

Portland Utility Board

April 15, 2021, 11:00 a.m.
Virtual meeting using Zoom platform
Meeting #101

Attendees:

PUB Members: Amy Chomowicz, ex-officio
Dory Robinson, co-chair
Gabriela Saldaña-López
Heidi Bullock (departed at noon)
Julia DeGraw (departed at noon)
Kaliska Day
Karen Y. Spencer
Karen Williams, co-chair
Robin Castro
Theresa Huang
Sara Petrocine, ex officio

Absent:

Brian Laurent, ex-officio
Robert Martineau
Tom Liptan

*Notice of absence provided prior to meeting

Staff:

Amy Archer-Masters, Portland Utility Board Analyst, City Budget Office
Cecelia Huynh, Director of Finance and Support Services, Portland Water Bureau
Corbett White, Portland Water Bureau
Eli Rosborough, Bureau of Environmental Service
Eliza Lindsay, Portland Utility Board Coordinator, City Budget Office
Gabriel Solmer, Director, Portland Water Bureau
Jaymee Cuti, Portland Water Bureau
Jeff Winner, Portland Water Bureau
Kathy Koch, Portland Water Bureau
Ken Bartocci, Bureau of Environmental Services
Marci Rees, Portland Water Bureau
Martha Prinz, City Auditor's Office
Michael Jordan, Director, Bureau of Environmental Services
Robert Cheney, City Budget Office
Sherri Peterson, Bureau of Environmental Services
Yung Ouyang, City Budget Office

Public:

Ana Brophy
Justin Sims
Lori McFarlane

Synopsis, Action Items, Decisions

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

PWB staff provided an update on billing, financial assistance, and the plans to resume collections, followed by questions and recommendations from the Board. BES provided an introduction to the Urban Flood Safety and Water Quality District (UFSWQD). There were also brief updates from subcommittee work.

I. Call to Order

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

II. Disclosure of Communications

Theresa had her regular communications with Depave which involve a BES staff.

III. Public Comment

There was no public comment.

IV. Jaymee Cuti introduction

Jayme Cuti, Public Information Officer with PWB, introduced herself saying she has been getting more involved with the PUB in the last few weeks and her goal is to be a resource to the Board. She would like to offer to meet with PUB members 1-on-1 so that she can understand their interests and PWB can be more helpful to the Board. She noted that she and Karen had had a brief meeting.

V. Approval of Prior Minutes

The minutes for the April 7, 2021 subcommittee meeting were accepted as submitted.

VI. PWB collections updates and Q&A

PWB staff quickly reviewed the highlights from the updates document that had been shared with the Board.

The referenced document can be found here:

<https://www.portland.gov/sites/default/files/2021/pwb-key-data-elements-in-resuming-collections-3-31-21pub.pdf>

PWB staff noted that as of running the report they were about \$20.7 million down in revenue collection. They said to put this in perspective more than 150 positions would have to be vacant for a year to make

up for the loss. They are really struggling to do right by the customers and to keep the bureaus afloat. The past due amount has increased by over \$200,000 since November. The call volume is down. Currently there is no incentive to make a payment. They had hoped the soft reminder with no associated fees would result in more payments. But, it did not. The factors that will be considered in deciding on the next step are listed in the shared document. PWB staff noted that when the document was being prepared things seemed okay COVID-wise but now there is a surge again.

PWB staff noted that the original plan for phase 2 was to include fees to see if that would get folks' attention, even if PWB later wrote off the fee. They said now the goal is to get customers communicating with them. They will continue to send reminders. They are trying to get people to understand how important it is to at least pay something, if they can, on the bill. Payment arrangements are interest free. They have expanded the customer representatives' ability to make much longer payment plans. They have done everything they can on their side but are not getting customer response. PWB will resume the personal calls to certain groups, even though it is labor intensive. Just yesterday they met with a Behavioral Insights consultant to determine if there are other things they can do or other ways to message things. Anecdotally they have heard from customers asking PWB to just tell them when they are going to be shut off because they don't intend to pay till then.

Question and Answer

A PUB member said they are viewing this from the perspective of a family who would likely not be able to pay a water bill during the uncertainty of COVID-19. They are not in favor of sending out reminders now because their understanding is that payment arrangements can only go up to a year. We are over 12 months into the pandemic. So, 12 months for payment is not enough time, especially when we're looking at a three-year economic turn-around. While we need to work within a budget, we also need to be mindful that, according to the news, only 1/3 of Oregon's population is half-vaccinated at this point. Though we are moving forward, we are still in the middle of a multi-dimensional health and economic crisis.

They noted that using softer language on a payment reminder isn't going to help people. People may be feeling safer and feeling some mental relief due to changing circumstances, but people living in poverty or in an economic crisis are not receiving economic relief. They have only received \$3000 from the federal government over the course of a year. If people are saying they can't pay you till the very last minute, the PUB member said that they trust and believe the customer and that they are not saying this to avoid responsibility but because other things are taking priority, e.g., shelter and food on the table. They closed by noting that they would reanalyze the payment options or to let them know if they are wrong and the payment plans can extend beyond 12 months.

PWB staff answered that customer representatives have been authorized to propose a 12-month payment plan. If anyone says they can't do that and are willing to start paying something, then they have the authority to make exceptions. PWB staff noted that they wish they could say people are willing to pay and it is just the year timeframe that is the struggle. They said that is not what they are hearing. They noted that the danger is in thinking everyone is in the same category. They know people who have not been impacted by COVID financially and they're just saying they are not going to pay until they have to.

PWB staff added that although no one has experience with COVID, PWB and BES have experience of doing no debt recovery for an entire year in 2000 due to a computer failure. In that experience they

quickly learned the behavior of people who are not going to pay you unless they have to. PWB staff said that they are not saying this is everyone. There are people who legitimately cannot pay but there is a difference between can't and won't. PWB staff said they would like customers to get in touch with PWB and/or respond when PWB gets in touch with them. PWB wants to work out something more manageable so that it won't be a shock when they return to pre-COVID collection methods.

The PUB member replied that they can understand that. They added that just because someone doesn't pay a bill for 3 months doesn't mean they don't know they have a bill to pay. They said they wanted to push back on the immediate categorization that people who are not paying might not be affected. While there may be some truth in this for some folks, e.g., maybe there is about 10% who are gaming the system, there may also be 90% who truly don't have the capacity to pay.

A PUB member asked what the pre-pandemic arrears figures were.

PWB staff said the pre-pandemic norm would be ~10 million. So, the figure has doubled.

The PUB member asked what the fees or penalties would normally be.

PWB staff answered that pre-pandemic the reminder fee was \$5, and the pre-shut-off fee was something like \$15, they don't quite remember. They said PWB has always been very flexible about payments. If someone calls and says they can't pay, they try to make arrangements and stop collection fees. They added that this is basically a no-interest loan, although the Bureau is not really in the business of loans. They are trying to figure out how to stay afloat, do right by the customers who are paying what they can, and also not leave anyone behind. It is a tough mix.

The PUB member asked about the timing for re-instating the fees.

PWB staff said that originally phase 2 would have included fees. But, when they looked at all the factors, they decided that phase 2 would not include fees. Instead, they would be adding phone calls. They said they can't give a timeline. They are trying to look at all the factors and figure out what to do.

The PUB member asked if it would make sense to offer something as an incentive to people who can pay now.

PWB staff said maybe but, they don't know what that could be. By the bond covenant they can't give out free water and can't do debt forgiveness. There are legal challenges.

Another PUB mentioned that similar to what had been suggested they wondered what incentives could be offered to someone who makes a payment plan and sticks to it. Rather than a hammer of shutting the water off, is there an incentive that could be offered?

PWB staff answered that they don't know legally what incentives could be offered.

The PUB member encouraged the bureaus to talk with the City attorneys to figure out what kind of incentives they could legally offer. For instance, what about a rebate or discount for paying early, if it doesn't fall into the category of debt forgiveness.

PWB staff answered that it is a small gesture, but they have sent emails acknowledging competing priorities and thanking customers for their payment. They also said that for those who are ready to pay and qualify, the bureau gets them on financial assistance. They added that an incentive does sort of feel like a discount. They would need to talk to the attorneys as the bond covenants are very restrictive and would it need to be included in the rate ordinance. They also added a caution, noting that if you offer an

incentive to people who are not paying now, then it becomes a discount to everyone's bill which becomes an incentive to everyone not to pay which, in turn, could result in increased loss of revenue.

PWB staff noted that there are well over 400 accounts that owe over \$5,000 and over 4400 that over \$1,000. Even if someone can only pay \$30, they are going to work with them. It is not in their mission to provide loans, but it is in their mission to meet the customers with their ability. The issue is not that they are turning people away, but that people are not communicating.

A PUB member noted that they are here to support customers and PWB and that, if PWB, can't stay afloat then we don't have water. However, they did not like the framing of the issue as PWB is not a loan company. They noted that if it is an issue of legality, then a once in a lifetime pandemic could be the right time to rethink things; change the legal governing documents and evolve towards thinking about water as human right. They said they don't want to propose a rate increase, because they know we are already looking at one. At the same time, if we all need water, then we all should put in and they imagine the majority of customers are still paying. They said they don't know if they would support it, but they are thinking about the idea of a rate increase so that everyone would help pay the debt. The flipside is not wanting to put this completely on the rate payers and knowing that these are unprecedented circumstances. If the utilities have a budget decrease how much could people rally around the necessity for water and sanitation and thus for upping their budgets? At some point there will be long term impacts to water and watersheds. They noted that while it is true that people can apply for financial assistance programs; the amount allocated to these programs was not increased in the requested budget in order to deal with an influx of newly low-income and in-need customers.

PWB staff asked if the PUB member was suggesting that rather than raising rates, general funds could be used? They noted that the utilities receive very little funds from the general fund, beyond a small amount of maintenance for park like amenities. They noted that the general fund is also short. Council will need to look at service cuts in general fund bureaus. They said that regarding the financial assistance budget, they have not set a limit. If they hit the projected amount, they will not quit providing the discount. They mentioned that due to the pandemic there is less overall demand. This is also lost revenue. They reiterated the caution regarding an incentive where you can't separate who wasn't paying at a certain point in time versus those who aren't paying now or in the future.

A PUB member said, considering all these issues they wondered about, after making the round of personal phone calls, a pandemic surcharge to create an incentive to pay now instead of later.

A PUB member noted the increase in the bureaus' budget over the five years as reflected in the City's adopted budget; noting that the ~20 million the bureau is down is less than the increase over the last year as reported in the adopted budget. They said if it is used to keep people afloat and provide them water during a pandemic, then even if that was the original purpose, they are in support of such use.

PWB staff clarified that the figures cited from the adopted budget are not the operating budget numbers. They are the total fund balance amounts which includes the capital program and money the bureau has just issued bonds for. The operating budget has increased but not by the amount of money that the PUB member had cited. They said they were happy to provide additional trend information.

Post meeting note: Additional information and answers were provided by PWB and can be found here:

<https://www.portland.gov/sites/default/files/2021/pub-follow-up-qa-4-29-21responses.pdf>

A PUB member said that, although they understand phone calls may be unsustainable for the long term, they feel phone calls are necessary for the unprecedented circumstances and support them. The human interaction that is sensitive to the nuances and complexities is needed. They added they are glad there is conversation about incentives.

VII. Report back from PUB virtual community meeting planning

A member of the subcommittee organizing a PUB virtual community meeting gave a report back. The initial concept was to have an opening info session focused on financial assistance with the main event being focused on the topic of climate change. Based on the feedback they got from the bureaus, the thought was that climate change probably needed to have a bigger forum and fuller discussion than could work for the community meeting. The subcommittee tried to retool things to focus on financial assistance and the PUB member's sense was nobody liked where things landed. So, things are a little delayed and they are going to get together again and discuss what would be a meaningful program.

Another PUB member from the subcommittee shared that the bureaus expressed they were not comfortable with climate change being the topic so they are looking for other topics that might be of interest.

A PUB member asked for clarification about why the subject of climate change was taken off the agenda.

PWB staff shared that what PWB would like to do is present to the PUB first. The bureau didn't want to surprise PUB with new information before taking it to the public.

VIII. PUB recruitment

Reminder that PUB recruitment closes next week so if you've been waiting to tell someone about the opportunity, tell them.

IX. Urban Flood Safety and Water Quality District Presentation

Presentation

Presentation: https://www.portland.gov/sites/default/files/2021/bes-ufswqd-pub_0.pdf

The BES Director walked through the presentation providing a high-level overview of the newly formed Urban Flood Safety and Water Quality District (UFSWQD). Additional details to complement the information on the slides follows. In 1917 the impetus for building the levees was to use the land for agriculture. The districts were basically run by property owners who were farmers. Since 1917 the uses of the land has changed greatly though the levee system has not. In 2012 the current districts were notified that their Federal Emergency Management Agency (FEMA) certification would expire. Without FEMA certification there would be no ability to get flood insurance and that would halt development. The acronyms PEN1 and PEN2 stand for Peninsula Drainage District 1 and 2, respectively. They went through various solution ideas, e.g., Metro taking over, the Port of Portland taking over, but ultimately, they went to the legislature. Working with Speaker Kotek they developed Senate Bill 431 which created the UFSWQD. The new district may not be a perfect land mass for allocating benefits and burdens, but it is much bigger than before.

Question & Answer

A PUB member noted that the permanent board includes 5 elected and 4 appointed members. They said the 4 appointments all make sense. They expressed concern that 4 out of the 5 elected could easily be overwhelmed by business interests. They felt maybe 1 should be for an urban community member, 2 residents from within the district, and 2 for businesses/non-profits.

The Director responded by noting that those are legitimate thoughts and the legislation would need to be amended to make the change, i.e., the legislature would have to change the make-up of the Board. They noted that anyone can run for a seat and the voters of the district can vote who they think should be on the Board. They said it is a democratic process and they do hear how there could be a slant towards businesses; noting that there could also be a slant towards residents.

The PUB member mentioned that having run for office, they recognize the pros and cons of the democratic process. They said it still favors business interests over individual community members. They would be in favor of amending the legislation.

The Director said Speaker Kotek is very interested in the District and would be interested to hear from the PUB member.

A PUB member asked to what extent have Oregon's tribal nations been consulted by any and all of the government entities involved in the process?

The Director answered that they can't speak for all the entities that have been involved. BES accesses its relationships with the tribes in a lot of their work. There is conversation about first foods in the restoration areas within the floodplain. The tribes are also required consultative bodies when the Corps of Engineers does its work. Sometimes people argue the Corps is not consulting enough, not just with tribes, but with others. They noted that with the new Board one aspect that is just beginning is the cultural heritage of the floodplain. It is the ancestral lands of many tribes in the region. They noted that going into the future, the new district will have a major outreach relationship with the tribes.

Post meeting note: Additional information and answers were provided by BES and can be found here: <https://www.portland.gov/sites/default/files/2021/pub-follow-up-qa-4-29-21responses.pdf>

X. Next meeting

The Co-chair reminded Board members to send follow-up questions and requests for information to PUB staff.

Next week the Co-chairs will be checking with Bureau leadership and PUB staff. They have a good list of topics the Board wants to engage with and will be sorting out when the subject matter experts will be available to provide that information.

There was a reminder for the community meeting subcommittee members to stay after to look at schedules to set their next meeting.

The next full Board meeting will be:

Tuesday, May 4, 2021, 3:30 p.m.

The meeting adjourned at approximately 12:00 p.m.