

PORTLAND UTILITY REVIEW BOARD

June 17, 2010 - Meeting Minutes

Attendees

PURB Members: Janis Adler, Michael Crean, Sharon Kelly, Charles Rosenthal, and Charles Van Rossen
Excused Absence: Bill Dayton and Lila Wickham
Unexcused Absence: None
City Staff: Lisa Shaw and Bob Tomlinson (OMF - FPD)
Sam Murray (BES)
Yone Akagi, Dave Hasson, and Alex Regan (Water)
David Shaff (Water/Comm. Leonard)
Patti Howard (Comm. Fritz Staff)
Matt Grumm (Comm. Saltzman Staff)
Sonia Schmanski (Comm. Fish Staff)
Public: Floy Jones (Friends of the Reservoirs)

ACTION ITEMS / REQUESTS OF NOTE

- Invite PBOT representative to July meeting for Leaf Collection Fee discussion.
 - Invite Auditor's Office representative to July meeting for scope review of Water / BES rate audit.
 - Prepare for the annual Council Worksession by asking the Council what they would like from PURB recommendations.
 - Plan for Bull Run and other City facility tours.
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EXECUTIVE SUMMARY

- Meeting minutes need to be available a full week prior to the next PURB meeting in order to be effective.
 - Solid Waste Management Fund – Members concerned about the quality and accuracy of CPA hauler's review. The State Board of Accountancy has been contacted and will open an investigation.
 - Leaf Collection Fee – Members need to determine if review of this program is within the PURB ordinance.
 - Bureau of Environmental Services – Members concerned that BES rates support many non-sewer related items.
 - Rate Audit – Members would like to be more involved in the audit process and understand the Auditor's approach.
 - Water Bureau – Members concerned that the Westside Staging Area item has not been very transparent.
 - LT2 Variance – Water Bureau proceeding with variance request.
 - Effectiveness of PURB – Members agree that in order to have influence they must be more knowledgeable on the bureaus' budgets and operations. Additionally, members need to make better use of contacting Commissioners' offices via their representatives.
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Introductions

Everyone introduced themselves.

Review Meeting Agenda

Solid Waste Budget update canceled.

New Member Update

- Bob Tomlinson - Sharon Kelly's appointment will go to Council next week; two other member appointments to go to Council July 7th.
- David Shaff – We are in contact with OHSU Facilities for the Large Industrial representative.

Review and Approve Previous Meeting Minutes

- On page 2 of the March 18th minutes, insert “want” in the second bullet near the bottom of the page.
- Lila emailed a change to the 5th bullet to change it to “Relevance to budget process”.
- The March 18th minutes were approved with the noted changes by a unanimous vote.
- April and May minutes were available, but not in time for the committee to review and amend or approve.

Meeting Minutes Content

- Charlie Rosenthal – Meeting minutes come out many months after the previous meeting which is way too long to wait. We all need to be reminded of the issues. He suggested a more abbreviated version and distributed a revised version of the March meeting minutes and asked for comments.
- Michael Crean is in agreement. Meeting minutes need to be submitted in sufficient time.
- Lisa Shaw - Explained that creating a condensed version of minutes would take just as long or longer as the same amount of editing is necessary. She further explained that during the summer the minutes should be prepared on time, but during budget season meeting minutes are a low priority. Lisa further explained that the Financial Planning Division does not have any administrative support dedicated to its group
- Janis Adler – What is the status of the PURB's request to the Mayor for more dedicated administrative support?
- Lisa Shaw and Bob Tomlinson – No other support will be provided.
- Charlie Rosenthal – Suggests moving boilerplate to the bottom of the document and start with substantive. And would like to have bolded action items and include executive summary on front page.

Solid Waste Budget/Rates Update

- BPS staff are attending an out-of-town conference and were not available to provide an update from the bureau.
- Bob Tomlinson - Council adopted the budget this afternoon and there were no changes.
- Charles Van Rossen - Distributed a report from Board of Accountancy. Bruce Walker stated that the waste hauler's financials were reviewed by a CPA in order to provide an opinion. It was supposed to be an examination of expenses as outlined in the franchise agreement. In his opinion the report was unacceptable and poorly done. As a result, Charlie contacted the Oregon State Board of Accountancy and they have decided to open an investigation. The services the CPA performed may have been under-scoped, and/or the figures may be wrong. Bruce needs to either fire the CPA firm and/or contact them to find out what happened.

- Michael Crean – Were they supposed to conclude that they were in compliance with GAAP?
- Charles Van Rossen – No; it should have either been certified as “in compliance with agreement” or “in compliance with GAAP”. Should check backup documentation, such as payroll, to tie. The CPA may have done the work, but the opinion was very poorly done and poorly worded.
- Janis Adler – Regarding the status of Charlie’s letter; Board of Accountancy will look into this, but it may take six months.
- Charles Rosenthal – Ought to refer Bruce to the appropriate resources to review this type of contact.
- Michael Crean – What about the SWMF recommendations, some things that we didn’t endorse. How did we do? Downtown recycling containers were not endorsed?
- Sharon Kelly – Requests a summary of Council approved items vs. PURB recommendations.
- Janis Adler – Will provide the summary.

Leaf Collection Fee

- Janis Adler – Raises questions about the PBOT Leaf Collection fee.
- Sharon Kelly – Can we get a map of the areas? Is this part of our purview? Should PURB review this?
- Lisa and Bob – We will ask PBOT to come to the July PURB meeting to discuss the program.

BES Budget/Rates Update

- Sam Murray (stepping in for Jim Hagerman) distributed a hand out and reviewed the BES FY 2010-11 Adopted Budget.
- Charlie R - Can BES provide a project plan and financial profile on the Green Streets/Bike Boulevard plan? Sam said yes.
- Michael Crean - Requested clarification on the Continuation of City Services decision package and its relationship to BES’s mission.
- Janis Adler - Questioned the boat purchase budget item.
- Charlie R. - Requested an explanation of boat and obsolete control system at lab budget items.
- Sharon Kelly - Commented that the itemized list on the handout was new information.
- Bob Tomlinson - Indicated that the BES Budget Advisory Committee saw the list but unfortunately, some of those members are no longer PURB members.
- Sharon Kelly - Characterized BES as a receiving ground for anything that people find a nexus for, expressed her concern.
- Janis Adler - Agreed and recommended that the topic be referred to a July 15, 2010 agenda item.

Utility Rate Revenue Audit

- David Shaff said the City Auditor’s Office has begun its review of BES and Water Bureau utility revenues. Initial meetings have been held with both bureaus and Solid Waste.
- Janis Adler - What is PURB’s role/participation in that audit? Apparently it has started and we are not part of that review.
- David Shaff - Indicated that he would raise the issue with the Audit staff that contacted him and recommend that Audit staff attend the next PURB meeting.
- Matt Grumm - indicated that he would do the same on behalf of PURB.
- Bob Tomlinson – We can contact the Auditor’s office that you are interested in participating and invite them to the July meeting.
- David Hasson – You should think through the form of participation. They are very independent.

- Sharon Kelly – We can tell them what our concerns were and why we wanted the audit.
- Charlie Van Rossen – We should know what the scope of their review is first. What are they going to do?

PURB Recommendation for Rate Approval Process Review

Michael Crean said the original recommendation regarding the audit came from PURB. What did and did not get carried over into the budget discussions?

- Bob Tomlinson - The details were not carried over.
- Dave Hasson spoke with BES and they agreed to begin the process to hire a consultant for the PURB requested rate approval process review. He would like one PURB member to help in writing the RFP and monitoring the process.
- Michael - Who manages the contract?
- Dave Hasson - One of the two bureaus, joint committee.
- Michael - What happens with the consultant's recommendations?
- Dave Hasson - Not likely to go to Council because it is a small contract.
- David Shaff - Envisions detailed discussions with PURB about the recommendations. Does PURB think it is a good thing, was there value?
- David Hasson - Hopefully it will be complete before budget discussion wrap up for FY 2011-12.
- Michael Crean - Recommend that a PURB member be appointed to the Supervisory Committee.
- Dave Hasson – The initial draft of the RFP should be available next month so would like the appointment made now.
- Michael Crean is designated as the PURB representative.

Water Bureau Budget / Rate Update

- Dave Hasson said the bureau requested 12.9% and 12.0% was approved. This resulted in two CIP projects being eliminated. The Westside Staging Area and the relocation of the Sandy River Bridge to the Columbia Slough. Otherwise the budget was approved as proposed by the Mayor.
- Michael Crean: Regarding the Westside Staging area the \$10 million purchase, was it in the CIP as presented to the BAC?
- David Shaff - No
- Michael Crean - Requested to see the facility plan for the Westside Staging Area.
- David Shaff - Portland Office of Emergency Management (POEM) is the lead with the Water Bureau as a partner bureau. A primary partner would be the Portland Bureau of Transportation (PBOT). Most of their equipment is located under Freemont Bridget. They want to move the entire snow and ice crew across the river. The Water Bureau would like some supplies left on the east side. The Water Bureau is working with POEM, PBOT, and OMF Facilities to find alternative site.
- David Shaff - We have had several projects that are taking longer than anticipated to go through purchasing so Water had money to purchase the site. But that's not happening now.
- Michael Crean - It's disturbing that this project turned up outside of the CIP and was not part of the BAC discussion. So, how can it be part of the 0.9% reduction?
- Dave Hasson - With funding available from the project savings mentioned by David, the Water Bureau could have made the purchase to be reimbursed later.
- Michael Crean - I am used to seeing analysis for the "why" behind the purchase.
- David Shaff - The understanding is that Mayor is still interested in a Westside Staging Area property.

LT2 Variance Update

Yone Akagi distributed a handout on the status of the LT2 variance.

- Michael Crean - Is the EPA's decision appealable at a non-legal level?
- David Shaff - Probably some way to appeal if EPA issued a variance would need to maintain certain conditions. Outcome is an application to EPA for a variance
- About \$1million spent to date on sampling, will probably end up costing approximately \$3 million. It's a far bigger effort than anticipated, scheduled to submit application to EPA in early 2011. There is a little wiggle room in 2011 to break ground on the UV plant to meet the 2014 deadline in case variance not issued, outcome is application
- Water Bureau proceeding with design of the UV plant, about \$12 million to design the plant
- Charles R - What were EPA's comments on the sampling plan?
- Michael Crean: Concern that EPA may choose to not accept the data and/or sampling plan when all is said and done.
- David Shaff - Probably won't happen. We've focused on tying up the loose ends and have had lots of conversations with EPA. EPA won't approve sampling plan but did and continues to make suggestions. EPA is incredibly conservative. What we do sets the path or creates precedence for others. EPA has never issued a Safe Drinking Water Act variance because no one has ever applied for one.
- Nine potential "Hot Spots" in the watershed are being collected as are event driven samples per the direction of EPA.
- The Water Bureau is also collecting samples for genetic analysis although it is not required. WB not certain that we will be able to genotype the crypto; 50/50 chance we will be able to genotype, EPA says if we are successful, it doesn't matter, samples being analyzed at the Texas A&M laboratory as they are leaders in this type of work, Dr. George Giovanni's lab, High stream flow event sampling occurring at four major tributaries in the watershed, first rain after a dry period event generally occurs around July and August.

Admin Review Committee

- Alex Regan (Water Bureau Customer Service) gave a brief overview of the ARC. Customers can submit a written dispute outlining their concern (appeal letter) and they must recommend a remedy. The appeal is reviewed by the three person ARC panel including Water staff, BES staff, and a PURB member.
- Janis Adler – How many times a year does this happen?
- Alex Regan – In 2010, it will be twice.
- Janis Adler – In the past the same person from the PURB participated in the panel.
- David Shaff – That was Paulette.
- Janis Adler – We should rotate our participation; open for discussion.
- Michael Crean – I think it's good experience. I attended one. Unfortunately the customer was not there to present.
- David Shaff – The meetings are the first Tuesdays of the month, but are usually canceled. We try to get the issues resolved before getting this far.

Increasing the Effectiveness of PURB

- Janis Adler – Charlie Rosenthal sent an email about this.
- Charlie Rosenthal – How do we recognize effectiveness?
- Michael Crean – Our charter is to advise the City Council on matters involving the three utilities. You have to be careful, just because they did not adopt a particular recommendation, doesn't mean they didn't consider it. They may have appreciated the information. OK to measure, but not to

discount.

- Charlie Rosenthal – one of the first PURB discussions I sat in on, frustration that Council was totally ignoring recommendations. Needs to be more than just listening to us, but actually acting on our advice.
- Janis Adler – I agree; I talked to David Johnson about this a little bit. There was no dialogue with Council.
- Patti Howard – Comm. Fritz values the input and dialogue with PURB. You are not restricted to these meetings. You can meet with me if she is not available. She looks at all information before making decisions. There are many other factors.
- Janis Adler – As a subcommittee member than, I am going to get pushier. I didn't realize that we had a Mayor's office rep. Access from bureau directors has been tremendous, really helpful. I think it would be good to insist that you have a rep attend subcommittee meetings.
- Charlie Van Rossen – In Council meetings the bureau declares whether or not the PURB had vetted something. No one other than a PURB member should speak for us – I don't think appropriate for other bureau staff to state that we have reviewed something.
- Charles Rosenthal – A few other options for effectiveness measurement. Council or bureaus should not just tolerate us, but should invite us. Should have a PULL system rather than just a PUSH from us. We want our members to be wanted in terms of participation. The bureaus should keep us informed on an ongoing basis. To review a budget once a year is not the same thing as knowing what's going on in a bureau. This means a great deal more participation from sub committees with bureaus.
- David Hasson – From the Water Bureau experience, we had two PURB members invited to 10 meetings and they almost never attended. It was a tremendous time commitment for everyone. A high degree of effort.
- Charlie Rosenthal – If we want the influence, we have to have the knowledge. It won't just happen.
- Michael Crean – We need to attend each subcommittee meeting; something happens at each one. We should designate who will be on the budget committee (or a substitute) and commit to this.
- Sharon Kelly – different take on effectiveness. Are we affecting the rate of increases in the City? Bottom line. Our role is to be the watchdog. The rates are going up at a rapid rate on a regular basis. Lots of things we can do.
- Charlie Van Rossen – We need to ask for more information. We didn't have a road map. We know more about what happens and what to consider.
- Janis Adler – One suggestion is to create a checklist for each subcommittee, particularly so new members aren't starting from scratch. Michael – can you draft this?
- Janis Adler – What about attending the solid waste budget advisory committee?
- Michael Crean – maybe PURB could attend the portion of the BPS BAC associated with SWMF
- Sharon Kelly – We need to step out of the weeds. What is the driver of the rate increase? What is the rationale? Why can't you do this with your same rate as you had last year? Too much time in the details and forgot the big picture. We were focusing on the little increment of the increase but not looking at the holistic picture to see if their budget can absorb it.
- Michael Crean – We took a position of not recommending a % increase, but Comm. Fritz asked for a specific number. Maybe we should consider weighing in at that level.
- Michael Crean – We have our meeting with them in September. We need to ask them, the council, what they want. Opportunity for a dialogue. But we can't forget about representing the rate paying customers.
- Patti Howard – Ask them what kind of information they want. It may be different for each commissioner.

Public Comment

None

Adjournment

The meeting adjourned at 7:06 pm.

Next Meeting

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

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