

Portland Utility Board

September 5, 2017, 4pm – 6:30pm

Room C, Portland Building

Meeting # 31 Minutes

Attendees:

PUB Members:

- Alice Brawley-Chesworth, ex officio
- Allan Warman
- Ana Brophy, ex officio
- Colleen Johnson
- Dan Peterson
- Micah Meskel
- Mike Weedall
- Robert Martineau
- Ted Labbe
- Lee Moore
- Van Le, ex officio

Absent:

- * Meredith Connolly
- * Scott Robinson
- * Hilda Stevens

*Notice of absence provided prior to meeting

Staff:

- Mike Jordan (Director, Bureau of Environmental Services)
- Mike Stuhr (Director, Portland Water Bureau)
- Bill Ryan (Chief Engineer, BES)
- Dawn Uchiyama (Deputy Director, BES)
- Gabe Solmer (Deputy Director, Water)
- Jonas Biery (Business Services Manager, BES)
- Ken Bartocci (Principal Financial Analyst, BES)
- Cecelia Huynh (Director of Finance and Support Services, Portland Water Bureau)
- Jaymee Cuti (Public Information Officer, Portland Water Bureau)
- Ashley Tjaden (Community Outreach and Information Representative, Portland Water Bureau)
- Doug Stewart (Senior Engineer, Portland Water Bureau)
- Jessica Letteney (Senior Management Analyst, Portland Water Bureau)
- Brian Balla (Community Outreach and Information Representative, Portland Water Bureau)
- Liam Frost (Management Analyst, Portland Water Bureau)
- Jeff Winner (Capital Improvement Program Planning Supervisor, Portland Water Bureau)

Yone Akagi (Principal Engineer, Portland Water Bureau)
David Peters (Principal Engineer, Portland Water Bureau)
Todd Lofgren (Senior Policy Advisor, Commissioner Fish)
Muriel Gueissaz-Teufel (Senior Engineer, BES)
Scott Gibson (Principal Engineer, BES)

Shannon Fairchild (Financial 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

II. Eagle Creek Fire Update

Director Stuhr gave an overview of the fire in the Columbia Gorge, should members on a map its proximity to the Bull Run Management Area, the Bull Run Watershed, and the water infrastructure in the area. He talked about the coordination with state, federal, and other local fire and emergency management officials and talked about how the fire officials are protecting the water supply. The Oregon Department of Forestry (ODF) is the lead agency for firefighting. The bureau, the state, and the US Forest Service communicate about fire management and the state and federal agencies have notified the Water Bureau that they may (but have not) used fire retardant in the area. They may also use water from lakes (not the reservoirs) within the watershed. No tours are happening in the watershed. Hiking trails in the area are closed. Portland's groundwater source is available if there is any impact to Bull Run supply. The bureau will be closely testing and monitoring any potential impact and activate groundwater if necessary. Bureau staff have been activated in their emergency capacity and in town storage is full. The situation continues to change. PUB will get email updates daily as warranted and will get another in-person updates at the next meeting.

III. Approval of Prior Meeting Minutes

Approval of minutes was delayed to the September 21 agenda. Rob noted that there was an error in the previously approved minutes from July 11 incorrectly referenced 'Robert' in the public comments section. It should say "Richard." Melissa will amend and bring back for revised approval.

IV. Disclosure of Communications

No disclosures this month.

V. Fall BMP Previews

Jonas Biery, Business Services Manager, referred to the [BES materials](#) provided last week. He started by saying these requests would have no tangible rate impact. The bureau isn't asking for new revenue; but for the most part, requests that include new ongoing resources would pull spending forward in rate forecast. Less than 1% of total program budget is getting adjusted and this request includes no CIP adjustments.

He talked about the offset section (page 6) first. These are internal budget adjustments. Carryover request include almost \$4 million in vehicle adjustments. He highlighted several other items such as the requests related to the Portland building including parking that wasn't anticipated during last budget cycle. There is a request for consulting services related to the CIP process changes and \$50,000 for consulting with Delaris (phase 1 asset work) and \$100,000 for implementation for phase II.

The request includes moving \$300,000 ongoing costs from the CIP to the operating budget because the nature of the project and NW Natural prevent it from being capitalized. There are requests for new vehicles requested for new staff- approved in FY 2016/17.

The request includes staffing changes to address recruitment issues (contract support for recruitment process issues and improving equity efforts); a new position (replacement of an FTE approved 2 years ago); conversion of two contract positions to long term FTE; and a new position for Condition Assessment.

Rob highlighted the Terminal 1 North sale. This was one of the first non-budget process items for which the board provided input to the Council. Allan added that new members don't know about the issue and Melissa recapped the history. Rob said the appreciated value of property will go back to BES. The board agreed they didn't need another conversation.

Lee asked about the 2 limited duration or contracted service requests directed for diversity and another for equity and asked for an explanation of the difference. Jonas said there are two contracts requests (one to address the HR process; another for equity recruitment contract). The position FTE (the Senior Management Analyst) will be working with the contractor and focus on bureau-wide equity initiatives. Lee asked how many vacancies the bureau has and Jonas responded about 40 vacancies.

Micah asked about the Portland Harbor positions and Jonas explained that was a technical adjustment to charge it to the correct fund.

Colleen asked about the Senior Management Analyst position that had been approved in the FY 2016-17 but the position wasn't assigned or included in the FY2017-18 budget. Jonas said the bureau had started the process but had to work with HR to agree on the classification for the position. Because of the delay, the position wasn't automatically reflected in the FY2017-18 budget load and the bureau should have added it. This request would correct that.

Cecelia Huynh, Director of Finance and Support Services, referred to the [Water Bureau materials](#) provided last week. She talked through each item:

- For Mt. Tabor, the bureau has retained historic and interpretative consultants who have updated the addendum to 2009 report. The bureau spent less than half of the funds provided in FY 2016-17 budget. This funding comes from the General Fund and the bureau is requesting the carryover to continue to the work, in addition to the funds approved in the FY 2017-18 budget.

- Greenstreet Initiative - The bureau provides a contribution based on 1% of actual construction costs for Greenstreet projects managed by BES. This adjustment reflects the difference from the amount the bureau budgeted and the actual construction costs.
- Beginning balance true up to reflect the actual beginning balance (as opposed to the budgeted estimate)
- Dodge Park Revenue transfer to the General Fund - The General Fund provides \$35,000 for activities such as camping at Dodge Park and the bureau transferred back the revenue it collects from camping fees.
- PBOT additional revenue – The Water Bureau is helping PBOT with the environmental work related to the southwest corridor project and PBOT is paying for that work.
- Increase budget for a parking space – this would increase the IA with fleet to provide a parking space at the 1900 building for Water staff in that location.
- One percent for community benefits plan—Per city process, big projects are required to have a component for community benefits. This request is related to Washington park and funds part of a position within the grants office to coordinate related work. The new FTE not solely funded by the Water Bureau; PBOT will be part of this project.
- Hydro cash transfer – this request would transfer \$1.6 million from the existing renew and replacement fund to the hydro operating fund. The estimates for the end balance of the existing fund range from \$1.6 million to \$1.8 million. This is hydropower funding, not water funding.
- Fleet purchase – this would use \$6,000 to help with purchase of a vehicle for the hydropower staff.

Colleen asked if the bureau was anticipating any staff requests and Cecelia replied no.

Colleen reminded the board members that final BMP requests are due to the CBO on Monday and Melissa will send the final submissions. CBO will be doing a review and be making recommendations. Members should send any questions to Melissa and the bureaus will provide answers prior to October 10.

VI. **Water Strategic Plan Introduction**

Gabe Solmer, Deputy Director; Doug Stewart, Senior Engineer; and Jessica Letteney, Senior Management Analyst, Portland Water Bureau provided an outline of the strategic planning work the bureau is beginning. Gabe began the [presentation](#) with the purpose of the conversation and an invitation for PUB to sit on evaluation committee to select consultant. She provided background on the consultants they expect to hire:

- 2 consultants— a strategic business planning consultant and outreach consultant
- They plan to use the same outreach consultant that BES used; \$60,000 contract starting this fall.
- The bureau intends to go out with a solicitation for the planning consultant next spring: \$160,000 contract;
- A dedicated team from the bureau - the strategic business plan team will support the project.

Doug talked about the project phases. Phase 1 will be updating the organization vision, mission and values using the outreach consultant catalysis. They would review key documents; interview internal and external stakeholders, and will have an equity expert involved. Phase 2 will be an organization risk assessments using the strategic business planning consultant. Bureau stakeholders will identify and vote on organizational risks and there will be outreach to internal staff and external stakeholders. This step will involve mapping and voting likelihood and consequence of risks. An example is the retirement brain drain issue on the sample risk map in the presentation. The final component will be the development of a strategic business plan. Strategies would come from the risk register and the plan would have a five-year perspective—as far out as they can realistically develop strategies

Jessica talked about the outreach and engagement components of the project. She said multiple stakeholders will be engaged, including PUB, CUB, and partner agencies. They will be relying on the lessons that BES has learned through their process and sharing materials. Jessica has been meeting with them and considers BES a key stakeholder. Water is asking for a PUB member to evaluate strategic business plan consultant proposals this fall and will be included in identifying bureau strengths, weaknesses, and opportunities. The bureau is delaying work on key service levels so that they can be aligned with the new strategic plan. That work is intended to begin January 2019.

Allan asked about the differences with the Water and BES strategic plan. Jessica replied that the BES plan is for 10 years. BES also included focused groups and interviews. Water had a recent customer service survey so they've already some related work.

Jessica addressed a question from Micah saying they want to have public meetings. The initial scan will include wholesale and business customers. Retail may be added as well.

Members interested in evaluating consultant bids should contact Melissa. The board will get updates and have future agenda items as needed.

VII. **Cryptosporidium Project Roadmap and OHA Compliance Framework** Gabe Solmer, Deputy Director, David Peters, Principal Engineer, Portland and Yone Akagi, Principal Engineer

This [presentation](#) was videotaped per suggestion of PUB to improve communications.

Yone provided an overview of the timeline. She noted outreach activities occurring September through November and that the bureau and OHA will enter a negotiation period between October 11 and November 22. The letter that must be submitted to OHA on October 11 needs to do four things: identify treatment technology, detail a proposed schedule, identify measures that water bureau will take to reduce exposure to cryptosporidium until filtration is in place; and propose a sampling schedule at intake.

Dave said the Council did first step - the bureau will use filtration treatment. The planning process will identify location and other details. Those items won't be included in the letter. The schedule will include dates for when a pilot study and planning would be complete; when design is expected to start, etc. There are many factors to be addressed in a detailed proposed

schedule and considerations such as the construction market. Dave said the market currently is tight; it's hard to find skilled labor and equipment to build these types of facilities.

Yone then talked about the Interim measures. The bureau is starting point with the conditions in the treatment variance and identified some areas the bureau may change. See slide 8 for details. The bureau anticipates keeping the legal and operational protections, trespass, human sewage, annual report, press release, website, monthly intake data report, timely notice of circumstances, and OHA access components the same. They may propose changes to the watershed inspections and monitoring plan, some aspects of the scat notification to OHA. She said the interim measures are basically the same, with some small operational changes.

Lee asked if the bureau is incorporating a risk assessment component to this work. Dave said planning is important. They won't talk about those risks specifically at this point, but all that will be included in the planning component.

Ted asked for public benefit, what else is does the bureau testing for besides cryptosporidium? Yone said microbials, most metals, nutrients, organic and synthetic compounds, algae, turbidity, pH, and personal care products.

Dan noted that some of the modifications seem to be a reduction in frequency and asked why. Yone said yes, some are reductions. For example, the requirement to monitor two trails during the wet season and dry season. Sometimes weather prevents the bureau from accessing the area during wet season. She said the bureau will be doing more than what we are committing to do but the reduction gives them flexibility.

Ted summed up the conversation of the changes to the monitoring schedule, saying the proposal is largely the same with some small adjustments and monitoring will increase if there are more detections of cryptosporidium.

VIII. **BES CIP In-progress Report and Previews** Bill Ryan, Chief Engineer, BES

Bill Ryan highlighted several capital projects, referring to the [summary report](#) sent to the board last week. The Terwilliger project put 7,000 ft of new pipe and replaced an old pump station. This will provide service for 100 to 200 homes currently on septic. The biogas project will allow the bureau to use the 25% of methane they currently flare. The Crystal Springs project had restored high quality salmon stream during salmon season.

The bureau has completed the Columbia Boulevard Wastewater Treatment Plant Facilities Plan. Next there will be treatment plant improvements needed for regulatory requirements and maintenance needs.

The bureau completed several projects with other agencies including work near the Multnomah County Court House and the Yamhill/Morrison light rail from 1st to 13th. BES was Informed mid-year that Trimet was taking down the lines for three weeks. This opened an opportunity for the bureau to replace sewer lines along 26 blocks.

The bureau has rehabbed over 30 miles of sewer this year.

Bill then talked about the upcoming needs at the two treatment plants. Both are in major need of repair. At Columbia, the major project has changed some over the past year. The capacity improvements that are required by the permits and the bureau wants to do them on the existing campus. To do so will require taking down and moving facilities. There are some improvements going on at the pollution control lab (storage and security).

Rob asked who did the work at the Multnomah County Court building. Bill said the project was designed in-house and the county used a contractor to do the work.

Colleen asked for an update on the permits at Columbia Boulevard and Bill said the bureau and DEQ were still working on it.

Alice asked if this was the first year of the expected ramp up for BES capital projects. Bill said they are heading to the \$150m in annual capital spending by the end of the five years. Once the treatment plant work is done, then the bureau will fill in with rehab work and ramp up to \$25 million for pump station rehab.

Lee asked about the skill shift with the engineering and capital staff; the need for more expertise in project management; and asked how that shift was going. Bill responded that it was going well and they were taking a studied approach with the CIP PREP and strategic planning process. Bill said the bureau was also doing engineering organizational development and that he anticipates seeing significant changes in organizational approach. Lee commented that the skill shift from planning/design to project management is a large task.

Ted asked about green infrastructure projects, noting that Bill had mostly talked about pipe-centric projects. Bill said projects like capital highway and the lightrail corridor study will push the bureau to study green infrastructure work.

IX. Water CIP In-progress Report and Previews Jeff Winner, Capital Improvement Program Planning Supervisor, Portland Water Bureau

Jeff highlighted several capital projects, referring to the [summary report](#) sent to the board last week. He said he would look primarily at the Bureau accomplished in FY2016-17 and reminded the board that the CIP Annual Report would be available in the next few months.

He highlighted some big projects: Washington Park has stayed largely the same but there were delays with the start. The delays are related to permits and productivity which was lower because of rain days.

The Hannah Mason Pump Station (\$18.6 million), replaces the Fulton Pump Station. The bureau has done work supporting development or utility relocation work: 975 new water service installations (related to development); did about 1200 which included renewals and new water service installations. The bureau replaced about 5.6 miles of mains FY 2016-17.

The bureau completed the Water System Seismic Study (\$1.5 million and inspected 8 miles of conduit 3. The inspection showed the conduit isn't in as bad as shape in that are than expected. The bureau will continue inspecting other areas that may require more capital investment. Next Spring and Fall the bureau plans to inspect Conduit 2. Massive relining may not need to be done.

Supply System Master Plan work began and is expected to be complete by 2020.

The bureau is continuing its work on corrosion control and anticipates a \$20 million facility will be needed. Filtration will be included in capital improvement plan. Jeff said that while the bureau had planned on a generator improvement project at headworks, that will be delayed due to filtration. (The need originally included supply for a UV plant)

Alice asked about capital improvement projects that would be impacted by filtration. Jeff said the bureau won't be changing any of the major projects, including the Willamette River Crossing plan. Looking at year 6 and beyond, the bureau expects to have some rate capacity. Roughly \$100 million of the filtration plant will be in the first five years. Jeff talked about future projects and the integration of some of the new seismic projects.

Lee asked if there were any other projects out there that will give rate payers heart burn and Jeff said, in general no; corrosion control and crypto have altered the initial plan. Lee pressed with the example of lead in schools from last summer and asked if there was anything like that. Bill responded that the SW light rail study may cause some concern. The study is different compared to the others. BES doesn't have a stormwater system down there.

Rob asked about the 5.6 miles of mains the Water Bureau completed and if it was work done in house or contracted. Jeff replied mostly in-house.

Colleen asked about the BES work at Columbia Boulevard which is being done through a different procurement process and asked Bill to talk about it. He said that the bureau is bringing an ordinance to Council on September 27 which is a CM/GC (Construction Manager/General Contractor) proposal for all of the related work to be complete by 2024. Muriel explained that the work includes temporary odor control facilities, upgrades to biosolids; tie-ins to existing utility tunnels, and moving electric equipment out of tunnels. Construction estimate is \$89 million; total projects costs are \$146 million with a low confidence level.

Colleen would like to see a discussion of tradeoffs within the Water Bureau project portfolio to accommodate the new treatment facility. Jeff said that if projects are simply delayed, it would just raise the cost. The only way to cut costs is to eliminate the project from the CIP.

Van asked about cost boundaries in designing new programs and if BES is anticipating new staff? Bill reminded the board that additional staff requests in engineering weren't recommended by CBO last year. Developing a separate project management office will result in increased staff.

Rob asked about the clarifiers at Columbia Boulevard and the sequencing issues using the existing footprint. He asked if the bureau saw any significant risks on the construction side. Bill said no. there is a short-time frame but the bureau has done most of the construction stuff before.

X. Public Comment

Public Comment began late. One person had signed up but was no longer present.

XI. Discuss next Meeting Agenda

September 21, 2017, 11am

Annual Report and Workplan

October 10, 2017 4pm

Fall BMP CBO Analysis, Bureau Conversation, PUB Statement
MCDD

The meeting adjourned at 6:35 PM