

Portland Utility Board

November 15, 2018 11am -1pm
Portland State University Smith Memorial Student Union Room 327
1825 SW Broadway
Meeting #57

Attendees:

PUB Members:

- Ana Brophy, ex officio
- Allan Warman
- Colleen Johnson
- Dory Robinson
- Heidi Bullock
- Micah Meskel
- Mike Weedall
- Scott Robinson
- Ted Labbe
- Van Le, ex officio
- Vera Zaharova, ex-officio

Absent:

- * Lee Moore
- * Robert Martineau
- * Dan Peterson

*Notice of absence provided prior to meeting

Staff:

- Dawn Uchiyama (Deputy Director, Bureau of Environmental Services)
- Gabe Solmer (Deputy Director, Portland Water Bureau)
- Jonas Biery (Business Services Manager, Bureau of Environmental Services)
- Cecelia Huynh (Director of Finance and Support Services, Portland Water Bureau)
- Jessica Kinard (Interim Budget Director, City Budget Office)
- Jeff Winner (Capital Improvement Program Planning Supervisor, Portland Water Bureau)
- Tim Collins (Supervising Engineer, Portland Water Bureau)
- Jodie Inman (Principal Engineer, Portland Water Bureau)
- Jamie Dunphy (Representative, Commissioner Fish's Office)
- Cristina Nieves (Representative, Commissioner Fritz's Office)
- Melissa Merrell (Principal Analyst, City Budget Office)
- Alexandra Martin (Executive Assistant, City Budget Office)

Public:

- Carol Cushman, League of Women Voters
- Janice Thompson, Citizens' Utility Board

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](#) which including the capital projects and processes for the bureaus.

Allan noted the sign-up sheet for public comment. He noted comments were limited to three minutes.

II. Prior Meeting Minutes

Melissa circulated the draft minutes from the November 6th meeting. Allan asked if there were changes or correction to the minutes.

Scott said the minutes reference “Mike S” who was not listed in attendees at the beginning of the minutes.

The minutes were accepted as corrected.

III. Public Comment

There was no public comment.

IV. Disclosure of Communications

Heidi said she had a couple of meetings with BES staff in the last week; it was focused on the collaborative work in the Portland Harbor.

Allan and Colleen attended the Council session last week to deliver the PUB comments on the PUB and the annual report to Council.

Dory, Heidi, Colleen, Mike W., Vera, and Micah went on the site visit to Bull Run last Thursday.

Dan, Micah, Allan, and Rob all attended the Community Water Forum at IRCO.

Colleen asked what comments people had on the community meeting.

Micah said he was hopeful more people would attend. There were some residents who live near the proposed filtration plant. It was a good step in getting engaged in the public conversations on issues. He said it is hard to get people to talk about filtration and policy.

Allan noted David Peters presentation. He noted the Commissioner did a good job eliciting questions.

Gabe said they plan to go to Council to follow-up with alternatives at 10:45 on December 12. PUB is welcome to make comments.

Allan referenced, Tony Andersen, PWB's Director of Communications, and said he was hopeful the bureau would do more of those events

V. PWB Willamette River Pipe Crossing

Allan said the board heard from Jeff in September and Cecelia last meeting on some of the issues with the planned Willamette River Pipe Crossing and Tim Collins and Jodie Inman from the Water Bureau are here to talk in detail about the project.

Gabe said PUB has had questions and wanted to know more on the progress and decision making. There is a lot to unpack and they will be brief as they walk through their [presentation](#).

Jodie introduced herself. She is a Principal Engineer. Tim introduced himself. He is the Supervising Engineer. His training is in geotechnical engineering. He deals with projects happen in watershed. He is on the pipe crossing project because there are significant geotechnical elements.

He noted they already have six water mains across the Willamette. A question is why they need this one.

He described the Cascadia zone earthquakes. Slide 3 showed the history in the last 2000 years. Cascadia works in two modes. If it ruptures along the entire fault a 9.0 earthquake will result. If it ruptures in the southern half an 8.0 will result. That is a very significant earthquake but will have less impact for Portland. There are earthquakes every 350 years. The last one was 318 years ago.

Portland is vulnerable. Material has been pushed along the river, soft materials have built up. The material is not well compacted. It is susceptible to earthquake, liquefaction, and lateral spreading. Pipes survive well in the ground if there is no differential motion. In uncompacted ground, some parts liquify one foot, some liquify 10 feet. There are pipes crossing in this area.

Currently three pipes cross in the core, two in the south, and one in the north. All six will be damaged in a 9.0 earthquake. After the earthquake and for some time after they will not be able to get water to westside.

It would be six to 12 months to get water to the westside.

There are large hospitals on the west side of the river that should be operational after a Cascadia event.

The loss of revenue would be billions.

31% of people working in Portland would be impacted by this type of outage. To support the Portland economy, it is essential to get the infrastructure in working order as fast as possible after an earthquake.

There will be challenges constructing the pipeline. It must be one mile long, they cannot get to it from the surface; it is an urbanized zone with infrastructure in the way, including bridges.

Geology in the zone has layers of sediment and faults. The work requires special equipment and experience to do.

The bureau has been considering the work for nearly 20 years. The initial planning was in 2000 as a vulnerability study. That was developed into a basis of the design report.

In 2015, they went to Council to ask for alternative procurement methods. It is a design build project. They got the proposal from the contractor April 2018. They are nearly done with contract negotiations.

He referenced the map. He pointed out the parking lot and said they will go underneath marina. The shaft location is adjacent to PGE assets. They will go up the other side near the Goodwill on the eastside.

Ted asked if there will be pile driving under the marina?

Tim said he will get to that question.

He referenced slide 10. He said 80 feet below the river represents where the piles sit. He noted the Troutdale formation which is made of cemented gravel. It is on the eastside of the Steel Bridge. There is a gravel cliff from the ancestral Columbia River. The formation is solid and stable. The pipe will stay in that geology most of the way into the eastside. They will avoid unstable foundations referenced earlier and go below. He showed a slide with the proposed configuration.

The horizontal directional drilling, HDD, method will be used to get below features.

He showed the schematic slide of the HDD. The piling holes are 10 to 12 feet in diameter. Those go down and come up other side. They will put in a larger drill piece and then pull the entire pipe in. They will get the diameter they need to put it together. Then the pipe goes through.

Scott asked what diameter of pipe they are pulling. Tim said the hole was 60 inches and the pipe was 40 inches.

Micah asked what capacity it will have. Tim said the capacity is the average daily demand. It is not peak. It is designed to deal with 6 to 12 months of impacts. It was modeled from FY 2016-17 usage numbers.

Colleen asked how similar it was to a Seattle project.

Tim said it was not similar. The Willamette River Pipe Crossing project will not be manned; they will not put a person in, it will be done from the surface. It has less risk to people. With the pipe drilling head method, they are building the pipe from behind in one pass. It will be installed and done. The Willamette crossing uses a multipath method.

Allan asked what other projects have used the method before.

Tim referenced a photo on slide 12 with a similar size and shape crossing installed for Lake Oswego.

That project was a success with HDD. They are not dealing with unvetted technology.

Allan asked how many other pipes the contractor has installed.

Tim said the prime contractor design builder has done tunnels in Portland and throughout the region. The contractor is hiring Mears for a partnership. They are experts in micro tunneling, which is smaller than the Seattle type. Mears are a leader in HDD install.

Scott asked if the 2016/2017 development number was anticipatory of growth on the westside.

Tim said they developed a forecast through 2030 to inform the design. He said TVWD will drop off the system in 2026 and that is a buffer.

Scott asked if the extra supply accounts for wholesale customers.

Tim said yes.

Tim continued and said the method has minimal impacts to the city and Ladd's Addition near the construction oint on the eastside. The chosen method of installing the pipe has less impact to neighborhood. There is a staging area.

The method will be HDD and includes a micro tunnel.

Tim spoke about the public involvement strategies. There will be briefings at open houses and a mailer.

The status is there are three teams who were invited to bid. JW Fowler was the design build entitiy who has the contract. The cost is higher than budgeted.

Allan asked why the other two contractors did not make a proposal.

Tim said there are challenges with the project. The contractors did not explain every part of their decision process or write a memo, but Tim did speak to them. The project is in a highly urbanized area; there are space issues. They chose not to bid because of the risks. There were concerns with the staging areas and how to get in and out. There were constructability issues; they didn't have the equipment.

Scott asked if there were schedule-related concerns.

Tim said they did not restrict the schedule. There is no federal mandate.

Scott asked if they put limits on the begin and end date.

Tim said no that was not the issue. It was mostly risk, staging, and equipment capacity.

Tim referenced the presentation slide 15. He said project costs frequently slide. The initial low confidence estimate \$40 million plus consulting and other costs for total cost of \$57 million.

It is a design build fixed fee. There is confidence on what they will spend.

The current high confidence estimate is \$72 million construction plus consulting and other costs for a total of \$90 million.

The cost influences that is the drivers is the timing. Three years ago, or maybe longer, they went to council. The construction inflation is 16%, cranes are everywhere, steel prices are up 25% due to tariffs. Steel is a significant driver impacting the cost. That may be part of why the other two teams didn't bid.

The tunnel being constructed was not imagined by the City team. It is not buildable for 40 million. There are reduced impacts and risks by putting an intermediate shaft in the project. That was not part of initial planning. To make the project work when they went to market they decided to pursue design build bids and let the market decide what risks companies are willing to take. They have a contractor committed to doing the project in a way that is low risk and most likely to have success. They added money to the contract amount. For horizontal drilling there are only five companies. It is driven by a hot petrol industry. Other factors are the easements and procurement changes.

The bureau would realign money currently in the CIP for conduits to help mitigate the cost increase. The conduits are the pipes that take water from Bull Run to the city. There is money in the five-year plan to repair the conduits but, based on condition assessment work, they are in better shape than expected.

Mike W. asked if there are strict covenant on the bonds if the bond agreements are project specific. Cecelia said the bonds are not project specific.

Tim said design will develop in the next three years and construction will close out in 2022.

Council will see the Fowler contract in the coming weeks.

Gabe said they are trying to figure out when it can be seen at council.

Scott asked Tim to elaborate on the Willamette River connection with the east side transmission system. He asked how resilient that system is. He asked if they are presenting a false sense of security.

Tim referenced a map. He said the biggest hazards are right next to the river. He pointed out the crossing. The risks in that area are very high to medium high. The east side connection has some hazards but is orders of magnitude less dangerous. Hazards are in very distinct zones that need to be avoided. The east side is mostly out of those zones.

Van asked if they have plans to take care of the east and west side headers.

Tim said the west side is new and in good shape, the east side is a less resilient pipe. He said there are more dangerous points in the system. In studies there are more risky locations than the east side.

Scott said he is not asking why build, his question is when and why this? He understands the concern about dropping water service to the westside. He asked if they have considered the regional perspectives and sources. He asked if they can pipe both ways.

Tim said it is difficult to get west side providers to downtown; the lowest elevation is 500 feet. They would need to pump. During a big earthquake it would be tough. The immediate hazard would be big.

Scott asked about the estimated cost to add additional pump capacity. He asked if that is part and not all of the answer to try to insulate the westside.

Jodie said there is no exact answer. They are in partnership with the regional water providers, but it is challenging and expensive. They are looking at opportunities to share both ways in an emergency. Other cities have challenges with their systems being viable in an earthquake. They are looking at more than just Portland.

Scott said they must operate on a regional basis. He would like to know more about planning from an interrelated perspective. They need to consider alternate transit paths otherwise they will be isolated and exposed. Something could happen at Bull Run or at storage facilities.

Tim said resiliency is a broad question. Resiliency and size studies consider the broad system. This is one part.

Robert asked Scott what question he is asking. He asked if Scott is asking how much this cost and if they are considering if there are lower cost alternatives to this part of resiliency.

Scott said yes.

Robert asked if they are proposing interim measures.

Mike said there is an analogy to electric. In general, it is cheaper to have a distributed system. For example, micro grids.

A boardmember agreed that Scott had a good point and it may be good to look at local options for redundancy if not for a failsafe plan.

Allan asked for a description of the other six crossings and their capacity. He asked what condition they are in.

Tim said they are old; he said he didn't know the capacity. He does worry about how vulnerable they are to liquefaction. It is especially vulnerable in places where pipes pass through the waterfront. There are serious problems near the bridge. It will be difficult to get enough capacity into the core. Tim said he could provide more information. The youngest pipe of the west side supply main from the 60s; the rest are older.

Colleen asked what the \$90 million total project high confidence amount means.

Tim said it is a design build contract. In that contract they have fixed fee. It is built on the proposal from Fowler and has performance-based specifications. The likelihood of having change orders is not zero but dramatically less than electing the lowest bid or CM/GC contracting (Construction Manager/ general Contractor) method. The fixed fee contract is \$72 million; that's how much it will cost unless they add work or there is a mistake. Little things are included in contingencies in the cost. There is a very high confidence in the amount.

Colleen asked what could happen to change the \$72 million if it's a fixed fee.

Gabe said the escalation cost for steel.

Tim said the contract acknowledges steel escalation. He said for example, working with Parks, they are planning on only using the parking lot. If they ask to have a new maintenance shed built, that would not be included. That would be a change order. The specifications state the pipe must go from point a to point b, have a capacity, be completed within a timeframe, meet environmental qualifications; all of that is covered in the performance specifications. There are ancillary items they may not have imagined. That includes unforeseen permits or access to locations.

Jodie said there is some project contingency.

Tim noted Gabe's point on steel escalation. There is a buffer built in to acknowledge the steel element.

Scott said he has a comment. He doesn't question the efficacy and need to do the project. He wanted to know if it is necessary to step into the project in hot market with artificial incentives increasing steel prices. The project is driven by a 350-year timeline; they could do the project in a couple of years when markets may soften. In the future there may be fewer large projects, fewer cranes. He said there was only one bidder.

Gabe said three qualified and only one bid.

Scott said beginning the project in this climate guarantees the highest prices incurred over next few years.

Tim said by waiting they would be gambling. They don't know things will get cheaper. They don't see the market changing. Only three or four contractors do HDD drilling. If the economy goes down there would still be no large amount of companies coming into the market to drive a reduction. There have been internal bureau meetings about do they go forward and how long they can wait, and do they think they will get a better price in five years. There is too much uncertainty. The likelihood of saving money is not good. The fact that the urban environment is being built higher next to waterfront highlights the need. Scott may not agree with assumptions, but they had these conversations on if they wait. They know about the challenges.

Scott said he appreciated that they did their due diligence.

Jodie said they have been working on the proposal to make it reasonable.

Scott noted he would have liked notes on their due diligence included earlier in the presentation.

Robert said he would like a better understanding of resiliency and what that looks like. He said in the lead conversation on corrosion control personal plumbing was causing lead to leach into the water. He noted there may have been a better use of money, replacing personal plumbing. That would fix the problem and not treat only the symptom. Some people asked how much lead is acceptable. That is a losing answer. He asked how long it is ok to not have a reliable system. He noted it would be useful to learn more about the possibility to back feed, pulling water from the other side. Mike Stuhr has been an advocate of resiliency and having a stable supply.

Gabe said there has been some turnover on the board; they can do a presentation on resiliency when they are out of the budget trench.

Robert said he would be interested.

Tim said he has given a seismic resiliency talk to other organizations.

Scott said he wanted to look at the issue from the public's perspective. He would be disturbed if they overpromised and underdelivered. This is hardening one part while other places are still exposed. The bureau should not portray this as an earthquake proof solution.

Jodie said they are taking the first and most important steps which are also the hardest to repair. Not all parts of the grid will fail but there will be portions that will be down for a long time.

VI. PWB FY 2019-20 Capital Improvement Plan

Allan transitioned to Jeff Winner and the PWB draft CIP plan that's coming together for next year.

Jeff said the Willamette River Pipe Crossing project and others are part of a seismic resiliency plan. \$750 million worth of improvements are planned. Washington Park, pipe improvements, and improving the system that brings water from Bull Run to the city are some projects included in the plan. He noted the impact of inflation. He has been involved in this work for 40 years. In 1978 the city and EPA agreed they would not use open reservoirs. The project at that time was \$15 million. Now it is \$50-70 million. A term, cost disease, is the tendency to have acceleration in cost. The permit requirements in the 70s and 80s were significantly different. There is a different scope of the project. They will likely not save money if they defer work for the future. They will likely introduce new risks.

Jeff noted the [capital improvement handout](#). Some members will have seen similar summaries September. He mentioned the CIPAR, the Capital Improvement Project Annual Report. People can do an internet search for [Portland CIPAR](#) to see all the annual reports. This is the eighth annual report. There are two volumes. One annual report with narrative follows the budget. The appendix is project profiles with information on every project for the year.

He referenced the first page of the update. He noted the 7 major budget programs. When budgeting to 22 Water programs everything rolls up to this level. The first graph shows the next six years. They are in year zero and FY 2019-20 starts on July 1, 2019. The total CIP amounts each year are shown. It shows what is in the adopted budget and the initial request. The green arrow reflects fall BMP adjustments. The Willamette River plan was budgeted for less in construction costs and it was projected to be done this fiscal year. Now it is more expensive and has shifted to the next few years.

On the \$180 million for FY 2019-20, on exchange is the \$40 million in contribution for the Portland Building occurs in FY 2019-20. It is a year ahead of schedule. Overall in the five comparable years, year zero to year four (FY 2022-23), there will be a \$44 million increase in request. Inflation factor are for melded inflation. Inflation is projected at 3-4 % in FY 2020-21. Willamette River was not in prior requests.

He noted the next page. Year zero shows the ten-year planning horizon. The most significant projects start on the right. Treatment and Terminal Storage and Distribution are significant. The Portland Building total has not changed, the timing changed. Willamette River is in the distribution program. Impact of that project was in FY18-19. There is a progressive increase in the amount of distribution mains due to beginning to implement the resiliency program. Storage is predominantly due to open reservoir construction. Washington Park's heavy lift will be done in 2021. There is a little pause for additional amenities (reflecting pool). They will finish surface improvements after 2021. The dark blue bar is the treatment program; it is for designing of filtration and corrosion control. The bar lengthens in 2021. Currently, that project is in design, construction picks up in 2023 and 24.

On Transmission and Terminal Storage, conduits are in better shape than expected. There is reduced construction in conduits, but it still has an allocation in the CIP. The work needed is not as extensive as believed at the beginning of the assessment process.

The table below shows totals in the five-year program. FY 2019-20 includes year five, but it is not apples to apples. Treatment is \$57 million. Increments are millions in treatment that year. Inflation and increases in programmatic offerings are some drivers. He said he would discuss talk later. The transmission terminal storage decreased.

The table with new projects shows a total of \$20 million in new projects. They are proposing work on distribution mains. The transformer at the Washington Park pump failed. It is wired to another transformer which is in the process of failing. They are in process to replace it and buy another to keep the pump station functional.

He will talk about newer projects later.

The next page shows the projects that are part of the budget. Bold are new or newer. Some already started going over the \$500,000 threshold. They list all that are greater than \$500,000. Some start lower and creep up. On allocation, mains are contracted. In the budget they show construction outlay. PWB has started a new naming convention to show if another bureau is the driver, such as PBOT or BES. It is prefaced with an IA. The projects are not the Water's planned work but in support of work of other bureaus. SW Capital Highway is an example.

Gabe said this view of the CIP was created in response to something PUB brought up. The CIP program looks big, but can be reduced. This shows the things driven outside of Water's control. Programs will go through, for example street work that PBOT is doing work and Water is swept along with the project. They pulled out this information because PUB and the Commissioner's office want to know how much is in Water's control or in another bureau's control. This is what makes it look like they are not spending down capital dollars.

Colleen observed the two new projects don't have IAs.

Jeff said they don't have IAs. The maintenance plan is for \$15 million. Usually this work is \$500,000 to \$1.5 million in total. PBOT has not had funding. They won't see the other projects they are working on for them. This accounts for \$5 million of \$15 million. It is a significant portion of distribution. Supporting cooperative ventures with other bureaus includes work in capital highways which has funding through the transportation bill. They will have finished design in a few months. The project is held up. There are other projects in that category. Boons Ferry is in support of BES. 47th Avenue Local Improvement District is an area with substandard piping. Local property owners pay for improvement and the bureau upgrades the waters system at the same time.

Allan asked about the numbers on the Washington Park transformer replacement.

Jeff said about \$1 million, \$966,000. They hope to get that project done this year. They thought they would keep the cost under \$500,000. It wasn't practical and now they are fully exposed in the CIP.

Van pointed out a page 3 in the handout to Allan which lists the project as new.

Jeff said they can see summaries like existing projects in the annual report. He noted the project action form. Some projects like Holgate, the I-205 bridge crossing are shown. He noted they can see the size of the project at Washington Park. High risk projects get into the CIP quickly. It also explains why they are doing the projects.

Jeff followed up on the root issue Mike mentioned. He discussed at the last PUB meeting he attended, projects slip and stuff happens. They have a full portfolio pursuing many goals, they must wrestle with priorities. So much is on the table to be done.

Jeff said they would use 80% of their adopted budget. Part of it is timing. Budget number are created well before spending happen. They can improve but he thinks spending 80% is a good number. That is why the process of changing numbers is allowed. It is not a matter of if the projects are going to happen, but when. The direct mechanism is bond sales. They are scheduled to sell bonds in December this year. They keep cash to carry themselves for six months. It depends on the Willamette River crossing. In terms of direct impact on rates, there is more impact than direct magnitude of the budget. That's when money is collected. They want to work with Cecilia's group on timing and don't want to run out of money. There is some level of safety factor. Look at the distribution main program used to the carry entire contingency for CIP. No more money would be available to allocate to another project without another one slipping, they cannot absorb the costs. For example, PBOT's work on the Southwest light rail

transportation improvement business improvement. They are adding new stations. When they are digging in the road they may find water issues. It may be minor like valve covers. If there is a bike lane, they would move the many valves on Division.

Allan asked Mike if he got his answer.

Mike said rates are higher because of these factors. It is a fact that the bureau typically underspends. They could go to market when market is ready. It is a reality that this raises rates.

Gabe said a way to adjust this is timing of bond sales. They would like to get the delta more exact. She encouraged PUB to keep bringing it up. Jeff was explaining why it's not perfect. They are taking steps to address it.

Ted asked about Mt. Tabor Interpretive Center. It is not part of the \$4 million City Council agreed to spend on preservation; he asked where the funding is coming from. Jeff said us. Ted said asked if he meant rates. Jeff said yes. Ted asked if in Mt. Tabor Neighborhood Association is in the driver's seat? Gabe said the neighborhood was involved they reached out to different stakeholders. They met the requirements of outreach. There was additional cost and time. There is more to the story.

VII. BES Update on Capital Process Changes

Allan said BES is still working on the capital plan for next year, but Dawn is here to talk to us about the changes in process.

Add presentation link if there is one

Dawn said she is giving a preview of December 4 to give context and ground PUB in the current work to inform discussion on December 4. CIP is undergoing process improvement.

The timeline on the first slide is laying the ground work for the future BES implementation of the strategic plan. There is new leadership; Jonas is still relatively new. It all came at the same time in the last three years. The first assignment was the strategic plan. There was a call for change. Priorities include public engagement and equity. Steve Hansen did work looking at CIP delivery. They broke into two phases. They got 700 comments, gathered the information and created a workplan for phase two. Phase Two was leadership alignment, looked at planning and structured around project delivery.

They wrapped up the results and got agreement from leadership on changes. As they investigated the changes they realized this was part of the strategic plan implementation. They created a new project team: a future BES transition team. It is in the overarching umbrella of the strategic plan. They are in the transition state and will move more to the future state. A goal is to help make the organization nimble and not wait to make necessary changes.

The second slide provides a lot of content. She has six pages of notes that could cover those four bullet points. Steve and his team went through capital projects from top to bottom. In their review they were able to get rid of zombie and orphan projects. They looked at the list and rescope. The list went from 400 projects to 300.

They initiated a new project with BES stakeholders. It is portfolio management.

There has been activity on low hanging fruit, like actions on software, staffing, evaluation and criteria. They are looking at the overall delivery system. They need to consider what to do in the interim to activate employees.

Steve will provide more information at the December meeting.

The strategic plan work graph shows three dials: talent (workforce), organizational structure, and business processes. They anticipate organizational change but that is not the only solution. The three dials circle around the goals in the strategic plan. There will be additions to CIP process improvement. CWP is the Committee on Workplace Excellence. This has an equity and employee development focus.

Maya Delgoda has spent the last six to eight months working on a pilot program with Business Services, Jonas's group. Dawn said she was delighted to see new budget forms with performance metrics. Maya will help them prepare for the next budget cycle. She is looking at data management; data will be used in the planning, projects, and equity implementation.

Coordinating efforts ensures effective results.

Slide four lists the transition team with Rebecca Tillson. She leads in six areas. In the CIP prep phase 2, 2-7 bullets on page four. Those are areas in the CIP prep phase 2 focus. Regulatory monitoring is lagging because it was added a little later in the process.

The last slide is an update on staff on the transition team. She highlighted that they have over 100 employees engaged. 12 are leaders and selected subject matter experts. They have a highly engaged employee pool. It feels like social experiment. Organization changes are normally handed down. BES is asking employees to give direction and there is more interest and ownership over implementation. The consultant Brown and Caldwell were consultants on the strategic plan. They also have a human resources analyst and previous City employee and knows about the City of Portland HR class-comp practices, work place excellence, culture, and workforce.

There is a strong, small group of consultants. They don't want to work in an echo chamber; they need outside context. They have a charter and work plan. Mike has given 1.5 years for recommendations and design of the future state. Transition implementation is integrated with other efforts.

This should be thought about in the rhythm of the budget cycle. They will start the budget process in August. The budget processes are still being formulated for this year, they don't have all guidance for this part of budget process. Constraint in the annual budget cycle needs to be sorted out. She would like to show support to Mike and Jonas. They are ushering an era of collaboration and leadership. They understand the back log of priorities and risk. It is a time of change and they anticipate positive results in the future.

Allan asked when a draft will be available.

The transition team is still working in spring they will have their recommendations.

Allan said he was thinking more about specific projects, priorities, or actions.

Dawn said Steve is making a lot of action happen in the CIP work. He will start a functioning Project Management Office by July 1, the PMO will need support. Asset management is integrated in planning and the scope of what they can take on in the first year.

Colleen asked if they would see a draft on December 4. Allan asked if it could be ready on November 30th. Dawn said yes, they will have readahead materials.

Van asked when the employee survey was done. Dawn said May of 2016.

Van said the future PMO is in July, so it took about three years to get collaboration and buy in.

Dawn said yes and that the goal is to inform the budget and prepare a better budget.

Scott said the graph looks linear but there are lots of feedback loops. He would like the bureau to share the fact that they are keeping stakeholders engaged.

Ted observed that on the future BES transition team goals and internal process, there has been a lot of internal conversation. They are relying on Brown and Caldwell to give external context. He asked, aside from PUB and Caldwell, what they are doing to reach beyond the bureau for more external feedback on the transition.

Dawn said they are focused on making sure employees understand the draft plan they are working on. There is communication on the website. They rely on PUB often for an external resource.

Ted noted PUB is not reflective of the general public's perspective.

Dawn said when she comes back they will have ideas how to engage the public.

Colleen said that on November 30th they will see 40 plus items to look at in the email. They will see draft program description. Water has 20 plus. There are many, but some are not that big. Some they have been through. If they have 50 programs between the two bureaus, that's a lot. One approach could be to have smaller teams look at individual programs more intensely. Small teams can look at 10 and not 50.

Colleen added part of why she wanted to talk about that is to acknowledge the radical changes with Melissa leaving and the new budget process. If they had teams focus on four or five program offers the people who read them could make sense and report out.

Van spoke on staffing and process change. She said last year in the process of review decision packages, they took two weeks to look at the information then had a self-designed system to rate and rank. This year instead of decision packages they are looking at program offers. Program offers are not like decision packages in that decision packages are new requests. They

will be looking at program offers, and many will be existing. If they use ratings and rankings they could take existing programs and downgrade them. In addition, they have had different committees. She asked what interaction is expected this year; there will be less rating and ranking and consensus building.

Colleen said last year they spent hours going through their decision package responses. They were short decision packages. Now they will be looking at program offers with four or five parts and five to ten pages. It is a lot to go through in detail. They should find a way to provide some detail for discussion and not assume all members have read 100-500 pages.

Van asked what other BACs were given for guidance on how they can integrate and participate.

Jessica said they have developed materials for BACs; Jessica spoke about it during her first PUB meeting address. She acknowledged that this is a work in progress and a large shift for bureau BACs as well. It will support the ability of advisory bodies to look at much more information, distilled as much as possible, highlight key issues working in tandem, and see priority issues that are most important. The decision package approach required advisory bodies read over marginal impacts instead of overall outcomes. It is incumbent on advisory bodies to see the information, step back, and decide what issues to talk about.

Mike lauds the idea to figure out better way and improve. He said there is concern about bias; not everyone has the same concerns. They need to find a balance.

Colleen said there is too much uncertainty; some may do a deep dive into certain programs but that doesn't mean others don't read them.

VIII. Jessica Kinard – Interim City Budget Office

Allan wanted to segway to Jessica's comments. He said Melissa is going to the Port and Jessica is here to talk about support from CBO.

Jessica said she wanted to acknowledge this is a big loss to PUB and CBO. She would like to talk about next steps and elicit feedback. She knows Melissa and this body have done incredible work and are digging into critical and complex issues. Rather than immediately and hastily replace Melissa, Jessica would like to conduct stakeholder engagement to know who is best to support this body. She will be meeting with chairs to solicit opinions. She will also talk to bureau staff and directors. She would like to make sure they are recruiting for the right type of support. While she is conducting outreach, they will be diving into the budget. They are also approaching the holidays. It is not best to do a recruitment in December. They won't post the job until January. They would like to develop a transition plan to figure out how to support PUB for the next couple of months. She would like to work with Melissa to download as much information as possible. She would like to know what the most critical levels of support are to maintain momentum during this time. It is critical they do not move back during the recruitment.

She will be soliciting input on short and long-term needs.

She will send an additional communication with a list of questions for stakeholders.

They are exploring options for support.

CBO is in transition in general. They have not heard about the permanent director.

PUB can voice concerns now and Jessica is also available by phone or email. They can also funnel feedback through the chairs.

Allan commented that he was on the committee that hired for the position. In the initial separation of work, it was estimated to be 70 % analysis 30% administrative. It became the opposite. They rely on the analytical capability, but the administrative component keeps it all afloat. Melissa was making sure there was a quorum, documents are emailed, and ideas are aggregated. They need the analytical side, but a tremendous amount is on the admin side.

Colleen said the Blue-Ribbon Committee that suggested the position said PUB would have some support in terms of administrative duties and while some has been forthcoming, Melissa has done a lot to the exclusion of the focus of her job which is the analysis. It sounds like the recruitment is not starting in December. If they start the recruitment in January, it may be 60-90 days before a hire in onboard. It sounds like four or five months before they have someone to fill the position. That is a huge amount of time. All the people on PUB are volunteers. People on the board must take some added responsibility. They won't have Melissa to send out three of four emails, people must be responsive to say they will not be here, so people don't show up and have no quorum.

Colleen said she will not be here on December 4.

Jessica said they will have somebody supporting PUB, they need someone doing the bare minimum admin work of finding a place to meet, sending notices. CBO can also jump in and provide analysis and technical support on a short-term basis. She appreciates Colleen's comment. She would like to identify some time saving ways to alleviate the time of staff and support PUB the next couple of months.

Van requested Jessica reach out to PUB partners and ask what kinds of skills and outputs they are interested in.

IX. Board Discussion – Capital Programs, Program Offers, and Agenda Planning

Rob wanted to make a comment on the CIP. At the end of capital programs piece other than budget they will get program offers. Capital programs IAs create reactionary work. They push off other projects in the CIP. The price escalates. A cut in the water main has horrible optics. There are impacts as IAs increase. As there are increases in cooperation there are impacts on the back end.

Colleen said during the upcoming capital programs set-aside meeting they should have time here to do more than mention underspending, what the issues are, what changes should be made, and what results of changes could benefit in terms of customer and rates. They should deal with it more than just the comment from Scott and Mike.

Ted asked to return to the planning for program offer review.

Colleen said part of the reason she suggested for dividing up the program offers was to deal with what is substantial increase in workload that doesn't include the other changing parts.

Ted said he was open to that approach if they go that route. He said it seems like when they get back together there will be give and take and they will have to bring each other into alignment.

Rob said his concern is the give and take. Someone may be passionate about a program offer and do the committee work for one person. The other option is to schedule more time. Several people will have to get the program offer reexplained. Small group decisions may not be in alignment with the larger group.

Allan asked for more recommendations.

Colleen said Water has done the first two section of the program offers. They don't have performance and other sections. She doubted everyone had the capacity to read all of the submissions.

Micah has seen Water staff react to different assumptions and have different ideas on how extensive program offers will be.

Gabe said they don't know how it will work. Flexibility is key. Program offers should show what the program is meant to be and achieve. Water and BES are not like Parks. There will be some programs that do not have surprises. They can use some help from PUB and external people to make the offers easy to understand. 22 programs is a big number, what and why is the first two sections are an easy pill to swallow. They are not new concepts. Terminal storage is a program. How much do they need to know about it; it is a big rabbit hole. The first two sections may provide enough information. The third and fourth section are what is in the budget and what are the changes.

Jessica said they are working on what the final product will look like. They are developing a report now that is coming out of the budget system.

Gabe said section five is the equity section. She didn't want to short change it and is glad they are putting it on par with everything else. They don't know what the equity impacts are. They will figure it out with the strategic plan. PUB will inform what they include. It is a learning process for all bureaus. A lot of the information will have been seen in different ways before.

Cecelia said they have provided a one paragraph description of the 22 programs. They will expand the paragraph to one page with the overall program and two or three with tables. They are making their own template. In December they will detail what work is included. Performance measures provide what can be accomplished with programs. They want to provide enough and strike a balance without giving too much. They are hoping to get feedback on the first draft and they have a couple of months before they will submit to CBO.

Gabe said CBO evaluated the performance metrics in the past which included feedback from PUB two years ago. They are going through the measures in the strategic plan and will keep the ones that are working.

Allan asked a framework for the agenda.

Melissa said December 4 includes program offer follow up and CIP plans from BES.

Rob said members went to the filtration open house and said since it was community engagement and engagement with the bureaus they should have time to discuss. He heard people ask what this will mean for property values. There was an assertion that Water is moving with a no bid contract. That is not what happened. They provided a review on the process and got feedback. Additionally, not on the next agenda but they should not be blindsided by the terminal homeless facilities. The City Charter Review Committee could impact the bureaus and the PUB charter. As that moves forward, they should understand the impacts and what that looks like. It happens in December in the middle of budget season. They shouldn't lose track.

Allan said the agenda can include the bureau's program offer follow-up, CIP, and a conversation about the open house.

Colleen added underspending.

Heidi said she doesn't like an overloaded agenda.

Ted was not expecting this to come up in the budget discussion. They are in a severe drought. Some think they will catch up. He would like to hear what Water is thinking about for preparing for another drought year in 2019. What preparations can they do now. They are in an era when they should prep in winter for the possibility of a drought. PUB is an important place for Water to talk to the public about that, they have not heard anything.

X. Discuss next Meeting Agenda

December 4, 2018, 4pm, 1900 SW 4th Avenue, Room 2500 C

Agenda: Program Drafts

The meeting adjourned at 1:15pm.