

Portland Utility Board

December 3, 2019, 3:30 pm
1900 SW Fourth Avenue, 1900 Building, 2500C
Meeting #75

Attendees:

PUB Members:

- Ana Brophy, ex-officio
- Brian Laurent, ex-officio
- Dory Robinson, co-chair
- Heidi Bullock, co-chair
- Kaliska Day (by phone)
- Karen Y. Spencer (~5:40 arrival from jury duty)
- Karen Williams
- Mia Sabanovic (by phone)
- Micah Meskel
- Robert Martineau
- Sara Petrocine, ex-officio
- Ted Labbe

Absent:

Gabriela Saldaña-López

*Notice of absence provided prior to meeting

Staff:

- Amy Archer-Masters, Portland Utility Board Analyst, City Budget Office
- Asena Lawrence, Senior Policy Advisor, Commissioner Fish's Office
- Cecelia Huynh, Director of Finance and Support Services, Portland Water Bureau
- Cristina Nieves, Senior Policy Advisor, Commissioner Fritz's Office
- David Beller, Financial Analyst, City Budget Office
- David Peters, Program Manager, Portland Water Bureau
- Dawn Uchiyama, Deputy Director, Bureau of Environmental Services
- Eliza Lindsay, Portland Utility Board Coordinator, City Budget Office
- Erich Pacheco, Equity Manager, Portland Water Bureau
- Gabriel Solmer, Deputy Director, Portland Water Bureau
- Jeff Winner, Capital Improvement Program Planning Supervisor, Portland Water Bureau
- Jonas Biery, Business Services Manager, Bureau of Environmental Services
- Ken Bartocci, Financial Analyst, Bureau of Environmental Services
- Michael Jordan, Director, Bureau of Environmental Services
- Steve Hansen, CIP Manager, Bureau of Environmental Services
- Yung Ouyang, Senior Financial Analyst, City Budget Office

Public:

- Carol Cushman, League of Women Voters
- Rachel Whiteside, PROTEC 17

Synopsis, action items, decisions

In these notes the acronym, PUB, stands for the Portland Utility Board; BES for the Bureau of Environmental Services; PWB for the Portland Water Bureau; ARC for Administrative Review Committee; and CIP for Capital Improvement Program.

Documents providing background and/or discussed at the meeting can be found [here](#).

BES and PWB provided an overview of their year-round budget process; highlights of this year's budget considerations; and highlights from their capital improvement programs. PUB decided to try approaching this year's budget work by choosing a small set of program offers from both bureaus to focus more deeply on rather than review the entire budget at a summary level. The goals of this approach are to provide more impactful feedback and to better utilize and manage both PUB's and the bureaus' time. PUB provided feedback to the bureaus about what would be useful information to have in the equity section of the program offer descriptions. Other items briefly discussed include: the upcoming PUB-Council work session, audits, PUB meeting attendance, tracking PUB member time, the low-income assistance program, PUB participation in ARC meetings, updates on the bylaws/procedures work, the Portland Harbor Superfund lawsuit, and upcoming PUB meeting topics.

ACTION ITEM PUB staff to provide summary of PUB's feedback on the equity section of program offer descriptions.

ACTION ITEM PUB staff to send bureau-wide equity assessment tool for FY 20-21 to PUB members.

ACTION ITEM PUB staff to follow-up with ARC staff to clarify details for PUB participation.

ACTION ITEM By Monday December 16, 8 a.m. PUB members to select 5 program offers per bureau they feel PUB should focus on and 5 per bureau that they feel PUB should not focus on. PUB staff to send reminder and instructions.

DECISION There was agreement and no opposition to approaching budget by prioritizing a small number of program offers to focus on.

DECISION It was decided that both January meetings would be full PUB meetings so decisions can be made. These meetings will happen at their regularly scheduled times.

I. Call to Order

The co-chair called the meeting to order at approximately 3:35 p.m.

II. Disclosure of communications

Ted communicated with Council regarding the City Tree Code reform and had a meeting with Dawn Uchiyama and Michael Jordan regarding BES reorganization.

Brian ran into Pat Meyer with Citizens for Peaceful Rural Living at City Hall and she briefly shared a summary of their position.

Dory and Heidi met with Commissioner Fritz and her Senior Policy Advisor, Cristina Nieves, to discuss shared deliverables, what they would like to see the PUB doing, and PUB's vision for its work.

Dory and Heid had a meeting with BES and PWB bureau leadership to discuss budget season plans for PUB.

Micah had conversations with BES staff regarding the superfund, with BPS staff regarding the Clean Energy Fund, and with City Council staff regarding Title 11, City Tree Code, reform.

Heidi had a couple of meetings with BES staff regarding the Portland Harbor superfund.

Mia had a couple of meetings with BES staff regarding BES' transition and conversation with a CBO Analyst regarding aging BES infrastructure.

III. Public comment

There was no public comment.

IV. Prior meeting minutes

The draft meeting minutes from November 5, 2019 circulated ahead of time were reviewed. The minutes with revisions were accepted.

V. Announcements

Attendance

The bylaws requirement for attendance was discussed. If a PUB member misses three meetings without communication in a 12-month period, it is assumed they have vacated their position and it can be refilled. Communication about attendance for the subcommittees, though not necessarily required, is also very helpful in planning. Due to staff transitions at the same time as new board members, the counter for communicating starts beginning with the next meeting.

Tracking PUB member hours

PUB staff shared that they have been thinking about PUB's desire to be more impactful and to track/measure performance. That means planning and trying new things. It also means collecting some initial base data, which while it may not be super interesting, in itself, gives basic information, e.g., how much time PUB members are spending and on what. A template for collecting that information in broad brushstrokes was shared with an agreement to try it for several months and then review/amend.

Council work session

There was a reminder that the PUB-Council work session is scheduled for Tuesday, January 14, 9:30am-10:30am. This is an informal meeting of Council where Commissioners and PUB members sit at a table for back and forth conversation. It is an opportunity for PUB to share last year's accomplishments, share priorities for this year, and get feedback from Council on PUB's work and Council priorities. All PUB members are welcome to attend. Karen W and Karen YS expressed interest in joining the co-chairs at the Council work session.

Audit

The Auditor's office recently signed up to get PUB notices. Although PUB has not been formally contacted by the Auditor's office regarding an audit, because PUB's code requires it, an audit of PUB in the next year or two should be expected. It's likely the audit will be less about the bureau's operations and more about PUB. It is an opportunity to draw attention to things PUB is accomplishing and things PUB might like changed. Many of the things PUB is already working to change are things the Auditor might also mention. So, PUB may be ahead of the curve. The audit ties

into the Council work session because they are both opportunities to share the work PUB is doing and to receive feedback.

Low-income assistance program updates

Because the low-income assistance program is of high interest to PUB and the PWB point staff was not available for this meeting, the low-income assistance program will be on the January 7 meeting agenda. The Commissioner is excited PUB wants to give input. She will be flexible about when it goes to Council so PUB had adequate time to give feedback.

It was noted that it was important to get the report back no later than January because it's of relevance to the budget discussion.

VI. Budget conversation framing

Reference material: [Two page table summarizing PUB's budget related deliverables, the timeline, and the resource documents PUB will receive](#)

PUB's budget related deliverables and timeline were briefly explained. It was noted that program offers were new last year and that thus, the budget process changed significantly last year. Over the next few years the program offer descriptions and associated performance metrics will continue to improve. A PUB member shared that PUB wants to engage with the bureaus on performance metric development and that last year PUB spent a lot of time discussing the performance metrics.

VII. BES budget overview – Jonas Biery, Steve Hansen, and Ken Bartocci

Reference materials:

[BES summary list of program offers](#) and [budget context](#)
[BES capital improvements program \(CIP\) overview](#)

General overview

An overview of BES' calendar year of budget activities was provided. In past years, BES has provided a lot more details to PUB by this point in time. However, those details were still under development. Providing the high-level summary as requested by PUB this year is a lot more manageable and allows PUB to work with BES as the details and numbers are worked out.

BES expects to (a) continue to grow by about 7-8 million/year on a discretionary basis; (b) be at the 3% rate increase impact or below for this fiscal year and beyond, and (c) grow at around 20 FTE per year. This year it will be about 25 FTE/year. There are the usual surprises that may adjust things, e.g., new inter-agency agreements or changes from other bureaus. There is also BES' transition which may bring some adjustments though BES has done their best to forecast.

Metrics are still a work-in-progress. It is challenging to connect work done with performance outcomes to meaningful budget metrics. BES expects to improve this year on metrics, but it may not be as robust as BES was hoping for. BES wants PUB's input on metrics.

Program offers were brand new last year. They were a challenge but also helpful in providing an overall summary of the bureau's work. Not this year, but next year BES expects to have significantly different program offers as a result of better organization and description of what they do. This should also help the metrics discussion.

BES is also working to improve the way they do equity; embedding it in the budget from the beginning.

Capital Improvement Program (CIP)

The BES CIP overview document was shared and discussed. A goal is to better align operations and CIP budgets. There is a risk of scope creep in dealing with aging infrastructure. In addition to risk analysis, they are developing a triple bottom line tool, economic, environmental, and social equity, to use in evaluating projects.

PUB asked what is driving the increased cost of treatment. One factor is the Secondary Treatment Enhancement Program (STEP) which includes a requirement to improve water quality by 2024. The bulk of the increase is due to degrading infrastructure and maintenance deferred during the approximately two decades where the focus was on the combined sewer overflow (CSO). Additionally, in some cases it makes sense to combine addressing a deferred maintenance issue with the STEP work.

BES transition

A couple of years ago BES realized they were not delivering CIP projects as quickly as they thought they should have been. They looked at their CIP processes, discovered disconnects, and decided to take a more comprehensive look at the bureau's overall processes. BES's transition is slated as a topic for a late winter/early spring PUB meeting.

VIII. PWB budget overview – Cecelia Huynh and Gabe Solmer

Reference material: [PWB summary list of program offers](#) and [budget context](#)

General overview

Like BES, PWB has year-round budget activities. As soon as they finish one budget, they begin work on the next. This summer PWB spent significant time working on performance measures which will evolve over a several year period as PWB refines existing measures and identifies new ones to add. PWB management's budget guidance to teams was to stay within service levels. New requests had to be tied to affordability, the strategic plan, and/or support identified performance measures. Regarding equity, this year they are going to identify some of the more obvious opportunities for improvement. Next year and beyond there will be additional and deeper work.

To continue with the budget, given the Mayor's directive, PWB had to first determine the basic direction of the filtration project. So, in November, the budget work paused and PWB focused on filtration. Last week Council approved the Resolution with the recommended option. This gives PWB some direction. Over the next few weeks PWB will be working on how to absorb at least 25% of the impact related to filtration project costs, per the Mayor's directive.

PWB is awaiting information on inter-agency agreements and updated information on wholesale revenues, the latter of which they expect this week. Wholesale revenues impact rates significantly. With that revenue information and the direction for filtration project settled PWB can start finalizing the budget.

Capital Improvement Program/Projects

PWB will need to look at CIP as an option to absorb the rate impacts from the filtration project. Under the definition of costs a half million or more, PWB will be adding six new projects this year: 3 main replacements; 2 watershed projects, culvert replacement and road improvement; and the motor control at the groundwater pump station. PWB's other large CIP projects include the Willamette River Crossing; completing the Washington Park Reservoir; and ongoing replacement of core assets, e.g., the hydrants, services, mains, meters, equipment and valves.

A PUB member noted how the project deferral due to the Combined Sewer Overflow (CSO) work created additional costs down the road and asked if there were lessons learned that BES could pass to PWB as they move forward with the filtration plant.

PWB communications

A PUB member brought up the importance of communications and that they were surprised it was not explicitly in the program offers. The PUB member noted that it feels like there is a pulse when there is a big thing happening and not as much ongoing communication with community and that maybe communications has not been going as well as it could be. Has PWB thought about ways to improve communications and the related community engagement?

PWB Deputy Director responded noting that communication isn't separated out as a single program offer because it is woven throughout the program offers. PWB will be making FTE requests as they need communication on all projects, not just filtration. PWB would appreciate PUB's support for this increased funding for communications. The Deputy Director added that she felt communications has been going well and is, in fact, a bright spot. PWB would love to get above the anecdotal level and develop the right performance metrics to evaluate communications related data.

IX. PUB's approach to budget

The proposal to focus on a small number of programs deeply rather than try to cover all programs at a more superficial level was revisited. Several PUB members mentioned that this approach seems more manageable given the amount of time PUB has. A previous version of the idea which sparked the current proposal was briefly discussed, i.e., divide all program offers across several small PUB teams who develop recommendations and then bring back to full PUB for decision. There was general agreement that this involved more time than PUB has and complicated logistics.

A PUB member suggested focusing on what the bureaus have in common because in those areas they have identified big changes and equity impacts – communications, employee development, data and asset management. Another PUB member mentioned they'd been thinking asset management would be interesting because both bureaus do it and BES's side will be changing which makes for an interesting comparison.

There was a clarification that PUB will still get full descriptions for all program offers. The prioritization of program offers is more about where PUB wants to focus energy, e.g., where PUB would want to have a more depth Q&A, and/or have staff involved in the program discuss details with PUB. It would likely be digging in deeper than the program offer descriptions.

A PUB member mentioned that if a program offer has a strong relationship to the strategic plan or another plan, e.g., a resiliency plan, this is good to know and might make it a candidate for prioritization.

The Co-chair asked if anyone was opposed to moving forward with the idea of prioritizing a small number of program offers to focus on.

DECISION There was general agreement and no opposition to approaching budget by prioritizing a small number of program offers to focus on.

X. Program offer equity section

There was some initial confusion as to the purpose of the conversation. Bureau staff shared that they were hoping to find out what they should highlight and how. What aspects is PUB interested in? Does PUB want a 3 to 4 sentence narrative or whatever data the bureaus have? How should the presentation be presented so PUB can evaluate it?

PUB's recommendations for what to include, when applicable, to the equity impact sections of program offers included:

- Provide context of the past/present/future that demonstrates a path forward – what were bureaus doing related to advancing equity in prior years (even if identifying that there were no focused efforts), what are bureaus talking about doing this year (hopefully demonstrating a step forward), and where do bureaus think they are going in future years.
- Include metrics to track effectiveness of equity efforts.
- Highlight which deliverables are focused on internal versus external equity efforts.
- Where applicable, provide concrete details to understand the problem that has been uncovered and how it will be addressed, i.e., *this* data showed *this* gap/disparity in service impacting *these specific* communities. *This* program offer addresses *this* issue in *these* ways....
- Include the historical context and plans for how to address any historic inequities identified.
- Where an equity lens has been used, provide details on the equity lens, how it is applied and how the outcomes address the issues.

It was also noted that since the City focuses on racial equity it is important to name racial equity and ensure that identified performance metrics and outcomes are addressing racial equity.

The importance of paying attention to whose voices you are not hearing from was also mentioned.

There was discussion of the existence of a historical equity analysis tool that BES asset management teams have used. The PWB Equity Manager mentioned that the City's Asset Managers have asked the Equity Managers what equity tool they should use. He doesn't think there is currently a city-wide equity approach to asset management. City Equity Managers are working with BPS to standardize approaches. There was general interest from PUB in seeing the various equity tools.

ACTION ITEM PUB staff to provide summary of PUB's feedback on the equity section of program offer descriptions.

ACTION ITEM PUB staff to send bureau-wide equity assessment tool for FY 20-21 to PUB members.

XI. Committee updates

Administrative Review committee (ARC) meetings

PUB members generally agreed the ARC meetings are informative and that they can see participation providing policy insights.

PUB members discussed the need to more evenly share the responsibility of participating in ARC committee meetings and how to do so. An idea of rotating through names much akin to jury duty,

with a person only being able to pass once in a calendar year and an idea of signing up well in advance were discussed. PUB staff noted that they have been tracking who is participating and attempting to encourage distribution.

It was noted that one of the limiting factors is that bureau staff cannot participate in the ARC meetings and that one of the unintended consequences of the current board composition is that there are fewer people who can participate.

Several PUB members mentioned that they had recently learned the bureaus have a backup person to represent the community viewpoint that is called upon when a PUB member is not available.

There was discussion of the PUB member joining by phone, albeit not ideal, and some confusion about which meetings phoning in was an option for.

There was also a question about how soon do the ARC coordinating staff know the actual length of the meeting as that can affect PUB member availability.

ACTION ITEM PUB staff to follow-up with ARC staff to clarify details for PUB participation.

Leadership planning meetings

Co-chairs, key bureau leadership, and PUB staff meet regularly to plan for upcoming meetings. The last two meetings have focused on planning for the budget season. These meetings happen just before the Thursday subcommittee meeting. The co-chairs encouraged other PUB members to rotate in and participate in the bureau leadership-PUB planning meetings noting that this increases transparency and egalitarianism.

Quarterly meetings with Commissioners and Commissioner's staff

The co-chairs also mentioned that the goal is to meet about once a quarter with Commissioner Fritz and Commissioner Fish. These meetings are very brief and focus on what PUB is working on and what the Commissioners would like PUB to work on. The co-chairs invited other PUB members to rotate in on those meetings.

Cristina Nieves extended an invitation to any PUB member to talk with her.

PUB bylaws, code, and operational documents

Karen YS, Amy, and Eliza met and discussed bylaws and then talked with the City Attorney. The key take away was in line with PUB's previous discussions: Make housekeeping/uncontroversial changes now so that bylaws and code conform to actual practice and align with each other and make more substantial changes at a separate, later time. The next step is for Karen YS and PUB staff to draft proposed changes for the board to review.

At the last bylaws subcommittee there was talk about developing various processes and procedures and documenting them outside the bylaws. The two proposed priority items are:

- Developing a list of qualifications for this year's recruitment and resolving the board composition issue that came up during last year's recruitment.
- PUB's values statements. There are both the values PUB operates with as a board and the values PUB applies when giving budget and policy input. Though there is likely some overlap, these seem distinct. The values/considerations PUB applies when giving budget and policy input seems timely because historically, PUB's first budget letter includes the values PUB will be using to evaluate the budget. It's possible the values work could be done relatively quickly. The values might even be something to print and put up.

Portland Harbor Superfund lawsuit

PUB returned briefly to the issue of exploring PUB's interest in responding to the Portland Harbor Superfund lawsuit and, if interested, what type of response. Ted and Dory both had exploratory interest so will follow-up with each other.

XII. Next Meeting Topics

January meetings fall on consecutive weeks. PUB typically sends a first budget letter at the end of January and thus would need decisions before then. Also, the week of January 16 is busy as there is the Council work session, a PUB meeting, and a planning meeting with bureau leadership.

DECISION It was decided that both January meetings would be full PUB meetings so decisions can be made. These meetings will happen at their regularly scheduled times.

Prioritization of program offers

There was general agreement to choose 3-5 program offers per bureau to focus on. A PUB member added that in addition to what we want to focus on there is also the question of what the bureaus think would be helpful for us to focus on.

PUB asked for some guidance to individual PUB members in order to prepare for the group prioritization work at the December 19 subcommittee meeting. PUB staff suggested some individual prioritization work prior to the subcommittee meeting which PUB staff would synthesize for the meeting conversation.

ACTION ITEM: By Monday December 16, 8 a.m. PUB members to select 5 program offers per bureau they feel PUB should focus on and 5 per bureau that they feel PUB should not focus on. PUB staff to send reminder and instructions.

Thursday, December 19, 2019

Topics Council work session prep and prioritizing program offers for PUB to focus on

Time/Location 11am-1pm, Portland City Hall, 1221 SW Fourth Avenue, Rose Room

Tuesday, January 7, 2019

Topics Low-income assistance program evaluation and updates, budget work, and possible review of values/considerations for PUB's budget work. It was noted that in the past values have been a derailing conversation and it would be important to structure the discussion appropriately.

Time/Location 3:30pm-6:30pm, 1900 SW Fourth, 1900 Building, Room #2500C

Tuesday, January 16, 2019

Topics Continuation of January 7 topics

Time/Location 11am -1pm, 1900 SW Fourth, 1900 Building, Room #2500C

Note: Rate study tentatively placed on February agenda.

The meeting adjourned at approximately 6:30 p.m.