

# PORTLAND UTILITY BOARD

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

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

Date: April 13, 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).

The PUB is grateful for the significant support we receive from the bureaus' directors, staff, and ex-officio members as well as the Council, City Budget Office, and PUB staff. The PUB has held multiple board meetings over the last several months focused on gathering information, reviewing analyses, building the foundation needed to understand the complex budgets for both bureaus, providing feedback, and considering the requests in balance with the PUB's values and workplan frames. This is our second letter during this budget cycle and summarizes our recommendations to Council on the bureaus' FY 2021-22 Requested Budgets and priorities.

**FY 2021-22 Requested Budgets**

The Bureau of Environmental Service's (BES) FY 2021-22 budget request includes \$410.9 million in operating and capital expenditures in the next year, with no change in positions. There are no decision packages to consider. The total rate of increase for the typical single-family household to support the bureau's requested budget would be 3.15%.

The Portland Water Bureau's (PWB) FY 2021-22 budget request includes \$273.1 million for operating and capital expenditures for the next year, with no change in positions. The decision packages include a small General Fund reduction package and a request for \$1.5 million General Fund for American Disability Act (ADA) compliance to remove

barriers at PWB properties for recreational purposes. The total rate of increase for the typical single-family household to support the bureau's requested budget would be 7.8%.

Including the proposed rate of increase for both the PWB and BES, the combined monthly utility increase would be 4.8%. This results in a typical single-family residential bill increasing by \$5.95 from \$122.74 per month up to \$128.69 per month. The final rate of increase will depend on the items that are approved by City Council through the budget process.

## **Affordability and Financial Assistance**

The PUB remains concerned about the affordability of water and sewer rates and understands there is a delicate balance between affordability and the capital investments needed for long term infrastructure maintenance. Although both bureaus met budget guidance with their budget requests, the resulting 4.8% combined increase could prove unaffordable to many Portlanders and could disparately impact residents that already bear the brunt of structural inequities. We are also concerned about how the \$20 million dollars of accounts in arrears may affect BES and Water bureau services, staffing, and rates and therefore could impact capacity to expand and promote financial assistance programs.

### Financial Assistance Programs

Improvements to increase visibility and maximize impact of the financial assistance programs are even more essential as financial circumstances for many Portlanders have worsened with the pressures of the pandemic. Last year the PUB provided advice on some key areas for improvements to the financial assistance programs including; suggestions regarding accessibility of information, marketing and outreach opportunities, leveraging resources of related programs, addressing administrative challenges and improving data tracking and analysis ([see April 1, 2020 letter to Council for more detail, excerpt provided at the end of this letter for reference](#)). The PUB recognizes the pandemic may have delayed investigating and responding to some of these suggestions and this year we provide some complements to the earlier recommendations. The PUB appreciates the efforts made by the bureaus to mitigate customer financial impacts and supports the expansion of critical financial assistance programs including the increase to \$250,000 for fixture repairs and the continuation of \$600,000 for rental assistance.

The PUB understands there may be lower utilization than expected of some components of the financial assistance programs and recommends the bureaus continue to address the lack of awareness of these critical resources, as well as other incentive programs such as BES's Clean River Rewards. The bureaus should enhance coordination across programs and with other bureaus, building on successful practices to improve outreach efforts. The PUB recommends increasing the use of diverse outlets to provide more accessible information and in different languages. The bureaus have a very positive partnership with Home Forward that helped addressed some of the gaps in the assistance programs but also has limitations. The bureaus could further their reach within the community by working with organizations already doing

effective regional outreach such as local county libraries or trusted public service providers. The recent PWB small business relief program had significant success with strategic outreach that could be utilized by the financial assistance programs to increase impact, including use of multi-lingual mailers, Community Engagement Liaisons to do outreach in specific linguistic and cultural communities, and advertisements in resources that reach diverse communities.

The bureaus have made significant efforts in recent years to participate in a range of community events to broaden their outreach. The PUB commends this approach but also recognizes that there could still be barriers for many to feel comfortable approaching information tables at events, particularly for Black, Indigenous, People of Color (BIPOC), and people that primarily speak a language other than English. The PUB recommends that the bureaus explore ways to increase their cultural representation at outreach events, including use of Community Engagement Liaisons when appropriate, to build on their efforts to remove barriers for Portlanders that may not be aware of the programs and resources available.

The PUB supports the City Budget Office recommendation for utility bureaus to promote the voucher program for multi-family dwellings administered by the Portland Housing Bureau to increase access for those with the greatest need. We also recommend the bureaus increase program flexibility of resources to ensure usage that better reflects the needs in the community. For example, if demand remains low in the voucher program, we suggest modifications to reallocate funds to other financial assistance programs with higher demand. The PUB anticipates that increased awareness and use of potential discounts and resources may allow struggling customers to pay partial bills, also improving revenues and helping the bureaus reduce amounts in arrears.

#### Small Business Relief

The PUB appreciated the opportunity to engage in the development and implementation of small business relief grants (SPUR) in 2020 and is monitoring potential legislative efforts to provide state-level resources that could complement local efforts. The PUB is eager to advance the goals of the SPUR program and recommends another round of SPUR grants be funded, with a continued focus on short term relief for BIPOC and women owned businesses to support businesses most negatively impacted by the pandemic.

#### Rate Development

The PUB also recognizes that the available programs cannot reach every Portlander that needs utility rate assistance. We encourage BES to expeditiously complete the rate study that may provide another avenue to address stormwater rates and the inequities of existing rate methodology. The PUB supports use of finer-scale methods, rather than defaulting to averages to assess the fairness of fees. One area PUB suggests BES explore is its methods of calculating private property stormwater fees based on impervious area averages. The PUB acknowledges that the reduction to the rate study budget next year is not indicative of reduced priority for this work but just a shift due to the delayed timing. We recognize that 2020 was a challenging

year and appreciate BES's commitment to invest in and make time for thorough public engagement. The PUB supports the expanded community engagement related to the rate study and is eager to provide feedback in the coming year.

The PUB recognizes that this is a tough time for residents and businesses and is especially harder for people who are the most impacted by this public health crisis, particularly BIPOC 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. Affordability will remain a focus of many future discussions and recommendations.

## **Employee Development and Investment**

The PUB recognizes that employees are a critical resource that requires investment and focus to ensure that the bureaus are developing and nurturing a sustainable and equitable employee culture. The PUB has previously supported the addition of positions at both bureaus for a more coordinated focus on employee culture and investments that advance components of the equity and strategic plans.

The bureaus have responsibly addressed planned reductions in revenues by identifying efficiencies, cost-containment and savings, including holding positions vacant to reduce expenses. We commend this approach but also recognize the work has not decreased and therefore holding vacancies can increase workload burdens and negatively impact remaining staff. The PUB encourages the bureaus to monitor workload and consider filling vacancies if the revenues come in higher than expected.

Beyond monitoring overall employee impacts, the PUB recommends an increased focus on improving hiring, retention and mentoring for BIPOC employees. The PUB recommends that the bureaus look to their bureau equity and strategic plans and ensure there are components to adequately address the ongoing challenges of this work. The PWB has demonstrated some success with their apprenticeship program and mentoring to result in increased hiring of BIPOC employees, particularly in positions traditionally favoring white males. Similarly, BES has success with internship programs but may still struggle to convert those positions into permanent employees. There may be an opportunity for the utility bureaus to partner and build on recent good work, continue to expand opportunities and create more equitable work cultures.

## **Performance Measures and Project Delivery**

The PUB supports the BES and Water performance measures for the coming year and will continue to work with the bureaus as they further develop and refine measures. We support the change to calculate the rate increase impact by quintile household income instead of median household income. This is a more accurate and fair way to assess economic impacts on lower income households. We suggest that the bureaus also develop measures to estimate how

the benefits of Capital Improvement Projects are distributed among different household incomes.

Finally, we commend both bureaus for the strides they are making towards equitable project delivery and community impacts. The PUB shares BES' optimism about the new Project Management Office (PMO) and acknowledges that it seems to be positively influencing project delivery. The PUB agrees with the bureau's plan to use the PMO to lead an overhaul of the Capital Improvement Project prioritization process and develop associated equity measures. We recognize BES for progress made in developing a Community Benefits Agreement for the Secondary Treatment Expansion Project (STEP) and piloting the contracting program to expand utilization of minority-owned, women-owned and other disadvantaged businesses. We appreciate these efforts and look forward to future programs.

### **Decision Package – PWB Capital Set-Aside Request - ADA Barrier Removal**

There was just one decision package to review with a request for approximately \$1.5 million in General Fund for removal of ADA barriers identified on PWB properties in the Citywide Transition plan. The PUB supports the intent of the package to ensure that hydroparks and other facilities are accessible to the public and reducing potential liability risks. However, we also recognize that this request must be prioritized among other City projects so encourage funding when appropriate compared to other competing demands. The PUB defers to the City Attorney and City Budget Office to determine which portions are appropriate for rate-payer funds versus General Fund.

### **Next Steps**

The PUB views this opportunity to comment on the bureaus' budget submissions as one of several touch points with City Council throughout the annual budget and planning processes. If you have any questions or suggestions, please reach out. We look forward to continued conversations about the budget and utility services.

## Excerpt from PUB's [April 1, 2020 Letter to Council](#) regarding FY 2020-21 Requested Budgets

...Particularly as rates continue to increase, the financial assistance programs are a critical component of the bureaus' programs to support residents equitably. The PUB is supportive of expansions to the financial assistance program over the past year, and in addition have identified the following areas of recommendations to ensure these programs are increasingly effective and equitable (list order is not prioritized):

1. Accessibility – The website is difficult to navigate to locate information about the financial assistance programs, particularly the opportunities for multi-family residents. If PUB members struggle to find information, even as an insider with knowledge of what to look for online, then it causes great concern for the customer that urgently needs these resources but does not know they exist. PWB should use Google analytics and other tools to evaluate and implement changes to improve accessibility of the financial assistance programs for the public. At a minimum, the website should be updated to provide easier access to the public to the dedicated line for the financial assistance team, more graphic materials should be developed on how to access programs, and crisis information should be provided in multiple languages similar to other assistance resources online.
2. Marketing and Outreach – the financial assistance program has been established but has a gap in marketing and outreach to ensure all residents in need are aware of the resources and connected to appropriate opportunities. Although PWB has made some efforts in outreach to religious organizations they report that it has not been successful. The PUB recommends a more thorough evaluation of why these efforts have not worked and identify changes to improve the impact of efforts to religious organizations and immigrant and refugee partners. The PUB recommends that resources be dedicated to the marketing and outreach for a focused push to get the word out to the public. One example could be the hiring of summer interns to staff at community centers to connect with the public.
3. Leveraging Resources of Related Programs – Both BES and PWB have other programs that could assist residents that are at risk and struggling to afford their utility bills, specifically the PWB Water Efficiency and the BES Clean River Rewards programs. Although you cannot compel residents to participate in these voluntary programs, the PUB recommends strengthening the connection between the financial assistance program and these other programs so that residents are effectively advised of the opportunities for assistance on home repairs and other improvements that could reduce their utility bills. An Auditor report previously identified that the Clean River Rewards program has primarily benefited middle class homeowners and has not effectively reached low income customers. BES has recently conducted outreach to financial assistance program participants and had a positive response. The PUB supports this expanded outreach and recommends that the connections continue to be strengthened,

as well as new partnerships explored such as with the renter's assistance program in the Housing Bureau. With effective messaging and repeated announcements, the bureaus may be able to increase participation and help customers that are struggling to afford their utility bills.

4. Address Administrative Challenges – Although the financial assistance programs have been successful, the PUB is eager to support efforts to close the gap between those who are qualified to receive assistance and those who are receiving it. We have heard concerns about the capacity for Home Forward and the STRA agencies with existing resources. The PUB recommends that PWB:
  - a. inquire with Home Forward and STRA agencies about bottlenecks,
  - b. identify whether there are needs for additional administrative support,
  - c. identify whether internal resources or additional funding could address these challenges, and
  - d. conduct an annual review of the relationship with STRA agencies to identify opportunities to influence their processes and ease access for community members needing resources.
5. Data Tracking and Analysis – As the bureau works toward closing the gap on who is receiving resources, data will be very important to determine how to improve marketing and outreach. The PUB recommends strengthening the tracking of the demographics of who is being served and analyzing who is missing to inform program activities. The PUB also recommends tracking the collaboration partners and relationships so that these can be clearly communicated with the PUB and public and used to help identify gaps and recommendations for expansion.