI. Board Discussion of Statement for Council (continued)

The board continued its discussion with item #3.

Discussion Item #3: More Time for City Process from OHA

This is a complex and very expensive decision and the City should not be forced into a rushed process. Clearly the City must address the regulatory environment but the City needs more time to gather the appropriate information and adequately evaluate the various options. The City should request, and PUB should support, additional time from OHA so the City can make the best decision for the citizens of Portland.

Meredith asked for a measure of whether any members thought the city should not comply with the order to treat its water for *cryptosporidium*. Allan asked members if they thought the city

should not comply and not treat the water. No member agreed with that option. Allan then asked members if they thought the city should comply with regulations and pick a treatment option.

All members agreed that the city should comply with the regulation and pick a treatment option.

Rob reminded the board they are an advisory council and can advise at several points in the process. He is strongly in favor of the board making a decision. He made a motion to empower the group of members that meets next week to make a decision if there isn't quorum. He also pushed back against some of the comments questioning why the bureau didn't have a more robust estimate of the filtration options, saying plans are money and the Council directed the bureau to pursue UV and didn't direct more planning for filtration. He suspected that the public would have been very skeptical of a Water Bureau plan to set aside money in prior years to now have it available and likely the bureau would have been viewed as hiding money or holding a slush fund.

The board then took a measure of each members position so far:

Hilda needs more time to make a decision.

Meredith want more information for UV first; filtration later (also known as UV Plus or Hybrid option). She was leaning towards filtration to address the long-term wider issues.

Ted is leaning towards filtration.

Scott said he felt PUB should recommend compliance. He said they have little information on why to pick filtration. There isn't enough data. He's leaning towards the UV first; filtration later option (also known as UV Plus or Hybrid option).

Ana said she also is in support of the UV first; filtration later option (also known as UV Plus or Hybrid option).

Micah isn't at point to decide. He feels there needs to be more public engagement.

Lee said he was relying on his experience as water manager from another system. Portland is the only system in metro area without filtration. He is leaning towards filtration.

Van reminded everyone of her ex-officio position that doesn't have a vote. She defers to the voting members and the expertise of the staff at the Water Bureau.

Robert said he feels the city needs to comply and filtration is the best option.

Mike wasn't at a point to recommend a treatment option and encourages the other members to think about those specific items that the board thinks would be necessary for the City to make the best decision.

Allan supports full compliance and filtration.

Colleen doesn't think the city has enough yet to make a choice and supports taking more time.

Colleen said there didn't yet appear to be a consensus around treatment options.

She called for a straw vote on discussion item #3 and members were generally in agreement. It was noted that no member voiced support for UV only.

Rob again motioned for the group that meets next week to speak on behalf of full board. Mike seconded and the motion passed unanimously.

Rob also wants the PUB to reach out to area water managers to see if any of them intend to submit comments in addition to TVWD who testified at the July 11 meeting.

VII. Public Comment

Scott Fernandez said he hopes the board gets more exposure to science; chemicals in filtration are carcinogenic. He expressed concern about the certification of the water lab and testing protocols during the sampling process. He thought the EPA testing methodologies should be thrown out. He raised the possibility that there could be false positives in the samples. For 10 years there was no positive tests for *cryptosporidium*.

Carol Cushman, League of Women Votes. Carol said she communicated with the Portland Tribune which had misquoted her in a related article. She didn't say that she or the League were against spending money to fight *cryptosporidium* but rather said the public expects to pay for environmental protections. The League doesn't have a stance on the issue at hand. She did support pushing back on artificial timelines and this decision should be made as part of long range planning and future impacts on the system. She asked the PUB to correct the characterization of her comments as supporting filtration on its [summary](#) of public comments which was corrected after the meeting.

Regna Merritt, Oregon Physicians for Social Responsibility. Regna reminded the PUB its mission is not to be a rubber stamp for Commissioner or the bureau. She encouraged the members to make smart decisions about public health and money. She supports the delay for a decision. She expressed concern that there had been little to no public opportunity for comment and there needs to be more information. She said the US Forest Service controls the land in the watershed and the potential threats have yet to be discussed.

Floy Jones said that the city can still be in compliance with a deferral or by securing another variance. Filtration creates concerns for customers. Filtration is not needed. Most other systems that chose filtration did so because their water sources were polluted. Bull Run is not polluted. She said fire is not a real concern in the watershed and that turbidity was an issue because of dredging done in conjunction with Dam 2 tower construction. She said there is a master plan of future construction projects.

Lightning, Lightning Watchdog PDX. Lightning said that for him, technical compliance is the main concern. He feels OHA will understand the city needing more time to make a decision. He suggested the City's insurer be consulted on this issue. Does any of the options affect the city's risk management? Does the insurance industry have any position on filtration or UV?

Lorie MacFarlane. Lorie said the water bureau has already spent \$16 million on the UV plan and wondered if the city opts for filtration will that money be wasted. She's followed this news since the spring and has many questions particularly about the threat of the *cryptosporidium* that was found and understood the testimony from the worksession to be that there wasn't a public health threat.

Janice Thomson, Citizens Utility Board of Oregon. Janice disagreed with PUBs characterization of her comments at the last meeting – the CUB is not at a point to say they are in favor of filtration. (That change was also made after the meeting). Janice raised an issue that the CUB is exploring about the appropriateness of the city saving current ratepayer funds for a filtration plant that would be built far in the future. While some current ratepayers may benefit from that future plant; others would not and it may violate a generational equity value.

Rob motioned for adjournment and Mike seconded. All members voted in favor.

The meeting adjourned at 1:20pm.