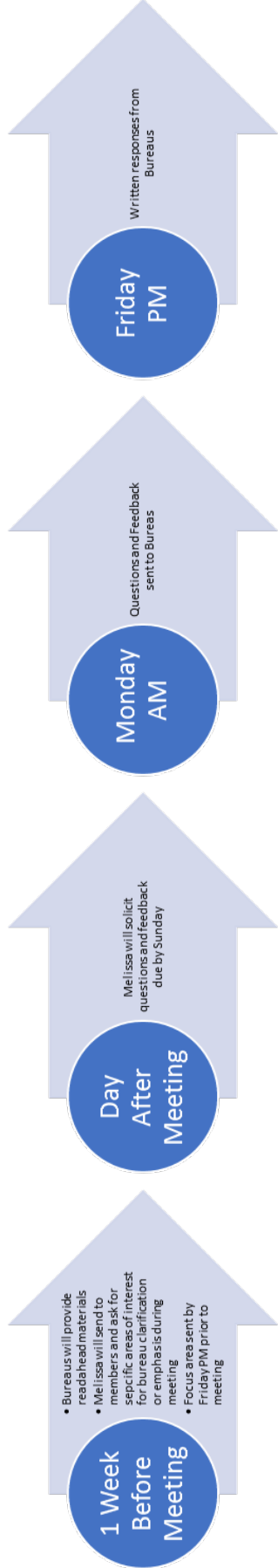


To: Portland Utility Board Members  
From: Melissa Merrell, PUB Analyst  
RE: Process Update: FY2018-19 Budget Information for PUB  
On: September 18, 2017

Beginning in late August, PUB staff, at the direction and with the participation of the PUB co-chairs, began working with bureau and Commissioner staff to set clear expectations of materials, meetings, and feedback mechanisms for the upcoming annual budget process. This is a work-in-progress but the group has agreed to the following tenets to guide PUB's review of the bureau budgets:

- Budget information is dynamic and changes sometimes daily throughout the cycle. Bureaus will provide best draft information available and PUB members understand and expect it to change through the process.
- The process in November will begin with clear information on the current year forecast and a fuzzy picture of the FY2018-19 requests that will become more sharp through December and January.
- There is general agreement on the following process for information flow in Exhibit 1. For follow-up questions: if a question can't be answered within the week, the written response could say that with stated time when the answer will be available. If the bureaus in the bureaus' judgement the question would be most clearly addressed with a conversation, that will also be stated and a short (5 to 10 minutes) time will be reserved on the next agenda. The expectation is that these two options will be the exception. The bureaus will contact Melissa if they need clarification on questions.
- Melissa, working with the bureaus, will provide opportunities for new and existing members to learn foundational information on the budget process and the bureau budgets. Materials supporting these efforts are identified in the meeting content section below.
- Bureaus and PUB will note areas that work well and less-well November through January and will meet in early February to debrief and make adjustments for the rest of the budget process and next year.

# Exhibit 1: General Flow of Read Ahead Materials, PUB Questions, and Bureau Responses



## Meeting Materials and Content

The group identified these major components of budget information: the overview budget picture, capital projects, the operating budget, staffing, and decision packages. The components combined result in the annual rates of increase for consumers.

### Big Budget Picture (previous 5 year financial plans)

Proposed meeting date: November 7

#### Presentation Takeaways:

- What does the budget picture look like?
- What is the trajectory of the bureaus?
- Reminder of current year rate forecast – starting point for FY 2018-19 development. How does the bureau think the forecast will change? What are the drivers?
- What are the general risks facing the bureau?

#### Foundation Materials:

- Foundation [Rate Conventions](#)
- Foundation [Balanced Budget Graphic](#)
- Foundation [More and Less Rigid Components of Requirements](#)

Read Ahead Materials to be ready before October 31.

#### Post Meeting Followup:

- Questions to Bureaus 11.13
- Written Responses to PUB 11.17
- Short agenda section (if necessary) board discussion 11.21

### CIP Line Item Preview

Proposed meeting date: November 21

#### Presentation Takeaways:

- What's changed in the 5 year CIP?
- How are the bureaus addressing long term maintenance needs?
- What are the long-term capital policy issues that PUB can help facilitate/discuss/address?
- What new items are being planned for the outyears?
- Update on high-profile projects that may attract media or resident attention.

#### Foundation Materials:

- Foundation CIP\_Process
- Foundation Asset Management Status
- Foundation CIP Annual Reports

Read Ahead Materials to be ready before November 14.

Post Meeting Followup:

- Questions to Bureaus 11.27
- Written Responses to PUB 12.1
- Short agenda section (if necessary) board discussion 12.5

The group is continuing to meet through September to lay out the operating budget, staffing, and decision packages.

### Operating Budget and Staffing

Proposed meeting date: December 5

Presentation Takeaways:

- How is bottom line operating budget expected to change?
- In what program areas?
- How are programs expected to change? Why? What are the drivers?
- How do the changes reflect strategic changes in the bureaus?
- How do the changes connect and accomplish strategic initiatives?
- What does the bureau and customer 'get' for these investments?

Knowing that both bureaus are undertaking new strategic plans, the strategic connections will be inelegant in beginning years.

Foundation Materials:

- 5-year OP by program

Read Ahead Materials to be ready before November 28.

Post Meeting Followup:

- Questions to Bureaus 12.11
- Written Responses to PUB 12.15?
- Short agenda section (if necessary) board discussion 12.19

### Decision Packages and Staffing

Proposed meeting date: December 5

Presentation Takeaways:

- How is staffing expected to change in the next 5 years?
- In what program areas?
- How are programs expected to change? Why? What are the drivers?
- How do the DPs reflect strategic changes in the bureaus?
- How do the DPs connect and accomplish strategic initiatives?
- What does the bureau and customer 'get' for these investments?

Knowing that both bureaus are undertaking new strategic plans, the strategic connections will be inelegant in beginning years.

Foundation Materials:

- Historical FTES
- Components of Good Decision Packages

Read Ahead Materials to be ready before November 28

Post Meeting Followup:

- Questions to Bureaus 12.11
- Written Responses to PUB 12.15?
- Short agenda section (if necessary) board discussion 12.19

Materials Reference List From Prior Years

### **5 year Financial Plans**

Water [5 Year Financial Plan](#), presented Oct. 4, 2016

BES [5 Year Financial Plan](#), presented Oct. 4, 2016

[Rate Conventions](#), presented Oct. 4, 2016

[Balanced Budget Graphic](#), presented Oct. 4, 2016

[More and Less Rigid Components of Requirements](#), presented October 25, 2016

BES debt and cash on hand graphs sent by email Dec. 20, 2016

### **CIP**

BES [CIP Overview](#), presented Sept. 6, 2016

Water [CIP Overview](#), presented Sept. 6, 2016

Water [Sliddeck](#) Sept. 6, 2016

[BES CIP Annual Report](#) November 1, 2016

[Water CIP Annual Report](#) November 1, 2016

Water CIP [Summary](#), presented Nov. 17, 2016 (includes project list and new items)

BES CIP [Summary](#), presented Nov. 17, 2016

BES CIP [Project list](#), presented Nov. 17, 2016

BES CIP [Talking Points](#), presented Nov. 17, 2016

BES CIP [Budget to Actuals](#), presented Mar. 7, 2017

BES CIP [Update](#), presented Mar. 7, 2017

Water CIP [Budget to Actuals](#), presented Mar. 7, 2017

Water [CIP Update](#), presented Mar. 7, 2017

### **Operating Budget**

Water [Operating and Staffing](#) 5 year, presented Nov. 1 (includes CIP and Rate)

Water [Operating Budget](#), presented Dec. 15, 2015

BES [Operating Budget](#), presented Dec. 15, 2015

### **Decision Packages and Staffing**

#### [Historical FTEs](#)

Water [Staffing trends](#), presented Dec. 6, 2016

BES [Staffing](#), presented Dec. 6, 2016

BES [Decision Package Line summary](#), presented Dec. 6, 2016

Water [Decision Package detailed](#), presented Dec. 6, 2016

BES [Personal Services Breakout](#), presented Dec. 6, 2016

BES details package sent by email Dec. 28, 2016

BES debt and cash on hand graphs sent by email Dec. 20, 2016

### **Rate Projections**

Water [Retail Rate Components](#) November 1, 2016

[Rate Methodology](#), Feb. 7, 2016

Water [Rate and Fee Preview](#) May 2, 2017

BES [Rate and Fee Preview](#) May 2, 2017