



UTILITY OVERSIGHT BLUE RIBBON COMMISSION

OVERSIGHT DISCUSSION MODEL

October 16, 2014

Facilitators for the Portland Utility Oversight Blue Ribbon Commission (BRC) have prepared this document for the purposes of soliciting public input on preliminary recommendations for reform of oversight and accountability of the Portland Water Bureau and Bureau of Environmental Services. These preliminary recommendations reflect the facilitators' interpretation of input received to date from BRC members.

A. Commission Charge

"The Portland City Council directs that an independent Commission convene from July to November to analyze potential reforms of the oversight and accountability of the Portland Water Bureau (PWB) and Bureau of Environmental Services (BES) and then report to the City Council. The Commission will focus on streamlining communications and transparency in the rate setting process."

B. Goals of the Recommendations

While PWB and WES are nationally-recognized as innovative and well-run utilities, public concerns about out-of-mission spending, fragmented oversight and public participation in budget and rate-setting processes, and a functionally-challenged Public Utility Review Board (PURB) have resulted in reduced public confidence and a call for improved transparency and oversight. Thus, preliminary recommendations are intended to:

1. Provide ongoing oversight on what constitutes provision of appropriate services and on out-of-mission spending (focused on those elements that are significantly large).
2. Improve transparency in the development, review and adoption of policy, systems plans, Capital Improvement Plans (CIPs), budgets and rate-setting.
3. Ensure timely and informed public involvement in financial decision-making through a consistent level of involvement throughout the budget and rate-setting processes.
4. Ensure that innovation is unimpeded.
5. **Ensure** that there is clear oversight leadership with visible political standing that is endorsed by current and future City Councils.
6. Provide adequate and consistent staffing.
7. Be implementable without creating any significant new bureaucracy or revisions to the City Charter.

Measures of the success of these recommendations include:

1. The public better understands the rationale for projects and capital expenses and the basis for the rates they are paying.
2. The community trusts that their interests and those of future generations are the primary considerations in determining services and capital expenditures.

3. Qualified volunteers apply for and serve on the board and believe their work is meaningful and valued by City Council and the community.

C. Proposed Oversight Structure

The following recommended structure is predicated on a single new oversight entity for both the PWB and BES that meets on a regular, year-round basis, with members serving in a volunteer (unpaid) status. It also assumes that City Council remains the ultimate decision-making body for system plans, CIPs, bureau budgets, utility rate setting and debt financing. The Oregon Citizens Utility Board (CUB) is assumed to continue to independently review and monitor utility rates.

Type of Entity	Oversight and Advocacy More expansive oversight and review scope than PURB and BACs; replaces both entities	
Roles and Responsibilities	<i>Provide Oversight and Recommend/ Advocate to Commissioner-in-Charge and City Council</i> <ul style="list-style-type: none"> • Policy • CIPs • Annual budgets • Rate setting 	<i>Review and Advise Bureaus</i> <ul style="list-style-type: none"> • Systems plans • Debt financing • Strategic communications • Citizen involvement
Reporting	Advise bureaus and Commissioner-in-charge, while also providing recommendations and advocating to the full City Council on high impact issues <ul style="list-style-type: none"> • Interaction with City Council at the entity’s discretion, after consultation with the Commissioner-in-charge 	
Appointment	Commissioner-in-charge recommends, City Council appoints	
Representation and Terms	<ul style="list-style-type: none"> • Range of skills and experience • Avoid “dedicated seats” per PURB • For Chair/Vice-Chair, leadership qualities and understanding of group and political processes • No recommendations at this time on terms 	
Staffing	Dedicated staff housed in City Budget Office <ul style="list-style-type: none"> • Committed to and directed by the oversight entity • Has ability to request outside consulting help 	
Financing	Dedicated funding from rate base	
Relationship to Existing Entities	Replaces PURB and BACs <ul style="list-style-type: none"> • Subcommittees with specific PWB or BES focus may be established 	

BAC = Budget Advisory Committee

CBO = City Budget Office

Systems plan = 20-year plan to guide infrastructure investment throughout the City

D. Other Preliminary Recommendations

1. Request that City Council formerly adopt a practice of justifying in writing actions contrary to recommendations of the oversight body.
2. Given the interrelationship of their missions, assign both the Water Bureau and BES to a single Commissioner.
3. Assign the solid waste collection rate-setting function to the Planning & Sustainability Commission.
4. Adopt into code or as policy those reforms enacted by Commissioner Fish that have the potential to be ongoing.

Written comments on these preliminary recommendations will be most helpful if received no later than Thursday, October 23, 2014. Please send comments to:

Jim Owens, BRC Facilitator

jim.owens@coganowens.com

Cogan Owens Cogan, LLC

813 SW Alder, Suite 320; Portland, Oregon 97205