

FY 2014-15 Reduction By Program / Water Program

Water Bureau - Preliminary Base Budget only

		FY 2012-13	FY 2013-14	FY 2014-15		
Program	Water Program	Budget	Budget	Current Svc Level	Realignment / Adjustment	Requested Budget
Supply	Bull Run Watershed	2,944,527	2,912,668	2,716,171	(62,534)	2,653,637
	Groundwater	2,171,575	1,711,823	1,680,548	(184,097)	1,496,451
Supply Total		5,116,102	4,624,491	4,396,719	(246,631)	4,150,088
Transmission & Ter	Conduits/Transmission Mains	709,306	821,572	952,864	(160,000)	792,864
	Terminal Reservoirs	431,370	552,607	744,436	8,523	752,959
Transmission & Terminal Storage Total		1,140,676	1,374,179	1,697,300	(151,477)	1,545,823
Treatment	Treatment	2,583,294	2,395,708	2,491,870	76,660	2,568,530
Treatment Total		2,583,294	2,395,708	2,491,870	76,660	2,568,530
Distribution	Distribution Mains	3,919,727	3,690,960	3,922,294	421,320	4,343,614
	Field Support	4,996,276	4,349,860	3,522,004	(110,220)	3,411,784
	Fountains	638,277	112,263	81,178		81,178
	Hydrants	539,758	627,706	706,717		706,717
	Meters	1,628,647	1,793,310	1,733,250	(161,700)	1,571,550
	Pump Stations/Tanks	6,133,110	6,107,404	6,498,065	(15,957)	6,482,108
	Services	1,792,974	1,650,527	2,068,256		2,068,256
	Valves/Gates/Regulators	1,287,860	1,121,717	956,706		956,706
Distribution Total		20,936,629	19,453,747	19,488,470	133,443	19,621,913
Regulatory Complia	Water Quality & Regulatory Compliance	6,727,491	6,076,936	6,627,834	(133,991)	6,493,843
Regulatory Compliance Total		6,727,491	6,076,936	6,627,834	(133,991)	6,493,843
Customer Service	Conservation/Sustainability	1,022,638	983,695	1,008,660	(7,820)	1,000,840
	Customer Service	14,672,131	13,574,018	14,838,379	(225,750)	14,612,629
	Grounds/Parks	1,276,286	930,109	593,310	10,839	604,149
	Security/Emergency Mgmt	3,401,614	1,919,647	1,927,180	(11,860)	1,915,320
Customer Service Total		20,372,669	17,407,469	18,367,529	(234,591)	18,132,938
Support	Bureau Support	13,161,420	12,959,856	13,258,262	(368,165)	12,890,097
	Data Management	3,006,033	2,764,324	2,796,261	(42,335)	2,753,926
	Employee Investment	4,205,085	3,028,037	2,533,778	(257,204)	2,276,574
	Planning	3,425,472	3,336,033	3,342,151	(148,700)	3,193,451
Support Total		23,798,010	22,088,250	21,930,452	(816,404)	21,114,048
Grand Total		80,674,871	73,420,780	75,000,174	(1,372,991)	73,627,183

Note: The FY 2013-14 Budget reflected a reduction of \$9,142,866 and 39.5 FTE.

The FY 2014-15 Base staffing totals 234.4 FTE (Reduce 3.0 FTE and shifted of 4.53 FTE from capital)

WATER BUREAU FY 2014-15 OPERATING BUDGET REALIGNMENT \ REDUCTIONS

Bureau Organization

The **Administrator's Office** is responsible for policy planning, leadership, direction, and operation of the Bureau. The Administrator's Office also manages property management, organization development, human resources management, public information/involvement, long-range planning, government and community relations, legislative activities, and liaison with the Commissioner-in-Charge and City Council. Property management responsibilities also include grounds maintenance and operation and maintenance of the drinking fountains.

The **Finance and Support Services Group** provides financial planning, rate setting, budgeting, accounting, payroll, auditing, financial analyses, and fiscal monitoring functions for the Bureau. It also provides clerical support for Bureau staff in the Portland Building. This group manages the interfaces to City financial and personnel systems, and other Bureau-specific software systems.

The **Customer Services Group** is responsible for managing billing, customer accounts, answering customer inquiries, processing customer payments, reading meters and providing water service inspections. This group is also responsible for the repair, maintenance and replacement of meters. It also includes a quality assurance group.

The **Maintenance and Construction Group** is responsible for repair, operation, and maintenance of the distribution system. Installation, operation, and maintenance functions related to mains, services, valves, hydrants, and leak detection are performed by this group. This work includes direct services and related support for control valves, carpentry, purchasing and stores operation, and loss control programs. This group manages the Bureau's two apprentice programs. The emergency crew provides response for outside normal work hour requirements, including main breaks and other emergency responses.

The **Engineering Group** is responsible for planning, design, and construction of the Water System. In addition, this group serves as customer liaison for new service installation, drafting (including geographic information system), surveying, inspecting, and maintaining records on distribution system improvements. This group manages the Bureau's emergency management program. This group also has responsibility for developing facility standards, asset management, contract management, and developing and managing the Bureau's CIP. Administrative oversight of the Hydroelectric Power function is conducted within this group.

The **Resource Protection and Planning Group** is responsible for coordination with federal, state and local partners to protect the quality of both of Portland's drinking water sources, invasive species mitigation and environmental compliance. Responsibilities include addressing legislative and regulatory issues and performing research, comprehensive planning on major issues, supply and demand analysis, and coordination of the Regional Water Providers Consortium. This Bureau work group is also responsible for the Bureau's business, residential and multifamily water efficiency programs, water resource education programs and Bureau sustainability efforts.

The **Operations Group** is responsible for the operation and maintenance of water storage and supply, treatment and transmission from the Watershed and the Columbia South Shore and Powell Valley Well Fields. This group operates and maintains the conduits, terminal storage reservoirs, tanks, pump stations, water treatment facilities, pressure regulators, an accredited Laboratory, and the Water Control Center. Work responsibilities include water quality protection, regulatory compliance, laboratory services, system analysis, and addressing water quality customer complaints. This group is also responsible for the security for the distribution system and Water bureau properties.

FY 2014-15 Operating Budget Reductions/Adjustments by Group

Groups	2.5% reduction	Realignments	Total Adjustment
Admin	(280,843)	25,000	(255,843)
Finance	(95,844)		(95,844)
Customer Service	(390,000)		(390,000)
Maintenance	(315,800)		(315,800)
Engineering	(360,013)	474,566	114,553
Resource Protection	(135,000)		(135,000)
Operations	(528,350)	233,293	(295,057)
Total	(2,105,850)	732,859	(1,372,991)

Budget Direction

Mayor Hales budget guidance for FY 2014-15 to the General Fund bureaus was a requested budget at Current Appropriation Level. This means General Fund bureaus' budget requests for FY 2014-15 would essentially be the same as FY 2013-14 plus inflation. The Mayor encouraged the bureaus to develop realignment packages that focus existing resources more directly on core mission and Council priorities. These realignments would be shifting existing resources to higher priority services.

The Mayor did not provide specific budget guidance to the utility bureaus. The Water Bureau internal budget direction for FY 2014-15 was to develop a budget with a 2.5% operating budget reduction. Also, following the Mayor's budget guidance to the General Fund bureaus, the Water Bureau realigned some of its budget to higher priority services.

The narrative to follow is presented in descending Water Program Ranking order, and includes budget reductions and realignments made in bureau's programs and sub-programs. The net reductions amount to nearly \$1.4 million and elimination of 3 budgeted positions.

Where possible, bureau managers have identified the specific service level impact associated with the more significant reductions. In many areas, as managers and supervisors have reduced the bureau's requested budget amounts to more closely reflect current spending levels, the impacts are harder to quantify and articulate. In these cases the impacts will most likely be a reduction in the ability of the bureau to respond to unforeseen circumstances.

Summary of Past & Requested Reductions FY 2008-09 to FY 2014-15

	Reductions		total	reductions positions
	one-time	on-going		
Adopted FY 2008-09*	(2,051,050)	-	(2,051,050)	
Adopted FY 2009-10		(1,463,370)	(1,463,370)	(24.5)
Adopted FY 2010-11			-	
Adopted FY 2011-12		(2,521,812)	(2,521,812)	(14.0)
Adopted FY 2012-13		(618,098)	(618,098)	(10.0)
Adopted FY 2013-14		(9,142,866)	(9,142,866)	(39.5)
Requested FY 2014-15		(1,372,991)	(1,372,991)	(3.0)
Grand Total	(2,051,050)	(15,119,137)	(17,170,187)	(91.0)

* mid year reduction

The cumulative results of these past and proposed reductions include increased efficiencies, changing work practices, and changing service levels. In addition, the bureau will have significantly reduced its flexibility and its financial ability to respond to unforeseen expenses or shortfalls in revenue such as the continued decline in water sales.

Requested FY 2014-15 reductions are primarily in the following budget categories:

- \$231,000 Staffing and related benefit
- \$130,000 Professional & Miscellaneous Services
- \$205,000 Operating Supplies
- \$152,000 Miscellaneous
- \$206,000 Repair & Maintenance Services
- \$76,000 Utilities
- \$183,000 Training/Travel/memberships
- \$189,000 Interagencies

Grounds/Parks - Ranking #22 – (+\$10,839)

- A reduction of \$6,000 in Grounds Admin and \$8,161 in Grounds Maintenance to align the budget to actual costs.
- \$25,000 was added to provide cleanups of homeless camps on Bureau properties.

Fountains #21 – (\$0)

No reductions proposed in FY 2014-15

Security/Emergency Mgmt - Ranking #20 – (\$11,860)

- \$16,400 was reduced in the Emergency Management program to align the budget to actual costs.
- \$5,400 was reduced in Security/Emergency Admin program to align the budget to actual costs.
- \$9,940 added for operation and maintenance costs related to the Powell Butte Reservoir completing in December 2013.

Bureau Support - Ranking #19 – (\$368,165)

- Reduced \$181,182 in General Support within the Administration Group. It included reducing Dues / Membership by \$34,000 to various organizations, reduced repair & maintenance of the 5th & 6th floor of the Portland Building by \$25,000 and two budget items of \$43,524 were moved into the General Fund Overhead calculation (\$28,813 for American Recovery Reinvestment Act coordination and \$17,711 for Minority Evaluator).
- \$106,360 reduction in the Engineering Group. Reduced interagency support, software purchase, overtime and premium pay to be consistent with actual costs. Repair or replacement of broken equipment may be deferred.
- Last year the bureau defunded a BTS vertical applications position by cutting \$50,000 and moved the remaining \$125,000 in Professional Services, with the funds to be used for contracting for services previously performed by the vertical applications staff. Based on the first quarter spending for these services, an additional \$25,000 can be reduced and still meet the bureau's needs. An additional \$10,000 was reduced for other IT support.
- Reduced \$18,191 in the Resource Protection and Planning
 - \$2,191 – Reduction in Subscriptions reflecting reduced use of outside periodicals.
 - \$16,000 – Reduction in Operating Supplies resulted from fewer required materials for both Consortium and the Water Bureau Planning function.

Planning - Ranking #18 – (\$148,700)

- Two positions were reclassified in Financial Planning. These positions were reclassified to broaden the applicant pool to include individuals with financial experience and strong analytical skills. The Bureau plans to provide utility finance and utility rate setting trainings. In addition, travel, training, and supplies have been reduced to align with historical spending.
- \$45,836 was reduced from the Resource Protection Group.
 - \$44,572 – Elimination of a part-time position. The duties of this position which have been focused on climate change research and the development of analytical tools have been absorbed by other staff.
 - \$1,264 – Reduction to Copy/Print/Bind budget to bring into line with previous annual expenditures.
- \$50,000 was added for professional services to conduct condition assessment. The recommended Bureau approach to most pipe assets is to manage multiple failures (leaks & breaks) by waiting until it makes economic sense to replace the pipe. More than 90% of the pipes fall into that category, characterized by the low consequence of failure. High consequence pipes can cause millions of dollars of impact to society and are to be avoided or have steps taken to mitigate the impacts of failure. A key step in the process is to assess the condition of those pipes. The Bureau has not allocated enough funds to assess the condition of high consequence pipes. Among the methods available are remote acoustic monitoring, in-situ acoustic monitoring and pipe wall thickness measurements. The application of these methods depends on the situation. The more condition assessment that is done, the more likely we will be able to identify and avoid multi-million dollar failure events.

Conservation/Sustainability - Ranking #17 – (\$7,820)

\$7,820 – Reduction in Copy/Print/Bind budget in conservation to bring into line with previous annual expenditures.

Employee Investment - Ranking #16 – (\$257,204)

- Reduced \$31,198 in the Apprentice Training program by the elimination of part-time trainers for the apprentices. Over the past several years, a retired Water Bureau Mechanic was utilized to provide preliminary training to Apprentice Mechanics and Utility Workers. Recently we began utilizing a combination of internal staff and field experience in lieu of a dedicated trainer for apprentices, and the results have been positive, enabling us to eliminate the expense of the retiree's salary and benefits from our budget.
- Reduced \$109,548 by eliminating a position in the safety program. The duties have been absorbed through the redistribution of work among subordinate staff. The position was responsible for the oversight of Training, Safety, Risk, Safety Regulatory Compliance and Department Of Transportation Commercial Driver License (CDL) compliance. These functions have been distributed among bureau staff including senior managers, and staff responsible for each function now report directly to the Maintenance & Construction Group Director.
- Reduced Employee Investment by \$116,458 was achieved primarily by reducing tuition and travel budget across the organization.
 - \$10,000 of professional services for surveying staff and subsequent action planning was reduced. This reduction will require that the bureau do more of this work on its own with more limited use of outside consultants.
 - \$63,834 reduction in training/travel for Maintenance and Construction Group. The Maintenance & Construction crew members are required to maintain Water Distribution Certifications from the State of Oregon, who requires Continuing Education Units (CEU's) as a condition of maintaining the certifications. In the past, the Water Bureau has paid for employees to attend courses at Clackamas Community College or has hired outside experts to provide education at our facilities. Beginning in FY 2011-12, Maintenance & Construction developed a curriculum of education utilizing internal Water Bureau experts to provide education tailored to the needs of the bureau, on a timeframe that least impacts important field work. The Oregon Environmental Services Advisory Council (OESAC) has approved the Water Bureau's curriculum for continuing education units sufficient to enable our employees to maintain their certifications. Because we are able to utilize bureau staff to lead the seminars, and are able to provide these trainings on a timeline that is most beneficial to the Water Bureau rather than on our previous provider's schedule, the external costs are reduced considerably, and the opportunity cost is minimized.
 - Reduced training and travel in Customer Service by \$4,300. This reduction limits the number of classes available for employees to take to enhance their skills.
 - \$2,429 reduction in tuition reflecting fewer trainings/conferences for the Resource Protection and Planning staff.
 - \$10,170 reduction in the tuition budget for the Operations Group. These reductions were made by eliminating a training in the Backflow Program that

was no longer required and by reducing the number of employees who will be able to attend a training during a fiscal year.

Hydrants – Ranking #15 – (\$0)

No reductions proposed in FY 2014-15

Data Management - Ranking #14 – (\$42,335)

- Completed positions reclassification to eliminate the need to upgrade staff and adjusted various budget items to align with actual.

Meters - Ranking #13 – (\$161,700)

- Overtime, part time and the premium pay budgets were reduced in the Meter Administration Program by \$9,100. These reductions would reduce the flexibility of performing tests in off-hours that would have minimize the impact to businesses.
- Operation and Maintenance budget was reduced by \$20,000 to be in line with current spending.
- \$132,600 was reduced in Operating Supplies for meter boxes, lids, rings etc. This cut is the result of diligent monitoring and reversing of items being charged in error to the meter program budget.

Field Support - Ranking #12 – (\$110,220)

- \$21,050 reduction in local travel for continuing education requirements for water distribution certifications. Greater emphasis will be placed on training conducted utilizing internal expertise and to align the budget with actual spending.
- \$17,500 reduction in utilities budget, including electricity, garbage, natural gas, and water and sewer to align with actual spending. The remaining budgeted amount will cover the utility expenses expected with the new Stores warehouse when it comes on-line in the Fall of 2014.
- \$22,000 reduction in leasing modular units that were anticipated for the Interstate Renovation Plan are no longer anticipated, enabling this reduction.
- \$16,223 reduction in repair and maintenance services for the Water Bureau share of First Call computerized callout system, as well as other technology maintenance cost reductions.
- \$33,437 reduction in stores operating supplies. The construction of the new Interstate facilities has constricted available space for materials inventory, which has required our Stores group to greatly reduce our materials inventory. Two years of experience in managing our inventory while still meeting the bureau's needs have reduced both the volume of inventory and costs. Further, since the materials are utilized much more quickly than in prior years, the expense is often quickly attributed to a project rather than as a carrying costs, enabling this reduction.

Services – Ranking #11 – (\$0)

No reductions proposed in FY 2014-15

Water Quality & Regulatory Compliance - Ranking #10 – (\$133,991)

- \$8,462 was reduced from Regulatory Compliance Administration
 - \$2,000 – Reduction in Operating Supplies based on lower anticipated needs for FY 2014-15.

- \$6,462 – Reduction in Computer Supplies Hardware and Software to bring into line with previous annual expenditures.
- \$51,000 was cut from LT2 shipping costs. Now that this program has been up and running for a year we are able to better estimate the cost of shipping water samples to the labs. This reduction brings the budget in line with actual costs.
- \$62,479 was cut from the Lead Hazard Reduction Program (LHRP) Community Partner Grants to account program efficiencies.

Valves/Gates/Regulators - Ranking #9 – (\$0)

No reductions proposed in FY 2014-15

Groundwater - Ranking #8 – (\$184,097)

- \$134,097 will be reduced for research and analysis supporting the Bureau’s ground water resources. A series of studies to be accomplished over the next five years to improve the bureau’s understanding of the Columbia South Shore Well Field including the long term capacity of specific aquifers will not be completed.
- \$50,000 was cut from the electricity budget. With the reduction of water demand and the Dam 2 Tower coming online this year (which may help prevent turbidity events in the Watershed) the possible need for pumping groundwater has been reduced. This reduction in groundwater electricity reflects that declining need while still retaining enough budget for the yearly maintenance run and for an average turbidity event. If a prolonged groundwater run was needed, the contingency fund would be accessed.

Customer Service - Ranking #7 - (\$225,750)

- Eliminate one position. With the ability to take credit card payments through the IVR without representative assistance, we are able to eliminate this position.
- Reduced \$52,200 in the postage budget. The cost of postage did not increase as projected.
- Reduced \$17,000 in repair and maintenance in Field Services eliminating one contract we no longer need (Route Smart) and reducing one we currently use (Itron).
- Reduced \$28,000 in overtime, part time and the premium pay budgets for Field Services. This limits our ability to help customers with frozen pipes during weather events.
- All other reductions (\$46,800) range from \$500 - \$5,000 from different departments in different areas (such as overtime, premium pay and misc services) by aligning the budget to more closely reflect past years spending.

Pump Stations/Tanks #6 – (\$15,957)

- \$111,127 was reduced from the Pump Stations/Tanks water program.
 - A total of \$61,862 was reduced in Pump Stations/Tanks Admin program. Of that \$50,000 was a reduction from the overtime budget of the Operating Engineers section. This may cause work to be delayed until the next working day. Equipment improvements based on asset management drivers have driven down call-outs.

- \$40,000 reduction for the BTS data lines budget for the System Control & Analysis (SCADA). This was for backup disaster recovery lines that are no longer needed now that construction has completed on the main data line for the Watershed.
- Added \$95,170 to operate and maintain new facilities. Forest Park Low Tank expected to be in operation in early 2014 and Dam 2 Tower in operations in December 2013.

Distribution Mains - Ranking #5 – (+\$421,320)

- Reduced Mains Repair/Maintenance to align with actual spending.
- Added \$424,566 to the operating budget for Mains work that cannot be capitalized. This work includes providing support and research for repair of damaged mains due to breaks/leaks, adjustment of Cast Iron valve covers in PBOT and ODOT street grind and overlay projects, replacement of gate valves in vaults, replacement of cast iron/asbestos cement risers, coordination of work, inspection of work. Similar scope for storm water facility improvements research, analysis, field investigation and documentation of events requiring technical support - projects by other agencies, private developers; research about unusual materials, processes; analyze, investigate and prepare document to defend City against risk and tort claims; assist the City Attorneys Office.

Terminal Reservoirs – Ranking #4 – (+\$8,523)

- No reductions proposed in FY 2014-15.
- Added \$8,523 for chemical chlorination boosters.

Conduits/Transmission - Ranking #3 – (\$160,000)

- \$160,000 was reduced for the Washington County Supply Line (Washco) repairs as well as for continuing Wholesale vault work. This reduction was made after analysis of both vault conditions and the Washco transmission leak tests that showed the work can be deferred until future condition assessment determine otherwise.

Treatment - Ranking #2 – (+\$76,660)

- \$43,000 reduction in the Treatment Water Program.
 - \$13,000 reduction in the budget for chemical disposal to be in line with actual costs for Headworks Treatment.
 - \$30,000 reduction in operating supplies for groundwater treatment. With the reduction in the use of groundwater due mainly to the lower water demand, the need for groundwater chemicals has been reduced to reflect the lower use of pumping groundwater.
- Added \$99,365 for chemical costs to Headworks and Lusted Hill.
 - Cost increase to cover increasing supply chloramination target up to 3 ppm from July through the end of November annually. A primary driver for this increase in the chloramination target is reduced demands on the system which have shown to cause increases in distribution water temperatures. These temperature increases cause a more rapid decay in residuals.
 - During this period in year 2013, system temperatures increased to the expected temperatures in future years. Bureau Operations increased chloramination targets

to mitigate system water quality that were determined to be caused by the increase in temperature.

- This increase will cover expected increases in FY 2014-15 and adjustments to this cost increase will be made in the future depending on the outcome of these changes to the chloramination target.
- Added \$20,295 of staffing to maintain the Powell Butte Reservoir that is being put in operations in December 2013.

Bull Run Watershed - Ranking #1 – (\$62,534)

- \$52,262 was reduced in the Watershed Protection program
 - \$24,749 – Elimination of a part-time position. The cultural resources and preservation work being done by this position is not expected be performed by the Bureau for the foreseeable future. Limited term staff or one time funds may be requested in future budgets if this type of work is required in the future.
 - \$11,513 – Reduction in Miscellaneous Services associated with cultural resources and preservation work.
 - \$16,000 – Reduction in Operating Supplies. This reduction corresponds to the elimination of the carpenter position and cultural/historical preservation work in the watershed and to align with previous annual expenditures.