

1366

TIME CERTAIN

Agenda No.

ORDINANCE NO. 168053

Title

*Create the Portland Utilities Review Board (Ordinance, amend City Code Chapter 3 to add Chapter 3.123.)

INTRODUCED BY:	DATE FILED: AUG 19 1994
Mayor Vera Katz COMMISSIONER LINDBERG	Barbara Clark Auditor of the City of Portland
NOTED BY COMMISSIONER	
Affairs	By: <u>Cory Kershner</u> Deputy
Finance and Administration <u>Vera Katz/jpm</u>	For Meeting of: _____
Safety	
Utilities <u>MDL/14</u>	ACTION TAKEN:
Works	
BUREAU APPROVAL	
Bureau: Office of Finance & Administration	
Prepared by Date 8/18/94 MGoode/BWalters:jtl	
Budget Impact Review:	
<input checked="" type="checkbox"/> Completed <input type="checkbox"/> Not Required	
Bureau Head: <u>Stephen C. Bauwys Beer</u>	

AGENDA		FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
			YEAS	NAYS
Consent	Regular <input checked="" type="checkbox"/>	Blumenauer	<input checked="" type="checkbox"/>	
NOTED BY		Hales	<input checked="" type="checkbox"/>	
City Attorney	<u>Benjamin Walters</u>	Kafoury	<input checked="" type="checkbox"/>	
City Auditor		Lindberg	<input checked="" type="checkbox"/>	
City Engineer		Katz	<input checked="" type="checkbox"/>	

3.123.080 Staffing: The Office of Finance and Administration will provide staffing for the Board, with logistical and topic-related support from the Bureau of Water Works and the Bureau of Environmental Services as needed.

3.123.090 Meeting Schedule: The Board will meet at least once each month, and each standing committee shall meet at least once each month. The meeting schedules shall be set by the Board by-laws. The Board's Executive Committee will meet on an as-needed basis.

3.123.100 By-Laws: The Board shall adopt by-laws to govern its procedures, which may include specifications concerning selection and tenure of standing committee chairs, division of responsibilities, attendance policies, meeting schedules, and any other appropriate matters.

3.123.110 Annual Report: By September 30 of each year, the Board shall prepare and submit to the Council an annual report summarizing the work performed by the Board during the previous fiscal year (July 1 through June 30). The annual report shall include, but need not be limited to, a summary of issues reviewed and analyzed; a list of briefings and reports received from staff, outside experts and other informed parties; a summary of recommendations forwarded to the Council; a summary of Council action on the recommendations; and an outline of the next year's scope of work and anticipated issues.

- b. The Office of Finance and Administration shall present and review with the Council necessary staffing and budget adjustments to perform its responsibilities for the Portland Utilities Review Board as part of the FY 1994-95 budget monitoring process.
- c. On or before September 30, 1996, the Board shall report to the City Council, evaluating the need to continue its activities, containing assessment criteria and recommending future activities. The Board's report shall include, but not be limited to, an evaluation of the City's rate setting processes, rate trends and education/outreach to the public about municipal utility rates.

Section 2. The Council declares that an emergency exists because of the impending deadlines for budget planning for the next fiscal year, and the need to organize the Portland Utilities Review Board to provide meaningful input in the budget planning process; Therefore, this Ordinance shall be in full force and effect from and after its passage by the Council.

Passed by the Council, **AUG 24 1994**

Mayor Vera Katz
MGoode/BWalters:jtl
mayor/misc.bew\purbord.001
August 18, 1994

BARBARA CLARK
Auditor of the City of Portland
By *Britta Olson* Deputy

TESTIMONY SIGN-UP FOR

168053

#1366 TC 9:30 AM

Create Utilities Review Board

IF YOU WISH TO SPEAK TO THE CITY COUNCIL, PLEASE PRINT YOUR NAME AND ADDRESS.

NAME

ADDRESS & ZIP CODE

	NAME	ADDRESS & ZIP CODE
✓1	Charles Treinen	2214 SE Ladd. 97214.
✓2	JOE KEATING	UCAW
✓3	TOM O'KEEFE	UCAW
✓4	DEBORAH HOWES	PACIFIC PARTY
✓5	Fran H Gearhart	CIIBRI Gresham, Or.
✓6	Austin Powne	6416 N. Curtis
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Date: 8/24/94

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The Pacific Party
P. O. Box 9272, University Station
Portland, OR 97207
(503) 293-5888

Testimony of Deborah Howes
Portland City Council
August 24, 1994

Thank for you taking this step today. Thank you U.C.A.N, Joe Keating and Tom O'Keefe for helping the Mayor and Council in coming to such an equitable proposal.

The Pacific Party sees this resolution as a step towards good government. We will always be here to encourage you and applaud you when we see any endeavor that promotes open, accessible and truly democratic processes. We hope that in the future, some of the seats on this board will be elected by the Portland or Metro wide voters. But for this first step we commend you for your proposal to give citizen's a say in the very beginning of the financial decision making process of our government. We think that this board's role of increasing customer understanding is especially important in the areas of water, sewer and solid waste disposal. The resources utilized in public utilities and the products of waste that we in this society create which often end up back in our natural resources are important areas for citizens to have some responsibility in and for. Knowing, perhaps in some cases creating, the assumptions that dictate the options that are offered in these arenas are critical in ensuring that the Portland area, Cascade will be taken care of and livable for many years to come. The Pacific Party is not a promoter of big government, but rather the proposition that free governments are founded on the authority of the people and instituted for their peace, safety and happiness. Additionally we believe that it is the responsibility of the people, through their government and their culture, ~~that~~ maintain and restore the natural environment for its own sake as well as for future generations. The native, the indigenous people of this area have a respect for the natural world that our post colonial governments lack. It is our hope that the Council will aggressively seek a perspective on this body that clearly represents respect for our land and resources. It is long past time to acknowledge that our consumptive behavior and the policies instituted to maintain that lifestyle carry grave consequences. We are cautiously optimistic that the board, the Portland Utilities Review Board, will provide a model of fiscal responsibility, proactive future planning and a vision of living sustainably and respectfully upon the planet.

QUESTIONS & ANSWERS ON PURB

What is PURB?

The Portland Utilities Review Board will provide independent and representative customer review of water, sewer, and solid waste financial plans and rates. They will be advisory to City Council.

What are the board's duties?

The review board's duties include increasing customer understanding of long-term financial issues and their rate impacts on the City's utilities. They will represent ratepayers' interests in keeping rates fair and equitable, while meeting legal mandates and operational and customer needs. The Board will review multiyear financial plans for the Bureaus of Environmental Services and Water Works. They will monitor proposed budgets and their relationship to the financial plans. The Board will be actively involved in reviewing proposed changes to rate designs while they are being developed and provide input into the process.

Why can't the Council do this themselves?

City Council reviews rates for both bureaus during the annual budget process. We want more citizen input and access to the rate process. The issues that are driving rates upward have impact throughout our customer base: federal and state regulations, operations and maintenance, and special programs. Council wants citizen input and feedback on utility rates to ensure community values are given full consideration. We feel an informed and involved public is supportive of beneficial and necessary programs as they understand the costs of providing utilities and maintaining the City's assets.

In what other ways will the PURB contribute to public understanding of the rate-setting process?

A key feature of the PURB will be the requirement that it communicate with other advisory boards and committees serving the City. PURB will provide for a broad perspective of utility operations, while other advisory groups focus on particular programs or functions.

Who will be on the board and how will board members be selected?

Board members will represent a broad spectrum of Portland's citizens. We expect members to represent different income levels, residential and commercial customers, cultural identities and geographic location. We are looking for professionals and volunteers with experience and interest in drinking water, sewer, and solid waste issues. Members must live or work predominantly in the City of Portland.

The City will seek nominations from all geographical areas of the city, public interest advocates, commercial/industrial customers, local consumer-oriented business, and at-large members. Notices will be placed in local media. The City will also send nomination requests to board members of Neighborhood Associations, District Coalition Boards, consumer advocacy and environmental interest groups, Business District associations, and commercial and industrial customers of Water and Environmental Services Bureaus. The Mayor will nominate committee members for Council approval.



City of Portland, Oregon
PORTLAND UTILITIES REVIEW BOARD (PURB)
August 19, 1994

- Portland City Council is committed to an open and accountable City government. This summer, Council's appointment of a Portland Utilities Review Board (PURB) will mark a milestone in community involvement. Council's goal in creating the PURB is to provide citizen review and understanding of the rate-making and financial planning processes of the City utilities: water, sewer and solid waste disposal.
- Utility fees represent a significant budget impact for many Portland residents. Citizens are concerned with impacts of increased costs and increasingly stringent state and federal regulations on future utility rates.
- Council believes that they and the City's utility managers would benefit from a better understanding of community concerns and values regarding water, sewer and solid waste rate impacts. And they also believe the community would benefit from better understanding the issues, concerns, and requirements related to managing municipal utilities.
- Council expects the PURB to provide common ground between ratemakers and ratepayers through analysis of financial plans and budgets. As an advisory board they will have the opportunity to review the City's utility operations. The board will meet monthly to assure a comprehensive understanding and assessment of the workings of the utilities.
- The PURB will include 15 members, broadly representative of the community. Each member will serve on one of three permanent subcommittees, representing water, sewer or solid waste.
- Traditionally, City Council reviews utility rates during the annual budget process. Council agrees with several citizens' interest groups who proposed opening the process to the public to achieve greater accountability; a dialogue between ratemakers and ratepayers; and to give the community, as stockholders in their municipal utilities, systematic public review and feedback in the rate-making process. Council will continue to review and approve utility rates during the annual budget process but it will be with the benefit of counsel from the PURB.
- Council will initiate a selection process during September. The PURB is expected to convene in October.

(More information on back)

ORDINANCE No. **168053**

* Create the Portland Utilities Review Board (Ordinance, amend City Code Chapter 3 to add Chapter 3.123.)

The City of Portland ordains:

Section 1. The Council finds:

1. Portland City Council is committed to open and accountable City government. The Council believes that the City bureaus would benefit from a better understanding of community concerns and values regarding water, sewer and solid waste rate impacts. The Council also believes that citizens would benefit from a better understanding of the issues, concerns, and requirements related to managing and operating municipal utilities, and the City's authority to set rates under the solid waste franchises.
2. Utility rates for water, sewer and solid waste services are a financial burden for many Portland residents. Citizens are concerned with the cost of increasingly stringent state and federal regulations on future utility rates.
3. Several citizens' and public interest groups have proposed opening the utility rate setting process to the public to achieve greater accountability.
4. The Council believes that a citizens' committee, broadly representative of the community, will provide common ground between ratemakers and ratepayers through analysis of financial plans and budgets. Such a body will allow for a dialogue between rate-makers and utility customers and give the community opportunity for systematic public review and feedback in the rate-making process. The citizens' advisory board will examine and review the City's utility financial operations, and submit recommendations to the Council.
5. The Council will continue to be ultimately responsible for reviewing and setting utility rates, with the benefit of counsel from the citizens' committee.
6. As an agency of the City of Portland, the Board shall comply with state statutory requirements, such as public meetings (ORS 192.610 et seq.) and government ethics (ORS 244.010 et seq.)

NOW, THEREFORE, the Council directs:

- a. City Code Chapter 3 is amended by adding a new chapter as follows:

**Chapter 3.123
PORTLAND UTILITIES REVIEW BOARD**

Sections:

- 3.123.010 Created - Purpose
- 3.123.020 Scope
- 3.123.030 Membership
- 3.123.040 Appointments - Composition
- 3.123.050 Terms - Alternatives
- 3.123.060 Recruitment Process
- 3.123.070 Committees
- 3.123.080 Staffing
- 3.123.090 Meeting Schedule
- 3.123.100 By-Laws
- 3.123.110 Annual Report

3.123.010 Created - Purpose. A Portland Utilities Review Board is hereby created. The Board's purpose is to provide independent and representative customer analysis, on behalf of the Portland City Council and for the benefit of the citizens of Portland, of water, sewer and solid waste financial plans and rates. The Board will attempt to increase customer understanding of the long-term financial issues and resulting impacts upon water, sewer and solid waste services and rates. The Board shall make recommendations to the Council on establishing fair and equitable rates, consistent with customer needs as well as legal mandates, public policies and operational requirements.

3.123.020 Scope: The Board shall perform the following functions:

A. Participation in the financial planning process: The Bureau of Water Works and the Bureau of Environmental Services use multi-year financial planning to prioritize programs and to project operating and capital costs associated with policies and programs, and to estimate overall rate impacts. The bureaus update their financial plans throughout the year to reflect significant changes in revenues or requirements, and re-do the plans annually. The Board will consult with the bureaus during development of their financial plans, review the proposed plans and revisions, and submit its findings and recommendations on the bureaus' financial plans to the Council as part of the City's financial planning process.

B. Participation in the budget process: The Board will consult with the Bureau of Water Works and the Bureau of Environmental Services as their budgets are developed, and will monitor proposed budgets in regard to their conformance with financial plans. The Board will report to the Council during budget hearings on the conformance between budgets and financial plans.

C. Participation in the rate design process: The Board will make recommendations to the Council on the equitable distribution of rate adjustments among customer classes, as determined in the rate design process. The Board will report to the Council during the Council's annual consideration of the bureaus' utility rates, and on the Council's consideration of solid waste franchise rates. In addition, the Board shall report to the Council regarding solid waste utility rate design. The Board will participate in the bureaus' discussions of proposed rate changes throughout the year, including the simulation, review and analysis of alternative rate designs. Notwithstanding other provisions of this Section, in the event of any emergency, the Council may waive prior Board consideration and recommendation on any proposed rate changes and act without further delay.

D. Relationship to other citizen advisory groups: The Council and the bureaus may form other groups, as necessary, to advise on utility matters. The Board and its staff will exchange information with these other advisory groups to coordinate policy advice to the Council and the bureaus.

3.123.030 Membership. The Board shall have 15 permanent members. Each member will serve on one of three permanent subcommittees: Water, Sewer or Solid Waste. The Mayor shall designate the Chair of the Board. Eight members shall constitute a quorum of the Board.

3.123.040 Appointments - Composition

A.1. General Criteria: All members must reside or work predominantly in the City of Portland and demonstrate a strong interest in sewer, water and solid waste issues, such as system development and maintenance, service delivery, service costs and impacts on low-income households, economic development, conservation and environmental concerns. In making appointments, the Mayor and City Council will attempt to have a range of professional and academic expertise, and volunteer experience, on the Board in disciplines such as accounting, urban planning, biological sciences, civil engineering, hydrology, health sciences, and utility economics. In making Board appointments, the Mayor and Council shall strive to have a Board which reflects the diversity of the Portland community, especially regarding customer classes, income levels, cultural and ethnic identity, geographic location, age and gender.

2. No individual with any direct financial interest in a city utility or solid waste franchises, whether by ownership, employment, contract or otherwise, shall be appointed to or serve on the Board.

B. Board Appointments: Board members shall be appointed by the Mayor and confirmed by the Council. The Mayor shall consult with representatives from various interest groups

and private utilities in developing recommendations for member appointments. Nominations shall reflect four general categories:

1. **Neighborhood Representation:** Nominations will be sought from neighborhood associations district coalitions and residential customers (renters and land owners) in various City neighborhoods. If nominations are not directly received from neighborhood associations or district coalition boards, the Mayor will appoint members from each of the City's five geographic areas, with no more than two members coming from any one area. Five seats shall be filled from neighborhood nominations.

2. **Public Interest Advocacy:** Nominations will be sought from organizations working to support low and moderate income issues, environmental concerns, senior, fixed income and special needs populations. Four seats shall be filled from public interest advocacy nominations.

3. **Large Commercial/Industrial Businesses:** Nominations will be sought from businesses which have a current industrial discharge permit, discharge at least 10,000 gallons per day of waste-water to the sewer system, or use 100,000 cubic feet (cf) of water per month. Two seats shall be filled from commercial/industrial business nominations.

4. **Local Businesses:** Nominations will be sought from businesses headquartered in the City that predominantly serve Portland-area residents. Retail, service or neighborhood businesses, and those not meeting the Large Commercial/Industrial category criteria, are eligible for inclusion in this category. Two seats shall be filled from local business nominations.

5. **At-Large:** To provide flexibility in meeting the Board's goal of membership diversity, two members shall be appointed from applications received "at large." Nominations in this category may be submitted by any individual or any group interested in participating on the Board.

3.123.050 Terms - Alternates: Each Board member will serve, without compensation, for a term of three years, with the following exceptions:

A. To ensure staggered membership turnover, seven of the initial Board appointments will be for three years and eight for two years. The seven three-year appointments will be allocated as follows: one at-large, one local business, one commercial/industrial, two public interest advocacy, and two neighborhood representatives.

B. To ensure continuity of experience and insights related to current issues, in making initial Board appointments, the Mayor shall appoint six members of the existing Water Bureau and Bureau of Environmental Services Advisory Committees to the Board, two for three-year and four for two-year terms.

C. No Board member may serve on the Board for more than six consecutive years. The Board shall develop a brief process and/or form for recommendations to the Mayor in regard to members desiring reappointment.

D. Each Board member shall designate an official alternate to attend Board meetings in the member's absence. Alternates shall not have voting privileges.

E. If any member of the Board is absent from more than three regularly scheduled meetings of the Board during any twelve month period, without having notified the Chair in advance of such absence, such member shall be deemed to have resigned from the Board. The member's position shall thereafter be vacant and subject to appointment.

F. The Mayor may remove any member of the Board for due cause, such as malfeasance in office or incapacity.

3.123.060 Recruitment Process: Board positions will be advertised in local media publications and broadcasts, including local neighborhood newspapers, cable stations and radio, with a goal of as widespread an outreach as possible. Nomination requests will also be sent to all board members of the city's Neighborhood Associations and District Coalition Boards, to consumer advocacy and environmental interest groups, Business District associations, and to all BES and Water Bureau commercial and industrial customers. All vacancy notices shall be advertised in the same manner. The City's standard Boards and Commissions application form shall be used, with all nominations to be submitted to the Mayor's Office.

3.123.070 Standing Committees: Three standing committees will be established by the Board to focus on solid waste, water and sewer issues. Each standing committee will elect its own Chair who will serve as a participant on the Board Executive Committee. Standing Committee membership, meetings and Chair terms will be determined by the Board by-laws. The Board Chair, the chair of each of the Board permanent standing committees -- solid waste, sewer, water -- and another member of the Board, as approved by a majority vote of all Board members, will serve as the five-member Board Executive Committee. The Executive Committee will facilitate on-going communication between the Board, the City Council and the bureaus. The Board may outline more specific roles and responsibilities for the Executive Committee in the Board by-laws.