

Portland Utility Board
February 6, 2018 3:30 – 6:30pm
World Trade Center Training Room
Meeting # 40 Minutes

Attendees: [Strike through absent; add others]

PUB Members: Alice Brawley-Chesworth, ex officio
Ana Brophy, ex officio
Allan Warman
Colleen Johnson
Dan Peterson
Hilda Stevens
Lee Moore
Micah Meskel
Mike Weedall
Robert Martineau
Scott Robinson
Ted Labbe
Van Le, ex officio

Absent:
* Meredith Connolly

*Notice of absence provided prior to meeting

Staff: Mike Jordan (Director, Bureau of Environmental Services)
Dawn Uchiyama (Deputy Director, Bureau of Environmental Services)
Gabe Solmer (Communications Director, Water)
Cecelia Huynh (Director of Finance and Support Services, Water)
Jonas Biery (Business Services Manager, BES)
Susan Bailey, Water Administrative Manager, Portland Water Bureau
Jeff Winner (Capital Improvement Program Planning Supervisor, Portland Water Bureau)
Ken Bartocci (Principal Financial Analyst, Bureau of Environmental Services)
Todd Lofgren (Senior Policy Advisor, Commissioner Fish)
Megan Callahan (Communications Director, Bureau of Environmental Services)
Liam Frost (Management Analyst, Portland Water Bureau)
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)

I. Call to Order

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

Members considered the meeting minutes from the January 18th board meeting. Rob offered a correction – on page 9 the ballot measure number is incorrect and should be 26-156. Allan asked for other corrections. Seeing none, the [minutes](#) were accepted as revised.

III. Disclosure of Communications

Mike W. met with BES and Water staff regarding budget submissions. Rob had a standing monthly meeting with Mike Stuhr.

IV. Public Comment

Allan opened public comment.

The first public comment for the record was a [letter](#) sent from the League of Women Voters last week and circulated to board members with a co-chair [response](#) last week. Allan said that the board doesn't normally discuss directly points raised in public comment and Carol wasn't in attendance to add to the conversation. However, the chairs had concerns about the accuracy of the letter and staff components that the chairs felt needed immediate response. Colleen read from last year's budget letter and this year, "public feedback and CBO's analysis" and subsequent sentences about capital improvement request and FTE requests. She made the point that the letters are basically the same. Allan added that it was later in the process last year that the board provided input on specific requests.

Micah said he would have liked to sign on to the letter. He would have like to show his support for staff. Allan said that it was done quickly but not hastily.

Colleen said that Melissa had done a superb job, that implications that were in that letter were degrading, and that she thought it would be appropriate for PUB to support staff. Dan agreed that it is good to talk to support staff face to face.

Alice agreed with everything that had been said. She thought there were two angles to the input question: she thought voters were asking PUB to make a stand in the budget letter but prior to budget submission, requests aren't finalized.

Ted said this was one letter from one interest group and there were parts that annoyed him and other parts he thought were valid. He said that in the grand scheme of things, he didn't think it was worth it to respond to the letter.

Allan said that in his opinion, he was compelled to defend the staff. He said that Melissa does a tremendous amount of analysis and administrative work.

Rob said that Melissa has done great work, gone above and beyond, but more could be done. He said he thinks it was wholly inappropriate to write the letter, that the League is an important partner, and that he felt this was an attack on the defensive. It went out within 24 hours. If the letter goes out to the board; the board should be able to respond.

Van said there is a precedence of co-chairs making statements on behalf of the board. This isn't a personal issue. She is supportive of Melissa's work. She said there is a precedence here that needs to be discussed about co-chairs sending the letter.

Mike said he agreed with others that it was good to send out letter right away.

Ana said that she was concerned about the last paragraph, that it seemed confrontational. She would have liked to be involved.

Lee said that he was probably battle-worn from working on many boards but he interpreted the letter as a process suggestion and the League letter was a pretty nice letter compared to some that he'd seen.

Rob rejected the assertion in the co-chair letter that the League could have discussed concerns in person. He said he thinks PUB should welcome more letters. He pointed out that PUB didn't respond when filtration opponents had vitriol, and that he had no issue with the League's letter.

Colleen said that they could have brought it to the board prior to responding. However, having served on City Council for 16 years, one of the things that is a trigger for her is to discredit staff work when staff can't defend themselves. The letter was sent to the PUB analyst, is a public document, and one that Melissa had to distribute. She said she thought that as written, the League letter included an implicit dig at the PUB analyst that deserved an immediate response.

Van asked what should PUB's guidance be to co-chairs or what would the co-chairs do if next week we get another letter? Allan said he was not going to guess what he would do. Van said letters from PUB should have input from members and cautioned against letter wars.

Lee said that he didn't see this as an attack on Melissa; but as a criticism of PUB. Ted agreed with Lee.

Allan asked if there was any other public comment. There was no other public comment.

V. **Budget Update from BES**, Jonas Biery, Business Services Manager, BES

Jonas said that he would get the group responses to questions ASAP. Rob asked about the questions. Colleen replied that she asked questions. Rob said he didn't see them. Melissa said that she sent them directly to the bureau and will email everyone the responses as she's done with other groups of board questions.

Jonas said that there was great news for the bureau, BES' credit rating was upgraded by Moody's Rating Agency. It was the first time in 20 years the bureau has an upgraded bond

rating. He said this could save millions of dollars in debt service. He introduced Victor Cato, BES' newly hired Equity Manager.

Colleen said that for Fiscal Year 2015-16, the rate stabilization fund was \$77 million; for FY 2018-19, it's projected to be \$170 million. Jonas said that might be true but that he couldn't give the exact numbers. Colleen asked what the 5-year forecast for the fund looks like. Jonas said it's going to start to level off and BES anticipates drawing from it in the next 10 years; it will be used for bond service. The bureau then intends to keep the fund at a level at which supports a goal of 270 days-of-cash-on-hand. Mike W. asked what the 270-day amount would be. Jonas said that it would be around \$100 million. Ken said that it depends on the operating expenses. [The 5-year forecast has the leveling off at \$150 million.]

- VI. Budget Update from PWB, Cecelia Huynh, Director of Finance and Support Services, PWB**
Cecelia said that the rate increase is 8.9%; slightly higher than the 8.8% previously presented to PUB. She said that there are things in the budget that could affect the Water Bureau. These include \$620,000 in Parks including four FTE for fountains which has been submitted as a cut for Parks and could be added to PWB. She noted that this is an issue that has been discussed for years. PWB had the staff and maintained the fountains until they were transferred to Parks because of concerns with the Anderson lawsuit and use of rate funds for these activities. When the function was transferred to Parks, it was \$260,000 including two FTE.

There was a conversation on snow plowing. PWB has agreed to an IA with PBOT for PWB to provide that service on a reimbursable basis.

Micah asked whether the fountains were one of the bureau's Anderson test cases. Cecelia responded yes and this was one area that the judge said was acceptable use of rate funds.

Cecelia said there were other add packages from other bureaus like OMF that could lead to increases in IAs if approved by the City Council.

Hilda asked if the bureau could clarify what they will be doing with plowing and Cecelia said that PWB would be using their truck to do plowing as needed for PBOT when it didn't interfere with PWB work.

Hilda asked whether the communication position requested in the PWB budget was Nicole's position (Communications Manager) and Cecelia stated that it was not; it was a request for a technical writer.

Ted reminded members that both bureau's provided job descriptions for their new requests ([PWB](#) and [BES](#)).

- VII. Water Bureau Racial Equity Plan Implementation and Update:** Gabriel Solmer, Deputy Director, and Susan Bailey, Water Administrative Manager, PWB

Gabe and Susan gave opening comments and gave a [presentation](#) on PWB's Racial Equity Plan ([2017 Accomplishments & Plans for 2018](#)). There are staff currently working on equity - none are full time but manage the training and function for the bureau as part of their work

responsibilities. In addition to Susan, there is a training and development officer, someone who does Title VI coordination, and another outreach and information representative. The areas covered by the 5-year plan include: organizational commitment, leadership and management, workforce (employee development), community access and partnerships (focus in interacting with communities of color), contracting (improving disadvantaged and minority contracts), data metrics and continuous improvement (is PWB's work improving).

Susan then talked about the accomplishments for the first year.

Organizational Commitment: The bureau complete offered trainings including one by Center for Social Inclusion and one for the Bureau Equity Committee organizational change. In the next year the bureau will offer a training on using a racial equity lens/tool in decision making and hiring for racial equity. Questions will include how do you interview; how do you look at your own biases; how do you describe your job; it will be very inclusive.

Leadership and Management: the bureau will have a pilot project to increase outreach and accessibility to the low-income discount program. There'll be a monthly development session for senior leadership as part of management team. The idea is that educating bureau leaders is critical to moving equity forward. Equity will be an integral component of the strategic plan development.

Workforce: Over the past year, there was a presentation regarding the equity plan for all workgroups so people knew it existed and would read it; equity 101 sessions were attended by 78% of all employees as of 6/30/17. In the next year, the bureau will continue to make progress on employees attending Equity 101, implement an employee surveys, being the Engauge series of workshops.

Community Access and Partnership: PWB filled two positions related to equity work; the Title VI coordinator and outreach information representative. Those positions will help the bureau create materials to make sure they are culturally inclusive. They also began accepting assistance applications via the web and are looking to redesign the bill and website and collect demographic information to better target programs and communications. The bureau doesn't have good data about customers.

Contracting: the first year saw big increases in contracts awarded to Disadvantaged, Minority-Owned, Women-Owned, and Emerging Small Business (DMWESB) as a percentage of all contracts for PWB. PWB will continue implementing changes to increase contracts awarded to these groups.

Data Metrics and Continuous Improvement: the bureau is collecting more data from stakeholders; they have started doing it around filtration and strategic planning. There is extensive community outreach for filtration, and the bureau is working to ensure the most vulnerable communities are not left out of the seismic plan. They included a request for an equity manager with a skill set is around analytics and data.

Colleen pointed out that none of the existing PWB staff that work on equity work on it full time. Gabe and Susan confirmed. Susan does work related to homeless and property and is a liaison

to BTS. The training and development director's focus has been on equity - most of her time is on equity but not all. Colleen asked what OEHR does and whether there is overlap.

Susan said OEHR provides support to the bureau equity committee; they do the equity 101 training. OEHR is a small bureau; they are offering other trainings as well; they are supportive at a higher level which filters down to the bureaus; but don't support day-to-day work.

Colleen asked how many bureaus have their own equity person. Susan said that Parks has several, BES and PBOT have one; some of the internal facing bureaus don't.

Micah asked whether they've considered making Equity 101 required as part of onboarding and Susan replied the goal is to have it done early but they have to wait for it to be offered by OEHR.

Micah said the first year was top-down, focused on management and asked if the next years will see a more bureau-wide effort? Susan said that was a good point; but it's a new concept for everyone and PWB wanted to start with leadership. Before that the bureau focused on diversity which is different from equity. From an organizational perspective, you need leadership to be behind it; staff needs to be, too.

Alice said that PWB has done a lot in a year and that she was intrigued by the second to last slide about technological decisions, particularly filtration. She said she's wondering how they are doing that and that she was asking selfishly. How are you tackling that when it can seem to be a very technical in nature and doesn't have an equity component? Susan replied that it's the same as doing an environmental study: they ask, what are the impacts on the community? Not the big community, but the communities within the communities. She said it's like ripping up the street for the big pipe; people can take the bus to work and it's a community that depends on the bus; how do you mitigate against it?

Gabe said that asset management has a piece of this and pointed to the two pump stations example. They are gathering and using the demographic data to apply an equity lens for capital work.

Ana asked if there is an annual equity plan report. Gabe replied that there is one but the process hasn't yet been laid out by OEHR. Ana asked whether metrics are a piece of this, and whether the Bureau Equity Committee is involved and at what level. Susan stated that they don't oversee things; but are involved in things like the job shadow idea which originated with them. They also will be involved in the employee survey.

Gabe said that they are making sure every work group has a representative on the committee and the group has a charter so they know they are changing policy. Ana asked if that means that PWB is changing its equity plan and Gabe responded that it was always the intention to change the plan. The idea is that they have committed to do those things and have the opportunity to make adjustments as they are implementing.

Scott said that he wanted to complement their work in getting it going and asked how they are measuring whether they are moving the needle. Susan replied that the survey will show them. One notable benchmark is to ask: how comfortable are you with people of color? When people

get more comfortable, it will move the needle. She also said that the bureau has hiring statistics. For example, they have to report how many times they fill a position with a temporary appointment that is then made permanent.

Scott asked how about the workforce element and if they planned to disaggregate it. He also asked if they were getting supports from HR on how to conduct an interview? Susan replied yes, but it's a training that one could use as a defensive if one were sued and that it doesn't help you address your own biases. It has some effectiveness, but not sure it has long term effectiveness. Questions are reviewed by HR for biases. Scott asked further about the panels themselves and Susan said that they make some effort.

Hilda asked how they are measuring success in getting the whole staff to complete equity 101? 78% have completed it. Susan responded that while the goal is 100%; no bureau will reach it because there will always be turnover.

Hilda said that she thought these initiatives should come from City leadership and has concern about achieving parity between different bureau programs. Gabe replied that they can't control it; there is inequity between how different bureau have designed and are implementing programs.

Susan said that they are partnering with police on emotional intelligence.

Rob said that the bias training for the PUB board is important; the equity 101 is what he mentioned last week; he thought PUB should go through it and should avail itself of that opportunity. Equity is everyone's job and he doesn't want to see this as a flash in the pan. He said that there is a blind spot in the organization and would welcome a partnership (with AFSCME in his capacity as President) that's akin to job shadowing. The union has a fund.

Susan said the fund can be helpful to get the training a person needs to move to a different position in the bureau.

Rob asked how the bureau is addressing language assistance. Susan said they have a preference bilingual premium. They are also surveying employees on willingness to serve as translators.

Ana thought it would benefit PUB to have the new Director of HR speak about what she's doing change hiring and recruitment.

Lee brought up a report from the City which provides a benchmark around real data. The City has affirmative action reporting. The report that all bureaus submit can be obtained from BHR. Susan said she keeps a chart of how things have changed. It shows population that's available and number of people you have doing the job. He said he doesn't see in the plan where analysis is developed or used. He asked whether the bureau is looking outside of the city for experience, other resources, and what others are doing that we're not. Susan said that one of the items was to use affirmative data and every time there is an opening the bureau tells the hiring manager. She said we can do more but there are links, and that Seattle is leader.

VIII. **Assistance Programs for Low Income Residents**, Liam Frost, Management Analyst, PWB

Liam provided an update on PWB's proposals to change assistance programs which began in response to rapidly changing needs in Portland. He reminded members that some changes have been made but they aren't changing fast enough. He met with organizations and agencies and drew on available data. There are five proposals in the decision package. He also met with Mike W. to work through some questions. Liam told the board that on February 13 there would be a City Council work session at 9:30am. The Commissioner's office will likely be bringing an IA in May contingent on City Council budget approval.

Colleen said that she was not clear about two positions. She wanted to know what exactly are they going to do versus addressing this work by realigning existing staff? Liam responded that they are not customer service representatives. They are specialized staff; they won't be performing the functions of a customer service rep; they will be giving specialized guidance to people that can't pay their bill. He said there is a need to spend that time with people to prevent shut-offs down the road; and the bureau needs data analysis.

Colleen asked whether participation has decreased in low income program and agreed that need is out there. She said that there are 30,000 homes that could qualify; 6,600 households are enrolled.

Ted said that Liam had answered the question very well and asked what else needs to be known. He said that he was satisfied with the answer and asserted that the bureau can't use existing staff to do outreach. Colleen responded that she was not convinced that current staff can't be trained to do it.

Hilda asked what the barrier is; is it nationality? Liam replied that they don't have that kind of data; they know anecdotally that they need to do this better. The data they did find showed that as the economy picked up, enrollment went down. White residents saw increases in wages.

Ana asked whether the customer service reps were able to do analysis, and whether the new hires will be Spanish speakers? Liam responded that they were not hired for data analysis and they are doing the job they were hired for.

Mike W. stated that for this program to be successful he thought it should be one person to start it and get the data aspect going. There is a lot of work planning to be done before staffing.

Robert said that from the perspective of a rate payer it would be like paying for something that one is not receiving. As a citizen of this world; if they asked for three, he would give them five.

Lee pointed out that about 35% of people don't have access to computers and a lot of poor people are white. He stated that not everyone that is poor is a person of color and that one shouldn't put that label on it.

- IX. BES Capital Improvement Plan Process Review and Enhancement Project (CIP PREP) and Bureau Changes:** Dawn Uchiyama, Deputy Director, Bureau of Environmental Services, and Steve Hansen, Capital Program Management and Controls Manager, Bureau of Environmental Services (Steve was sick that day and didn't attend)

Dawn discussed the CIP PREP phases included in the first [report](#) and gave a [presentation](#). BES initially proposed three phases and expects that with the completion of each phase there would be recommendations for each budget cycle. Phase one included a process mapping overview; priority identification; and the identification of two foundational change recommendations: 1) integrated system planning and 2) a project management office. Dawn said that certain changes has been implemented, for example the reporting structure has changed in the Director's office; Victor Cato (BES Equity Manager) and Maiya Delgoda (Change Manager) have been hired. She stated that they are positioning themselves to implement change. They have a new wastewater division in engineering group; in some ways it is a nucleus of bigger changes to come. There's a contract in place to support change management and a contract for \$100,000 to implement additional CIP changes.

Mike Jordan pointed out that there are three dials to improve: business processes; workforce talent; and organization to create the best possible organizational performance. BES is looking at the talent they have and the talent they need. BES Senior Management Team is developing an implementation plan around three areas: integrated planning outputs, centralized program and project delivery, and near-term improvements from staff recommendations.

BES has been working with industry peers and leaders for information sharing and attended a workshop in January 2018 and plan to meet with King County in March 2018. They are evaluating stage gating approaches from a range of sources.

Dawn then talked about the FY 2018-19 FTE budget requests related to CIP PREP and how they fit into the recommendations for integrated planning and project delivery.

BES has set a target of July 1, 2018 for business process needs, workforce needs, and organizational changes. They anticipate transition will be complete by September 30, 2018.

Scott asked the Workforce Dial and equity lens: how is BES was weaving the equity component into the recruitment and hiring process. Dawn replied that Victor has started that already, and that he reports to Dawn. Victor met with HR people and is weaving himself into other work at the bureau.

Scott said that every hire is a strategic hire and that the bureau should be careful to not do that which they have done before. He said it is a very technical realm. Dawn pointed out that Victor has an educational background.

Mike J. said BHR has a new recruiting manager and a dashboard. They are able to get data for every stage of the process to see when people are falling out and Victor will help with that. He said that new talent is needed to take the bureau where it is going.

Ted asked to hear more about wastewater management – why are design and construction being combined. Mike responded that they are going to spend a lot of money at the two treatment plants. The approach at CBWTP is that oversight of design and construction will be done by this combined group. It was done on the big pipe; and they think it will work here. He said that there is a need to restructure the process to incentivize the customer service process inside the bureau.

Colleen asked why the cost estimator person is at the bottom of the list. Mike responded that it could be higher.

Van said that the charter refers to 15 FTE. All bureaus are going through demographic changes with retirements. She said that PUB also just finished a conversation with Liam about training versus hiring more. She mentioned the cross-training point: if there are people that are doing the old process and the bureau wants to implement new ones—how does that impact BES' FTEs? Mike J. said that they will have talent holes and that he thought they will be taking a faceted approach. He said positions should be reprogrammed. He said every time someone leaves the organization, it is a challenge, but it is an opportunity to identify your needs. The positions are responsive to the day-to-day programmatic volume and those are responsive to CIP PREP changes. There is no silver bullet and all strategies will have to be deployed. Dawn also mentioned implementation of a job shadowing program that could help transition current employees to new processes.

Lee said that he didn't see in the discussion materials anything about change management and the related problems that go with all the changes that have occurred, e.g. Build Portland move and this new process work. Mike J. said that he appreciated the question: this has been a two-year process. The first part was just getting employees ready to begin talking about this. He said that staff will revolt if they don't implement this, and that he thinks that after two years they are ready. He said that they also got money in the BMP for change management and that with Dawn as a resource, they can do this.

Ana said that right now is the chronic stage, but everything is out on the table at the bureau. The change to more focused project management is going to be huge.

X. Discuss next Meeting Agendas and other items

Allan reminded members of Mike Stuhr's offer to take member up to Washington Park. He asked for member input on the room and members said they'd like this room for meetings.

February 22 – Communications Subcommittee

March 6, 2018: Location: World Trade Center Training Room, 4pm Board Meeting

Agenda Items:

- CBO Budget Analysis
- Board Questions and Conversation
- Water Strategic Plan Update
- CIP Progress Reports (in writing)
- Portland Harbor Superfund Update (in writing)

March 15, 2018: Location: Pettygrove, City Hall, 11am Board Meeting

Agenda Items:

- Bureau Additional Information on Requests
- Board Conversation
- Board Recommendations

XI. Board Discussion: FY 2018-19 Budget Development

The PUB then discussed the upcoming schedule for budget consideration. The council work session is on March 29 and the co-chairs will present. There is tentatively time on the calendar on February 22 before the Communications Subcommittee meeting for members to discuss items before CBO recommendations come out as was requested at the last meeting.

Lee asked of the positions that were approved last year, how many have been filled? Melissa replied that most have been filled; some from BES have not.

Scott said that he had two overarching concerns: one is that it's untenable to bring that many people on given changes at BES. At Water, the rate of increase doesn't worry him, but their capital improvement plan is packed and a lot of costs such as PERS are going to be huge.

Allan said that there are two options and suggested taking rubber stamping the bureau requests off the table.

Van said that there's a need to wait for CBO analysis. Once an FTE is added, it's added permanently and there isn't any way to analyze the impact of the investment. She said that if a position has been requested to implement a program that is based on theory or is an idea, that perhaps a limited term position is best for that to test whether the program addresses a problem. Colleen asked if that is that why Van wants to wait for CBO's analysis and Van said yes.

Robert said that rubber stamping is never an option but hopes the board would take votes each individual package.

Ana referred to Van's comment on the CBO report; she said what Van is interested in is tying requests to performance to metrics.

Ted said that he thought that there was a need to go through each decision package. He didn't think setting an arbitrary level of rate of increase like 3% made sense given what the board heard would happen at the water bureau. It would make rate consideration the primary thing over the other principles and values PUB has identified. He also supports individual votes and thinks if there is consensus that would be great but also telling City Council where the members disagree would also be helpful input.

Allan said that he doesn't think the board should recommend all the FTE based on several concerns already raised. Lee said he is concerned that the bureaus will be able to pull this off.

Colleen said there is a difference between need and want. She wondered if the bureau's received all the positions, will they get the outcome they desire.

Lee said he's reserving judgement until the CBO analysis is available.

Micah said all of these added positions seem hard to grapple; it might be good to hear the bureau's perspective on how they think they will absorb all of FTE.

--DRAFT--

Colleen expressed concern about meeting the deadline of reaching recommendation by March 29. She reviewed the current meetings planned: February 22, March 5 (CBO), March 15 (Bureaus). Alice asked about the proposed meeting on the 22nd and that the CBO analysis wouldn't be out yet. Colleen said that was requested to get a start on discussions before CBO analysis. Rob suggested members come to the February 22nd meeting to pre-discuss. Alice noted the board needed more time after the CBO reviews were out and not before. Ted suggested canceling the 2.22 meeting and adding another in March. Melissa suggested March 22 from 4pm – 6:30 pm and 9 members said they could attend plus Hilda and Colleen on the phone.

The meeting adjourned at 6:40 pm.