

PORTLAND UTILITY BOARD

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City Budget Office

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To: Mayor Ted Wheeler
Commissioner Carmen Rubio
Commissioner Dan Ryan
Commissioner Jo Ann Hardesty
Commissioner Mingus Mapps
Auditor Mary Hull Caballero

Re: Requested Budgets for FY 2021-22 for the Bureau of Environmental Services and the Portland Water Bureau

Date: January 29, 2021

The Portland Utility Board (PUB) serves as a community-based advisory board for the Bureau of Environmental Services (BES) and the Portland Water Bureau (PWB).

This initial budget letter, in compliance with City practice for budget advisory committees, is an early opportunity to share our preliminary work and the considerations that will guide our next several months of budget work. The PUB views this letter as the first of several touch points with City Council throughout the annual budget and planning processes.

The PUB has begun our work focused on gathering information, providing feedback, and building the foundation needed to understand the complex budgets for both bureaus. Particularly with four of our members newly joining the board as of January 1, 2021, there is substantial work ahead as we orient to the budget, expand our knowledge, learn about what is being requested and formulate recommendations for Council this budget year.

Program offers and PUB's approach to budget

The PUB continues to be supportive of the City's program offer budgeting process and to collaborate with the bureaus to develop the best ways to work together within the budget process. The bureaus continue to refine development of program offers, including significant changes to accommodate the reorganization within BES and continued work needed to develop and refine performance measures within the program offers.

Beginning last year, the PUB adjusted our review process to maximize

the effectiveness of our budget advisory role. While the board continues to do a basic review of the full budgets for both bureaus, the PUB has identified some high-interest program offers for more in-depth review. By focusing on a strategic number of program offers in-depth, the PUB aims to provide more focused feedback to the bureaus as well as to engage earlier and more effectively at the policy/programmatic level that ultimately drives budget optimization. The PUB appreciates the increased level of information that the bureaus provide for the high-interest program offers as this allows the PUB to have greater context and provide more valuable feedback.

PUB’s Values and Work Plan Frames

The PUB remains focused on the values that have been developed in recent years and continuing to refine them and understand their connections. The PUB has also developed four key frames to guide our discussions and evaluation of work:

- Racial Equity – Ensuring racial equity is centered in decision making. Current distribution of burdens and benefits analyzed as well as consideration of reparative actions to address harm done by past inequities.
- Inter-Bureau Collaboration – Is successful collaboration happening? Are resources such as staff expertise and equipment being effectively shared across bureaus? How can barriers to collaboration and resource sharing be removed?
- Outcomes Oriented – Issues where there is opportunity to influence Council and bureau decisions or otherwise impact bureau operations, policies, and budget are prioritized.
- Sustainability – Is the City using resources wisely, investing wisely, considering issues of long-term resiliency, prepared to respond to emergencies in equitable ways?

The PUB recognizes that it is important to balance the tension among the various values and frames we use in our work. PUB recognizes that rate increases are borne more easily by some and are more challenging for others. Rate increases are necessary but need to be balanced with impact on customers. Some values such as equity also cut across all other values.

| PUB's Values |
|--|
| Affordability |
| Assistance to low-income residents |
| Efficiency of operations |
| Equity |
| Improvement and sustainability of infrastructure |
| Long-term value to residents of Portland region |
| Protection of public and watershed health |
| Regulatory Compliance |
| Service Delivery |
| System resilience and reliability |
| Transparency and inclusive public engagement |

In alphabetic, not priority order

Affordability, Financial Assistance and Budget Guidance

The Mayor’s budget guidance directs the bureaus to build their budgets within rates approved as their multi-year financial plan presented last year, for a combined rate increase of approximately 4.9%. The PUB holds in reserve its support of this rate increase until the budget process is completed. We do support the additional guidance for the bureaus to work collaboratively to enhance current financial assistance programs and to continue to find cost savings and efficiencies to offset financial impacts caused by the pandemic. As continues to be a

theme of our feedback, the PUB is very concerned about affordability for all Portlanders but particularly for residents that already bear the brunt of structural inequities. In light of COVID impacts, the bureaus may need to revisit their multi-year financial plans.

The PUB continues to engage directly with the bureaus to provide feedback on financial assistance programs as well as other activities such as the recent efforts to resume billing notices to customers. Some recommendations to the bureaus that may go beyond specific programs include:

- Partner earlier with PUB to allow ample opportunity for feedback and co-creation, particularly when policies or decisions will impact customers.
- Increase proactive outreach regarding assistance available including increasing visibility on bills and notices with emphasis of availability of payment options and financial assistance programs.
- Conduct analysis of who is receiving important information about rate increases and financial assistance programs and of demographics of those asking questions or using the programs. Is information transparent across all groups? Are programs only used by particular groups of people? Identify potential gaps to develop priorities for outreach.
- Partner with community-based and/or housing organizations for outreach and more equitable information distribution. Evaluate what measures are already taken for communities that do not receive information in the same way as others and identify potential gaps for enhanced partnerships.

The PUB recognizes that this is a tough time that many customers, both households and businesses, are going through and is especially harder for people who are the most impacted by this public health crisis particularly Black, Indigenous and People of Color and other historically underrepresented communities. It is our job to make sure that the bureaus are providing help to people who are really in need and ensure that no one is left out.

Next steps

Over the coming months the PUB anticipates more comprehensive review of the FY 2021-22 proposed operating budgets, program offers, and capital improvement plans. We look forward to analyzing and evaluating the bureau's requested budgets and the City Budget Office (CBO) analysis and providing additional feedback to City Council. As the budget develops, the PUB will provide a letter with recommendations regarding the budgets, participate in the budget work sessions in March, the utility rate hearing in May, as well as discuss budget issues with the Mayor and City Council if requested.

The PUB is grateful for the significant support we receive from the bureaus' directors, staff, ex-officio members, Commissioners and their staff, the City Budget Office, and PUB staff. We look forward to providing you further input as the budget process continues through the spring. We welcome open communication with City Council and any feedback you have regarding our proposed approach to FY 2021-22 budget work as well as the values and frames that guide our work.