

Portland Utility Board

October 10, 2017 4:00pm -6:30pm

Room C, The Portland Building

Meeting #33

PUB Members:

Allan Warman
Ana Brophy, ex officio
Colleen Johnson
Dan Peterson
Meredith Connolly
Micah Meskel
Mike Weedall
Robert Martineau
Ted Labbe
Scott Robinson
Van Le, ex officio

Absent:

* Lee Moore
* Hilda Stevens
* Alice Brawley-Chesworth, ex officio

*Notice of absence provided prior to meeting

Staff:

Mike Stuhr (Director, Portland Water Bureau)
Michael Jordan (Director, Bureau of Environmental Services)
Dawn Uchiyama (Deputy Director, Bureau of Environmental Services)
Jonas Biery (Business Services Manager, BES)
Cecelia Huynh (Director of Finance and Support Services, Portland Water Bureau)
Liam Frost (Management Analyst, Portland Water Bureau)
Todd Lofgren (Senior Policy Advisor, Commissioner Fish)
Ken Bartocci (Principal Financial Analyst, Bureau of Environmental Services)
Jeff Winner (Capital Improvement Planning Supervisor, Water Bureau)

Sara Morrissey (Program Manager, Levee Ready Columbia)
Casey Short (Financial Project Manager, Multnomah County Drainage District)

Shannon Fairchild (Financial Analyst, City Budget Office)
Melissa Merrell (Principal Analyst, City Budget Office)

Public:

Carol Cushman (League of Women Voters)

I. Call to Order

II. Fire and Regulatory Update

Director Stuhr provided an update on the Eagle Creek Fire. The fire continues to burn in certain areas, mostly to the east. There is a small area of the watershed for which access is still restricted but most of the watershed area has returned to normal operations. According to planning that the nearby jurisdictions have done for a fire scenario, the expectation was that the Sandy Fire Department would provide protection for the Water Bureau structures in the watershed. That proved logistically challenging with this fire and the Water Bureau instead had an agreement with the Portland Fire Department to provide those services if they were needed. While the fire still burns, the fire managers are on track to have it out. Scott asked about the communications with the Forest Service and Mike said he was very happy with the service and level of communication the Forest Service provided during this incident.

Mike S. also spoke to the letter that the Water Bureau submitted to OHA on Monday regarding cryptosporidium and filtration and provided boardmembers a hard copy of the letter. The letter was also shared electronically earlier in the day.

III. Approval of Prior Meeting Minutes

The board considered the approval of the prior meeting's minutes. Melissa clarified a voting question that came up at the last meeting and said she had consulted with the City Attorney's Office. The quorum number (six for the PUB) is the minimum number of voting members present to conduct business and the minimum number of members that have to vote in agreement for any action. For example, if six voting members are present, they must vote unanimously for an action to pass. If seven voting members are present, there still needs to be six voting in the affirmative for an action to pass. Colleen also mentioned an alternative way that the board could handle meeting minutes that will be discussed at the next meeting.

Scott offered two grammatical corrections to the September 21 meeting minutes as drafted. Allan motioned to accept the minutes as amended; Rob seconded. All members voted in favor of adopting the minutes as amended.

IV. Disclosure of Communications

Scott attended the DJC Women of Vision event on Tuesday that Michael Jordan also attended. No board business was discussed. Scott noted a BES employee, Cheryl Kuck, received an award and congratulated BES employees for jobs well done.

Colleen and Allan met with Commissioner Fish and Todd to talk about expectations for the upcoming budget cycle. The Commissioner noted that he would like more representation from East Portland on the board. He said there were 2,000 homes there still on septic tanks and hoped the board would consider that as part of their next work plan. He also hopes the board will engage in upcoming conversations about changing the low-income assistance program. He encouraged the board to identify some specific things to advocate for this budget cycle.

Colleen talked about the Administrative Review Committee (ARC) she participated in earlier in the day. She hopes other members will volunteer to regularly participate in these reviews so both the bureaus and the PUB members have confidence in known schedules. BES also has an ARC. Dan participated in one this past month. There was another BES ARC but it was unclear if there was a PUB representative.

Allan met with Water Bureau Operations about demand response and PBOT chief engineer about street lights.

V. **Multnomah County Drainage District and BES**

Sara Morrissey, Program Manager, Levee Ready Columbia, Casey Short, Multnomah County Drainage District, and Jonas Biery, Business Services Manager, Bureau of Environmental Services

Jonas began by reminding the board that during last year's annual budget process, BES requested an increase for the Interagency Agreement with the Multnomah County Drainage District (MCDD). While the bureau requested the increase to be ongoing, CBO recommended and PUB concurred with one-time funding to allow more time for the board to understand the relationship with MCDD and the capital needs driving the increase.

Sara Morrissey presented an [overview](#) of the districts work, beginning with a [map](#) of the 4 drainage districts along the Columbia River: Peninsula Drainage 1 (Pen 1) which includes the raceway, Peninsula Drainage 2 (Pen 2) which includes Delta Park, Multnomah (MCDD) the largest of the four which includes the Columbia Shore Well Field and the Airport, and the Sandy Drainage Improvement Company. These districts provide two functions: they provide internal stormwater drainage with a system of ditches, culverts, and pump stations and reduce external flood risk with a system of levees and flood walls. The districts work with the Army Corps of Engineers and work with land use agencies to participate in FEMA's flood insurance program and maintain accreditation of the levees.

The internal systems move stormwater, including effluent water from Portland. BES and the City also have assets with the drainage areas. While the drainage districts have taxing authority to collect revenue to support infrastructure and activities, the City of Portland has the land use authority and issue permits for develop, tree code, and environmental zoning. Sara talked about the history of the drainage districts and the how the risk profile has changed over time within the districts from primarily agricultural land to commercial and industrial activities.

In addition to having the ability to tax residents; the districts also have intergovernmental agreements (IGAs) such as the one with BES. Over time the areas of the districts were annexed into the City of Portland. Casey provided an overview of the history of the agreements and how funding mechanisms have changed over time. Currently, all district residents pay stormwater charges to BES and BES pays for the internal drainage services provided by the districts through the IGA. BES pays for influent stormwater which enters MCDD from within the city but outside MCDD boundaries (in other areas of the city this water is managed by BES). The city pays an amount proportional to overall stormwater charges and also pays for rights of way in the districts. The FY17-18 amount of the total cost is \$785,654. The agreement includes a capacity component: if inflows from City stormwater increase and causes a capacity shortfall, the city has agreed to pay for the necessary upgrades. This could be achieved either by the city building and owning the assets or the district building and owning the assets and the city compensating the costs.

Another issue between the two entities is that with the patchwork of annexation and old property records, it's unclear who owns some of the culverts and pipes in the districts. The district and BES are working clarifying ownership.

Multiple jurisdictions including the City of Portland, Multnomah County, the drainage districts, and Metro, are working together to make sure that the levees are certified through the Levee Ready Columbia project.

A boardmember asked about the annual budget of the districts and Casey said that the four districts combined have an annual budget of about \$9 million to \$10 million.

Scott said that moving forward, because he works for Metro and Metro has properties within Pen1, he would be recusing himself from these discussions and decisions.

VI. **Budget Request and the CBO Recommendations** Shannon Fairchild, Financial Analyst, City Budget Office

Shannon began with an overview of the city budget process and how she analyzed the bureau requests. The Fall Budget Monitoring Process (BMP) is an opportunity for bureaus to adjust their current year's budget. CBO reviews the request to evaluate whether they are in line with city policy and make recommendations as to whether the City Council should approve the changes.

She directed the members to her reviews (BES) and (Water) and that she has recommended all of the request from both bureaus. However, she wanted to give them an outline of her process, city financial policy, and some reservations she raised in her reviews. As a newer City employee, this is her first time through the Fall BMP process and she began by comparing these requests to prior year requests and former analyst recommendations, as well as talking with other analysts. Concurrently within the budget office there was work to do to ensure the guidance for General Fund requests (not these bureaus) – prompted a review of the budget manual and look to clarify criteria for adjustment requests.

City policy differs for General Fund and Non-General Fund resources. For the General Fund, the criteria is that requests for new resources should be limited to those that are unanticipated and emergency. Analysts additionally ensure that the costs can't be absorbed by the bureaus and the requests are reasonable and well crafted. For non-General Fund requests, the standard is reasonable but unforeseen. In addition, there is a city policy prohibiting one time resources being used for ongoing expenses. As such, requests that would affect outyear rates are encouraged to wait until the annual budget process when the council approves rates for the coming year. Like General Fund bureaus, analysts ensure that requests are well developed.

Council changes that resulted in the PUB also prompted the budget office to have one analyst for both the Water Bureau and BES to ensure consistent analysis of the two bureaus. The review this year, along with the requests in General Fund bureaus, has prompted a look at the criteria and some momentum to firm it up while allowing enough flexibility to respond to emerging needs.

Shannon laid out reservations in two areas: the use of contingency and how budget resources are identified.

City policy requires all operating funds to have a contingency that can, with Council approval, be used for reasonable but unforeseen needs. Shannon said this can be thought of in two ways, depending on whether the need is one time or ongoing. One time needs as a rule do not result in a rate impact but do increase the bureau's allocation. Rather than accessing contingency, bureaus can reallocate existing allocations from one priority to another. Shannon noted that some concerns with accessing contingency has to do with timing – using that resource early in the year limits a bureau's flexibility in response to unknown and urgent needs that may occur later in the year. There is also general concern if the use of contingency grows over time. Also, if bureaus use contingency year after year, rates can be impacted if new resources need to be used to replenish contingency rather than go to current activities. Such activities should be incorporated in annual budget requests. Contingency is considered a one-time resource. If a request has ongoing expenses and is funded with contingency, the expenses in the future need to be addressed. Bureaus could make tradeoffs in the 5 year plans to accommodate

the new expense or, everything else being equal, the bureau would need more resources in the future for those expenses.

Shannon's second area of reservation has to do with how budget resources are identified. Given the size and complexity of the utility bureaus— both need strong internal budget processes to analyze trade-offs and identify new requests. Here there appear to be differences between the bureaus. The Water Bureau doesn't have written policy, but has many years of instituted process and expectations that discourage requests for contingency funds early in the fiscal year and rather expects that managers will work within their existing allocations to accommodate new priorities. In this manner, they use current allocation adjustments first, reflected in their request. BES appears to have fewer dedicated staff, many of whom are newer to the bureau and less familiar with historical program spending patterns. The bandwidth concern may be resulting in more frequent and earlier requests for contingency rather than reallocating existing resources.

Scott commented that in his experiences with other agencies of government, these questions about clear and consistent guidance between General Fund and non-General Fund bureaus is pretty universal and reflects a lack of sensitivity to rate impacts. He encouraged the city to expedite that conversation to get to more explicit conversations about trade-offs instead of always new resources.

Colleen echoed that in her time in La Grande the fights in the General Fund were always very combative but the tendency with the enterprise funds was to be not be as critical of the use of those funds.

Shannon then talked with the board about the three lenses she used for this analysis. First, the city policy that use of contingency for non-General Fund should be limited to reasonable but unforeseen needs. In her experience this year, that guidance is fuzzy and there was room for conversation to give some more definition to those terms. Second, she analyzed each request to ensure they were well-developed. Third, she looked at whether a request required resources outside the budget year and noted that such requests are encouraged to be done in the annual budget process.

Micah asked about the timeline for when clarifications might be made and Shannon said the conversations were ongoing and she hoped there would be more clarity before the next adjustment process.

VII. **Water Bureau Budget Request and the CBO Recommendations** Shannon Fairchild, Financial Analyst, City Budget Office, and Cecelia Huynh, Director of Finance and Support Services, Portland Water Bureau

Shannon then talked specifically about the Water Bureau requests. They had 7 requests, mostly technically adjustments, cash transfers, and fund transfers. These all align with expected fall BMP submissions. She talked specifically about a few items. The requests related to the hydroelectric fund represent the transition from the old contract with PGE to the new contracts and replacement of a vehicle for the hydro project. She talked about the carryover of funds appropriated last year for the bureau's work for preservation at Mt Tabor. This was a Council commitment so the carryover is recommended. Shannon also talked about the request related to solar at the wellfield as part of the city's investment in alternative energy sources.

Ted raised the issue of the use of General Funds and his disagreement with the commitment made by a previous Council for this work and funding source. He asked if the revised consultant report was available to the public. Cecelia said yes and said that the bureau has accepted a bid for \$850,000 for phase 1 of the project. Ted registered continued angst around this issue.

Allan opened the floor to questions from the board for Shannon and then invited Cecelia to join to add bureau comments or respond to questions.

Colleen asked Cecelia to describe the internal process at the Water Bureau and asked her to specifically to talk about filtration; she had expected there could be a request related to that work.

Cecelia outlined some of the processes and expectations her office has for adjustments. First, her office typically discourages requests for carryover of funds if the work is part of normal ongoing work of the bureau. She explained that managers wouldn't need additional money for expected ongoing work. An exception is for resources from the General Fund which are typically for work that is in addition to normal bureau work (ie., the solar and Mt. Tabor requests) Other adjustment requests have to do with 'true-ups' such as the request for the Greenstreets work and the fund balance true up so the bureau's budget matches year-end financial statements. The third category includes those that need budget authority like increases to Interagency Agreements and grant dollars. They try to accommodate new needs with adjustments within the approved budget. When they get requests for unforeseen things, they ask managers to look within their budgets and do tradeoffs. They hold back on requesting contingency, knowing that not all the work they plan to do will actually get done and that they have the Spring BMP to access contingency if necessary to meet the end of year budget requirements. Water has an engrained process that includes identifying areas of expected savings and push back on managers who first say they can't absorb new needs. Then, if necessary, they do adjustments in the spring. They do have unexpected costs but with an \$80 million operating budget they have the time and opportunity to rein in spending if necessary to stay on budget.

Cecelia then talked to the board about other limitations the bureau has that limits them from accessing contingency. The debt service coverage ratios related to borrowing requires the bureau to have a certain amount of net revenues above expenses. If the bureau takes money out contingency for new expenses, it can negatively affect that ratio.

Colleen commented that the different vibe with General Fund budgeting has to do with the competition between programs that is different from bureaus that have independent sources of revenue. Cecelia agreed but noted that the bureau still manages expenses closely.

Cecelia then turned to the question of filtration costs. She said that first, this is early in the year and the communications with OHA were not yet finalized. The work so far has been done with internal staff, for example, the engineering planning group has been and will continue to outline necessary pre-work. They are doing this instead of work that was planned. The first step is parameters - location, size, methodology, and delivery methods. Some of this work will require consultant services. The bureau is right now expecting about \$500,000 in costs between now and end of year. Cecelia said they feel pretty comfortable that they can absorb that amount in the current treatment and planning budgets. If spending increases over the year, they know they can make adjustments in the spring bmp.

Scott asked about what isn't getting done. Cecelia said a large part would be covered by things that naturally won't get done due to vacancies. They will reallocate the related savings from work that the bureau expected those employees to do but won't get done to cover the new costs.

Mike W. commented that all bureaus will have a certain amount of vacancies. Budgets are built assuming full staffing the whole year but that doesn't happen. Mike asked if the bureau accounts for that upfront and is it part of the bureau's planning. Cecelia responded they are conservative with planning, which generally results in a surplus at the end of year that can roll over to the next year. They used to discount personnel but no longer. The vacancy savings allows the bureau to absorb unanticipated costs throughout the year. Any surpluses are used to mitigate future rate impacts. Mike W. would like more conversation on this issue.

Van offered that the bureau could provide a list of planning projects that have been moved to prioritize filtration. She also said that on the capital side they encourage project recovery before approving additional resources.

Allan asked Cecelia to summarize the bureau's use of contingency and Cecelia said the bureau doesn't view those resources easily available for new needs. Its use has to be authorized by Council and using it would be in addition to what was planned; operations would be more expensive. Using those resources in addition could put the bureau at risk for not meeting coverage requirements. The bureau has a culture of not asking for things that would have out-year rate impacts.

Scott commented that the Water Bureau submission is right in line with what he would expect for an early-in-the-year adjustment. There are no new large requests for additional resources. It reflects reallocation of resources and following through with Council decisions and board desires for setting up a reserve for the hydroelectric program. Even though there may be disagreement among board members about the Mt. Tabor decisions, this request does show that the bureau is ensuring General Fund resources are being used as directed by Council.

VIII. BES Budget Request and the CBO Recommendations

Shannon Fairchild, Financial Analyst, CBO, and Jonas Biery, Business Services Manager, Bureau of Environmental Services

Shannon summarized the BES requests that include adjustments, requests for new activities, new vehicles, and new staff. In total, the request would result in a \$5.8 million drawn on the bureau's contingency. The request reconciles \$15.3 million in net revenues from the sale of Terminal 1 North and higher than expected System Development Charges. She identified four themes in the request and how they fit within the larger work of the bureau.

First, there were requests related to capital improvements including two one-time requests for consultants. Shannon noted that timing of the request is a critical piece of the analysis. The bureau has made significant progress over the past year in identifying where improvements could be made and Shannon understands the concern that there would be a detrimental impact to delaying this work given the momentum. To make significant changes at the bureau, they need a well working process and engineering group. In addition, it is reasonable that this would not have been on their radar last year.

Second, there are requests related to staffing. The first is administrative support for recruitment that would buy the bureau enhanced efforts for difficult to hire positions. She noted general concerns with building capacity within the bureau which should reside in the central services bureau but that OMF wasn't currently in a place to provide those services. Shannon recognized an increase in crucial vacancies and views the request as reasonable at this time. She raised a caution that if the bureau were considering additional asks in future budget request, she expected to see demonstrations of the need supported by data and connected to metrics – one might be how the consultant resources from this request improved recruitment timelines –some way to use metrics to show need and resources are effective.

The staffing requests also include two contract conversions. The first is a fulltime position to support the Heron software. All other things equal, if approved, the bureau would need new resources in the outyears to fund the incremental costs above the part time, three-year contract currently in place. The second conversion was also in engineer support to address a ratio of staffing. Shannon could see the unforeseen nature of the first position but that was unclear with the second.

The third position was in the wastewater group. This position was requested in last year's budget request but CBO recommended waiting until previously authorized positions and work was complete and the continued need was demonstrated. Those recommendations were followed and Shannon stated no concern with recommending the position.

The third theme in requests is related to the Eastbank Riverfront Plan. Over the summer BPS, Proposer Portland, BES presented a conceptual plan to the Council and this request is tied to that. The project is included in the Central City 2030 Plan Proposed Draft as a way to support river and riverfront uses. The Central City 2030 Plan has included public engagement opportunities and will be considered by the City Council this fall and early next year. It totals a \$625,000 draw from contingency and is likely to requiring additional resources in future years. Shannon raised concerns with how this fit within the bureau's current priorities and whether this work would result in delays to other planned work.

The final theme was related to carryovers for vehicle purchases. Shannon plans to talk more with the bureau about how they decide which staff need vehicles.

Colleen opened the floor to questions from the board for Shannon and then invited Jonas to join to add bureau comments or respond to questions.

Jonas thanked CBO and then talked to the board about some of the specific requests. He views his bureau's approach to BMP as all about transparency. He responded to a suggestion in the review that the bureau consider combining the consultant contracts and said that the contracts have different scope of services. The bureau is also able to go through an easier process with consultants for smaller dollar amounts that would be unavailable to them with a larger contract.

Jonas said the bureau expects the recruitment dollars to be a limited need and don't anticipate requesting such services next year. Dawn added that the Bureau of Human Resources is looking to do some more changes and expand their services. This is a one-time stop gap. Jonas said that he didn't agree with CBO's metrics conversation, saying that expecting faster filling of vacancies may be unrealistic. The bureau was looking to increase quality and diversity of candidates which may take longer. He agreed that the vehicle carryover was an issue and said it was one they had been discussing for at least two years.

Colleen asked about the contract conversions and for Jonas' perspective. To her, these did not appear unforeseen. Jonas said since it wasn't asked for in the annual process it must be unforeseen. The bureau has taken an adhoc approach to conversions and takes the most immediate in the queue. He appreciates CBO suggestion that having them in the annual process allows for prioritizing.

Colleen pressed that if there is a queue then they are foreseen needs of the bureau and she thinks it makes more sense to look at them holistically. She was curious and surprised with the number of vacancies that seem higher than last year. Director Jordan said the city's offer of voluntary retirement did result in a higher number but that maybe had been filled. He thought current vacancies were in the 30 range. When Colleen suggested that there may be areas where the bureau could rearrange, he said almost all of the openings were in some stage of recruitment.

Jonas said he thought the two bureaus processes were the same. He looks to see if program adjustments can be made and what trade-offs there are. He feels that with the use of contingency, most requests with ongoing costs would likely already have been incorporated somewhere in the forecast and requested in future budgets. Since they are in the forecast, there's no adverse rate impact. He doesn't yet know this early in the year where underspending may occur so he opts to tap contingency early rather than anticipating underspending or deciding not to do something that was

planned for the year to make room for new priorities. He doesn't see a problem using contingency and having overspending because anything remaining at the end of the year falls to balance and is available to spend next year. Those available resources can offset amounts that otherwise would have come from rates. The bureau has two adjustment opportunities and tries to do it in the most efficient way. He views the differences between the bureaus as a philosophical difference and not a process one.

Meredith asked about the long-term plan of the East Bank Crescent project and how the other bureaus were participating financially. Mike J. said there are details missing for them too. The project design and development is ongoing. OMSI finished the master plan for their entire site and that opened an opportunity for the city to do some work there. Multiple plans were presented to Council; which chose an option that is mostly bank restoration and charged BES to move to 30% design. It's unknown at this time how the final costs will come out. There will likely be involvement of the lawyers on how much rate money could be used for this activity though the bureau's current MS4 permit contemplates these activities.

Van asked Shannon if the city had considered a dollar value bar to the BMP process that would bar larger cost requests and require those be part of the annual process. Shannon responded that she didn't think so but could foresee situations where bureaus would face expensive unknown situations for which they would need to make mid-year adjustments. She thought on the spot that it was more a question of the nature of the request rather than the particular size.

IX. Board Discussion of Budget Requests

Allan noted that the board now has the opportunity to send the City Council its input. There were several options: they could choose to make no comment, they could concur with CBO recommendations, concur with exceptions, or come up with other input.

He opened the floor to general board comments.

Dan said he was interested in thoughts on the philosophical talk about tapping contingency up front or wait until later.

Scott noted that they could recommend requests and request follow up later, specifically on things like the solar request which contemplates some decision in the future after the study is complete

Meredith asked if there was a mechanism for looking back on requests that are approved to see the impact. For example, with the BES recruitment request, can they get information about the successfulness. Melissa noted that the City does have a process where CBO requires bureaus to provide updates on decision packages that are approved.

Mike W. raised concerns with the value he can bring to evaluating the budget requests. He would really support the bureaus using metrics or scorecards; providing something the members can use to see the impact of the work.

Scott expressed an interest in the board focusing on the principles that guide the request and not individual line items. He appreciates the need for the clarification on source of resources being tapped and is interested to see how details around the other questions are clarified. For him, critical components are answers to questions like what is the status of the work program. He'd expect those to be part of the annual budget and questions the use of contingency for conversion. He also raised concern with the model of adding to the bureau's HR capacity rather than funding a position within OMF to improve their dedicated services to the bureau.

Colleen voiced agreement with Scott and that it's an appropriate role of a citizen oversight body to look at the broader principles. She raised specific concerns with the contract conversions and is not comfortable supporting a recommendation for those. This is an issue that has been raised at previous meetings and Colleen also feels that recruitment issues seem to be an ongoing city issue that the board should raise.

Dawn added to the conversation that she's really excited about the new person in charge of HR and stressed the need of the bureau to fill currently vacant critical positions. She knows there is a concurrent OMF request for more staffing as part of this BMP process. They have been clear with HR that this request is a bridge to fill a short-term need.

Van said she thinks that the board should send a letter that included an overarching statement of the principles that Scott mentioned as well as specific recommendation for each bureau's request.

Micah said he shared Scott's concerns about the HR request and the tendency of bureaus to augment outside services with internal staff but felt better hearing Dawn's comments.

Allan suggested a straw poll to see if the members wanted to send input to the City council with comments stated above and all members agreed.

Allan asked if there was any public comment. Carol asked if the consulting requests had an equity component and Dawn said yes.

Allan asked members next whether they fully supported the CBO recommendations or whether there were other comments. Scott said he would like the board to include the conversation about the clarification of criteria. He thought the board could include their thoughts on the purpose of the adjustment process, that using it for true ups, IA increases, and program adjustments is what he'd expect. He said he echoes concerns about the clarity of guidance, that staffing out of cycle wouldn't meet expectations (outside of emergency situations) and that he would expect that bureaus to reallocate existing resources early in the budget cycle rather than using contingency.

Ted generally agreed with the addition of language about the unforeseen items like Eastbank Crescent which is a good example of something that would be detrimental to wait.

Van added that even in that instance, the bureau could reallocate existing resources and put something off.

Meredith wanted to be sure that the communication recognized the bureaus as experts in their field and would like to be mindful of the board only seizing on the most critical components. She urged for balance in the communication.

Colleen thought that can be accomplished by making higher-level comments.

Ana added a concern with the Heron conversion. She noted that other city bureaus (PBOT) were adding the software and looking for experienced staff. A drawback of waiting may be that those staff go work for someone else and implementation of Heron is really important for the bureau.

Colleen stated that she agreed with the general principles statement, would concur with the CBO recommendations for the Water Bureau, and would concur with the CBO recommendations for BES the exception of the conversions. She feels strongly those should wait.

Allan parsed that for a straw poll of the members. All members agreed with concurring with the CBO recommendations for the Water Bureau.

Allan then polled the members for concurrence with the CBO recommendation for BES with the exception. Only three members were in favor.

Scott proposed a statement that opened with CBO concerns, stated the principles for future submission, and noted that the board would concur with CBO recommendations this year but these stated issues need to be addressed.

Allan suggested including a statement that the bureau processes be the same and Jonas asked for clarification.

Mike reminded the members of Colleen's point that she felt it was time for some strong reinforcement that this was an exception

Allan asked the members if they would support a statement suggesting the same process for both bureaus and not recommending the positions. Colleen reminded the members this was input to the Council who will ultimately make the decision.

Scott added they could include an expectation that the bureaus would use their management techniques to not make requests using contingency or staffing out of cycle (with exceptions for emergencies)

Ted expressed concern and thought there should be some deference to the bureau. He was leaning towards agreeing with the CBO recommendations on BES's requests in its entirety.

Allan polled the members on how many wanted a statement against the conversions. 5 members stated support; one short of the required six.

Melissa added that another option for the board was to convey this in the letter to the council, the board has concerns but couldn't reach agreement on recommending against the request at this time.

Melissa will send out a draft for everyone to review Thursday. Please return comments, suggestions, changes before Monday for her to incorporate and convey to the Council.

Melissa summarized the agreement of the board on a statement. All members voted in the affirmative. No members voted against.

X. **Discuss next Meeting Agenda**

Allan asked all the member to take a look at the annual report before the meeting next Thursday. Changes or suggestions should to Melissa before the end of the day Tuesday.

Upcoming Meetings:

October 19, 2017

Location: Lovejoy Room, City Hall

10:30am: Budget 101 training/refresher

11:30am: Board Procedures

November 7, 2017

Location: Water Bureau Interstate Facility

3pm: Onsite Visit to the operations at the Interstate Facility

4pm: Board Meeting

Biogas

City Budget Outlook and Guidance

Big Picture – bureau budgets

November 21, 2017

Location: City Hall Pettygrove Room

10am: Budget 101 training/refresher

11am: Board Meeting

CIP

Board Discussion

XI. Meeting adjourned at 6:35pm.