WATER BUREAU BUDGET ADVISORY COMMITTEE MEETING October 17, 2012

SUMMARY NOTES

Attendees: Water Bureau: David G. Shaff, Edward Campbell, Chris Wanner, Cecelia Huynh, Mike Stuhr, Kathy Koch, And Ty Kovatch. Water Bureau Budget Support Staff: Tim Hall, Mary Leung, Jamie Seaquist, Susan Bailey, Jan Warner Jeff Leighton, Greg Drechsler, Stan VandeBergh, Nathan Walloch, Jeff Winner and Robin Hagedorn (recorder); Water Bureau Labor Representatives– AFSCME: Mark Gipson; COPPEA: David Argast.; Budget Advisory Community (BAC) Members: Portland, Glenn Bridger, Charles McGee II, Josiah Hill II Clinic, Kay Durtschi, Mike Ellis, Lise Glancy, Port of Portland. John Gibbon, PURB. Others in attendance: Floy Jones and Dee White, Friends of the Reservoir; Ryan Kinsella, Portland Office of Management & Finance (OMF) and Felicia Amissah, PURC, Ghana.

Agenda:

- Welcome and Introductions
- Roles and responsibilities of BAC members
- Communications with BAC
- Internet website for Budget Information
- FY 2013-14 Budget Process and Calendar
- Water Rates
- FY 2011-12 CIP Annual Report
- Questions and Answers
- Public Comments and Questions
- Next Meeting Agenda

Welcome and Introductions

David Shaff:
David welcomed the committee members and guests, followed by introductions of those present.

Roles and responsibilities of BAC members

David Shaff:
David gave a brief explanation of the roles and responsibilities of BAC members. He indicated that the role of the BAC members will be to review information and offer comments and suggestions regarding 2013-14 budget as it is being developed.

Communications with Budget Advisory Committee

David Shaff:
David provided information on how communications with the BAC will be conducted. To maintain transparency on budget information and messaging, the bureau will post documents on its website by the day following the budget meeting. The budget web page can be accessed through several easy to follow links from the Water Bureau main page.

David noted the new additions to staff membership, Ty Kovatch replacing Kelly Mulholland and Jamie Wilde as the newest COPPEA representative and as yet unnamed non-management, non-represented staff member. City Council directed Bureaus to add this new member to their budget committees.

FY 2013-14 Budget Process and Calendar

Cecelia Huynh:
Cecelia reviewed the general calendar timeline for the budget process and explained the steps that each work division in the bureau goes through to produce their initial budget request which will be completed by the end of October. During the first week of November the Management Team will meet to discuss the work group requests and make decisions about the budget. During December, budget directives from the City Council should be received. Between December and January the bureau will finalize a budget request and related documents to present to the City Council. Based on directions from the Mayor and/or Council, additional budget revisions may occur throughout this period of time. The BAC will be updated with budget and rate proposals as the Bureau develops them. The Water Bureau will deliver its requested budget to OMF for review in early February. The City Council generally receives the Mayor's proposed budget for the City in April, holds budget meetings in May and adopts the budget in June. An ordinance for Water Bureau's proposed rate increases is submitted in May with hearings and approved increases generally finalized by late May. The approved rate increase is implemented starting July 1, 2013. Specifics on the FY 2013-14 budget calendar have not been received yet from the OMF.

Water Rates

Cecelia Huynh:
Cecelia provided an overview of what the current projected water rate, how rates are established, what is covered in the rates and how the proposed FY 2013-14 rate is calculated. The forecast for FY 2013-14 retail rate increase is 14.8%, based on the financial plan prepared and submitted about 10 months ago. Cecelia reviewed a list of issues that have an impact on the rate and several plan updates which lowered the initial rate increase down to 11.7%, including risks and opportunities that can impact the budget and rate requests. These include wholesale rates, interest earning rate, COLA and inflation rates, interagency and other overhead costs charged back to the bureau from the City and bond.

Cecelia reported that David Shaff has asked all the work groups to present their budget requests with a 5% permanent and on-going cuts that totals to $4.1 million reductions to the Bureau's operating budget.

Cecelia presented information on the percentages of a typical single family water bill and how those dollars support various bureau programs. Cecelia also reviewed how Portland compares to other similar sized cities for monthly water bills. It was noted that water demand is down significantly as in prior years and that the retail water demand forecast will need to be adjusted.

David Shaff provided an update on the water fluoridation issue. A petition asking to refer approval of fluoridation to voters of Portland was turned in to the Auditor's Office with 40,000 signatures. The petitions and signatures will be reviewed by the City and Multnomah County Elections officials and the results are expected to be announced by November 10th. If enough valid signatures were collected then a vote on the issue would most likely happen in the 2014 primary election. Should that happen, all planning work on the project would cease until the election. If the project moves forward the Water Bureau will ask for additional funding from the City Council.

FY 2011-12– CIP Annual Report

Jeff Winner
Jeff Winner from the Engineering Capital Improvement Planning (CIP) workgroup presented information on the FY 2011-12 CIP Annual Report. The annual report provides data from multiple city management systems that covers capital project expenditures to date as well as funds remaining to be spent. The report breaks out the various elements of a CIP project and the budget impacts.

Jeff reported the decisions by the Oregon Health Authority on water treatment made an impact on CIP planning by eliminating the need for a treatment plant but moving forward with additional storage requirements to replace open reservoir storage for drinking water.

Jeff noted that depending on the outcome of the fluoridation issue the CIP Report would be updated if the project moves forward.

Kay Durtschi asked about bureau work on SW Multnomah Blvd from SW 22nd to 31st and if the Water Bureau will have to move major water lines for a construction project for a new grocery store on Barbour Blvd. David reported that more information will need to be provided on the issue and whether it would need to be part of the CIP.

Questions and Answers

Kay Durtschi asked about public outreach for reservoir work on Washington Park.
Tim Hall reported that outreach for that project should begin during spring 2014.

Public Questions and Answers

Floy Jones asked if the 2012 Fall BuMP and budget calendar were available on the bureau's website. David will follow-up and insure that both documents are accessible on the website.

David reminded the committee members that their budget questions will be included as part of the BAC documentation and available on budget website.

Next Committee Meeting and Agenda

The next BAC meeting is Tuesday, November 13, 2012 at 2:00 p.m. in the Portland Building, 3rd Floor Fir Creek Room.

Tim Hall will send out a meeting reminder.

No specific agenda items were noted for the next meeting.

Floy Jones asked about what percentages are broken down between the Inflation and Interest Earnings of the Rate Summary Information sheet.
Action Item: Cecelia will provide the information.