# Portland Utility Board

March 5, 2019 4:00pm -6:30pm
1900 SW Fourth Avenue, 1900 Building, Room 2500C
Meeting #63

**Attendees:**

*PUB Members:*

Allan Warman
Colleen Johnson (by phone)
Ana Brophy, ex oficio
Heidi Bullock
Micah Meskel
Mike Weedall
Ted Labbe
Robert Martineau

*Absent:*
Dory Robinson
Dan Peterson
Lee Moore
Van Le, ex oficio
Vera Zaharova, ex oficio

*Notice of absence provided prior to meeting

*Staff:*
Jonas Biery (Business Services Manager, BES)
Gabe Solmer (Communications Director, PWB)
Amy Archer-Masters (PUB Analyst, City Budget Office)
Cinthia Diaz Calvo (PUB Coordinator, City Budget Office)
Jamie Dunphy (Representative, Commissioner Fish's Office)
Ken Bartocci (Principal Financial Analyst, BES)
Jeff Winner (Capital Improvement Program Supervisor, PWB)
Michael Jordan (Director, Bureau of Environmental Services)
Yung Ouyang (Analyst, City Budget Office)
Elizabeth Gallagher (Analyst, City Budget Office)

*Public:*
Janice Thompson, Oregon Citizen's Utility Board
Carol Cushman, League of Women Voters

## I. Call to Order

Allan called the meeting to order. He reminded everyone that the meeting was of citizen volunteers tasked to advise City Council on items related to the Water Bureau and the Bureau of Environmental Services. He gave an overview of the agenda.

II. **Prior Meeting Minutes**

Allan asked if there were any changes for the minutes of the January 9 meeting.
The only changes were those of Colleen, which included typos and clarifications to her comments.
Cinthia read colleen's proposed changes on pg 4. "The change in organization structure that results in changing ~~and~~ or reallocating resources needs internal metrics, especially when adding FTE. It should be clearly articulated how it will affect efficiency, what is the measure for efficiency or effectiveness internally as well as and external impacts."
Cinthia read Colleen's proposed changes on pg 5 "similar to PWB metrics, it would great if they were meaningful and measurable. She asked when there are increases in FTE in BES, there should also to be clearly articulated metrics to determine success. What is the benefit, and can BES point it out? Colleen also said that she was concerned with the number of FTE that BES is requesting (20) plus two limited-term positions as well. Overall, if you look at the FTE numbers over the last 4 years there have been double digits increases. Of the 19 FTE that were approved for 2018/19, only 9 have been filled. There needs to be discussion of how sustainable these increases in FTE are. Given the slowdown in housing prices and the impact on revenue streams, not just in the General Fund but also in SDCs and other revenue for the bureaus, she thought the bureau should request fewer positions this year and focus on hiring what was approved in 2018/19 and then reevaluate in 2020/21."

The meeting minutes were accepted as corrected.

III. **Public Comment**

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

IV. **Disclosure of Communications**

Heidi exchanged emails BES staff regarding the Portland Harbor.
Ted met with BES staff regarding City Green Room requirements
Micah said he communicated with Commission Frits and staff about Water Bureau issues and Parks Budget.
Rob spoke with Mike Stewart but not for PUB related items.
Allan met with city staff primarily to discuss billing but not about PUB related items.

V. **PWB Budget Reviews, Yung Ouyang, Budget Analyst for the City Budget Office**

Yung greeted the PUB and introduced himself. He said he had a lot to cover and divided the content in to four sections. He said the PWB Requested Budget included $108.6 million in operating expenses and $181.8 million for capital expenses for FY 2019-20, totaling $290.5 million. This is a 22% increase from the FY 2018-19 Adopted Budget of $237.6 million. The operating budget increased by $7.4 million, or 7.3%. Then he moved on to talking about the rate forecast and affordability. He said that the PWB has requested a retail rate of increase of 7.4%. This amounts to a bill increase of approximately $2.90 per month or $8.70 per quarter for the typical single-family household. Combined with the BES' requested rate of increase of 3.00%, the typical single-family household would experience a 4.53% increase or $5.11 per month for a total combined monthly bill of $117.90 or $353.70 quarterly in FY 2019-20. So, the PWB's rate of increase of 7.4% is the same as the rate projected in the bureau's financial plan submitted during last year's budget season. While the higher retail rate increase of 8.7% in FY 2018-19 was driven primarily by the addition of the filtration project and decision packages, most of the increase in FY 2019-20 is to maintain current service levels, some of which are associated with

additional costs associated with new policies pertaining to non-represented classifications (see section on Changes to the Operating Budget and New Costs for Non-Represented Classifications below). PWB projects a 7.4% rate of increase over the next four years and its expected.
PWB states that the federal guidance on water bill affordability ranges from 1.0% to 3.5% of median household income (MHI), with 2.0% as the most commonly cited affordability measure. With the rate increase of 7.4% in FY 2019-20, the typical monthly water bill would represent 0.8% of the monthly MHI, compared to 0.7% in FY 2018-19. Thus, the measure is showing an increase for PWB's portion of the bill relative to median household income growth. When combined with BES's portion of the bill, the utility bill is approximately 2.2% of median household income in Portland in FY 2019-20. Among other financial assistance programs, the bureau offers low-income discounts to qualifying families in two tiers based on income thresholds. It notes that with the 7.4% increase in retail rates in FY 2019-20, the monthly bill to qualified Tier 1 low-income residential customers receiving a 50% discount will increase by $1.46, while the monthly bill to qualified Tier 2 low-income customers receiving an 80% discount will increase by $0.60 a month. While recognizing the strides that PWB has made in its adjustments to its financial assistance programs, CBO recommends that the bureau also revisit its efforts and standards to measure affordability. In a 2013 study conducted for the American Water Works Association, the Water Environment Federation, and the U.S. Conference of Mayors, Stratus Consulting noted that median household income can be a highly misleading indicator of a community's ability to pay for several reasons. He said he will not get into the details but said that budget office recommends that water bureau thinks about other affordability measures besides the median household income.
Allan asked what the median household income is.
Yung said he didn't have that information at the moment.
Colleen said that in the BES report in the median household in 2016 was $62,127.
Allan said that he had done the calculation and came up with $64,364 and thought that was high.
Yung continued by saying the rate increases are driven by factors like filtration and other capital projects in the bureau's portfolio are often the biggest rate drivers in the forecast. Escalation factors like personnel costs and material and utility costs will increase rates by 4.7% in FY 2019-20 and between 2.9% to 4.3% in the other years of the forecast. He said that the costs to simply maintain current service levels, which consist of personnel as well as O&M costs.
Yung said he would move on to talk about Operating Budget and New Costs for Non-represented classifications. He said PWB's requested operating budget is forecasted at $108.6 million which is a $7.4 million or a 7.3% increase compared to the FY 2018-19 Adopted Budget. Increases are due largely to inflationary increases that includes COLA, salary step increases, employee pension and health costs, and additional salary costs resulting from the City's implementation of new non-represented classifications and pay equity adjustments. He said that the PUB may have discussed this in the past and stated that "The City engaged in a multi-year effort to transform itself into a more competitive employer, resulting in the creation of many new non-represented classifications and the reclassification of many employees into these new classifications. One effect is increases in the top salaries of many classifications so that many employees who were formerly at the top of their salary range are now no longer so and are eligible for further merit increases. Preliminary estimates of the effect on PWB are about $350,000 if all the affected employees receive a 4.1% merit increase. In addition, beginning in January of 2019, the City increased the salaries of many non-represented employees to comply with an Oregon State mandate to achieve equity in compensation for employees with the same qualifications doing the same type of work. An estimate of the cost impact to PWB of these "pay

equity" adjustments is at least an additional $300,000 per year." He continued "In response, the bureau has noted that it has budgeted conservatively by assuming that all non-represented employees will receive the full 4.1% merit increase. It has also stated that it will be following the Bureau of Human Resources (BHR) guidelines for employee performance reviews. Specifically, PWB has stated that actual merit increases will be based on individual performance reviews and recommended merit increases by the employee's supervisor/manager using BHR's performance management system and merit calculation tool. The bureau believes that it is following the City's guidelines to budget conservatively by including the 4.1% merit increase across the board for all non-represented employees. However, this practice will have an effect on the bureau's operating budget and planned retail rate increase for FY 2019-20. PWB's five-year forecast assumes that in the first year (FY 2019-20), all eligible non-represented employees would receive the merit increase, while years two and three (FY 2020-21 and FY 2021-22) assume percentages of the incremental increase of the prior year. The last two years of the forecast assume the impact of the increased compensation ranges will not result in material impacts as many non-represented employees would reach the new top of the salary range within the first three years of the forecast. The bureau's assumptions in this regard are tied to expectations of when employees' salaries would once again reach the top of their class. PWB notes, though, that despite the full-budgeting of the 4.1% merit increase in FY 2019-20, with the bureau implementing BHR's new guidelines for employee performance reviews and merit increases, not all non-represented employees eligible for a merit increase will actually receive one, resulting in savings that will be realized in the bureau's ending fund balance."

Yung then moved on to the Current 5-year Capital Improvement Plan saying that "The bureau's Requested Budget includes $671.2 million in capital expenditures over the next five years. The largest investment in the capital plan continues to be in the Distribution Program. It makes up 41% or $271.9 million of the five-year CIP. The Willamette River Pipe Crossing is approximately 29%, or $78.7 million, of the Distribution Program's five-year budget. The Transmission and Terminal Storage Program represents 21% or $140.0 million of the bureau's five-year CIP. Approximately $101 million or 72% is for the construction of a seismically resilient water storage reservoir at Washington Park. The Treatment Program is $185.3 million, $167.0 million is for the filtration plant and $17.8 million for corrosion control improvements. Compared to last year's Five-Year CIP, several changes resulted in an increase of $75 million (a 13% increase). A majority of this increase is the result of the Filtration plant and the Willamette River Pipe Crossing. projects. A comparison of the four common years of the two CIPs (FY 2019-20 through FY 2022-23) shows an $85.7 million increase in spending in the Distribution program mostly due to additional costs for the Willamette River Pipe Crossing project, and a $17.1 million increase in spending for the Treatment Program (i.e. Filtration). Another notable change concerns the bureau's contribution to the Portland Building reconstruction project in the Support program. In the FY 2018-19 Adopted Budget, PWB planned to spend $43.5 million for its share of project costs in FY 2020-21; the amount has now been reduced to $38.8 million, with the timeline moved up to FY 2019-20. The new projects only make up 1.6% of the 5-year total. In contrast, about 25% of the costs over the next five years is due to the Filtration project, while 12% of the costs are from the Willamette River Pipe Crossing project. Moreover, costs associated with the Portland Building Contribution consist of 6% of the 5-year plan, while work on the Washington Park reservoir make up 15% of the 5-year total. Roughly 33% of the costs for Filtration would occur in the next five years, and 49% of the costs of the work at Washington Park is expected to be realized over the same time period. PWB expects to expend 89% of the Willamette River Pipe Crossing project's total costs over the next five years, but the contribution for the Portland Building will be completely paid for in FY 2019-20."

Yung then moved on to talking about the Mt Tabor Historic saying that the resolution and the Mt Tabor land use approval has been the basis for CBO recommended funding levels over the past years. He continues to share "CBO notes that the Council may revisit this commitment given current Citywide needs and priorities and available resources. Due to limited available resources, CBO is only recommending General Fund discretionary funding for allocations that will clearly and directly result in reduced negative financial or legal consequences for the City. CBO also is recommending Council consider prioritizing funding for proposals which have demonstrated evidence to meaningfully advance key citywide goals, with an emphasis on increasing the equitable delivery of City services to historically underserved populations. This allocation does not meet that criteria." He said this commitment can be revisited and amended by the current council. He continued "As an alternative to this option, the bureau should determine whether water rate funds can be used for some of these improvements. CBO recommends that the Water Bureau develop a list of projects from the HSR that have not been completed. Once this list has been developed, then the bureau should work with the City Attorney's Office to determine which of these projects are related to the provision of water and/or directly the responsibility of the Water Bureau as the owner of the assets. Having culled the list to this subset, the bureau should then develop estimated project costs and provide Council with the option to move forward with funding these parts using water rates. Any costs that could be funded with water rates would lessen the amount that is needed to be funded with General Fund resources."

He said that the language he included in his review has been vetted by the Attorney's Office.

Mike said he found interesting that 4.1% budgeting for city employee is considered a conservative assumption when it is assumed that everyone will get the merit increase but you know the system says not everyone will get it. He said CBO points out in their remarks that it's going to be underspend, so he asks why the rates are being added to the review.

Yung said that that was a question that needed to be presented to the Water Bureau. Yung said that by conservative he assumes that PWB is budgeting to provide everyone a merit increase.

Mike said that when looking at the overall budget every dollar is an impact on rate payers. His second question comes back to his first point about the impact of rate increase, he wants to understand why inflation is 2.5% with is a 3rd of the overall impact and by the time it's taken out the rate impact is only 20%. What would be if it were just looking at inflation?

Yung is said he was comparing how much it would be in 19-20 vs 23-24.

Mike asked if he was using a discount rate and to bring back to present values.

Amy said that she thinks that Yung is using the rates forecasted by the Economist for 19-20, 20-21 and for each of those years.

Yung said that CPIU is forecasted to be 2.1% ongoing for every year. He said that he will check the math and send it to all.

Colleen said that looking at the capital budget and asked if he compared the spending actuals vs the requested.

Yung said that he doesn't have that information now.

Colleen asked if the information be provided for the Fall BMP and said she would be curious.

Yung said yes.

Micah asked, when looking at metrics to measure fir affordability, if Yung had researched measures that other Cities are using.

Yung said he believes the report he has sited may have some, and that he could follow up with that.

Micah asked how comperable utilities in the region are measuring this and if they're using a new industry standard metric.

Yung said he does not have that information.
Mike asked if he can give a summary of what some of those metrics that he did use.
Yung said he does not remember because it's been a while since he made the report.
Allan said that in the 5 fiscal years he looked at 4.7% goes up to $285 about 20% increase over the five years?
Yung said that seems consistent.
Allan asked if there were any other questions. With no comment or questions, he appreciated work put on the report.

VI. **BES Budget Reviews, Elizabeth Gallagher, Budget Analyst for the City Budget Office.**
Elizabeth introduced herself and greeted the PUB. She said she will provide an overview. The requested budget for BES is about 50 million higher than the FY18-19 revised budget, including an addition of 20 new FTE over the past year. The BES portion stays within the 3%, as directed by the Mayor. For that reason of staying within the 3%, there are no new decision packages. $44.2 million was the increase in CPI, and $37.0 million cost for its share of the Portland Building Renovation project. What is increasing is fairly reasonable, primarily to maintain general operational costs. Some of the key issues were the rate forecast, overall that 3% does take up in FY 23 to 3.1% but that is when the bureau is talking about using the rate stabilization fund to bring it back down to 3% level. She shared about the impact of rate increases on populations across the city, the 1.42% would have disproportionate effects on different groups. Groups with the biggest impact would be American Indian and Alaskan Native, Asian and Black households, their utility bill taking up a bigger portion of their income. Elizabeth continues by sharing that "assuming household income does not have bearing on water and sewer needs by population, and a residence of equal numbers of residents would have similar usage regardless of income, this goal – though it is consistent with standard, national benchmarks of affordability – could be reexamined with a view of impact in disaggregated groups within the city. In its Requested Budget, the bureau does note its intent to begin a comprehensive rate study – one consideration of which will be whether a new rate methodology could or should differently accommodate these and other equity considerations."
She continued with Rate Stabilization Fund, saying that BES has a target of operating funds and rate stabilization fund to have a 270-day operating expense amount and it was reinstated in FY 18-19 supporting "sustainability and resiliency, affirms the bureau's commitment to strong financial management, and better aligns the bureau with industry standards for comparable utilities with strong credit ratings." Elizabeth continued stating that "The projected total unrestricted cash balance for the end of FY 2018-19 is projected at 530 days – or nearly twice the targeted level – the majority of which is in the Rate Stabilization Fund" and said that number seems high and significantly higher than the number the bureau said they would have. She also said that there is a benefit to having a high balance and not use it because when it is used up, its like kicking the can down the road at some point bureau will have to start playing catch up and increase the rates to make up for the balance used. To avoid doing that, she believes that BES is going about this in a thoughtful way.
Elizabeth continued with Capital Projects Planning and Delivery, stating that in the past years the bureau has had aggressive Capital improvement expenses forecast vs the actuals. This year the bureau would need to increase capital expenditures by 49% to achieve its goal. She noted that $37 million of that is destined for the Portland Building Reconstruction project. Expenditures would otherwise only need to increase by 15% to meet the target. She said that

once the bureau is fully staffed they will have a better picture and those numbers is something she will pay close attention to.

Elizabeth moved on to Personnel Growth, stating the bureau will be adding a total of 20 FTE, being an addition to the 72 FTE added to the bureau since 2015. Total 92 over 5 years. The benefits to doing this mitigate the shock value of addition additional FTE. It's going about completing the current task load while creating a sustainable environment and work continuation. Just looking at the process improvements that BES has made, CBO recommends the bureau to develop and then track and maintain metrics to align with its priorities identified in their Strategic Plan and Equity Plan. She concluded with saying that the bureau has no directions to develop.

Ted said that this year PUB had two audit reports come out, wondering in the response to bureaus, does CBO generally consider outside perspective on what bureaus are and are not using in terms of budget and strategies.

Elizabeth said that is it does play in to how analysts frame their review, and what to focus on, but for the most part the programs fall within management decision making. Unless there are specific direction to develop that would require CBO to analyze specific areas then that was not something that was required.

Mike recalled about urging caution to BES going forward if they continue on this track. He said that it's getting to a sensitive point, market showing signs of turning, he said he would like to hear back because the concern is always there. If things really start getting dizzy, then the bureau would not want to be caught staff rich.

Elizabeth said that there have not been much additional FTE. She said the bubble can only grow so big.

Mike said that it is always challenging to have the appropriate staffing.

Elizabeth said that building upon vacancies that already exist is not the case. She does not disagree with Mike.

Mike said that every year there is turn over and said that talking about 4.1%, they're not going to spend it. That's half an employee that's not going to be spend every year. His second point was looking at the different demographics. He asked Yung if you he can take a look at that and come back to PUB. He said that one thing here is discussing an increasing in numbers but there is a difference when people are starting to struggle. He said that not too many people are sitting on that amount of insurance. Right sizing and minimizing rates.

Elizabeth said that the intention is to be intergenerationally equitable. She said that personally she thought it was too high, but the more she looked at it, the long term plan that BES sets up the City in is very robust.

Mike said that it is great but doesn't think it's easy to tell the bureau to raise their rates to increase that cushion.

Rob asked if Elizabeth thinks the 270 is low.

Elizabeth said the 270 is good, but she said that sitting on 330 for the end of this year is not as alarming if you see it over the course of 20 years.

Rob said that one of the things that the bureau had said was their attempt to leave the rates at 3% and that rate stabilization would be at play to level that off. Would more than 270 is appropriate?

Elizabeth said that it's just appropriate a period of time to safe for the apocalypse, knowing it has a plan to go down and does not see that being a problem.

Mike said that the economy has been good, and the bureau has been collecting for years. He said people like to think that things won't change but people love Portland. Things might be stable or might go down. Things are not a given.

Elizabeth agreed.
Allan asked of the 20 FTE, how many brand-new FTE.
Amy said that there is a table and believes it was the contracts shift and watershed.
Elizabeth said that there were a few contract workers as well and that she would have to go back and check.
Allan asked if there would be no FTEs
Elizabeth said probably.
Ted asked if CBO rethinking on how they do these analyses. Does CBO just look at program offers or are they going to be looking at measures.
Elizabeth said most definitely. She said some bureaus had org structure changes, and her understanding is that there will be more emphasis on programs and metrics. Tracking and maintaining metrics will be important.
Allan said that Teds question is good. In previous years PUB was able to get more granular than PUB is now. It doesn't come apart like an onion. This is different.
Ted hopes that PUB can consider other things like audit reports. He said that there is a new requirement in the central city that BES doesn't have staff to be able to do this type of work. And asks if BES staffing is accurately staffed to perform what they say they will.
Allan said that he will chat from the standpoint of these questions that have been submitted.

**VII. PWB Response to PUB Questions, Cecelia Huynh, Finance & Support Services Manager for the Portland Water Bureau.**

Gabe said she is happy to make a few comments or take questions. She said PWB worked with CBO very well together all the questions answered. The comment that came out that the 4.1% merit increases, it's a wholesome change in the way the city does non-represented pay issues and that it's not optional. If everyone on their work anniversary would be exceptional is not something the bureau has control over and it's not something the PWB would like to deny based on lack of funding. She said that would not be equitable. Just like they don't expect to have a 0% vacancy. Jeff is available for questions too.
Mike asked about the multifamily and low-income assistance in the planning process and said he was very adamant about the need for evaluation. He said he has not seen anything. Responses have been not what he was hoping and would like something more robust. He said that the programs have a greater chance of failure if they're not measured. It's a good program but he would hate to see it go.
Gabe mentioned that what Mike brought up is important and that PWB has also talked about a list of issues and priorities and that that will be on the list to provide to PUB.
Collen asked everyone to speak up and asked if Gabe knows the ratio of forecasted capital spending vs actuals for 17-18.
Jeff said that they presented that last year and it was over 80% of the actual number.
Colleen asked if they have a projection.
Jeff said its about 80%.
Gabe asked if PUB had any other questions.
Colleen said no and thanked them; that it was really helpful to have those questions answered.
Gabe thanked Amy for getting those questions to them. She said that one item that came out is the strategic planning. It says that the PWB is looking to make changes. A clarification is that there will be changes to the themes and not employee based. She said the bureau expects to have new information for next year.

Micah asked about the PMs, suggested that if PWB and BES were already considering some specific PM's if they could share it with PUB, and that PUB members should start creating their own a list of ideas that could be a living document.

Gabe said that they are looking at both city and other benchmarks to me mindful of different groups. She said they don't want to be in the same position next year.

Ted said PUB will come back to council at some point.

Gabe said that there is potential for any of the commissioners to say they want to spend GF on a particular issue. PWB has not made any commitments on Mt Tabor. If it was not a direction to develop then it would have to come from a PWB fund and that would come through the budget process.

**VIII. BES Response to PUB Questions, Jonas Biery, Business Services Manager for Bureau of Environmental Services.**

Jonas said he will be quick, highlighting a couple things, one of them is that the request had great questions and kudos to his team. Rate stabilization – he said that regarding the 270 days, BES had made the shift and that they presented that information. The benchmark is 360 days. The benchmark is higher, so just to flag for the discussion. The intent is to keep rates flat and predictable. CIP underspending is low, but BES does not expect that to continue. He said that NFI percentage is actually lower and even though they don't have the tools to track that, at least their report is addressing that.

Allan asked how many people were in the program.

Jonas was unsure and thought it was around 8,000 and referred to PWB for that information.

Allan asked if it does or doesn't include the family breakouts. PUB is getting a fraction of those and asked Jonas to not over play his hand.

Jonas said that he is not paying any hand and that does not disagree. That the NFI as an aggregate doesn't tell anyone very much about what is happening at the individual level.

Mike said he is highlighting something that should be tracked. The program won't get 100% of people signing up unless the program is robust and that the tools and the data needed to be addressed.

Jonas said that they don't have the tool or data and agrees that those should be in place.

Rob said the data was difficult to compel.

Mike said he would like to sit down and talk after the bureau was fully staffed.

Jonas said they need help and support to gather that data, so they can do the analysis. He doesn't know how the bureau will do that.

M Jordan said he will make broader points and remind the elements of BES's broader strategy that is long term trying to use their reserve to increase their investment in maintenance of the system over time. Their quest is to get more product out the door. There will never be 100% of the budget out the door but they intend to do 89% this year. He said their capital programs have changed and are no longer one big project; the change now involves organizational structures which include a projects management office and expect to see the benefits of that next year. He talked about the cultural shift of the organization's focus to balance between being accountable to boss and being accountable to customers.

Allan asked Michael to define BES' customers.

M Jordan said that BES' products and services have multiple customers; work groups within their organization must provide service to other work groups to move the work down the pipeline and present a finished product or service to the line of business and ultimately to the rate payers. Regarding metrics, they need to do the metrics not only for the benefit of communicating to the community and policy makers, but they also need to make a metric on how well they are delivering. All programs should have that to benchmark against. He would like to come back to talk about PUBs perspective on useful metrics. He wants to have metrics that work for everyone. He hopes he can answer some questions.

Rob asked about the areas Michael would like to provide guidance in terms of metrics and overall direction of the bureau over time, besides FTE.

M Jordan said that PUBs biggest value added is giving input on strategic direction in the low income and equity issues. He said there is tension in multiple missions, like ecological, environmental, habitat and delivery of storm water and sanitary sewer and he believes PUB can support with that. He also mentioned that the PUB could advise on Council on affordability and equity as community members.

Jonas said that the questions PUB asked are appreciated, because they bring up issues to BES that are also important they ask themselves about.

M Jordan BES will be looking at the problematic approach. Program descriptions can improve and that can be something PUB can weigh in on i.e. defining it and establishing metrics and defining the product and customer to ensure alignment.

Mike said on the last point, everyone is comfortable in their silos. PUB discussed about developing a dashboard to measure success. PUB had to reorient and now its time to engage with Michel Jordan and ensure that PUB does not work in a vacuum.

M Jordan agreed and talked about developing a scorecard. There has to be a balance between tracking and reporting data and moving the work along and those are the types of conversations that Michel wishes to engage with the PUB.

Colleen asked about vacant engineers and if those positions are or are not filled.

Jonas said that there are 11 projects that are unassigned. They are not one for one FTE. A new engineer may be assigned to two projects. The staffing gap to fill undeliverable are still vacant.

Colleen understands the staffing gap but does not understand the difference between project manager, some say vacant engineer, and some say unassigned.

Jonas clarified that the vacant engineer would be assigned if the engineering position was occupied.

Ted asked about the low-income assistance, how is BES leadership thinking about going forward with rate study and looking at affordability generally. How can that be a tool to get to affordability?

Jonas said that they intentionally excluded low income discount programs from the scope. What they expect this work to do is inform that bigger discussion and provide BES opportunities to think about a rate trust to address it from BES lense. This is in process.

Mike said that Ted is making a good point and he is encouraged by what Jonas is saying. He said that it is important that BES is informed to have a focused discussion on it.

M Jordan said that BES lives within legal parameters so that the fees they are charging can be classified as fees and not taxes. Working through a credit not rate. It's those kinds of discussions PUB and BES needs to have.

Micah requested that PUB be engaged and involved in the process.

**IX. Discuss Recommendations to Council in the work session**

Allan said that him and Rob will be presenting, and PUB can at this point discuss the talking points. He also said that Ted will be leading the next meeting on the $24^{th}$. General comments on affordability. Filtration. Willamette crossing. There will be challenges to the bureaus to pull off. He asked what else PUB wanted to say.

Amy said that Colleen sent some written comments. The keys being in affordability, FTE, CPI, rate stabilization, Mt Tabor, performance metrics. The themes were consistent for both bureaus.

Allan referred to Rob and proposed that one of them could take present about one bureau and the other about the other bureau.
Rob agreed with the Allan's proposal.
Allan said that the comments have been general.
Rob said that regarding Mt Tabor and he wants to get clear direction on what will be said about that. He said that PUB would either be advocating for a rate increase in Water by asking them to pay for Mt Tabor or keep the rate where it's at assuming it will be funded by the GF. He thinks that PUB should support Council in its present track. He said that PUB can highlight inequity, but it will not recommend approval or disapproval. He asked PUB if they are taking a position that Water should pay for Mt Tabor.
Allan said that he does not believe the burden should be going to the PWB.
Rob said that the Anderson lawsuit…. Maybe council wanted to wait to make the shift.
Ted said that its enough to point out that it was talked a lot about in the PUB. The last million they may spend on historic reservation.
Mike agreed with Allan and said that the language should be stronger and that if council said that it was going to come out of GF then it ought to stay there.
Yung said that Council made the commitment, but they didn't specify where the money was going to come from.
Mike says never mind, but he does affirm that the message should be PUB is her for affordable rates and building the infrastructure that align with the core mission.
Allan said that if the bill comes down to the PWB, the next funding should stay in the PWB. He continues to list other items like affordability, Tabor
Heidi said low income and added that metric and collecting data or thinking about data that needs to be collected and measured.
Mike said that the letter is really busy already.
Allan said that the talking points should be shorter.
Amy said the details of the letter can be worked out later.
Ted said PUB can use the air time to adversities for PUB recruitment.
Micah said that while PUB was thinking about rate restructuring, they should also think about talking a look at other cities to create a holistic approach on building the structure. He said that PUB should be engaged in discussions and not just the bureaus decisions.
Rob said that he would like clarification on what will be recommended in excess or addition to what has already been said in the past, and he wants PUB to be able to reach agreement on new recommendations.
Colleen said that the final letter of recommendations that we are yet to send and that's what should be talking about.
Amy said the timing is different. Talking points are mirroring the letter and the letter of recommendations is when PUB can go in depth.
Ted asked Colleen what should be the talking points that you would like to raise that go beyond what has been said in the past because PUB only has 5 minutes to present.
Colleen said that she is ok with pitching what has been said in the initial communication letter and make the second letter more detailed. She said that she doesn't want things shrugged off to the side. What should be said is that PUB expects both bureaus to create meaningful and measurable metrics. She said metrics should be in place by end of summer to be on track next year.
Ted suggests that a better way to say it can be that PUB commits to work with the bureaus, rather than putting it as a demand.
Colleen suggests stronger message and that the metrics need a deadline.

Allan aske about FTEs and how PUB wanted to frame that.
Rob asked if PUB has seen a reduction and thinks that while there remains open spots the gap is decreasing.
Amy agreed, there are reasons for the vacancies that still remain.
Rob asked about the vacancies open.
Amy said nine and Jonas also agrees that nice sounds right.
Allan said that without getting in the weeds, that even when bureau has shortened the gap in open personnel, that it is still a concern to PUB.
Mike said to include a note on looking forward that both bureaus are very sensitive and not add more next year.
Rob said to call out Council on the trajectory of the rates that are outpacing inflation, that they take ownership on inflationary increases as they are directing and making decisions on the bureaus direction.
Allan said moving on to Capital and some projects that have escalated.
Micah said that there should be a note that the Bureaus should be projecting more correctly or reducing costs.
Allan agreed that these are significant impacts to the bureaus.
Rob said that transmission and terminal storage is the other topic.
Colleen said that she appreciates BES' increased target this year and does think that underspending is something that needs to be talked about.
Ted pushed back on that and said that he doesn't agree that is necessary to get into that level of detail. He believes those are things PUB should be advising bureau on but when presenting to council, that themes should be at a higher level. He also thinks that beating up on the bureaus for something like vacancy rate and 80% underspending is not productive.
Colleen doesn't agree with that and thinks that the purpose of PUB is to point out issues that they believe are a concern. She asked what the point of PUB was if they cant be critical of the bureaus.
Allan said that he thinks PUB has enough to put talking points together.
Amy said yes and that she could get the talking points drafted hopefully by Thursday.
Allan said great, and PUB should get comments back from everyone by Monday.
Amy said that will work.

**X. Discuss next Meeting Agenda**

Allan said that for the next meeting Ted has the reigns and PUB will talk about staffing. March 14, 2019, 11:00 pm, 1900 SW Fourth Avenue, 1900 Building, Room 2500C.
Ted asked if March 14th will be the meeting to work on finalizing the letter.
Amy said that there are two meetings scheduled and that the March 14th meeting will be mainly to talk about the letter. April 2nd can also be used to finalize the letter if its not finalized on the 14th. To draft this letter, Amy said she will be pulling all the talking points together.
Ted and Allan said they would rather finalize it on April if need be then having the 3rd meeting in March.
Allan made a motion to adjourn meeting.
Seconded by Rob and Ted.

The meeting adjourned at 6:30 PM.