

Portland Utility Board

Thursday, January 19, 2023, 11:00 a.m.

Virtual meeting using Zoom platform

Meeting #143

Attendees:

PUB Members:

Alexis Rife
Bob Sallinger
Christopher Richard
Heather Day-Melgar
Joe Spada, ex officio
Karen Williams
Lorraine Wilson
Robin Castro
Sarah Messier, ex officio
Theresa Huang
Tom Liptan

Absent:

Julia DeGraw*

*Notice of absence provided prior to meeting

Staff:

Amy Archer-Masters, Portland Utility Board Analyst, City Budget Office
Cecelia Huynh, Portland Water Bureau
Dawn Uchiyama, Bureau of Environmental Services
Eliza Lindsay, Portland Utility Board Coordinator, City Budget Office
Farshad Allahdadi, Bureau of Environmental Services

Public:

Carol Cushman, League of Women Voters

Items Discussed, Action Items, Decisions

In these notes PWB stands for Portland Water Bureau, BES for the Bureau of Environmental Services, and PUB for the Portland Utility Board.

The video of the meeting as well as supporting documents can be found here:

<https://www.portland.gov/pub/events/2023/1/19/portland-utility-board-meeting>

In the below notes the **blue timestamp** indicates the approximate place in the video where a particular topic begins. For example, **3:45** indicates that this topic begins at approximately 3 minutes and 45 seconds into the video. Closed captioning is available by clicking on the CC symbol in the lower right side of the video tool bar.

The Board discussed what they are looking for in the next BES Director. The Board then reviewed, amended, and adopted an initial budget letter to be finalized by PUB staff and two PUB volunteers.

I. Call to Order

The Co-Chair called the meeting to order at approximately 11:00 a.m.

II. Disclosure of communications ~3:45

Theresa has had continued conversations with BES staff regarding the Neighborhoods to River grants.

Bob has had several conversations regarding the bureau realignment process and the efforts to start consolidating and moving pieces of bureaus related to charter change/new governance structure. He is leaving Audubon as of February 1. He will have a different affiliation going forward which will still have significant overlap with PUB work. He will share more in February.

III. Public Comment

There was no public comment

IV. Minutes ~6:08

The January 3, 2023 minutes were accepted as submitted.

V. BES Director Hiring ~11:07

Note: The conversation began at **~11:07** was paused for the budget letter and then was returned to and wrapped up at **~1:28:00**. In the below notes the conversation has been organized to maintain continuity of thought.

Ideas that had been emailed in were shared on the screen and included:

- How they approach decision making when there is conflicting information, hard tradeoffs, etc.
- Commitment to equity and operating from Bureau values, even when unpopular
- Experience with financing large public sector capital projects
- Futuristic thinking
- Ideas for reducing rate increases
- Ideas for how gray/green infrastructure can reduce costs

The PUB member who suggested “futuristic thinking” added clarification. Since the new Director is starting during a time of City governance change and reorganization, how would they see the City evolving? The ability to scan the horizon and consider how to best manage assets is important. For

example, is it a good time to be selling the Tryon Creek Wastewater Treatment Plant property to Lake Oswego or might there be a need for property on the westside, e.g., for PWB's Willamette River crossing project?

Another PUB member thanked the PUB representatives, noting they were excited PUB had been asked to participate. They said they would want to know if the candidates had experience making decisions when there is conflicting information and/or hard trade-offs. The PUB member said they were also interested to know if the candidates trust staff and the experts on the ground, rather than considering themselves to have all the answers. They said they would also be looking for a real commitment to equity and community, especially in terms of environmental justice and the impacts decisions have on marginalized communities.

Another PUB member noted that going along with the futuristic/green thinking, they hope the candidates would have familiarity with Portland's Climate Action Plan which went into effect in 2015.

Another PUB member was interested in knowing if candidates have worked in a large infrastructure organization where the infrastructure maintenance/improvements have been delayed for years. They would want to know how candidates would balance these delayed infrastructure needs with a push to reduce rates, especially considering current high inflation.

Another Board member shared that reducing rates is one tool bureaus have to balance how they pay for things. They shared that focusing solely on rates may be overly simplistic. Perhaps a more general question might be how the candidates approach issues of affordability. The Board member noted that if the bureaus defer maintenance on infrastructure, it is only going to get more expensive.

Lorraine, one of the PUB representatives serving on the interview panel asked for clarification/guidance on what questions or responses she should look for to determine if the candidate meets PUB's priorities, e.g., the ability to evaluate long-term impacts.

The PUB member who was interested in futuristic thinking said, for example: Did the candidates work at an agency where the status quo wasn't going to work anymore? Were they able to gather a team to do something innovative and collaborative?

Bob, one of the PUB representatives serving on the interview panels, shared a priority for him in the new BES Director, asking for comment from the rest of the Board. He noted that in the job announcement there was only a single mention of the environmental side of BES' work. Noting that BES is just not a sewer agency, he is interested in questions that get at what the candidates would do to advance the environmental side of the equation, e.g., Clean Air Act, Clean Water Act, Endangered Species Act, transitioning from gray to green infrastructure, climate resiliency, etc.

In response to a request for further clarification he added that BES has been the City's brain around environmental issues. This includes science, policy, programs, and regulatory compliance. This work made up what was historically called the watershed program which has been dismantled. The policy underpinnings have been downgraded as well, along with a reduction of the programs within BES. The job description minimized those functions. This is a marked departure from prior position descriptions which emphasized those things. So, his questions are along the lines of: What kind of experience the candidates have with those aspects of BES' mission? How do they integrate green strategies in a more

meaningful way that gets at community benefits, equity, urban heat islands, water, and air quality, as opposed to simply the sewer infrastructure.

Lorraine asked for clarification regarding PUB's position on the Watershed Management Plan so as to be aligned when they go into the interviews. The last annual report is 2010 which is a long time ago, so she is trying to better understand the framework as a PUB representative.

A Board member shared that while the Board hasn't explicitly taken a vote on that particular issue, the PUB has climate resilience, right to clean water, and many other values that have been clearly stated and show the spirit of support of watershed protection and restoration.

A PUB member noted that they have participated in several Director hiring processes for the City. In recent years there has been minimal opportunity to get the kinds of things the Board has been discussing into the process. In their experience, the questions were pre-set with little opportunity for input. They noted that each process is different so they don't know what opportunity there will be in this process.

The Co-Chair shared in the spirit of being helpful, that the PUB representatives are there looking and listening for the candidates' experience. If you don't hear anything about climate, innovation/future looking, etc. or receive an insufficient response, then noting this may be the best you can do, especially if there isn't room to ask PUB's questions or go deeper.

VI. PUB Initial Requested Budget Letter ~22:15

The Board walked through the draft letter, discussing and suggesting changes. The draft letter with rough notes on the comments made during the meeting can be found at the end of these minutes.

VOTE ~1:20:25

Karen made a motion to support incorporation of the comments from today's discussion into the budget letter and to delegate to staff and two Board members the task of finalizing the budget letter.

Tom seconded the motion.

Discussion:

A Board member noted that they generally supported the motion. They noted that the Board has had a lot of public comment about PWB being more proactive in sending out lead tests. They had an interest in adding a sentence to the section on the Lead Hazard Reduction Program which is about being more proactive about sending out lead testing and increasing accessibility while not necessarily choosing a side or pushing agendas.

Sarah, ex officio, staff member who manages the requests for lead testing shared that, last year, they had 24,000 requests and over 10,000 samples. It was a banner year. She cautioned about putting it into the letter without information about what is already being done in terms of outreach. She also said she felt such a sentence strays from the intent of the letter.

Another PUB member shared that they would not support adding anything to the section on the Lead Hazard Reduction program both for the reasons already stated and because there will be opportunities to add in the next budget letter, once the Board has more up to date information.

The proposed addition was removed and there was no further discussion.

There was no public comment.

All present voted yes: Karen, Robin, Heather, Lorraine, Tom, Chris, Theresa, Bob, and Alexis.

The Co-Chair then asked for two volunteers to work with PUB staff to finalize the letter.

Tom and Robin volunteered.

VII. Announcements and Next Meeting ~1:36:00

Commissioner Mapps will attend the February 7 meeting. The conversation with the Commissioner will be the first agenda item. The typical opening business items, disclosure of communications, review of minutes, and public comment, will be moved to after the conversation with the Commissioner.

PUB Co-Chairs have met with the Commissioner's staff and conveyed the topics that the Board is interested in discussing with the Commissioner. The two primary topics will be the budget as well as the upcoming transition to a new form of government.

Next meeting Tuesday, February 7, 2023, 3:30 p.m.

The meeting adjourned at approximately ~12:37.

PORTLAND UTILITY BOARD

Members:

Alexis Rife

Bob Sallinger

Christopher Richard

Heather Day-Melgar

Julia DeGraw

Karen Williams, Co-Chair

Lorraine Wilson

Robin Castro, Co-Chair

Theresa Huang

Tom Liptan

Ex-officio Members:

Joe Spada

Sarah Messier

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To: Mayor Ted Wheeler
Commissioner Mingus Mapps
Commissioner Carmen Rubio
Commissioner Dan Ryan
Commissioner Rene Gonzalez
Auditor Simone Rede

Re: Requested Budgets for FY 2023-24 for the Bureau of Environmental Services and the Portland Water Bureau

Date: January 26, 2023

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

This initial budget letter, in compliance with City practice for budget advisory committees, shares our preliminary thinking and considerations that will guide our next several months of budget work together.

The PUB is guided by several areas identified in our workplan, including racial equity, the climate crisis and climate justice, innovation and efficiency, and interagency and cross sector collaboration. This past year, the PUB updated our values to make it clear that clean water is a human right and further define the importance of affordability and other components. Keeping these in mind, the PUB recommends to the City Council that they prioritize consideration of financial assistance, racial equity and workforce development, infrastructure and asset maintenance, and lead hazard reduction. Below, we expand on these areas, our priorities, and how these are connected to the Mayor's budget guidance.

Preliminary Budget Considerations

Budget is integrated into the Board's work year-round, but this becomes even more focused during review of the Requested Budgets through the Utility Rate Hearing. Following are early considerations we encourage the Council to take into advisement based on program and policy work over the past year.

Financial Assistance Programs and Multifamily Assistance –

The PUB feels that affordability of service for those most in need is a top priority, and encourages Council and bureaus to consider PUB’s recommendations provided on the financial assistance programs in recent years (documented most recently in the [FY 2021-22 Annual Report Appendix A](#)). The PUB continues to focus on affordable water, wastewater and stormwater service for all Portlanders, particularly for people that bear the brunt of structural inequities.

The PUB has provided detailed recommendations regarding the financial assistance programs and continues to support expansion of these programs. The bureaus recently presented information regarding expansion to aid renters through the Regulated Affordable Multifamily Assistance Program (RAMP). The PUB has repeatedly advocated for expansion to multifamily residences, supports the direction the program expansion is going, and commends both PWB and BES for developing this program. The PUB agrees the RAMP program is a step forward, however the Board is concerned that the limited reach of the program still leaves many renters without access. The Board recommends collecting disaggregated demographic data to evaluate whether racial equity goals are being met by the program. The Board also recommends that the bureaus explore how to identify and reach people in need that live in private for-profit apartments.

The PUB expects continued engagement with the bureaus and Council on the evolution of financial assistance programs, recognizing the need for consideration and input regarding the tradeoffs that may be required to ensure sufficient funding to prioritize future program enhancements and/or expansions.

Racial Equity and Workforce Development –

In June 2022, the PUB endorsed the [Workplace Racial Equity Mid-Pandemic: Focus on BES and PWB](#) report, published by Board members Karen Y. Spencer and Theresa Huang, with findings and recommendations related to racial equity and workforce development. Advancing the recommendations in the report, especially those regarding data justice and career pathways for interns, apprentices, and other temporary employees remain a high priority. This will not only provide avenues to build trust within the board, the bureau, and with the community, but also advance other critical topics such as field employees' working conditions (which include a significant number of Black, Indigenous and People of Color/BIPOC employees).

The Board continues to encourage the bureaus to implement recommendations that advance racial equity and workforce development to elevate the work of both utility bureaus.

Infrastructure Maintenance and Asset Management -

The PUB recognizes the need for stewardship of aging infrastructure and supports the bureaus' trend of prioritizing repairs of the systems in poorest condition first to protect public health, maintain essential services and begin to address racial disparities in public investment. The PUB is aware of some staff working in facilities that require significant repairs and while we

understand that capital improvement plans must be balanced with other priorities these priorities must not outweigh the material realities of subpar work conditions for bureau employees (and the difficult fiscal environment that is impacting existing capital plans or resulting in further rate increases). The Board is committed to long term improvements and wants to ensure investments are made timely to maintain intergenerational equity. The PUB also wants to be adequately engaged and informed about capital improvement plan priorities and decisions, particularly if there are tradeoffs to consider in order to best fulfill the PUB's purpose. A few capital projects that remain of particular interest for the PUB include:

- Automated Meter Infrastructure (AMI) – refer to recommendation made in [PUB's April 7, 2022 Recommendation letter](#) requesting further cost-benefit analysis, as all of the concerns have not been addressed.
- Bull Run Treatment Projects
- Secondary Treatment Expansion Program (STEP)
- Tree Planting Program?
- Tryon Creek Wastewater Treatment Plant
-
- Willamette River Crossing

The PUB remains concerned about overall impact to rates and the need to balance CIP project decisions and would like to see more information regarding these and other projects before commenting on tradeoffs for current year priorities.

Lead Hazard Reduction Program – The PUB recognizes the public health benefits that have been provided by the Lead Hazard Reduction Program (LHRP) and is concerned that the program is slated to end as rates can no longer fund the program. The Board recommends that Council, at a minimum, maintain full funding for the LHRP to continue education about the dangers of lead and to help households with lead issues to safely address those issues. The City should also consider expanding the program by partnering with Multnomah County to assist residents with low to no-interest loans to replace pipes with lead soldering from their homes, prioritizing access for low-income residents. More details regarding the recommendations can be found in the [FY 2021-22 Annual Report Appendix B](#).

PUB's Priority Area Alignment with Budget Guidance

PUB's priority areas (identified and outlined in our [FY 2022-23 Workplan](#)) apply to all PUB's budget and policy work, connect to bureau challenges and priorities, and align with the Mayor's budget guidance and priority lenses. The Mayor's priority lenses of equity, climate action, and high-performance government closely align with PUB's priority areas and we are eager to see how these elements impact decision-making. This work is supported as the bureaus and PUB focus together on improved process coordination, communication and mutual trust-building. When engaged timely and effectively, the programs and policies are more fully informed and with better outcomes.

Racial Equity

Consistent with the [PUB's Beliefs, Values and Anti-Racist Principles](#), the Board centers racial equity in all its decision-making. In developing recommendations, the Board not only analyzes the distribution of burdens and benefits, but also considers how to advance reparative actions that address harm done by past inequitable policies, actions, and practices.

The Board supports the bureaus' identifying their performance measures that relate to the Mayor's priority lens of Equity, particularly where it can move beyond broad equity goals or statements and tie directly to measurable deliverables and outcomes.

The Climate Crisis and Climate Justice

The PUB recognizes that marginalized communities are disproportionately impacted by climate change while contributing least to the problem. The Board takes a climate justice approach to addressing the climate crisis and recognizes the import of the bureaus' work in addressing impacts on the community. The Board works to ensure that the most impacted communities are included in the decision-making processes and that bureau climate resilience policies equitably distribute benefits and burdens.

The Board supports bureaus identifying performance measures that relate to the Mayor's priority lens of Climate Action.

Innovation and Efficiency

The Board encourages innovation and efficiency in analyzing bureau policies, operations, and plans, while ensuring that innovations and efficiencies benefit communities, advance equity and do not happen at the expense of marginalized communities.

The Board supports bureaus in their efforts as they relate to the Mayor's priority lens of High-Performance Government, especially for racial equity and workforce development. The transitioning form of government provides a critical opportunity to focus on PUB's priorities particularly as service areas are aligned and we look to identify innovations, efficiencies and opportunities for collaboration.

Inter-Agency and Cross-Sector Collaboration

The Board looks for opportunities for inter-bureau and inter-agency collaboration, cooperation, and sharing of resources such as staff expertise and equipment in ways that advance equity and enhance services. This is an area that the Board has focused for several years and requires even more attention with the governance change, going beyond just the utility bureaus' work.

Next steps

Over the coming months the PUB will conduct more comprehensive review of the FY 2023-24 proposed operating budgets, program offers, capital improvement plans, and potential tradeoffs that impact rate increases.

The Mayor's December 13th Utility Rate guidance suggests the bureaus should build their budgets reflecting good value at a fair price in any rate increase and requests options to

compare tradeoffs to consider against rate increase options. The PUB will weigh in on the rate increase further in the budget process once the Board can review the information provided in the Requested Budgets.

The Board looks forward to analyzing and evaluating the bureaus' Requested Budgets, the City Budget Office (CBO) analyses and providing additional feedback to City Council. The PUB intends to participate in the budget work sessions in March, provide a detailed letter with recommendations regarding the budgets by early April, and engage in the utility rate hearing in May. We also look forward to discussing budget issues with the Mayor and City Council as appropriate.

The PUB is grateful for the significant support we receive from the bureaus' directors, staff, ex-officio members; Council and their staff; the City Budget Office; and PUB staff. We welcome open communication with City Council and your feedback on our budget recommendations, our proposed approach or the priorities that guide our work.

DRAFT