PORTLAND UTILITY REVIEW BOARD

March 18, 2010 - Meeting Minutes

Attendees

PURB Members:	Janis Adler, Michael Crean, Dave Johnson, Sharon Kelly, Tracy Marks, Charles Rosenthal, Charles Van Rossen, and Lila Wickham
Excused Absence:	Bill Dayton
Unexcused Absence:	None
City Staff:	Bob Tomlinson (OMF - FPD) Jim Hagerman and Dean Marriott (BES) Bob Glascock and Bruce Walker (BPS) Greg Drechsler, Dave Hasson, and Mike Stuhr (Water) David Shaff (Water/Comm. Leonard) Mark Lear (PBOT) Patti Howard (Comm. Fritz Staff) Amy Trieu (Comm. Saltzman Staff)
Public:	Janie Har (The Oregonian) Floy Jones and Dee White (Friends of the Reservoirs) Gilly Burlingham and Nancy Matela (Alliance for Democracy) Robert Clark, Bill Walters, and Brad Yazzolino (Citizens)

Introductions
Everyone introduced themselves.

Review Meeting Agenda
No changes.

Review and Approve Previous Meeting Minutes
Previous meeting minutes were not available for review yet.

PURB March 3rd Public Hearing on Open Reservoirs

- Lila distributed three handouts from the PURB Hearing on open reservoirs including
  - The meeting summary from Sue Diciple.
  - A memo from Dr. Oxman.
  - The PURB Water Subcommittee preliminary recommendation.
- The Water Subcommittee got back together and revised the previous recommendation.
- Council hasn't adopted a formal resolution on open reservoirs. Charles R. asked why a resolution is needed. Dave J. said a resolution will get everyone on the same page, it says this is where we are going.
- Charles V.R. asked how difficult it would be to get an extension from EPA now. David S. said it would be difficult because the City would have to show we couldn't meet the schedule that was

already approved to complete the projects by 2020.

- Charles V.R. said he didn't have enough information to vote on the open reservoir issue. He didn't see why it is required if it is not a threat any time soon. Don't burden ratepayers now. We heard that New York City received a delay. David S. said no, they did not.
- Floy Jones said ten's of millions of people use open reservoirs. Covering reservoirs causes problems.
- Nancy Matela said everyone at the March 3rd PURB hearing said not to cover the reservoirs yet the PURB Water Subcommittee recommendation is to cover them.
- Dave J. said the recommendation was made in July 2009 and restated in January 2010 and was all done in public. We listened to public input again and we still believe as a subcommittee that covering the reservoirs is the thing to do. There was no new information provided.
- Floy said the plan clearly states that Council can vary the schedule. Dave J. said wrong.
- Tracy called for the vote on whether the full PURB supports the PURB Water Subcommittee's recommendation on open water reservoirs. Sharon seconded. The vote was:
  - Janis Adler – No – Janis read a statement attached at the end of these minutes.
  - Mike Crean – Yes
  - Bill Dayton - Excused
  - David Johnson – Yes
  - Sharon Kelly – Yes
  - Tracy Marks – Yes
  - Charles Rosenthal – Yes
  - Charles Van Rossen – No – He needs more information and a legal opinion.
  - Lila Wickham – Yes

BES Budget Presentation

- Jim Hagerman distributed a handout and stated that BES issues haven't changed much from last year.
- Charles R. asked where the $20 million would go if it didn't go to bikes. Couldn't it be used to offset lower short-term interest rates?
- Tracy asked about the superfund expenditures to date. Dean said it is going for legal advice and research. Dave J. asked if the superfund rates could be separated from other rates. Jim said it is shown separately on the bill. Tracy said it could be as high as the big pipe. Dean said they don't know the number yet.
- Charles R. asked if there is other funding to deal with this issue. Jim said a separate enterprise fund could be setup for superfund cleanup. Charles R. said the tendency is to load it onto the backs of ratepayers.
- Dave J. asked about the debt service change from the prior year and stated the rate increase is primarily for debt service. Jim said about half of the increase is for debt service.

Green Street Bike Boulevard Partnership

- Mark Lear from the Portland Bureau of Transportation (PBOT) distributed a handout and presented the Green Street Bike Boulevard program.
- Tracy said he was completely taken aback by the suddenness of this issue and the vote on it. He said he had never seen the City act so quickly on anything before and he was offended that PURB was not involved in the discussion. Obviously Council did not PURB to hear it.
- Mark said BES and PBOT will meet over the next several weeks to identify streets with the

greatest impacts. The timing is to develop 30 miles of green streets bike boulevards next year.

- Janis asked why this is in the BES budget and not the PBOT budget. Mark said they are taking advantage of BES bid savings.
- Tracy said he has at least two dozen emails from citizens saying they do not want this. PBOT needs to pay for this.
- Sharon asked why there is a 7% rate increase if there is $20 million in savings. Charles R. said it is a shell game – moving money and saying it is a benefit. There is a lack of confidence in the budget process.
- Sharon asked what the $20 million would have been used for if still in the BES budget. Jim said the $20 million is capital so it would have to go to other capital projects – it cannot go to debt service to buy down the rate increase. Dave J. said it would allow for less borrowing in the future and save $2 million per year.
- Lila said PURB should tell Council that doing this without consulting the PURB calls into question the reliancy of the budget process. Charles R. added and the relevancy of the PURB.

Sewer/Stormwater Subcommittee Report (Bill/Charles R./Tracy)

- Tracy distributed the subcommittee's recommendation and stated that the rate increase should be at the level of inflation.
- Charles R. said there should be no rate increase this year and then the bureau can come up with a budget to meet that.
- Charles R. said the subcommittee lacks confidence in the budget they do not recommend it.
- Dave j. moved and Charles V.R. seconded not supporting the BES rate increase of 6.9%. The vote was unanimous.

BPS Budget Presentation

- Bruce Walker presented the solid waste and recycling budget and rates. BPS is proceeding with the food composting program pilot which was first presented to PURB in 2007.
- Bruce said that final solid waste rates will not be available until early May.

Solid Waste Subcommittee Report (Janis/Charles V.R./ Sharon)

- Janis distributed the PURB subcommittee recommendation on the solid waste and recycling budget and rates.
- Charles V.R. said the bureau is planning to spend down fund reserves which are currently at $4.25 million. Sharon said the program is growing but they are not asking for a bigger rate increase now.
- Charles V.R. said they need more information on the solar powered compacting trash cans - need to see cost savings, payback period, etc.
- Lila moved and Dave J. seconded that the PURB supports the residential food waste pilot program and the durable school trays for Portland Public Schools but does not support the public recycling containers and the solar powered compacting trash cans. The vote was unanimous.

Water Bureau Budget Presentation

- Dave H. distributed his presentation and highlighted the major points in it.
- Dave H. noted that the water bill increase is still less then the sewer/stormwater bill increase in dollar terms.

Water Subcommittee Report (Dave/Lila/Mike)

- Dave J. said the PURB Water Subcommittee did not feel comfortable approving the water budget without two big picture recommendations. The first recommendation includes two parts to hire a consultant for $30,000 to review rate approval processes in other jurisdictions, and to have the City Auditor determine the dollars spent by BES and Water on non-utility work. Implementation of this recommendation would require a charter change and be more like a PUC process.
- Sharon moved the first recommendation, Tracy seconded and the vote was unanimous.
- The second Water Subcommittee recommendation is to set a Water Bureau goal of reducing controllable costs by 15% by 2015. Controllable costs are about 4.1% of the rate increase.
- Charles R. said we need to do BES also.
- Mike moved the second recommendation, Janis seconded and the vote was unanimous.

Public Comment
None

Adjournment
The meeting adjourned at 7:40 pm.

Next Meeting
The next PURB meeting will be held at 4:30 pm on Thursday April 15, 2010 in the Lovejoy Room of City Hall.

Minutes respectfully submitted by the Financial Planning Division, Office of Management & Finance.

Janis Adler Statement on Open Reserves
March 18, 2010 PURB Meeting

The issue of whether to cover the reservoirs has been under discussion for a long time. While I am new to the PURB, I've made every effort to read all of the relevant documentation stretching back at least 6 years. This includes, *but isn't limited to*, the recommendations of the PURB Water Subcommittee, the 2004 report of the Mt. Tabor Reservoirs Independent Review Panel, the 2007 opinion of the District Court of Appeals in the case of *Portland vs. the EPA*, the Open Reservoirs Primer, the position papers of the Multnomah County Health Department and information provided by both Friends of Reservoirs and the Mt. Tabor Neighborhood Association. I was also present at the January working session of the PURB water subcommittee and the City Council and at the March 3rd public hearing on this issue. I've read the vast majority of materials submitted for the record and, in short, I feel like I've done my homework.

I don't believe the merits or validity of LT2 is an issue any longer. Whether the science leading to its passage was bad, politically motivated or driven by big business, the regulation's existence is a fact, and we as residents of Portland have to deal with it.

I'm also extremely appreciative of the efforts made to date to avoid compliance with LT2. These are far from token gestures and include: the half million dollar law suit mentioned above, efforts by all of the major players in Oregon's congressional delegation to seek a legislative exemption from the rule and a request for two variances – one from the treat or cover requirement as it relates to Bull Run and one from the requirement as it relates to the open reservoirs. The variance request for Bull Run is still on track and I want to thank David Shaff and the water bureau for their response, this week, pushing back at the latest comments from the EPA about Portland's water sampling plan.

The only question I haven't received a satisfactory response to is why Portland isn't following New York City's lead and seeking to delay implementation of the plan to cover reservoirs. I've been told Portland and New York is not similarly situated. But part of New York's reasoning for delay is the sequencing of capital improvement projects. If Portland's best hopes are realized, then the variance for Bull Run will be granted. If the variance is granted, then that will save the City of Portland $100 million dollars planned for construction of the ultraviolet water treatment plant – a capital improvement project. Also, like New York, Portland can convincingly argue that delaying construction of the storage tanks can be managed consistently with the protection of public health. So even though Portland and NY aren't identically situated, I believe it's worth having the city attorney's office pursue this option further. The potential to avoid a 25% increase in residential water bill rates is significant.

Ultimately, I believe the reservoirs are an outdated delivery system and will have to go. However, 10s of millions of dollars have already been spent in upgrades to the reservoirs since the Independent Review Panel. It's a waste of taxpayer money to chuck those improvements. Portland's tried these other tactics to avoid LT2 and I think it's worthwhile to keep trying. In for a dollar, in for a pound. I do not recommend covering Portland's reservoirs and do not support the proposed recommendation of the PURB water subcommittee.