

## Portland Utility Board

May 8, 2018 4pm – 6:30pm

World Trade Center Building One, Training Room\*

SW 2nd and Salmon Streets on the Bridge level (2nd Floor)

Meeting #46

### Attendees:

#### *PUB Members:*

Allan Warman  
Ana Brophy, ex officio  
Colleen Johnson  
Dan Peterson  
Lee Moore  
Micah Meskel  
Mike Weedall  
Scott Robinson (on the phone)  
Ted Labbe  
Van Le, ex officio

#### *Absent:*

\* Alice Brawley-Chesworth, ex officio  
\* Meredith Connolly  
\* Hilda Stevens  
\* Robert Martineau

\*Notice of absence provided prior to meeting

#### *Staff:*

Mike Jordan (Director, Bureau of Environmental Services)  
Mike Stuhr (Director, Portland Water Bureau)  
Dawn Uchiyama (Deputy Director, Bureau of Environmental Services)  
Ken Bartocci (Principal Financial Analyst, Bureau of Environmental Services)  
Jeff Winner (Capital Improvement Program Planning Supervisor, Portland Water Bureau)  
Liam Frost (Management Analyst, Portland Water Bureau)  
Duane Peterson (Principal Financial Analyst, Bureau of Environmental Services)  
Elliot Lisac (Senior Financial Analyst, Portland Water Bureau)  
Jan Warner (Principal Financial Analyst, Portland Water Bureau)  
Maiya Delgoda (Principal Management Analyst, Bureau of Environmental Services)  
Victor Cato (Principal Management Analyst, Bureau of Environmental Services)

Todd Lofgren (Senior Policy Advisor, Commissioner Fish)

Shannon Fairchild (Financial Analyst, City Budget Office)

Melissa Merrell (Principal Analyst, City Budget Office)

*Public:* Carol Cushman, League of Women Voters of Portland  
Janice Thompson, Citizens Utility Board of Oregon

**I. Call to Order**

Allan called the meeting to order. He reminded everyone that the meeting was of community 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 April 16 meeting. The meeting minutes were accepted as submitted.

**III. Disclosure of Communications**

Dan had a conversation with Melissa about whether his wife working for the City of Gresham poses a conflict of interest. While Gresham is a wholesale customer of the PWB, because she does not work for the water agency or have it in her work portfolio; there is no direct financial consequence of the board recommendations.

Colleen and Allan attended a meeting with the Mayor, CBO, and the Community Budget Advisors about budget items and gave PUB perspectives. Micah asked if the letters were discussed and Colleen said they summarized the board positions in the PUB letters. Melissa will share the talking points.

**IV. Acceptance of Water Bureau Quarterly Reports**

Last week Melissa circulated three quarterly updates submitted by the Water Bureau: [Filtration](#), [Washington Park](#), and [Mt. Tabor](#). These are three projects of note for the Water Bureau and this format provides PUB regular updates and the project progress. The quarterly report is similar to the process set up with BES for Portland Harbor Superfund Site and the Biogas Project. These are important but for which there isn't an action for the board at this time.

Micah asked Mike W. if this served the purpose of the score card (spotlight tracker) and Mike suggested that conversation be saved for later on the agenda.

Colleen said the reports were nicely done and informative and she appreciated the Water Bureau taking the time to create them.

Allan advised members to send additional questions to Melissa. She'll consolidate them and get them to the bureau as we did with Portland Harbor.

Dan made a motion to accept the quarterly reports and Ted seconded. All members voted in favor of the motion.

**V. Update from Melissa on Recruitment**

Melissa gave a quick update on recruitment. She has been working with several contacts and groups to get community participation on the review committee. They are still on track to get new members appointed by the July 11 meeting.

VI. **Public Comment**

Allan asked if there was any public comment.

Melissa told members she had received an email from David Potter from the Lents Livability Neighborhood Association. A copy of the email was in their packets. They are requesting someone from PUB and the Water Bureau attend their next meeting on June 14 to discuss water bureau rates of increase. Micah said he thought it would be a good first step to invite them to the utility rate hearing. Colleen agreed that was a good suggestion. Allan and Micah agreed to attend the June 14 meeting and asked Melissa to work with both BES and PWB to get a bureau representative to attend as well.

Lee noted this was the Lents Livability Neighborhood Association and not the Lents Neighborhood Association. There was a discussion about the difference.

There was no other public comment.

VII. **Update on Rate Ordinances**, Ken Bartocci, Principal Financial Analyst, Bureau of Environmental Services, and Mike Stuhr, Director of the Portland Water Bureau

Ken started with responses to three questions from the last meeting:

- Boardmembers had asked what was driving the Seattle rate of increase and Ken said it was related to stormwater.
- There was a discussion about what assumptions the bureaus were using related to participation in the Low-Income Assistance program. Ken said both bureaus were using 8,000. [After the meeting, Melissa contacted the bureaus for clarification. PWB assumes Water assumes 8,000 for FY 2018-19 and are not including as assumption that it will take time to reach that number of participants. BES said they have previously communicated that the two forecasts would be in sync by the end of FY18-19 (i.e., the beginning of FY19-20). The current BES forecast assumes 7,300 participants for FY18-19 with the full 8,000 beginning in FY19-20. The BES assumption has not changed since discussion of the program increases began. They are comfortable with this less conservative approach as they can mitigate the impacts of greater participation (above the 7,300 estimate) with cash balance in FY18-19, if needed.]
- Boardmembers requested the bureaus create a combined bill comparison in addition or instead of the individual bureau charts presented last week as customers received a combined bill. The bureaus worked to do that and [presented](#) three new charts for the board. Colleen noted that this was very helpful and in looking at it she's assuming all the other cities already have filtration. Portland will likely move to the more expensive end as those costs are reflected. Micah noted that there was a common denominator with the cities in the NW – salmon and endangered species were contributing to rates of increase.

BES

Ken then gave the board members an update on the proposed rate of increase for BES. At this point in the budget process, the rate is approximately 2.35% for FY 2018-19. This includes roughly \$400,000 for street interagency with PBOT that has been included in the mayor's proposed budget.

Mike J. said that there is a condition in their permit for arterial street sweeping and there is an existing IA for such work. PBOT in their requested budget proposed reducing residential street sweeping. Through the political process, the mayor has directed that the services should continue and BES should pay more for their IA. Lee asked about the fees BES pays to PBOT for road use or impact and Mike J. said BES pays lots of fees such as those for closing roads for work; though he doesn't know if they are cost recovery.

Micah asked if street sweeping reduces the cost of treatment. Mike J. said no, with the frequency that is it is currently done, it releases more particles into the stormwater system.

Ken said the 2.35% rate of increase was as low as the bureau felt it could go without pushing the fifth-year rate of increase too high.

Colleen said that she understood the increase rate impact of the \$400,000; at the same time; the mayor's budget as proposed and released last week had approved fewer staff than BES requested and the crisis voucher is less. In addition, the bureau has debt service savings from the recent bond sale. She asked why, with all the changes, couldn't BES stay at 2%.

Ken said that BES doesn't remove staff that is requested but not approved from their forecast. Rather, they presume the staff will be requested the next year. He wasn't sure when the bond savings were built into the budget. The bureau is advocating that the crises voucher be increased to \$500 and are reflecting that the requested rate.

Colleen noted that she was encouraged when the Mayor included the lower rate of increase. She has serious concerns that long-term rates of increase in the range of 4.5% to 5% are unsustainable. She noted the letter from Lents and the comments from individuals from earlier this year.

Ken noted the combined rate was 4.46% and said he'd try to get some better responses for the board.

Mike W. said he knows it's hard to respond on the spot to questions and requested both bureaus provide follow up information with the specific changes and how they add up to the current rate requests.

PWB

Mike S. said the current PWB budget stands at \$238 million with a rate of increase of 8.7% and recapped the FTE that are included in the Mayor's proposed. He added that the resources for

the fountains will come out of water fund for one year and that Mt. Tabor work will be from the General Fund.

Colleen asked how the rate decreased from 8.9% to 8.7%. She understood that 8.9% assumed approval of all decision packages. Elliot said that because not all of the positions were approved and because the Water Bureau will pay for the fountains out of the Rate Stabilization Fund, the required rate decreased to 8.7%. Mike also said the cost of the 2 customer service staff as shared (Mike Jordan said there is an IA to split those costs)

Lee asked when was the rate final. Melissa explained that there are still a few steps in the city budget process. City Council will consider the Mayor's Proposed budget next week and vote on the Approved; which will likely have some changes from the proposed. On Thursday, BES and PWB have the first of two rate utility hearings with City Council. The ordinances they have filed include the 2.35% rate of increase for BES and 8.7% rate of increase for PWB.

Mike S. added that he doesn't count his chickens until the end of June given the rules around the rate ordinance (which has to sit for 30 days before becoming final).

Ted asked if a few tenths of a percent mattered for the board to settle on comments for City Council. Melissa noted that was an argument for the board to authorize the chairs to make comments at the rate hearing rather than the board submitting a formal letter. It gave the flexibility in case the number shift in the next week.

Van asked if the PUB letter included specific target for the PWB rate of increases. Melissa said no.

Lee asked the bureau directors if there was anything they really wanted but didn't get in the proposed? Mike J. said everything BES asked for, it needs. BES build the rate model on long term projections. He said the real reason the 2% rate is higher is that it pushed the 3.1% to 3.5% in the fifth year. That was something they felt could not be managed to reduce in 4 years.

Allan asked if the 8.7% rate of increase assumed the same savings for filtration as the rate proposed earlier. Mike S. said yes.

Colleen asked if the outyears remain at 7.4% and Mike S. said yes.

Micah said the board should advocate of quality of service rate payers receive as well as the rate. He said they should be very focused on both as a board and the other things that bureaus do. He said his constituency is concern about both rates and quality.

Colleen said that Melissa has assembled comments for rate ordinance from last year and revised to reflect the PUB comments from this year. The board now needs to decide how to provide input to the council.

Ted said he thought having the chairs use the talking points was fine. He would support a letter but his preference is for the chairs to present.

Scott said he also supports the chairs making comments at the hearing; a letter locks you in and things are still changing.

Ana suggested adding equality to the values list. Micah also wanted environmental health added. Melissa will include all the values.

Lee said it seems like the mayor has stayed within the guidelines that came out of the Anderson case for the most part and has included most of the requests the bureaus have put forward. He would like that added as well to acknowledge the positive.

Micah asked Mike J. if it would be helpful to the bureau to add language about street sweeping and there was a conversation about it but the board decided not to add it.

Ted moved that the chairs represent the board at the utility rate hearing next week using the talking points provided and including the items agreed to above. Scott seconded the motion. There was no public comment.

All members approved the motion.

VIII. **BES Equity Plan Implementation**, Dawn Uchiyama, Deputy Director, Bureau of Environmental Services and Victor Cato, Equity Manager, Bureau of Environmental Services

Dawn introduced Victor, BES's recently hired Equity Manager, who while only being in the position for 5 months has made a lot of progress.

Victor [presented](#) the members with BES progress on the implementation of its equity plan. He said the bureau's vision drew him to the position. BES has a Committee for Equity and Diversity (CED) which promotes an intentionally inclusive culture. Mike W. asked if the phrasing from slide 5 'where the Bureau's work does not unduly burden or benefit one group over another' was a negative phrasing rather than a positive one. Victor disagreed saying that equity and inclusion is now a priority; the way the bureau is functioning is different. Victor explained that the committee used to function as a watch dog group so that comment speaks to that history.

CED has four different groups: employee engagement; professional learning; systems and procedures; recruitment and retention. Victor said the work the committee is doing now is to firm up the advisory capacity and role within BES. He noted that he reports directly to Dawn and he's been doing this work for a long time. Where equity sits in the organization is important. He has open access to Mike J. and Dawn. He also noted the fit within Dawn's office which is focused on communications, strategy, innovation and performance. You treasure what you measure.

Equity Plan has three goals: equity literacy, equitable service delivery and business practices, and workforce equity.

Goal 1: equity literacy. This was a first-year goal (foundational goal) and BES needed to get this work done first to make sure everyone understands the definitions. The original plan was for the Bureau Leadership Team (BLT) to meet about equity twice a year but realized that's not enough. Victor is currently presenting monthly and it's a two-way conversation.

Victor said accountability is a piece of goal one. They are scaling up to track progress of the program and had identified software to track it (smartsheets). BES took a different approach from other bureaus. The first annual report is expected in June.

Goal 2: purchasing. This has been a topic for BLT for some time. Dawn has access to MWDESB rates from purchasing staff. Victor highlights the importance of this; no other equity manager in the city has this as part of their portfolio.

Van asked why that is an important distinction and Victor said this in an external facing part of the work. BES is going to be the leader in this.

Ted asked if other bureaus can learn from this and Victor said OEHR is following BES's lead.

Colleen commented that it is cumbersome to have OEHR and each bureau with different equity programs. There is the citywide equity racial plan; she thinks BES has it right with its equity and diversity plan.

Dawn noted that OEHR is very small and are tasked with starting the conversation. There is currently a huge backlog of work and not enough resources. She said it's not ideal but it is an evolution and working in the right direction since OEHR was started.

Victor said he has previous experience at State; Portland is doing it similarly. OEHR supports bureaus and sets citywide goals.

Lee said he shares in the concern, particularly in contracting as bureaus are often dealing with the same contractor pool.

Micah said he thought it set a great path forward for Water Bureau's equity manager if that stays in the budget as well as for PBOT wherever they are in their plan implementation.

Todd stated that OEHR was focused on race and disability; as this has evolved, bureaus are expanding the definition, so bureaus are using different strategies and language.

Lee commented that BES is doing something much broader than what OEHR is doing.

Victor said in response to question regarding why there are both OEHR and bureau equity managers. BES is ahead of OEHR in a lot of ways; intersectionality is the focus of BES, not just race, disability and gender. Trainings over the next year will be on intersectionality.

Goal 3: workforce equity. Victor said that equity questions are required in all hiring interviews. BES is also examining its position classifications to see what can be reclassified to entry level positions. They are also looking at retention and promotion and have curated a series of professional learning opportunities. They have instituted a lottery system for deciding who gets to go to what. BES is also doing more targeted recruitment at historically black colleges to tap into a diverse set of talent.

Victor talked next about the strategic priorities for FY 2018-19 which include the development of an equity lens; continuing the curated series of professional development; improvements to the employee performance review, and refined outreach and public involvement. He said BLT will do more intensive equity training. Once BES moves into deeper conversation it's likely going to be uncomfortable for some staff, which managers need to be prepared to deal with it.

Ted noted that this was a great presentation. A lot of what Victor talked about was internal which started with an internal staff survey as noted in with goal 2. Ted asked if they are thinking about how BES will refine goal with perspectives outside of the bureau with historically disadvantaged communities. Victor said yes BES has spent a lot of time thinking about that. They are hesitant to engage too heavily in the community until they are all grounded in principles of equity. They aren't yet poised to do deep engagement with outside groups.

Dawn said the first steps were to get their internal house in order but they are making some steps forward in the community. The Portland Harbor Superfund site team hired an outside consultant with an equity focus.

Lee also thought this was a very good approach, noting that BES will be narrowing its work focus as time goes on. He said in his experience his group had problems in lining up certifications and internships and work experience requirements. He asked how training would address that. Victor thanked Lee for that question. Victor comes from an education background. He knows the importance of making sure internship opportunities are well designed. He doesn't want to expose new people to a bad experience and said that relates back to needing to get BES's internal house in order. Van agreed and made the parallel with STEM positions. If organizations aren't ready, everyone's being set up for failure.

Ana added that BES is assigning mentors for new engineers and improving its onboarding program.

Allan asked Victor if this program would work if applied to the top five bureaus in the city? Dawn responded that the rollout would start with OEHR. BES is just at the beginning of it work. She noted that BES has some gaps in organizational capacity to implement the plans but the awareness is the best it has ever been.

Victor commented that equity work is a very personal thing. He said that when you consider how large the bureaus are; it is difficult to say that what BES is doing would work in another bureau.

Allan asked if silos were an issue – he works at PGE with multiple bureaus. Victor said that PGE is very advanced in equity.

Ted said that each bureau is different; it's more about having a professional like Victor deployed in each bureau. Change will look different at each bureau.

Colleen said the problem with that is it results in a hodge podge of goals and outcomes.

Ana told other members that the differences are within bureaus as well as among them. When BES did a survey of where staff thought the bureau was with equity; every division within the bureau was different.

Mike W. noted that ultimately, success is the City. He's never been in an organization where an initiative doesn't work top down. He agrees with Colleen's concerns.

Lee said organizational development is one of his training areas. Cultures may be different, but it's really the same; the closer you get to the operations side, that is where the differences come out. But at the bureau-level there should be similarities that can be worked on across bureaus. Lee said it's important to think about this periphery; where are the similarities like planning. Certifications for mechanics may be different in BES from PWB. Allan noted that the changes at PGE were tough. They needed to change culture.

Van noted that Portland has a commissioner form of government which makes some of this hard by design. She also said they haven't heard from other bureaus and there are other talented equity managers across the City doing good work.

IX. **BES Performance Metrics Part I** Dawn Uchiyama, Deputy Director, Bureau of Environmental Services and Maiya Delgoda, Principal Management Analyst, Bureau of Environmental Services

Dawn introduced Maiya Delgoda, BES's new change implementation manager who is leading BES work in establishing new performance metrics for its new strategic plan. Maiya has worked at PBOT, BHR, and Intel. Dawn started by saying the Mike J. stressed outcomes and the new strategic plan identifies over 12 strategic priorities this year. This is the first of three times in the next several months when Maiya is on the agenda for PUB. This session is an introduction to her and her work.

Maiya began with an overview of her [presentation](#). She has begun creating a performance measure register and has spent the last 3 months assessing; talking to other jurisdictions like San Francisco; selecting a pilot group for implementing strategy; and setting up an assessment structure for the pilot group on how to collect and report data. Maiya said that at every step, they are engaging BLT who will be managing the process.

Dawn said that putting things in terms of outcomes has been difficult for BES. They are working on getting owners of metrics which currently are not uniformly accessible; don't have a feedback loop; and in many cases, have been a box-checking sort of exercise for the budget process.

Maiya has developed a framework for identifying the performance measures; defining value-added measures using the SMART framework: specific, measurable, achievable, relevant and time-bound.

Maiya will be working with the business services group as pilot. In May, they are working to identify project owners.

Van asked if they were involving community in identifying measures. Dawn said it was their goal to do so but are currently working internally. She thought when the conversation gets to level of service that will be set with the customers. Van followed up saying it's not just about the level but the concept. She didn't have a solution but is interested to see how they include community members like PUB in the framework. Dawn confirmed PUB's role, reiterating that it will be part of additional agendas.

Maiya reviewed a sample of a performance measure register, noting its value in communication. It includes the owners of the measures to help keep everyone accountable. She talked about using cause and effect, or fishbone diagrams to recognize that methods are causing the performance gaps.

Ana commented that BES doesn't really control procurement. Maiya said that BES can build internal and external relationships that can change outcomes. Dawn added it's also about transparency.

Maiya previewed the next quarter. Lee asked how BES was recognizing the work cycle of many of the groups in the bureau. Summer is the time most of the infrastructure work gets done. Dawn said that was a reason they were starting with business services. They are finishing up budget work and will have more availability than other groups to begin this work.

**X. Board Conversation – Spotlight Tracker**

This was delayed to a future meeting.

**XI. Board Meeting Agendas**

Allan previewed the upcoming agenda for the next board meeting.

June 5, 2018 - NOTE EARLY START TIME

Location: World Trade Center Building One, Training Room

3:30pm Board Meeting

Agenda:

Subcommittee Report and Board Recommendations for New Members

Water Bureau Strategic Business Plan – Risk Identification

Lee asked if there was board representation from East Portland. Melissa said, by ordinance, there is no requirement around geographic distribution of community board staff. Last Fall, City Council added voluntary demographic information on board applications. That will allow better information on representation.

Van added the PWB is going to rotate the managers through ex-officio service so this is her second to last meeting;

The meeting adjourned at 6:30 PM.