

ORDINANCE No. 187174 As Amended

*Create Portland Utility Board to strengthen oversight functions for City's water, sewer and stormwater services (Ordinance; repeal and replace Code Chapter 3.123)

The City of Portland ordains:

Section 1. The Council finds:

1. The City's two public utilities, the Portland Water Bureau (PWB) and Bureau of Environmental Services (BES), are run by dedicated professional staff who maintain a safe and reliable water supply, manage stormwater runoff, and treat wastewater.
2. The City of Portland is committed to providing quality utility services at a fair value, and to serving its ratepayers with the highest levels of transparency and accountability.
3. PWB and BES are funded by ratepayer dollars, rather than the general fund as with other City bureaus. The bureau's long-term planning process, including twenty-year systems plans, five-year capital improvement plans and budgets, annual budgets, rate-setting process, and debt financing require an engaged and well-informed oversight body.
4. In August 1994, the Council created the Portland Utility Review Board (the PURB) to provide utility oversight. Ordinance No. 168053. In February 2003, the Council substantially revised the PURB by repealing and replacing the entirety of City Code Chapter 3.123. Ordinance No. 177275.
5. In April 2014, Mayor Hales and Commissioner Fish pledged to establish a Blue Ribbon Commission to explore possible reforms of the utility bureaus.
6. In June 2014, the Mayor and Commissioner Fish established the Utility Oversight Blue Ribbon Commission (BRC) and named former U.S. Attorney Dwight Holton as Chair. BRC members were charged with identifying potential oversight and accountability reforms for PWB and BES.
7. The BRC undertook an extensive and thoughtful review of the public utilities. The BRC determined that water, sewer, and stormwater rates are influenced by multiple factors, including maintaining and operating an aging system, complying with state and federal mandates, and expanding the system to accommodate future growth.
8. The BRC submitted a final report to Council in December 2014. In its report, the BRC recommended that the Council establish the Portland Utility Board (PUB) as a new, dedicated oversight body with expanded functions from those currently provided by the PURB and the Budget Advisory Committees for PWB and BES

during budget development. The BRC further recommended that the PUB regularly advise Council regarding operations of the two utility bureaus, while recognizing that the City Council is ultimately responsible for setting rates, determining capital improvement plans and budgets, annual plans and budgets, and debt financing decisions.

9. The BRC recommended that the PUB be actively involved in “upstream” deliberations on utility bureau budgets, capital spending, policies, and programs:
 - With the bureaus during development of their requested budgets;
 - With the Commissioner-in-Charge following submittal by the bureaus of their requested budgets and prior to the Commissioner submitting requested budgets to the Mayor;
 - As invited parties to utility rate review presentations and City Council work sessions that occur following submittal of requested budgets;
 - With the Mayor as part of development and release of the Mayor’s budget; and
 - As invited parties to the City Council budget adoption process.

10. The BRC also recommended that the Commissioner(s)-in-Charge of the Water Bureau and the Bureau of Environmental Services seek an audit and/or independent review to evaluate the effectiveness of the PUB and its oversight work no sooner than July 1, 2017 and no later than June 30, 2020.

11. It is the Council’s intention that the PUB will be funded through interagency agreements between the City Budget Office (CBO), PWB and BES, with CBO overhead allocated equally in billings between the two utility bureaus. Funding should be sufficient to support the PUB in conducting its business, including supporting committees and task forces, citizen involvement, education, and communications. The CBO will assign a minimum of two full-time, senior-level staff to the public utilities. One full-time equivalent staff will support the ongoing CBO utility budget analysis. One full-time staff will be dedicated to and directed by the PUB, with hiring and administrative management by the CBO Director.

12. The PUB shall adopt by-laws that accord with the requirements of PCC 3.123.090 within six (6) months of the board being duly constituted.

13. The Council accepts the BRC’s recommendations described above and adopts the City Code amendments and binding City policies set forth in this ordinance.

NOW, THEREFORE, the Council directs:

- a. Title 3 of the City Code, Administration, is hereby amended by substituting Chapter 3.123, Portland Utility Board, as set forth in Exhibit A attached to this Ordinance for existing Chapter 3.123, Portland Utility Review Board.

- b. Notwithstanding the provisions of new City Code 3.123.050, to ensure staggered membership turnover, three of the initial Board appointments will be for a term of one year, three of the initial Board appointments will be for a term of two years and three of the initial Board appointments will be for a term of three years. Subsequently to the initial Board appointments, all Board appointments will be for three year terms as established in City Code 3.123.050.

Section 2. The policies set forth in Section 2 of this Ordinance sets forth binding City policy which the Auditor's office shall cause to be placed in the Portland Policy Documents in accordance with City Code Chapter 1.07, Documentation of Rules and Policies.

- a. The Portland Utility Board will serve as the Budget Advisory Committee for the Portland Water Bureau and the Bureau of Environmental Services, acting in accordance with the guidelines for public involvement in these bureau's Budget Advisory Committee processes as established by Resolution No. 36960, BCP-ADM-4.05.
- b. The Citizens' Utility Board will continue to provide outside independent review of the Portland Water Bureau and the Bureau of Environmental Services on behalf of residential ratepayers, as provided in Resolution No. 37051. While both the Portland Utility Board and Citizens' Utility Board will strive towards collaboration and coordination, they are intended to provide two independent sources of utility analysis and oversight for the public and the Council.
- c. The Planning and Sustainability Commission, as established by City Code 33.710.040, shall consider and develop recommendations for the Council regarding establishing or modifying the rates and charges for solid waste collection.


Section 3. The Council declares that an emergency exists because the public interest would not be served by delay in implementing the Code amendments creating the Public Utility Board, potentially delaying the appointment of new Board members; therefore, this ordinance shall be in full force and effect from and after its passage by the Council.

Section 4. The code amendment set forth in directive a. of this ordinance shall be effective on and after July 31, 2015.

Passed by the Council: JUN 10 2015

Commissioner Nick Fish
Prepared by: Jim Blackwood/Sonia Schmanski
Date Prepared: May 20, 2015

Mary Hull Caballero
Auditor of the City of Portland
By


Deputy

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Agenda No.
ORDINANCE NO. 187174 As Amended
Title

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<p style="text-align: center;">INTRODUCED BY Commissioner/Auditor: Commissioner Nick Fish</p>	<p>CLERK USE: DATE FILED <u>MAY 29 2015</u></p>
<p style="text-align: center;">COMMISSIONER APPROVAL</p> <p>Mayor—Finance and Administration - Hales</p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish <i>Nick Fish</i></p> <p>Position 3/Affairs - Saltzman</p> <p>Position 4/Safety - Novick</p>	<p style="text-align: center;">Mary Hull Caballero Auditor of the City of Portland</p> <p>By: <u><i>Mary Hull Caballero</i></u> Deputy</p>
<p style="text-align: center;">BUREAU APPROVAL</p> <p>Bureau: Office of Commissioner Nick Fish Bureau Head: Commissioner Fish</p>	<p>ACTION TAKEN:</p> <p>JUN 03 2015 PASSED TO SECOND READING As Amended JUN 10 2015 9:30 A.M.</p>
<p>Prepared by: Jim Blackwood Date Prepared: May 26, 2015</p>	
<p>Impact Statement</p> <p>Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p>	<p>← PPD yes.</p>
<p>City Auditor Office Approval: required for Code Ordinances <i>Toni</i></p>	
<p>City Attorney Approval: required for contract, code, easement, franchise or other completion <i>Raymond Walters</i></p>	
<p>Council Meeting Date June 3, 2015</p>	

AGENDA

TIME CERTAIN
Start time: 10:00 am

Total amount of time needed: 1 hour
(for presentation, testimony and discussion)

CONSENT

REGULAR
Total amount of time needed: _____
(for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
		YEAS	NAYS
1. Fritz	1. Fritz	✓	
2. Fish	2. Fish	✓	
3. Saltzman	3. Saltzman	✓	
4. Novick	4. Novick	✓	
Hales	Hales	✓	