

# PORTLAND UTILITY BOARD

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To: Dawn Uchiyama, Director - Bureau of Environmental Services, Gabriel Solmer, Director-Portland Water Bureau, Commissioner Mingus Mapps, Commissioner-in-Charge

Re: Budget and Policy Values for FY 2024-25 Budget Development

Date: November 28, 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. The PUB provides oversight for these two public utility bureaus, engaging in the areas of finance and budgeting, policy, programs, and operations.

Over the years the PUB has advised on budget, it has become increasingly apparent that the Board's feedback is often submitted too late to be actionable in developing the current year's budgets. The Board's goal this year is to provide values-based input early in the budget process in hopes that it can be considered and incorporated as the utility bureaus' budgets are being developed. This initial budget letter shares the PUB's preliminary thinking and considerations that will guide our next several months of budget work together.

## **PUB's Budget and Policy Values and Priorities for FY2024-25**

***Equity is the primary value and focus for the board*** in considering internal workforce and external community impacts of the utility bureaus' budgets, policies, programs, and services. Equity must be central in all decision-making, not tacked on after decisions are already made. The bureaus must ensure benefits and burdens are evaluated and adjustments made because not all Portlanders can access water, sewer, stormwater, and natural resources services equitably.

For the FY 2024-25 Budget Development, the Board has elevated and prioritized the following areas based on current challenges facing the utilities and the communities they serve:

1. Transparency and Inclusive Public Engagement

Transparency and inclusive public engagement will be especially important during City government restructuring taking place in 2024. Community members may find it challenging to engage with Portland's

rapidly shifting plans for Charter Reform, let alone understanding how those reforms may affect their utility bills and services. The PUB urges the Bureaus and Council to plan for and then take the time needed to engage with the public and the PUB.

2. Maintenance of Infrastructure and Regulatory Compliance.

Providing equitable services means addressing deferred maintenance, particularly in lower-income neighborhoods and communities of color. The Board is concerned that insufficient funding dedicated towards existing infrastructure may lead to significantly higher costs for repairs at risk for or in response to catastrophic failures. The PUB supports prioritizing preventative maintenance over new innovations as fiscally prudent and resource conscious.

3. Protection of Public Health and Watershed Health and Ensuring Climate Resilience.

The city is experiencing the effects of a rapidly changing climate with earlier and longer wildfire seasons, increased frequency of extreme flooding, extended drought, and extreme winter and summer temperatures. The threats of the climate crisis impact utility infrastructure and the community increasingly and must be dealt with at the policy level. Bureau budgets and policies must enable the recommended actions in guiding documents such as the Climate Action Plan and the Watershed Protection Plan.

4. Financial assistance programs for low-income multi-family residents who are not direct customers of the PWB or BES.

For too long, multi-family residents have been left to the whims of their landlords to fix water and sewer issues without assistance from third party vendors or the City. These residents receive services and pay the costs through their rent, but in cases of pipe break or other issues they do not have any protections against higher bills. The PWB and BES need a comprehensive way to provide financial assistance to all multi-family residents who meet the same income requirements as single-family residents, including those that rent from for-profit landlords.

5. Affordability, cost based on usage and resource impacts.

Generally, the PUB believes that lower-income residential customer affordability should trump business customers affordability. The PUB supports tiered rate structures based on the extent of resource impact, such as that proposed for stormwater management. The tiered stormwater rate is a step forward and should also include tiers for Portlanders who have exponentially larger property sizes, creating additional tiers if needed to capture those properties.

The Board's broader set of values are important to their oversight, thus the impact on any of these will be considerations any decision, policy issue or budget proposal would be filtered through. In addition to the priorities listed above, the board values assistance to all low-income residents, efficiency of operations, long-term value to the residents of the Portland Region, service delivery, and system resilience and reliability. (Details on current year values and priorities are available in most [recent annual report](#)).

The PUB acknowledges that bureaus need to make tradeoffs, and decisions often must balance competing priorities with limited resources. For this reason, the Board provides the following trade-offs we would like bureau leadership to consider in their budget development and decision-making:

1. Increased equity and affordability to lower-income customers are worth increased rates. Maximize opportunities that ensure that those who can afford to pay more do so, while providing maximum support for the most vulnerable.
2. Equity initiatives remain a top priority and should not be expendable when trade-offs and reductions are required. For example, the City recently funded the Regulated Affordable Multifamily Assistance Program (RAMF). The PUB values this expansion of the financial assistance program and prioritizes its continued funding over other levels of service.
3. The City must shift from deferred maintenance of current infrastructure to funding preventative maintenance, reducing long term costs with timely investments. Capital projects budgeted to comply with federal and other regulations necessarily remain a priority along with maintenance of existing infrastructure. Increased rates are warranted when funding projects that will reduce long-term costs to meet these critical demands. Failure to fund mandatory repairs and investments compromise the ability to continue to provide services and will have greater negative impact on rates in future years.
4. The PUB supports increased rates to fulfill future labor contract negotiations and workforce diversity, equity, and inclusion initiatives.
5. The PUB supports the concept of consolidation of Natural Resources and views it as a potential opportunity for more effective, efficient, integrated, and aggressive efforts to achieve the City's natural resource goals. Particularly with the pending removal of these services from the Public Works service area to Parks, the Board is concerned with the risks to funding, staffing, operational resources, and/or meaningful connection to the utilities and their projects as [referenced in the prior communication to Council](#). The PUB supports funding relevant work with utility rates advocating for adequate engagement and oversight from the utilities to ensure the work is not marginalized by competing projects and priorities.

## **Next steps**

Over the coming months the PUB is interested in engaging with the utility bureaus as the budgets are being developed. The PUB invites the bureaus to present information to the Board and seek feedback regarding any tradeoffs under consideration that do not clearly align with our stated priorities. Our members may also be available to participate in meetings at the bureaus to engage more directly where decisions are being made, bringing the PUB and community perspective into those spaces.

The PUB looks forward to working together on these issues and continuing to engage regarding the bureaus' FY 2024-25 Requested Budgets, capital improvement plans, and potential tradeoffs that impact rate increases.