

Portland Utility Board

January 18, 2018, 12pm

8th Floor Conference Room 111SW Columbia Street

Meeting # 39 Minutes

PUB Members:

- Alice Brawley-Chesworth, ex officio
- Ana Brophy, ex officio
- Allan Warman
- Colleen Johnson
- Hilda Stevens
- Micah Meskel
- Mike Weedall
- Robert Martineau
- Ted Labbe
- Van Le, ex officio

Absent:

- * Meredith Connolly
- * Dan Peterson
- * Lee Moore
- * Scott Robinson

*Notice of absence provided prior to meeting

Staff:

- Mike Jordan (Director, Bureau of Environmental Services)
- Mike Stuhr (Director, Portland Water Bureau)
- Gabe Solmer (Deputy Director, Portland Water Bureau)
- Cecelia Huynh (Director of Finance and Support Services, Water)
- Jonas Biery (Business Services Manager, Bureau of Environmental Services)
- Todd Lofgren (Senior Policy Advisor, Commissioner Fish)
- Megan Callahan (Communications Director, Bureau of Environmental Services)
- Liam Frost (Policy Director, Commissioner Fish's Office)
- Doug Stewart (Senior Engineer, Portland Water Bureau)
- Jessica Letteney (Senior Management Analyst, Portland Water Bureau)

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

Public:

- Carol Cushman (League of Women Voters)
- Chris Wallace Caldwell (Catalysis)

I. Call to Order, Introduction of Any Audience Members

Allan called the meeting to order. He reminded everyone that the meeting was of citizen volunteers tasked to advise City Council on items related to the Water Bureau and the Bureau of Environmental Services. He gave an overview of the agenda.

II. Prior Meeting Minutes

Allan asked if there were any changes for the minutes of the January 9 meeting. There was one spelling correction and Ted requested a statement be rephrased regarding a statement of support for the assistance programs. The meeting minutes were accepted as corrected.

III. Public Comment

Allan asked if there was any public comment. There was none.

IV. Disclosure of Communications

Ted had discussions with BES staffers about stormwater rates and the Council hearing.

V. Budget Updates from Bureaus

Jonas gave a quick update on the BES budget and answers to questions for the prior meeting. He first addressed the question about cost increases to personnel services. The increase is expected to be approximately \$2 million in FY2018-19 (net of new position requests) and has averaged just under \$1.5 million per year over the past five years. The level of annual change is heavily impacted by whether or not there are significant changes to PERS contribution assumptions in any year. In the preliminary budget information provided to PUB, requested FTE salaries were budgeted at an average cost placeholder. The bureau has finalized the salary costs for those positions and it would add \$80,000 more than the preliminary version.

VI. Board Discussion of Budget Advisory Letter

The board members continued working through their [discussion draft](#) which has been amended to incorporate member input from last week and additional comments sent to Melissa.

Members considered each section.

Intro paragraphs – no additional suggested changes or discussion.

Annual Rates of Increase – no additional suggested changes or discussion.

Budget Prioritization and Rate Options – no additional suggested changes or discussion.

Affordability — Colleen suggested that it would be helpful to cite the source from the EPA.

Members briefly discussed changes to address concerns from last draft.

Equity – no additional suggested changes or discussion.

Assistance Programs – no additional suggested changes or discussion.

Centralized Services – Colleen suggested adding examples to the first bullet.

Strategic Planning – addition of comment of support for similar formats and alignment of budgets to strategic plans.

Regulatory Compliance – no additional suggested changes or discussion.

Communications and Transparency – no additional suggested changes or discussion.

Comments on Specific Budget Proposal – no additional suggested changes or discussion.

Rob commented that he thought the bureaus had presented comprehensive decision packages. He raised a concern that by not including specific mention of supporting or not supporting

decision packages, the board is saying they don't support any specific requests. He asked why the board felt it wasn't yet in a place to make recommendations. He said it was an omission that should be discussed.

Ana said that she thought the input at this point was observations and values. The board wasn't ready to make specific recommendations. Rob asked if that was supposed to be the intent of this letter. Melissa reminded members that in the past the first budget letter had been high-level and the board had reserved its input on specific proposals until after considering the CBO analysis.

Colleen said that last year, the budget office analysis was helpful for her. This letter is the first blush with the understanding that the board will be receiving a lot more information.

Alice agreed this is what the board has done in the past and it lays out what's important to the board. The second letter is when the board identified its recommendations.

Melissa reminded the board that the final bureau requests wouldn't be submitted until January 29 and the CBO analysis would be done by March 5.

Rob said he didn't think the board was considering CBO as advisory and thought the board was independent of that. He looks forward to a robust discussion on decision packages.

Colleen then turned the members to the [draft letter](#) that Melissa had crafted from their discussion document. Ana raised a question about abbreviations. The letter shortens Bureau of Environmental Services to BES but doesn't shorten the Water Bureau to PWB. It was agreed that both would be abbreviated.

There were no other suggested changes to the letter.

Mike motioned that the board approve the letter as amended and Micah seconded the motion.

Colleen asked if there was any public comment prior to the board voting. There was none. All member voted in favor of the motion; no members voted against nor abstained.

VII. Board Meeting Agendas

Allan previewed the upcoming agendas for the next few board meetings.

The February 6, 2018, meeting will be at the World Trade Center Training Room. The planned agenda includes:

- Budget Updates
- Water Equity Plan Implementation
- CIP Prep and related Bureau Changes
- Assistance Program Updates
- Lead Hazards Reduction Program (in writing)

Ted raised the issue of BES stormwater rates. He reminded members of the issue at City Council last week to revised code in response to challenges about the current calculation. Ted said this was a case of industry trying not to pay stormwater fees. He recommended all members watch the presentation from last week and be aware of this given the news attention and allegations going around. If the bureau has large industrial landowners managing to not pay their fees, it has implications on rates that will need to be spread out to the rest of the city.

Allan asked for clarification and Colleen asked what Ted would proposed the board do. Ted said he had heard that the industry is considering suing the city and that Jonas, Kaitlyn, and a city attorney had given a great presentation. He suggested that maybe PUB could have one as well.

Colleen said that some of these changes have been in the works since 2015. She didn't know if the board would want to take a position but thought a presentation could be good.

Ted said he wasn't proposing a letter at this point.

Jonas said the matter would be going back to Council on January 31 for a broader discussion. Mike W. noted the board calendar for the next few months will be very full with budget discussions. Melissa suggested members could watch or attend that session and schedule a Q&A a session prior to the February meeting.

Micah said he thought it would be good to signal to bureaus and City Council that something like this does affect rates and the board is interested in being involved.

Rob also suggested that the board could ask the city to present what its goals are for equity. He thought they all could benefit from knowing the city's vision. It was requested that Melissa coordinate a discussion. Colleen asked if Rob wanted a presentation or materials. Rob said both would be great. Ana suggested Koffi Dessou from the Office of Equity and Human Rights give a presentation. Melissa will also solicit board member questions about the bureau equity work for upcoming presentation.

Allan reviewed the next several meetings.

Rob said the board will need to identify recommendations of decision packages during the March meetings.

VIII. Focus Group for Water Bureau Strategic Business Plan

Director Stuhr reminded members that the bureau has been working on a scan of the organization as the first phase of developing the Strategic Business Plan and introduced the [Project Road Map](#). The bureau has talked to nearly 60 different bureau employees through internal focus groups. They are now turning outward and starting to talk to external stakeholders. The bureau will update PUB several times throughout the development of this plan and ask for input. Chris Wallace Caldwell will lead the board members through a conversation about the bureau's strengths, opportunities, challenges.

Chris gave members an overview of the work that Catalysis has been contracted to complete. She also worked with BES. The Water Bureau has a different approach and this work is starting with a clean slate.

Chris first talked with the board about having staff (both Water and BES) leave or stay and it was decided staff were invited to stay and all board members were invited to participate.

Mike W. noted dynamics of focus groups and asked if individual interviews would be done. Chris responded that there was an interview scheduled with CUB.

Chris gave an overview of the process. She said she has a note taker and her notes will be anonymous, though the PUB notes will not.

Colleen said she remembered the BES process and the paper, topics, and dots exercise. She asked Chris where that had fit in BES' process and if it will be part of Water's process. Chris said that the Water Bureau was meeting with PUB earlier in the process. They were in the middle of the planning process with BES when they did the paper exercise with PUB.

Chris began by asking what members think the Water Bureau does well.

- Ana said she thinks the bureau trains its employees well. They are empowered so they can make decisions. She also said they are really promoting diversity and equity.
- Ted said they deliver high quality water to the city that he thinks is taken for granted and customers pay too little.
- Colleen said that not only do they deliver a high-quality product but also with less employees today than 10 years ago. She says that speaks to some efficiency.
- Alice said she used to work for the Water Bureau and she thinks employees understand the value of what they provide and have public service commitment.
- Micah said the Water Bureau is very adaptable to working with aging infrastructure.
- Hilda said the bureau does a good job at building partnerships with local agencies for public engagement like the water consortium.

Chris then asked what could they improve.

- Rob took the flip side of Micah's comment and said at times the Water Bureau is slow to adapt to innovations. Things like electronic reporting and meter reading. They have had a very conservative view of auto meter reading.
- Ana said the bureau needs to figure out program management and using web based electronic project management tools. The bureau still expects paper.

- Alice said she wasn't sure if this next comment was something they do well or could improve but the bureau is very technically competent and see world in technical manner. They don't necessarily recognize when to bring other people in. For example, the strategic plan, the Strategic Plan approach to a risk register and quantifying things that aren't quantifiable. She said the technical approach may not be best or only approach.
- Ana said there isn't consistency with the bureaus. She thought both bureaus struggle with figuring out what they do in common or could do better together.
- Allan noted the perception of closed communication and not being proactive. He sees an opportunity to improve openness.
- Micah said they could do a better job of self-promotion; of telling their story and high quality of goods. They could also do a better job of separating from storm water and sewer water.
- Rob said story telling should be a joint objective for BES and the Water Bureau.
- Alice said the bureau did a really good job of branding the Forest to Faucet promotion and it was resonant with community. She noted that the success sometimes hinders the bureau's ability to make changes. The community has internalized forest to faucet and regulations don't always recognize that connect.
- Ted said he also thought they could do a better job communicating with public. The approach now seems episodic and crises of the moment. It would be better to do continuous education of the system challenges. Many people don't understand; are distracted; are not easy to reach. There needs to be better ways to tell the story and do branding with repetition.
- Allan said there was an opportunity to do joint story telling with BES.
- Allan said that he interacts with the bureaus through his role as PGE rep. He sees them as significantly siloed. The processes and people aren't connected – between bureaus but also within. For example, Operations may or may not be connected with Engineering or Finance and he sees gap in the communications office. He feels the change from silo to integrated bureaus has to come from the directors' offices down.
- Colleen commented on the communications between the Water Bureau and PUB. When she first started there were big disconnects between what was asked for and received. She thinks that is getting better and it shows the ability of the Water Bureau to change and PUB to change. She thinks it shows the ability of both to adapt and work together.

Chris then asked about future challenges or opportunities for the bureau or for the city.

- Colleen says she sees the biggest is filtration.

- Alice said there is an opportunity to start the conversation on what residents should expect to see change in their homes. The whole filtration project will be longer than the 5-year business plan but there are things to start in the short term.
- Colleen noted that there is already a fair amount of public angst about the project.
- Allan said he sees the biggest challenge is constraints in funding.
- Van said she sees changing demographics and the need to investing in the bureau workforce. Its more diverse and the city faces challenges with affordability. She noted that younger residents in the city are more diverse than adults.
- Chris commented that the City has made priority of racial equity goals and wanted to hear members' thoughts.
- Ana said she saw a challenge with how to align to a new strategic plan. She thought there would need to be cultural competency training for all staff and not just management staff.
- Rob said he thought there needed to be improvements to be a much more customer facing organization. He said that he's seen changes in recent years in how crews and the public interact. Crews are now much more interactive on a personal level when doing work. Operators and field crew feel more competent to engage with public. The bureau has an opportunity to take advantage of that contact on the street but it also comes with risks if employees don't have a customer service bend. Good and bad interactions spread by word. He thinks there are opportunities to improve language ability in customer service.
- Rob said he would like to see both bureaus use equity goals push back on Council on how the council actions affect the bureaus. There should be feedback when bureaus find obstacles.
- Micah said he thinks over the next 5 years lead will continue to persist and the current direction of bureau work doesn't fix the core issue to deal with the problem. Micah said he thinks it is clear that the water bureau has authority and responsible for the private pipe problem.
- Ana said she thought a challenge would be the implementation of plans particularly with equity. There are so many goals and the plans are different across city. Some bureaus are hiring equity managers and taking ownership but staff don't necessarily have training to implement. For example, BES is supposed to be at year 2 but haven't yet started on first goal of year 1.
- Van said there are major planning studies underway. The outcomes will likely add more rate pressure.

- Alice added the conjecture that the federal government is doing less. Bureaus still have requirements to meet but are expected to take on work that used to be done at the federal level including resources, planning, and other expectations. These are challenges for the bureau to absorb.
- Members talked about the challenge and opportunities with having central planning groups that are citywide. There can be efficiencies.
- Ana had experience with citywide work group for equity and it wasn't a good experience. For equity, it was decided that bureaus would get help from OEHR but much of the work would be done in bureaus. She sees opportunity for more citywide collaboration.
- Mike W. noted that affordability or cheap is relative. He sees it as a long-term issue of keeping the system as affordable as possible. The bureau should be run as smart as possible. When he hears redundancies such as why there are two bureaus instead of one, he thinks it may not get in way of business today but may get in the way tomorrow. He sees the value in a conversation about how to run these bureaus as efficient businesses, whether as 1 bureau or 2 with joint functions.
- Ted offered a related challenge regarding wholesale customers. The board spends a lot of time talking about residential but not wholesale accounts. Going forward, the wholesale accounts will have future impact to rates. The bureau and the city needs to retain wholesale accounts. There is a challenge to know what other cities are doing and knowing the risk if others are developing sources. The bureau should be thinking more strategically about growing.
- Mike W. said that was a good point on strategic thinking. He said one reason electricity is cheap is because of the power sold to California.
- Mike W. noted a challenge for the bureau to identify where it wants to go and who are the partners they can work with so they don't have to reinvent the wheel.
- Rob said there are two bureaus because of the structure of the City government. If there were a different city structure, there could be different bureau structure. He thinks that is far outside scope of board.
- Ana noted a challenge related to better service. She thought a review of how the bureau is doing its work - are functions centralized or dispersed – could be helpful. She thought there could be systems that could make it easier to track asset management data.

Chris then asked about the partnership the board has with the Water Bureau and asked for specific ideas about how Water could partner better or enable the board to be a better advisory board.

- Allan said that when the board first began, the Water Bureau was very insular but is getting better at communicating with the board. At the time of the measure 156-256 vote, he connected with Denver Water who is beloved by their citizens. He said there was a very different feel in Portland. While the bureaus are delivering the same product; there is a very different public perception. He asked what the Water Bureau can learn from other water providers.
- Rob noted that it sounds again like the need for branding and better story-telling.
- Ted compared and contrasted BES and Water. He said BES has a lot of community partnerships. Those partners show up and advocate on behalf of BES and help tell the story and engage the community. Water Bureau doesn't do as much of that. Outside of the Low-Income Assistance Programs, Ted doesn't know of other community partnership that tell the story of the Water Bureau. He sees an opportunity to develop and cultivate that. He thinks the bureau could better use soft power and have people advocating on the bureau's behalf. He noted that PUB could help with that and would like to see the bureau use PUB as a dress rehearsal and a way to help improve the bureau's public image.
- Colleen said that with respect to PUB and bureau relations, both sides have been evolving since PUB's beginning. There seemed to be reluctance to interact with the PUB at that beginning, like PUB was seen as interfering. She thinks that's changing and thinks the relationship has been moving in the right direction. Colleen said she thinks the board is asking for more to try and understand the bureau better. She thinks PUB can work to asks better questions and setting expectations. She used this year's budget process as an example. The board has asked a lot of questions. She couldn't imagine the board asking those questions last year. The board has also asked the bureaus to do a lot of work. That work has helped members understand more about the bureaus and their budgets. She thinks the work will be fruitful when making recommendations.
- Rob said he was on the old Budget Advisory Committee. He never saw the level of bureau leadership and Commissioner staff be engaged to this degree. This process is much improved from other BACS.
- Rob said he saw a space where concerns from the public could be brought to the board.
- Ana asked when the bureau would be engaging people from the outside. Chris said the bureau would be providing an overview of the work so far to PUB in March. They are developing a list of stakeholders and plan to do interviews with other city leaders, 10 community organizations, and some potential surveys or focus groups.
- Chris also noted that the bureau is launching a stakeholder engagement process specifically about filtration as well. The processes are being coordinated.
- Van asked when they could expect to see a final draft of the strategic business plan. Chris responded that the Phase 1 report was planned to be done in March. The final Strategic Plan can be expected in the September/October timeframe.

The meeting adjourned at 2:05pm.