

As we begin the FY 2019-20 budget process, we want to thank you and your teams for your good work over the last year. You have made progress upgrading our aging infrastructure, moving toward a more resilient system, and bringing financial assistance to more people.

The Mayor's budget guidance directs General Fund bureaus to submit budgets that are 1% less than their Current Appropriation Level by reducing or eliminating non-core services or those that do not scale well, and eliminating City-imposed mandates that have not delivered strong outcomes.

For the first time since 2013, the utilities report to different Commissioners. We share the Mayor's commitment to delivering core services efficiently, and we are committed to sustaining the alignment and partnership developed between PWB and BES over the last five years, including by issuing consolidated budget guidance.

SUBJECT: FY 2019-20 Budget Guidance

FROM: Commissioner Amanda Fritz *AF*
 Commissioner Nick Fish *NF*

CC: Mayor Ted Wheeler
 Claudio Campuzano, Interim City Budget Director
 Colleen Johnson, Co-Chair, Portland Utility Board
 Allan Warman, Co-Chair, Portland Utility Board
 Janice Thompson, Citizens' Utility Board of Oregon

TO: Director Michael Stuhr, Portland Water Bureau
 Director Michael Jordan, Bureau of Environmental Services

October 18, 2018



Your requested budgets should demonstrate our shared commitment to providing high-quality services at a good value, and to running the bureaus efficiently, effectively, and equitably.

In your requested budgets we expect that you will:

- Reflect good value at a fair price in any proposal for a rate increase. We expect that you will each propose an increase no greater than was forecasted in last year's adopted budget, for a combined rate increase of no greater than 4.53%.

- Prioritize outreach about the bureaus' new financial assistance programs to ensure that eligible customers are aware of the help that is available.
- Ensure that appropriate resources are dedicated to your work on strategic business plans, which will provide long-term efficiencies to your operations.
- Continue to increase investment in equity and inclusion, affirming the commitment to embedding equity into operations and decisions that have both internal and external impacts.
- Continue to prioritize rate stability in your long-term financial planning.

In this memo we are not issuing directives to develop proposals for new investments, but look forward to conversation about your priorities and the investments that will best support our shared goals. We will issue separate guidance about directives to develop.

As in years past, we expect that you will continue to fully support the Citizens' Utility Board of Oregon (CUB) and the Portland Utility Board (PUB) in their budget review roles.

Also as in previous years, we will ask you to present your requested budgets to the Council in coordination with our offices, the City Budget Office, PUB, and CUB.