

Portland Utility Board
September 4, 2018 4pm - 6:30pm
World Trade Center Build One Training Room
Meeting #51

Attendees:

PUB Members:

- Ana Brophy, ex officio
- Allan Warman
- Colleen Johnson
- Dan Peterson
- Dory Robinson
- Heidi Bullock
- Lee Moore
- Micah Meskel
- Robert Martineau
- Ted Labbe
- Van Le, ex officio

Absent:

- * Vera Zaharova, ex-officio
- * Scott Robinson
- * Mike Weedall

*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 (Deputy Director, Portland Water Bureau)
- Jeff Winner (Capital Improvement Program Planning Supervisor, Portland Water Bureau)
- Jamie Dunphy (Senior Staff Representative, Commissioner Fish)
- Claudio Campuzano (Interim Director, City Budget Office)
- Nanci Klinger (Lead Portland Harbor Attorney)
- Annie Von Burg (Environmental Policy Manager, Bureau of Environmental Services)
- Cecelia Huynh (Director of Finance and Support Services, Portland Water Bureau)
- Jonas Biery (Business Services Manager, Bureau of Environmental Services)
- Steve Hansen (Program Manager, Capital Controls, Bureau of Environmental Services)
- Ken Bartocci (Ken Bartocci (Principal Financial Analyst, Bureau of Environmental Services)
- Melissa Merrell (Principal Analyst, City Budget Office)
- Shannon Fairchild (Senior Financial Analyst, City Budget Office)
- Yung Ouyang (Senior Financial 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](#).

He described the topics on the agenda: several updates on the agenda today:

- City Budget Process Changes
- Portland Harbor Superfund Allocation Process
- Stormwater Fees
- BMP Previews
- Capital Update

There will also be an introductory presentation from both bureaus about Citywide Plans in response to our request for discussion of the topic.

II. Prior Meeting Minutes

Allan asked if there were any changes to the minutes of the August 16 meeting. Melissa reviewed some changes that had been submitted since circulation. Melissa noted there were track changes included in the packet she provided.

Rob mentioned three corrections. He mentioned a CMGC correction on page 10. On page 13 he corrected the phrasing for advocates versus not as advocates. He described a chronological issue: he left at 1:15 pm and then is cited saying something after he left.

There were no other changes. The [minutes](#) were accepted as revised.

III. Public Comment

There was no public comment.

IV. Disclosure of Communications

Ted has regular communication with bureaus related to non-profit volunteer or work for Depave.

Colleen and Allan had a meeting with directors and staff about budget process and pending issues.

V. Annual Report Preview

Melissa reminded members they are required to submit an annual report to the City Council by the end of September each year. She is working on updating the content using last year's format and will circulate a draft next week. To meet the deadline, the report will need to be approved at the September 20 meeting.

VI. City Budget Process Claudio Campuzano, Interim Director, City Budget Office

Colleen said there are many proposed changes to the budget process for the upcoming FY 2019-2020 process. Claudio Campuzano, the interim Director for the Budget Office provided a short overview of the potential changes. Claudio referenced a [memo](#).

Claudio provided a high-level summary. He provided background on the budget process changes. Since last year's budget process, the Mayor's office has considered options to revise the budget process. A consultant was engaged. They conducted interviews with various stakeholders and produced some recommendations. The mayor has narrowed his objectives for Fiscal Year 2019/2020 budget process changes. The Budget Office had a conversation with the Mayor about what he wanted to accomplish. Claudio noted that many of the proposed changes do not necessarily affect non-General Fund bureaus. The changes began to be operationalized in June.

There are two primary pieces to the budget changes: establishing constraints and recontextualizing how bureaus construct their budget. There are many issues embedded in the base: the model previously used relies on decision packages with many changes on the margins. The mayor is an advocate of program offers with the goal of breaking down programs to a level that ties performance, service level tradeoffs, and outcomes to budget requests in a more deliberate and meaningful way.

The other two prongs of the memo are public engagement, which will be handled by the Office of Community and Civic Life now because they are stronger at this area, and a Citywide prioritizing piece. There is an effort this year to speak about them at a high level. Tom Rinehart is leading this exercise. Multnomah County uses a similar process and have been engaged to understand how they use program offers and is working with the Mayor's office as well.

Claudio highlighted a question for the Board: what would help the Board understand the budget better?

Another piece, in addition to program offers, is constraints. This is not unusual for utilities as Commissioner Fish did this when he had the two bureaus. However, this will be more difficult with two commissioners. Claudio asked what the preference for the constraint discussion was and what the guidance should look like. He said they are in the early stages of mapping the deliverables for this project.

Micah asked if there is a vision for how the Budget Monitoring Process may be altered.

Claudio said they are considering how they can dial down the BMP. The process generates a lot of back and forth work for not necessarily a lot of budget changes. However, there are significant and sometimes moderate changes that occur outside of the annual prioritizing exercise. With the annual budget process coming up, changes to the BMP won't be considered at this time.

Rob asked what the big difference will be for revenue bureaus.

Claudio said building within the constraint in a way that is more transparent and putting forward the scenario of what the service level will be under a specific constraint in a meaningful way.

Program offers will allow for a level of detail that is more meaningful and will help bureaus and stakeholders better understand the various programs and specific efforts.

Rob asked how the specific constraint would change.

Claudio said for the last several years, it has been a “steady as she goes” rate forecast which the bureaus builds around.

Lee observed the changes are modeled after the county which has a central management structure. The PUB has spent quite a bit of time listening to the bureau’s vision and strategic plans. He liked that one commissioner was ultimately responsible. Now there is another commissioner coming in for half the pie. He asked how this process addresses the issue of work that is already being done at the bureaus.

Claudio said this process can’t address the issue of a new commissioner. All bureaus in the city move around; it’s inherent in the system. They will do their best to work with two different commissioners and develop guidance. Claudio said he doesn’t think that any budget process could address the commissioner form of government issue.

Lee said he was suggesting there should be alignment given the infrastructure base of these bureaus.

Van said they were curious about the process. Van used to work at the County and was in the group that picked the consultant who created program offers model at the county. Van asked when they can see the template and identify and provide input on what to include.

Claudio said they are working on it. He asked what are the things that may be useful to know?

Van asked what the voting structure for prioritization is.

Claudio said it is not so much a voting process and more of an operational process that speaks to the different scenarios. There is feedback from the county that forced ranking will be very challenging. For Fiscal Year 2019-2020, the goal is getting good information to feed the process.

Van said they proposed ranking by bureaus first and then council. Van asked if that was what Claudio was thinking.

Claudio said we have shared resources across bureaus with priorities being identified in various ways and avenues. For utility bureaus, they would consider how the programs and scenarios look within the constraint and the commissioner in charge would identify what priorities and decisions would fall in the bucket of enhancements.

Ted said it sounds good. He liked the idea of moving away from decision packages. Often, as a body, they get stuck in discussing additions of FTEs, which does not have a connection to any City issues and are very marginal decisions. Ted asked if the Budget Office will be creating these for bureaus and what the Budget Office’s role will be.

Claudio said a critical component is that decision packages create a discrete decision usually disconnected from the context; program offers provide context to the size of the problem to solve. The program offers will address what the bureau's best possible allocation of resources within the constraint is and the bureau's goals and desired outcomes.

Ted said there are two things to think about. One issue is how to deal with issues that are hard to quantify. Another piece is how to close the loop. If a bureau got 50% of the funding, how can the bureau report back to CBO what they accomplished with the 50%?

Claudio said you'd be able to see how the bureau has been performing. Often there are external factors that impact how outcomes are considered.

Colleen said she is wanted to clarify that getting the template would be helpful and in Van's experience supports this. Colleen said she doesn't know how programs will be defined. She asked how many BES has and guessed 20-25. If you have 20-25 program offers going forward, is there always going to be the need for more? How do bureaus prioritize within this framework? Is the idea that the programs get approved whole cloth or parsed out?

Rob said he thinks Colleen is asking how CBO is going to analyze this.

Colleen said no, she wasn't, but that could potentially be an interesting question. She is trying to understand how bureaus will develop and prioritize program offers.

Claudio said, based on what bureaus could do within a set constraint, the goal is to improve some level of service. He said it depends on how constraint is defined, that is, one year versus a longer forecast.

Rob asked if CBO will evaluate the program offers versus a decision package for an FTE.

Claudio said when he was the BES analyst, he ran the budget to actuals report at the program level first versus looking at decision packages.

Allan asked when the county made this transition and what were the positive and negative sides of the program offers were.

Claudio said it took multiple years to implement and it was very painful.

Allan asked what was painful.

Claudio said they risk providing information that is not of value to decision makers; it's in the implementation. Claudio said his expectations in the first year are limited. In the download from the Mayor, his expectations are not that high; he wants a definition of programs. The people doing the work can provide for a much clearer, lower level, plain language explanation of the work that is being done.

Van said this is not a new thing. It is asking people to complete logic models and think of their work in terms of input, outputs, and outcomes. That is very different from the current process. The employees feel very strongly about their programs and to have to write about it in a

different format can be very challenging and painful. Van gave a dental example; the point is the changes would ultimately invite more people into the conversation and promote transparency.

Rob asked if there was a consideration to move to a 2-year budget cycle?

Claudio said it's been considered many times but not specifically now. He personally wouldn't want to go that direction until there are change to the budget change process.

Rob said it is always budget season in Portland.

Claudio said he is not currently a fan and the City is not ready for a biennial change.

VII. Portland Harbor Superfund Allocation, Nanci Klinger, Lead Portland Harbor Attorney

In July, the PUB received an update from Annie Von Burg about the Portland Harbor Superfund projects. There was a question at that time about the allocation process. Nanci Klinger, the lead attorney for the city, talked through that process and the status.

Nanci said the bureau has been working on it for 10 years and it's been around for 20 years.

She said she is giving an allocation process overview and a timing overview. Because she lives and breathes environmental remediation, she may use too much jargon and invited the PUB to ask questions when needed.

In 2000, an investigation of contaminants in the river was conducted and contaminants were listed on the website. In 2017, the EPA issued a decision.

The issue of liability came up. The question was who is going to pay for testing, remedy, and remediation.

A hundred parties are working together to negotiate the settlement over five years. There were private mediators trying to settle out of court. Nanci could not discuss the details as this is happening now.

Nanci said it is a complex issue. There are 12 miles of river, 100 attorneys, an east bank and a west bank. The area has been industrialized for many decades. There are folks that have liability that are not in the room. According to EPA regulations, it doesn't matter if you intended to contaminate. The bottom line is parties are liable if they discharged in the Portland harbor. There are a variety of polluters and multiple players ranging from small mom-and-pop operators to multi-national companies like Exxon.

Nanci said the goal of the current phase is a mediated settlement where each party agrees to pay a portion of it; this is a private out-of-court settlement. What will hopefully come out of it is a good faith offer to the EPA. The offer will involve a network of agreements involving payment and clean-up or both. The offer is public and is reviewed for fairness. People can challenge the offer. If we can't agree then it will go to court which will add potentially decades to the process.

The cleanup actions include remedy design engineering of river mile 11. This is being done under a formal agreement with the EPA so that the City can recover those costs from other parties.

The PRD group is doing more sampling to see what areas need more active cleanup versus something else to inform clean up. The sampling is on track to be completed in 2019.

Nanci said it's too early to know with much certainty how much the City is liable for. The City is working on figuring this out.

Allan said there may be an orphan share.

Nanci said there is not a strict federal formula and not a caselaw formula. The EPA has a policy that can forgive some costs to make up the gap but won't provide 100%. It is up to involved parties to figure out how to manage those costs.

Rob asked about the ability to pay issue.

Nanci said that is not an orphan share, it is different. There is a federal test/standard to demonstrate that a party can't pay.

VIII. Stormwater Fees, Jonas Biery, Business Operations Manager, Bureau of Environmental Services

Colleen said that last winter the issue of Stormwater fees came to the forefront after an ARC about the allocation of offsite stormwater fees and overwater impervious structures. Last month, Melissa circulated a memo from Director Jordan to Commissioner Fish about a proposed solution last month. Jonas is here to talk to us about the proposed changes.

The changes will be considered by Council on an emergency basis on September 19. If there are questions or concerns, now is the time to raise them. If there is interest in a PUB communication to Council, the board needs to approve it today.

Jonas reviewed the issues. There are two pieces of the stormwater fee on utility bills – charges for onsite management of stormwater and charges for off-site management of stormwater. He said this current issue revolves around impervious areas on property like paved docks that are used in the allocation of offsite charges. In January 2018, BES recommended changes to code to address this issue. The public had a lot of feedback in the floating home community. BES stopped pursuing a code change and did outreach to educate houseboat owners.

In August, Director Jordan proposed an interim solution: there would be an overwater impervious exemption on an ongoing basis and reimbursements for the past two years. This is an interim solution and the bureau will undergo a rate study to find a better allocation process. BES assumes that stormwater and stormwater methodology will be a major piece of this and could experience significant changes. Customers who do not have known overwater structures will continue to be charged.

The cost of the interim solution is \$260,000 a year in foregone revenues until there is a long-term solution. Reimbursing prior charges has a cumulative impact of an additional \$580,000.

Ted asked a drainage district question. He was at the hearing last year. There is a perception that floating homes don't have an impact on water quality. It's probably too late to pull this back, but floating homes do have an impact. Docks, houseboats, and industrial users definitely have an impact and the bureau did some compelling analysis that shows they are polluters. Ted asked what the bureau's response is to that.

Jonas said onsite portions were already exempted. For offsite portions, structures such as the roof of a house, is used as the proxy for determining the charge.

Michael Jordan said water quality is an issue but is not the only issue. Currently the way they are being billed is inequitable and he admitted there is a political issue here.

Ted asked if the bureau can at least acknowledge that these users do impact water quality.

Micah asked if commercial and industrial users were included. Jonas said 25 commercial and industrial users are included.

Micah asked if the Board can get the list and why were the users are included. Jordan said yes, it's public. It was originally an industrial case and there were several other cases.

Jonas observed this wasn't an easy issue.

Micah asked how the bureau reconciles the Portland Harbor clean-up with exempting impervious areas.

Jordan said the water quality impacts and how you bill for it are two different issues.

Rob asked who pays for the clean-up of pollution from impervious areas.

Jonas said that's a big question and the rate study will figure that out.

Jordan said there are a number of accounts that have stormwater management permits, for example Vigor. It takes a whole day to monitor their stormwater management structures; it isn't perfect, but they do monitor them. It's not something they are ignoring, especially from industrial sites. They are not currently monitoring floating homes.

Dory said compliance and monitoring is not going to end because if the way fees are billed.

Ted said this isn't a lot of money and he sees that there were some public meetings that were likely uncomfortable. He asked if it's be possible that PUB could be involved in the meetings with the houseboat community and industrial used. He thinks it's important to communicate that others will have to pay more because they want to get a deal.

Jordan communicated the rate study process and said there would be opportunities to PUB to be involved.

Micah asked what the outreach plan to communicate with the affected communities. Dawn said they don't have specific plans to proactively reach back out.

Lee said when reading about this in the paper it was never connected with anything other than roofs. He said Ted and Micah's point is well-taken. It is not just about roofs.

IX. BMP Previews Jonas Biery, Business Operations Manager, Bureau of Environmental Services and Cecelia Huynh, Business Operations Manager, Portland Water Bureau

Colleen said the City is starting its fall budget adjustment process. Bureau submissions are due to the budget office on September 12 and Jonas and Cecelia will give preview prior to submission. Melissa will circulate the final requests when they are submitted.

Colleen said last year the PUB had concerns about the role of the annual adjustment process in budget management and was supportive of concerns raised about clarity of guidance for requests for new resources. We sent a letter to the council laying out five principles as guides for evaluating changes to bureau requests at this point in the budget process. These principles would add additional scrutiny and sensitivity to rate impact decisions.

A copy of last year's letter and a clip of this year's budget BMP guidance in were provided in the materials.

It is the guidance given to all bureaus for non-General Fund new requests and adjustments to contingency. The guidance doesn't address all the concerns raised last year but does provide a guide if PUB members have questions.

Jonas began by saying that his office reviews all submissions and the first cuts are requests that are not urgent or unforeseen. They don't make it to the BMP. Jonas recognize CBO's previous analysis and Claudio's input.

Jonas referred to the [handout](#) summarizes expected changes to be submitted.

Regarding carryovers, the City implemented process improvements related to vehicles, but the bureau still needs to re-budget some costs.

Jonas expects there will be no FTEs requested and no impact to rates. He said there would be internal and technical adjustments. Jonas also said that budget for addressing a biosolids issue at Columbia Boulevard Wastewater Treatment Plant is not in the handout; the PUB will get a briefing at the next meeting.

Allan asked if biosolids go east. Jonas said most do but there are more solids than can send out East. Jordan said half of storage capacity is out of service; for several years they have been lining the cells. Two are being dredged and lined. Two are online but are full. In a two-year period, they are bringing in more than they can take out. They will be bringing in a contractor to dewater and haul the solids over the next two years.

Jonas said it could be \$5million to 6 million over a two-year window.

Micah asked if they can haul biosolids to Tryon Creek. Michael Jordan said biosolids from Tryon are hauled to CBWTP.

Micah asked if there is a biosolids sharing program.

Jonas said there is a Parks/Park Ranger request and Penn 1 drainage master plan with Parks. There are also requests for security at both the 400 Building and the CBWTP. Procurement has a \$300,000 request to get more contracts through the door. This also includes Water and PBOT.

Cecelia said PWBs request will be consistent with prior year adjustments and the adjustments fall into four categories.

- 1) Carryover: year one and year two funding for Mount Tabor;
- 2) True-ups: beginning fund balance; Green Streets; Dodge Park Revenue for maintaining the park;
- 3) Interagency adjustments: procurement and other interagency bureaus that are asking for carryover;
- 4) Real adjustments: reduce capital program; not changing the operating budget.

Allan asked for an estimate of the requests and Cecelia said a few hundred thousand.

Melissa summarized the city BMP process. Final submissions are due to CBO September 12. CBO reviews are scheduled to be complete October 19. PUB will get a briefing on the recommendations at the October 18 meeting. The Council Worksession will be October 30 and hearing November 7.

X. Capital Update Jeff Winner, Capital Improvement Program Planning Supervisor, Portland Water Bureau and Steve Hansen, Capital Program Management and Controls Manager, Bureau of Environmental Services

Jeff and Steve have been working since last spring to create a format that conveys capital updates that are similar for both bureaus.

Jeff Winner started with PWB's CIP. He referenced an image in the [Capital Update report](#) showing the scale of the tie back wall at Washington Park. They also do green-related projects (for example the Sandy River). He pointed out an image of a sagging pipe.

The Water Bureau executed a \$69.4 million in capital output in FY 2018-19 compared to the revised budget of \$74.9 million budget and \$136.4 million adopted budget.

The challenges include the construction index. The index is exceeding 7% since last November. It is high compared to the previous trend; it seems to be isolated. In addition, PWB is experiences staffing pressure - there have been over 50 engineering position changes this year compared to approximately 200 total engineering staff. Also, over 30% of main distribution improvements have been driven by BES, PBOT, etc.

He talked about the major accomplishments, including Hannah Mason Pump Station, SW Vista and Cornell Road main improvements, and Conduit 2 and 3 inspections.
Fiscal Year 2018/19:

Jeff told members that the Willamette River Pipe Crossing received one bid from Stantec. They are trying to figure out if they can negotiate a maximum price; \$50 million to \$100 million is the range. They are working on it.

Allan asked if it can actually be built as designed.

Jeff said it hasn't been designed yet, this is design, bid, build. One of the costs they are negotiating is the cost of the water which is around \$30,000. Tariffs are another issue.

Jeff then talked about the Washington Park project. The project has an eight-year construction window. However, when the project was originally estimated, it included a 4 year construction window and that assumption was used as a base for service contracts. The costs have increased now. It's a \$152 million estimate for construction contract; and total project estimate for now over \$205 million. The cash flow for the project has been refined to reflect the slow start experienced over the last two years.

Lee asked what the difference between the Seattle index and the Portland index.

Jeff said it's an average.

Jeff then said the cost for the Portland building is the same but the project will be completed a year early so the cash needed for that project will be moved forward.

Jeff said the bureau has completed the assessment of the conduits and there are fewer challenges than anticipated which is good news.

Jeff briefly touched on filtration which the board has a recent briefing and discussion.

The Cayenta billing improvements are delayed nine months.

Colleen asked about the Council Crest roof replacement. She noted it shows 61% complete and asked for more explanation. Jeff said that's time. Colleen asked about the color coding on the handout. She wanted to know if yellow means behind schedule. Jeff said the first colored column is based on time; the second is based on budget.

Jeff said this was originally a \$700,000 project and is now a \$2 million project.

Lee said this doesn't say if there is a scope change.

Jeff answered that if the cost changes, then that can indicate a change in scope. Most big variances are a change in scope. The end year report will describe these changes.

Ted brought up a process question; he asked if they are constantly updating their CIP. He asked if they cancel something, it is changed immediately.

Jeff explained that the projects they canceled last year were a result of filtration. It doesn't happen that often. Other projects that have come in are a result of failures. He mentioned a transformer issue in the Washington Park pump station. Moving forward there will be two transformers at the station.

Allan asked if they can isolate cost differences between scope change and inflation factors.

Jeff said that often times the difference between the initial estimates (IE) and EAC (Estimated Cost at Completion) comes from scope changes. These are detailed in the CIPAR. He mentioned Washington Park Pump Station and Transformer.

Jeff also talked about the \$20 million for the Corrosion Control work that needs to be done before the filtration project is complete. He said there is value in meeting the order to comply and that some of the storage components would be reused at the new filtration plant. Many of the feed equipment will reach its ends of life before filtration is online and won't be reused. Rob noted that \$20 million could buy a lot of plumbing updates that would eliminate most of the lead problems in private homes.

Dory asked how some projects come to be cancelled – she noted the groundwater supply. Jeff said that the project originated from the Vivian Supply System Master Plan which was done before the decision to build filtration. The project could be revisited. For other projects like the Sandy Outfall, it didn't make sense to proceed with filtration coming online.

Steve presented the capital update for BES. He started by noting that the actual capital spent for FY 2017-18 was about \$88 million, which is roughly the same amount the bureau spent in each of the last three years.

He then talked about several challenges, starting with Tryon Creek Wastewater Treatment Plant. Lake Oswego, which owns that land and has an IA with BES for the operation of the plant, may decide to build a different, small plant, on another site. The outcome of their decision could have significant impacts on CIP dollars if BES doesn't have to complete all of the planned updates at Tryon. There would still however be some interim upgrades to keep the plant operating within permit parameters until a new facility could be build.

Allan asked what the timeline is for Lake Oswego's decision. Mike Jordan said Lake Oswego has said it will likely take 4 months to get to a 30% design option to figure out base rates but BES thinks it could be up to 6 months.

If Lake Oswego were to go with a new plant, BES and Lake Oswego would negotiate a new intergovernmental agreement which would make BES whole for any capital upgrades it needs to do to continue operating until closed and would need to renegotiate the permits with DEQ. Steve talked about scope and cost growth and said that much of the growth at BES is due to uncertainty about asset condition. In addition, sometimes projects are scoped but don't start for many years and things have changed. BES is working on refining its Asset Management modeling.

He also talked about commodity price pressures and the construction bid environment. Some bids are coming in higher than anticipated because of pending potential tariffs, others are just coming in high because everyone's competing for the same materials and labor. Steve said he hoped that changes to salary that should be coming with the compensation study could help with some of the hiring issues.

He walked PUB members through the photos in his [report](#), the first showing a truck refilling with the bureaus recently opening renewable fueling station at CBWTP. The report also includes a bathometric chart of the Columbia River near BES' outfall. Shifting sands has resulted in diffusers that are being buried and will need to be addressed. Steve also talked about the work begin down in the SW Capital Highway and the Oaks Bottom Culvert.

Steve reminded members that BES has been doing a top to bottom review of all projects in the capital plan including how and when they were added and the original intent. He said they've found many zombie projects which were included sometime in the past but not worked on for years. It's likely that significant rework would need to be done on these projects if and when the bureau decides to move forward with them. He gave an example of a Johnson Creek project. Steve also talked about Orphan Projects. These are bits of projects that were included in original scope but for which it was decided not to continue. The bureau hasn't been keeping track of those project and its unknown whether they are still needed.

Colleen asked if there was money attached to these projects in the budget and Steve said yes. These could be a contributing factor as to why the bureau has been underspending its capital program.

Steve also said the bureau is using an expanded group of employees to review projects and is including a feasibility review for new projects. He also mentioned the ongoing CIP PREP changes through-out the bureau.

Steve then directed members to the table on the last page of the report and talked about how he and Jeff had worked together to make tables with the same information. He said they learned through this process that BES and PWB handle capital bookkeeping differently and he color coded the entries differently. He choice to use the current approved budget rather than the initial estimate.

He used the projects at CBWTP as an example. The initial estimate for the project was \$40 million and the current budgeted amount is \$145 million. The initial estimate was created any years ago before a solid review was completed.

Steve said this was an issue with many projects and he's working on a new process by which projects would be funded through 30% design and then reevaluated with more realistic cost and cost estimates.

Jeff added that PWB uses the first budget amount as the initial estimate. Some projects are envisioned years and even decades before the bureau actually dedicates funding to them.

Ted asked if there was a process by which the public has a chance to review potential capital projects and propose others or where the public could get additional information on the capital

programs of both bureaus. Steve said the bureau uses a risk based and asset management model to identify new projects. They are moving to a triple bottom line evaluation method but not a full public review and comment period. Mike Jordan added that as part of the budget process changes that Claudio previewed, the mayor is also looking at revising the public engagement components. He thought there could be a conversation around the values the bureau uses to assess investments.

Steve also added that BES is working to overlay the capital plan and strategic plan goals. Dory said she sees a key communications opportunity to post online. She emphasized the need to move to plain language. She thought videos or animations would help connect with the public.

Lee noted that the capital program for pipes is very different from vertical construction. He sees a need for more public education around the dynamics of pipe especially the uncertainties of building in slide areas or rehabbing pipes that have been buried for 80 years. It takes time to explain. He thought PUB could help do some of that education.

Dory agreed and wants to see PUB introduce foundational concepts which can help build trust and build relationships with the public.

XI. Board Meeting Agendas

Colleen previewed the upcoming agenda for the next board meeting.

September 20, 2018

Location: Pettygrove Room, City Hall

11am Board Meeting

Agenda: Annual Report Adoption, Low Income Assistance Program Implementation,

Upcoming meetings:

October 2 – board meeting at CBWTP – opportunity to reach out to north Portland community and have a tour prior to the meeting for members who haven't been out.

November 8 – Bull Run Watershed Onsite Tour – ALL DAY.

The meeting adjourned at 7:15 PM.