

PORTLAND UTILITY BOARD

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Staff Contact:
Melissa Merrell
(503) 823-1810
Melissa.Merrell@portlandoregon.gov
City Budget Office
111 SW Columbia St., 5th Floor
Portland, Oregon 97201

To: Commissioner Nick Fish
Director Michael Jordan, Bureau of Environmental Services
Director Mike Stuhr, Portland Water Bureau

From: Allan Warman and Colleen Johnson, Co-Chairs, Portland
Utility Board

Re: Requested Information for Bureau FY 2018-19 Budgets

Date: December 4, 2017

The Mayor's FY 2018-19 budget guidance provided on November 17, 2017 directs the Portland Water Bureau and the Bureau of Environmental Services (BES) to identify efficiencies and reductions to limit rate increases. It further directs them to work with the PUB to develop prioritized reduction options for Budget Committee and Council consideration.

For PUB to provide meaningful input to the City Council on the budget requests of the bureaus and potential reductions, the PUB must have information on the relative priorities of the bureau requests as well as how choices to not fund activities will affect service level and performance of the bureaus.

City guidance requires bureaus to rank the relative priority of items included in decision packages. In addition to the priority framework that the bureaus choose for presenting their requests for the city budget process, the co-chairs ask the bureaus to identify and prioritize requests necessary to comply with the following categories: regulatory compliance, maintenance/improvement of asset health, bureau equity goals, and alignment of bureau activities with strategic planning goals. Information on the rate impact of those items and the anticipated effects on service level and performance if they were not to be funded will allow the board to have substantive deliberations about the tradeoffs of the programs and the additional burden on

Portland's utility customers. The board expects that the activities required for regulatory compliance would not be identified as the lowest priorities of the bureaus.

The co-chairs request this information prior to the board's December 19 meeting.

Budget guidance provided to the bureaus from Commissioner Fish on November 20, 2017 includes an expectation that the requested budgets will "reflect good value at a fair price in any proposal for a rate increase. As in recent years, the proposed combined retail rate increase shall be below 5%." To demonstrate the relative priority of requests and the benefits that Portland customer would receive from the additional burden of increased rates, the co-chairs request the bureaus and Commissioner Fish to identify line items in their requested budgets that would not be funded if the City Council were to approve combined annual rate increases of 3% and 4% in addition to their planned requests in line with the Commissioner's guidance of a combined increase below 5%.

The co-chairs request this information prior to the board's January 9 meeting.