

Exhibit A

Single underline and single strikethrough – changes approved by the Council on June 3, 2015

Double underline and double strikethrough – reflecting changes as suggested in Urban Greenspaces Institute letter (June 3, 2015)

3.123.010 – amend to add double underlined language:

A Portland Utility Board is hereby created. The Board's purpose is to advise the City Council, on behalf of and for the benefit of the citizens of Portland, on the financial plans, capital improvements, annual budget development and rate setting for the City's water, sewer, ~~and~~ stormwater, and watershed services. The Board will advise Council on the establishment of fair and equitable rates, consistent with balancing the goals of customer needs, legal mandates, existing public policies such as protecting water quality and improving watershed health, operational requirements, and the long-term financial stability and viability of the utilities.

3.123.020 – amend subsection C as follows:

C. **Participate in the rate design process:** The Board will report on proposed rate changes to the Council during the annual budget hearings and development processes for water, sanitary sewer, watershed health, and stormwater. The Board shall report on other city activities or proposed policies with significant impacts to water, sanitary sewer, and stormwater rates.

3.123.040 - add new subsection C:

C. The Mayor shall, in consultation with the Commissioner(s)-in-Charge, appoint three non-voting, ex officio members annually, to engage utility bureau employees in the budget process. The ex officio members shall be one represented and two non-represented utility bureau employees, appointed to participate in the process of developing recommendations on the bureaus' annual budgets. The voting and ex officio members shall be evenly distributed between the utility bureaus. The term of ex officio members shall end when the bureaus' proposed budget is approved by City Council. Ex-officio members may be re-appointed up to three times.

3.123.090 - add new subsection B:

B. The by-laws shall specify procedures for public testimony, including opportunities for public comments at each Board meeting.

Emergency clause:

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.

Effective date:

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

Proposed Friendly Amendments to PUB Code

187174

3.123.030 Membership. The Board shall have nine permanent members. Board members shall be appointed by the Mayor in consultation with the Commissioner(s)-in-charge of the bureaus, and confirmed by the Council. Any Council member may submit nominations to the Commissioner(s)-in-charge. (remainder as proposed)

Rationale: All Council members are entitled to submit nominations for the current PURB. This makes the whole Council responsible for recruitment, which is important for such a powerful Board. Further, 3.123.040 references "the Mayor and Council" which assigns all Council members responsibility for the composition of the PUB.

3.123.040 Appointments – Composition

Amend sentence: In making Board appointments, the Mayor and Council shall strive to have a Board which reflects the diversity of the Portland community, including, but not limited to, the following factors: areas of expertise, advocacy experience, community involvement, profession, education and/or, economic status. (Remainder as proposed)

Rationale: Gives more specificity to what is meant by "diversity of the Portland community".

Amend sentence: Skills that will serve the new Board well include: technical knowledge of water, stormwater, and sewer utility operations and issues, accounting, civil engineering, conservation, environmental sciences, equity, health sciences....(remainder as proposed)

Rationale: the word "new" will be incorrect in future appointments. Add expertise in equity issues to list of desired skills.

(Leaves remainder of A in place and does not amend B)

IMPACT STATEMENT

Date: May 26, 2015

Council Date: June 3, 2015

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

Contact Name: Jim Blackwood

Contact Phone: 503-823-3598

Presenter Name: Nick Fish

Purpose of proposed legislation and background information:

In June 2014, Mayor Hales 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.

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.

The BRC submitted a final report to a Council work session 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.

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

An essential component of the new PUB will be the addition of a full-time financial analyst housed in the City Budget Office who will be directed by the new body to do research in any area of the two utilities deemed necessary.

Recruiting for the 9 member PUB will begin as soon as the ordinance is approved. We will have the panel ready to begin its work by September 2015, in time for the next budget cycle.

Financial and budgetary impacts:

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.

Principal Financial Analyst with benefits: \$146,616

Internal Materials & Services for position specific services (e.g. copying, phone, computer): \$1,940

External Materials & Services for Office 365 licensing and miscellaneous: \$3,150

Administrative Overhead: \$48,712

- Consists of an allocation of CBO Admin support position, director, and a portion of the deputy director. Also includes an allocation of fixed charges for the bureau (e.g. rent, server support, insurance & risk, and BTS corporate).

These charges total \$200,418 or \$100,209 per utility bureau.

Community impacts and community involvement:

The Portland Utility Board is a direct result of extensive community process. The draft of the ordinance was shared with the BRC in advance and some further changes made in the text based on their recommendations. The PUB will replace the current Public Utility Review Board, with their current solid waste oversight moving to the Portland Sustainability Commission. The PUB will also act as the year-round budget committee for both Water and BES, replacing the current Budget Advisory Committees. The first assignment for the PUB members will be to create their by-laws including their public engagement model.

Budgetary Impact Worksheet

Does this action change appropriations?

- YES Please complete the information below.
- NO You can skip this section

| Fund | Fund Center | Commitment Item | Functional Area | Funded Program | Grant | Sponsored Program | Amount |
|------|-------------|-----------------|-----------------|----------------|-------|-------------------|--------|
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Nick Fish

5/27/15

Nick Fish, Commissioner

Date