



CITY OF PORTLAND ENVIRONMENTAL SERVICES



1120 SW Fifth Avenue, Room 1000, Portland, Oregon 97204 ■ Dan Saltzman, Commissioner ■ Dean Marriott, Director

Date October 4, 2010

TO: Sam Adams, Mayor

FROM: Dan Saltzman, Commissioner *Dan*

SUBJECT: Fall FY ~~2009~~-10 Budget Monitoring Report
10-11

Attached please find the Bureau of Environmental Services Budget Monitoring Report for the Fall FY 2010-11.

Specific additions to the operating budget within the Sewer System Operating Fund total \$3,247,975 and includes: \$306,743 for upgrade of the Hansen software application for Asset Management and Maintenance, costs for replacing the Water Pollution Control Lab software, server replacements and additional Cayenta programming costs for the Clean River Rewards Program; \$40,000 for updating the bureau's Five-Year Strategic Plan (the plan was last updated in 2005); \$250,142 for additional resources to complete the Combined, Sanitary and Rehab System Plans and complete scheduled activities for the Stormwater System Plan. Additional resources for BDS cost share for The Online Fee Estimator; \$183,349 to provide enhanced security measures and for replacing the fume hood at the Water Pollution Control Lab due to emissions and sample off-gassing; \$88,000 in carryover for Ecoroofs and Invasives Species control (a continuation of the Grey to Green Initiative); \$637,558 in carryover for the Portland Community College Stormwater Interpretive Center and the Portland Building Ecoroof, minor adjustments for completion of the North Reach Subwatersheds Improvement Strategies report and a Turtle Conservation Plan for the Endangered Species Act Program; and \$2,014,468 in resources for additional sanitary and stormwater sediment cleaning, maintenance, security card access system, including \$1.9 million for purchase of PBOT MO vehicles funded in last year's budget but not yet received. A Limited Term Accountant II will be converted to a permanent City employee in the Fall BMP to make temporary SAP timekeeping staff permanent. There is no current year financial impact with this addition.

Requested changes to the CIP ~~total \$1,500,000 and include~~

Combined Sewer Overflow: \$19,300,000 in additional resources, primarily due to schedule shifts. The Portsmouth Force Main project experienced significant delays in FY 09-10 and the current year budget will be increasing by \$22,700,000 with this request. The Balch Consolidation Conduit will decline by \$7,600,000 due to schedule changes. Schedule shifts result in requested increases of \$1,600,000 for the Wet Weather Screening Facility, \$1,500,000 for the Swan Island Pump Station, Phase II and \$1,000,000 for the Sellwood Pump Station.

Systems Development: \$1,500,000 in additional resources. The bureau was not billed Eastside Streetcar Interagency costs in FY2009-10. \$4,000,000 is needed as carryover to pay this amount. Schedule shifts resulted in reductions of \$1,900,000 for South Airport sewer construction and \$1,600,000 for sewer relocations associated with the Milwaukie Light Rail project.

Maintenance and Reliability: \$5,900,000 additional resources. Fanno Basin System Improvements are anticipated to cost \$5,000,000 more than currently budgeted. An additional \$3,900,000 is requested to address a backlog of sewer repairs. Other project budgets are reduced by approximately \$3,000,000 reflecting schedule shifts.

Surface Water Management: A \$7,000,000 reduction in requested resources primarily due to construction delays into FY12. The NE 148th Basin WQF Phase II, East Lents Phase I and Oaks Bottom Reconstruction are all experiencing delays.

Sewage Treatment: A \$900,000 reduction in requested resources is primarily driven by schedule adjustments for the CBWTP Selector Performance Enhancement and the CBWTP Chemically Enhanced Primary Treatment.

This fall's request includes a reduction to Grants of \$666,624. This is primarily due to de-selection of a sewer extension project funded by \$648,756 of grants.

Fund-level requests include:

2010 Bond Sale: The \$450 million bond sale budgeted in May 2010 anticipating a June sale was delayed until August 2010. There are several large fund-level adjustments that are implemented reflecting the receipt of the proceeds, adjusted debt schedules and bond issuance costs.

Portland Harbor Revenues: In late FY 2010 Central Accounting determined that since there is a dedicated fee (on the sanitary and stormwater billings) to pay for Portland Harbor program, the \$5,800,000 in revenues from that fee should come directly to the Environmental Remediation Fund.

Errors in Rental Income and Cash Transfers: The Fall BMP request corrects errors totalling \$208,368. Rental income was received in the incorrect fund in FY2010. One Percent for Green Cash Transfers in FYE10 were not collected.

Sewer System Development Charges: This is a technical adjustment totalling \$20,000,000 that will allow the SDC sub-fund in the Sewer Operating Fund to send SDC revenues to the Sewer Construction Fund.

Interagency Changes: This recognizes \$75,000 in revenue for engineering services to be performed for Parks CIP Metro Bond Natural Areas.

BUDGET AMENDMENT REQUEST

Bureau of Environmental Services

PERIOD Fall BuMP

FISCAL YEAR FY 2010-11

ES_001 - Fall Bump Grants

Grants (ES_001)

The following adjustments totaling <\$691,624> are required by the Grants Office or project managers:

\$25,000 - EPA Innovative Wet Weather Grant: Clay Street Art.

<\$150,000> - EPA Innovative Wet Weather Grant: Funds shifted out of FY 10-11 for Clay Street construction (CIP).

\$8,931 - NAWCA Oaks Bottom Ph 1 (CIP).

<\$648,756> - SRF Sewer Expansion Loan: Project de-selected (CIP).

\$15,000 - National Park Service Grant: Groundwork Portland.

\$0 - Brownfield Petroleum Assessment Grant: Community Aid Position.

\$4,728 - LCREP/NOAA Columbia Slough Confluence (CIP).

\$43,973 - LCREP/NOAA Tryon Creek Confluence (CIP).

\$2,000 - Metro Crystal Springs (CIP).

\$7,500 - Metro Baltimore Woods (CIP).

Dollar Amount: **(\$691,624)**

Type: New Request

Resources: Grants

ES_002 - Business Services Program

Business Services (budget program Administrative Services) (ES_002)

\$200,882 carryover for upgrade of the Hansen application, including installation of new version of the software, conversion of data, configuration of system, and training. This contract has been delayed for three years and is required for Asset Management and Maintenance activities at the Columbia Blvd Wastewater Treatment Plant.

\$60,350 for Promium Element SW which is a LIMS replacement. LIMS is the software used at the Water Pollution Control Lab. The software tracks costs on a per test basis. It was unknown during the FY 10-11 budget that the replacement was required.

\$35,000 capital equipment. This is to correct a budget error. The program had requested the capital equipment and the entry was not made. The equipment to be purchased is Network Redesign. SQL 2005 for MacBeth (a BES server), Litespeed SQL and 2SQL.

\$22,511 for a new interagency agreement with the Revenue Bureau for BES Customer Services. These specific services are for the Clean River Rewards Program.

<\$31,506> reduction of Risk Management interagencies for incentives awarded for good risk experience.

\$19,506 risk incentives return to the BES Risk Management Program. \$12,000 of the interagency reduction will fund the purchase of a new Respirator Fit Testing machine within Wastewater Services (see Wastewater Services for a more complete discussion).

A Limited Term Accountant II will be converted to a permanent City employee in the Fall BMP to make temporary SAP timekeeping staff permanent. There is no current year financial impact with this addition.

<\$306,743> the above requests are funded by Contingency.

Dollar Amount: \$0

Type: Carryover Request

Resources: Bureau Contingency

BUDGET AMENDMENT REQUEST

Bureau of Environmental Services

PERIOD Fall BuMP

FISCAL YEAR FY 2010-11

ES_003 - Office of the Director Program

\$40,000 for the development of a new Five-Year Strategic Plan.

The bureau's strategic plan, Mapping the Future: Our Clean River Guide' provides a framework for how the bureau meets its mission and accomplishes its work. The plan was last updated in 2005. This funding request allows the bureau to hire a consultant to work with bureau leadership and staff to re-examine the plan's action items in order to determine what changes may be needed to ensure the plan addresses the bureau's future challenges.

<\$40,000> the above request is funded by Contingency.

Dollar Amount: \$0

Type: New Request

Resources: Bureau Contingency

ES_004 - Engineering Services Program

Engineering Services (budget program Engineering Services) (ES_004)

\$1,392 increased interagency with the Bureau of Development Services for additional parking and garage access.

\$13,750 increased interagency with the Bureau of Development Services for The Online Fee Estimator which will cover most fees necessary to get a building permit on private property. This will benefit all the bureaus by curtailing multiple phone calls, and the general and specific project estimate requests that plague City employees. This will benefit customers and the public by providing online the possibility of developing permit fee estimates at will. The goal of the project is to provide an online fee estimate inclusive of most permit fees a customer would be required to pay in order to obtain a building permit. This is a cost share effort with BDS, BES, Water, Fire, Parks and Transportation.

\$235,000 to complete the Combined, Sanitary and Rehab System Plans, and complete scheduled activities for the Stormwater System Plan.

<\$102,000> reduce Parks interagency for Natural Area Maintenance. In the FY 2010-11 budget process, BES was directed to enter in to an interagency with Parks for maintenance activities. The Watershed Revegetation was to do the work for Parks. In discussing this interagency, it was found that the Revegetation Program that would do the work would bill Parks for the services performed. Parks would then bill BES for the Revegetation billing as that's where the funding for this effort is. The interagency will be canceled and the work performed internally.

\$2,000 technical adjustment for a reduction in the offset to internal engineering services appropriations. The services are no longer required by a grant project, specifically the SE 83rd pump station project.

<\$252,142> the above requests are funded by Contingency.

Dollar Amount: \$0

Type: New Request

Resources: Bureau Contingency

BUDGET AMENDMENT REQUEST

Bureau of Environmental Services

PERIOD Fall BuMP

FISCAL YEAR FY 2010-11

ES_005 - Pollution Prevention Program

Pollution Prevention Services (budget program Pollution Prevention Services) (ES_005)

\$28,349 to provide enhanced security measures at WPCL due to recent breaches of the back lot security fence, theft, and the brazenness of unwanted visitors entering the WPCL during normal working hours. The effort includes increase security for front and back building entrances and back parking lot. Front entrance security includes phone line for visitors to contact staff and security cameras to allow staff to view and unlock door. Back entrance and lot security includes security cameras, keypad, access pad, motion detector sensors and alarm system. The back lot alarm system will be separate from the current building alarm system.

\$155,000 for replacement of fume hood in the Water Pollution Control Lab facility.

Decontamination activities and sediment sample processing in the Field Operations section cannot be safely carried out in the small sash hood in the Field Lab due to acetone and methanol fugitive emissions and sample off-gassing.

At least four Near Hit and Non-Medical Incident reports have been submitted to BES Risk by Field Operations staff due to inhalation of sediment sample vapors and solvent fumes. These reports were reviewed by the WPCL Safety Committee, which recommended to BES Risk and WPCL management that the safety issues were serious and needed resolution.

Working with BGS, a series of options, with varied costs, were evaluated. The most cost-effective and safety-conscious of three identified options was chosen. The cost estimate, allowing for contingencies, is \$155,000. The base plan will be to install a large sash hood in the Field Lab and replace four inefficient canopy hoods with sash hoods in the main laboratory.

This was originally approved in the FY 2009-10 Spring BMP. Due to project planning and procurement process delay the installation moved to the current fiscal year.

This reflects coordinated site assessment services required for Parks CIP P00200 Metro Bond Natural Areas.

\$75,000 Revenue – Coordinated Site Assessment for Parks CIP

\$75,000 Balance in Contingency

<\$108,349> above requests are funded by Contingency.

Dollar Amount: \$75,000

Type: Carryover Request

Resources: Bureau Contingency

BUDGET AMENDMENT REQUEST

Bureau of Environmental Services

PERIOD Fall BuMP

FISCAL YEAR FY 2010-11

ES_006 - Watershed Services Program

Watershed Services (budget program Watershed Services) (ES_006)

Grey to Green Initiative:

\$75,000 Ecoroofs carryover for funding of approved projects awarded but not yet built. Ecoroof agreements provide for a three year window in which to construct the ecoroof.

\$13,000 for invasive Knotweed control not completed in FY 2009-10, Weather conditions required an alternate strategy.

Other Watershed Program Work:

\$113,604 of carryover for Watershed Investment Fund (operating) project PCC Stormwater Interpretive Center. BES conducted a preliminary assessment to examine the feasibility of redirecting roof water from the building to the landscape. The preliminary assessment was positive, and BES and PCC are now in the process of designing a landscaped green street facility that will manage the roof water. Due to a number of factors, this project had been delayed, however significant work has begun and PCC is fully engaged and expecting the project to proceed. Soil sampling, utility locates and concept designs are complete.

\$291,835 for the Portland City Hall Ecoroof. The OMF Facilities has contracted services to conduct a conditions assessment of the City Hall roof. BES and OMF staff are reviewing options for project construction, and evaluating the feasibility of each option. These funds will support the construction phase of the project in FY 2010-11

\$20,000 carryover so billing can occur for a FY 2009-10 interagency with PBOT to provide services for Green Street Coordination. This interagency was not billed in FY 2009-10 and this action corrects the error.

\$7,834 for a contract with Enviroissues to complete the North Reach Subwatersheds Improvement Strategies summary report and technical review.

\$5,000 for a Turtle Conservation Plan for the Endangered Species Act Program (also known as Science, Fish and Wildlife). The contractor was not able to begin work on this as soon as had been planned. This is an effort that depends on information from a number of sources (e.g., from state and federal agencies, academic researchers), and that information was still being assembled at fiscal year end.

\$2,000 for First Stop Portland – to handle the planning and logistics of bureau information as it relates to requests from out-of-town delegations to hear parts of “the Portland story.” This is to relieve the amount of personnel time the bureaus commit to these requests.

<\$528,273> above requests are funded by Contingency.

Dollar Amount: \$0

Type: Carryover Request

Resources: Bureau Contingency

BUDGET AMENDMENT REQUEST

Bureau of Environmental Services

PERIOD Fall BuMP

FISCAL YEAR FY 2010-11

ES_007 - Wastewater Services Program

Wastewater Services (budget program Wastewater Services) (ES_007)

\$35,722 for sanitary sediment disposal. Require additional funding for disposal costs associated with sanitary/combined cleaning. Currently there is none dedicated to this purpose. The total effort is \$125,000 however the program has offset this request by over \$89,000 of internal savings. The \$35,722 is needed to supplement the total effort.

\$25,000 for funding to install marker balls for force mains. State regulation dictates that our assets are locatable. Now that there are GPS coordinates for these assets BES needs to install marker balls. Staff will manage this work with an outside contractor. This effort must be completed so force mains are not at risk to be mistakenly dug up and damaged.

\$30,000 to provide budget to match actual expenditures for stormwater sediment disposal. These costs have increased more than anticipated. They are relatively new costs associated with new stormwater facilities coming online.

\$12,000 Funding via Biosolids revenue from new Sherman County Land Application program estimated to be about \$12,000 per year. These funds will go to support Oregon State University research and development for the new Sherman County biosolids project, which includes assisting the City with data analysis and interpretation, public outreach, field observations & guidelines, etc. This third party support from local academic institutions has been a critical factor to local public acceptance of biosolids and will be even more important as we implement this new part of our land application program. Process has already been established with BES Accounting.

\$12,000 BES needs to procure a new Respirator Fit Testing machine because our existing machine is no longer reliable and is not cost effective to repair. Respirator Fit testing is an OSHA requirement each year for employees who utilize respirators to perform job functions (all of our craft positions). Watershed Services are also responsible for fit testing others in the bureau including employees in Pollution Prevention and Engineering Services. [Note: this request is funded by Risk Management interagency incentive savings. The total savings is \$31,506 of which \$19,506 was returned to BES Risk Management program for further safety efforts. The \$12,000 balance will pay for this equipment.]

\$40,000 This is to continue funding of the security card access system as part of the \$225,000 security add in FY 2009-10 because of unforeseen delay in procurement process. The City is in process of RFP for supply contract for security hardware and monitoring equipment. This contract should be in place in FY2010-11, which we will use to procure our system.

\$1,871,746 of carryover to continue funding vehicles assigned to PBOT MO and funded in FY 2009-10 but not yet received.

<\$2,014,468> above requests are funded by Contingency.

Dollar Amount: \$12,000

Type: Carryover Request

Resources: Bureau Contingency

BUDGET AMENDMENT REQUEST

Bureau of Environmental Services

PERIOD Fall BuMP

FISCAL YEAR FY 2010-11

ES_008 - Capital Improvement Program (CIP)

Capital Improvement Program (ES_008)

This reflects an \$18,800,000 increase over the FY 2010-11 Adopted Budget.

The Combined Sewer Overflow Program is increased by \$19,300,000.

<\$7,600,000> - E05510 Balch Consolidation Conduit - schedule requires less in FY
\$1,600,000 - E05512 CBWTP Wet Weather Screening Facility - schedule requires more in FY
\$1,500,000 - E06901 Swan Island PS Phase 2 - schedule requires more in FY
\$22,700,000 - E06902 & E08927 Portsmouth Force Main - Less work in FY10. Increase to overall project budget.
<\$200,000> - E06973 Sellwood Interceptor Upgrade - more work accomplished in FY10-less required in FY11.
\$300,000 - E08107 Eastside CSO System Startup - Increase to overall project budget
\$1,000,000 - E08467 Sellwood CSO Pump Station - schedule requires more in FY

The Systems Development Program is increased by \$1,500,000.

<\$1,900,000> - E06790 S Airport 4 - schedule requires less in FY
\$300,000 - E08376 SE 83rd Pump Station - schedule requires more in FY
\$4,000,000 - E09183 Eastside Streetcar - Interagency was not billed in FY10 - Carry forward to pay in FY11
<\$1,600,000> - E10029 Portland-Milwaukie Light Rail Sewer Relocation - schedule requires less in FY
\$700,000 - E10165 SE Grant: Division PI-N to UPRR CS Reloc - To pay ODOT for work - not included in FY11 budget

The Maintenance and Reliability Program is increase by \$5,900,000.

\$1,100,000 - E04863 Maintenance Capital – Contract - address backlog of pipe repair
<\$1,500,000> - E06673 Oak Basin (3 projects) - schedule requires less in FY
\$2,800,000 - E08400 Sewer Structural Rehab - address backlog of pipe repair
<\$400,000> - E08834 Ash Creek Sewer Rehab - anticipate project costing less than original budget
<\$100,000> - E09017 BCC Support Project - schedule requires less in FY
\$5,000,000 - E09045 Fanno Basin System Improvements - anticipate project costing more than original budget
<\$100,000> - E09061 Woods Disconnection - Current phase less than budget - more funding in future FY
<\$800,000> - E10034 Tryon Creek Interceptor I & I - schedule requires less in FY
<\$400,000> - E10113 NE Sandy, 47th-82nd - schedule requires less in FY
\$300,000 - E10126 Bike Boulevard Green Streets - shifting budget from non-BES priority areas to BES priorities.

The Surface Water Management Program is decreased by <\$7,000,000>.

\$400,000 - E06947 Luther Road Habitat Restoration - funds to complete design. project delayed for bike work
<\$1,800,000> - E07177 NE 148th Basin WQF Phase II - schedule requires less in FY
<\$3,600,000> - E07384 S Foster - E Lents Phase 1 - construction in FY12 due to timing of permits
\$100,000 - E07622 (E10027) Fanno/Tryon Water Quality TMDL - schedule requires more in FY
<\$500,000> E07623 Wellhead Sump Retrofit - schedule requires less in FY
\$100,000 - E08380 CS Outfalls Predesign - schedule requires more in FY
<\$1,400,000> - E08576 Oaks Bottom Floodplain Reconstruction - construction in FY12 due to timing of permits
<\$500,000> - E08782 Watershed Investment Fund - schedule requires less in FY
<\$500,000> - E08809 & E09180 UIC Improvements - schedule requires more in FY
\$700,000 - E10040 Johnson Creek Willing Seller - schedule requires more in FY
<\$1,000,000> - E10146 Green Streets/Bikeways - schedule requires less in FY

The Sewage Treatment Program is decreased by <\$900,000>.

\$700,000 - E04661 PS Improvements - address backlog of PS upgrades
<\$200,000> - E06072 CBWTP Lagoon Reconstruction - schedule requires less in FY
\$600,000 - E07833 Ankeny PS Upgrade - schedule requires more in FY
\$800,000 - E08106 CBWTP Digester Expansion - accelerate Digester Mixing to integrate new digesters
<\$1,400,000> - E08909 CBWTP Selector Performance Enhancement - schedule requires less in FY
<\$2,300,000> - E08910 CBWTP Chemically Enhanced Primary Treatment - schedule requires less in FY
\$900,000 - E09023 CBWTP Office Building - schedule requires more in FY

Funding is by the addition of \$18.8 million of transfers from Sewer Construction Fund to the Sewer Operating Fund.

BUDGET AMENDMENT REQUEST

Dollar Amount: \$18,800,000
Type: Carryover Request
Resources: Bureau Contingency

ES_009 - 2010 Bond Sale

2010 Bond Sale (ES_009)

These series of transactions reflect the effect of the August 2010 \$450 million revenue bond sale held to provide resources for the CIP program. The bond sale was anticipated to occur in June 2010 so appropriations were in FY 2009-10.

Sewer Operating Fund -

<\$3,006,161> 2010 Bond Sale-net impact of adjusted debt retirement/interest schedule
\$3,006,161 Balance in Contingency

Sewer Debt Redemption Fund -

<\$42,100,000> Bond Sale delayed from FYE10, remove from Beginning Fund Balance
\$27,870,500 New Debt Service amount received in Bond Proceeds account
<\$3,006,161> 2010 Bond Sale-net impact of adjusted debt retirement/interest schedule
<\$14,229,501> Bond Sale delayed from FYE10, new adjustment to Reserve for Debt Service
\$4,925,566 Adjusting Bonded Debt Retirement for new schedule
<\$7,931,727> Adjusting Bonded Debt Interest for new schedule
\$0 Balance in Contingency

Sewer Construction Fund -

<\$192,500,000> Bond Sale delayed from FYE10, reduce Beginning Fund Balance to \$46M
\$219,979,500 Bond Sale delayed from FYE10: bond proceeds
\$42,143,289 Bond Sale delayed from FYE10: bond premium proceeds
\$920,000 Bond issuance costs budgeted in FYE10, but sale delayed to August 2010
\$68,702,789 Balance in Contingency

Dollar Amount: \$52,387,128
Type: New Request
Resources: New Revenues

ES_010 - Portland Harbor Revenues

Portland Harbor Revenues (ES_010)

In late FY 2009-10, Central Accounting determined that since there is a dedicated fee (on the sanitary and stormwater billings) to pay for the Portland Harbor program, the revenues need to come into the fund as direct revenue to the Environmental Remediation Fund and not a transfer from the Sewer Operating Fund. These series of transactions reflect that directive.

Sewer Operating Fund -

<\$5,800,000> Revenue - Portland Harbor revenues to go directly into Environmental Remediation Fund
<\$5,350,000> Expense - Portland Harbor revenues to go directly into Environmental Remediation Fund
<\$450,000> Balance in Contingency

Environmental Remediation Fund -

\$5,800,000 Revenue - Portland Harbor revenues to go directly into Environmental Remediation Fund
<\$5,350,000> Revenue - Portland Harbor revenues to go directly into Environmental Remediation Fund
\$450,000 Balance in Contingency

Dollar Amount: **(\$5,350,000)**
Type: Technical Adjustment
Resources: New Revenues

BUDGET AMENDMENT REQUEST

Bureau of Environmental Services

PERIOD Fall BuMP

FISCAL YEAR FY 2010-11

ES_011 - Errors in Rental Income

Errors in Rental Income (ES_011)

This reflects the correction of revenue that was recorded into the wrong fund by interagency providers.

Sewer Operating Fund -

\$28,558 – Expense - FY 2009-10 Police Evidence Warehouse rent revenues received in wrong fund.

\$59,457 – Expense - FY 2009-10 Revegetation Warehouse rent revenues received in wrong fund.

<\$88,015> - Balance in Contingency

Environmental Remediation Fund -

\$28,558 – Revenues – FY2009-10 Police Evidence Warehouse rent revenues received in wrong fund.

\$59,457 – Expense – FY 2009-10 Revegetation Warehouse rent revenues received in wrong fund

\$88,015 - Balance in Contingency

Dollar Amount: \$88,015

Type: Carryover Request

Resources: Bureau Contingency

ES_012 - Errors in Cash Transfers

Errors in Cash Transfers (ES_12)

This reflects FY 2009-10 billings for One Percent for Green cash transfers that did not get made in FY 2009-10. Additionally, Water and PBOT (MO) 'true-up' the FY 2010-11 One Percent for Green cash transfers (estimates) in the Fall BMP process to reflect actual activities.

\$16,647 – Revenue - net number - error in FY 2009-10 billing for One Percent for Green and true up for FY 2010-11. Transportation Bureau

\$103,706 – Revenue – net number - error in FY 2009-10 billing for One Percent for Green and true up for FY 2010-11. Water Bureau

\$120,353 - Balance in Contingency

Dollar Amount: \$120,353

Type: Carryover Request

Resources: Bureau Contingency

BUDGET AMENDMENT REQUEST

Bureau of Environmental Services

PERIOD Fall BuMP

FISCAL YEAR FY 2010-11

ES_013 - Sewer System Development Charges

Sewer System Development Charges – Sub Fund Transfers (ES_13)

The Sewer SDC (Systems Development Charge) Fund #60001 is a subfund of the Sewer System Operating Fund #600. Use of SDC's are controlled by ORS 223.297 to 223.314, which limits the Bureau's "replacement" type SDC for either payment of specific capital improvements or for payment of debt service. The Bureau utilizes the latter option. Prior to SAP, the SDC's came into the Sewer Operating Fund and funded a portion of the cash transfers from the Sewer Operating Fund to the Sewer Debt Redemption Fund to pay debt service. With SAP, a subfund was created for SDC's, but the cash transfer to the Debt Redemption Fund remained within the Sewer Operating Fund. So while the subfund collects the cash, the expenditure of the cash occurs in the parent fund, resulting in an accumulation of cash and fund balance in the subfund, and a drain of cash and fund balance in the parent fund.

Although the CAFR and the Budget both roll up the subfunds into the Sewer Operating Fund, and the Budget Office counsels it's not necessary to budget cash transfers out of the subfund, SAP establishes budgetary control at the lower subfund level and will not allow such a cash transfer if there isn't budget appropriation at the subfund level.

This BMP action moves \$20.0 million of cash transfer appropriation from within the parent Sewer Operating Fund to the SDC subfund, representing \$11.5 million of beginning fund balance and cash (accumulated from FYE '09 and FYE '10) and \$8.5 million for projected FYE '11 SDC revenues.

This is funded by a \$20,000,000 transfer between SDC subfund and Sewer System Operating Fund.

Dollar Amount: \$0
Type: Technical Adjustment
Resources: Internal Transfer

ES_014 - Interagency Changes

Interagency Changes (ES_014)

\$75,000 Revenue – Engineering Services for Parks CIP P00200 Metro Bond Natural Areas. Services BES will be performing for Parks CIP.

\$75,000 Balance in Contingency

Dollar Amount: \$75,000
Type: New Request
Resources: New Revenues

Prior Year Fund Reconciliation Report

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent of Actuals to Revised
Sewer System Operating Fund			
EXPENDITURES			
Unappropriated Fund Balance	\$200,000	\$0	0%
Personal Services	\$52,635,327	\$51,742,315	98%
External Materials and Services	\$59,200,624	\$53,028,848	90%
Internal Materials and Services	\$39,953,202	\$37,498,128	94%
Capital Outlay	\$229,360,995	\$138,595,319	60%
Bond Expenses	\$13,511,428	\$1,898,622	14%
Fund Transfers - Expense	\$152,226,572	\$140,794,749	92%
Contingency	\$24,040,279	\$0	0%
TOTAL EXPENDITURES	\$571,128,427	\$423,557,982	74%
REVENUES			
Budgeted Beginning Fund Balance	\$25,051,401	\$0	0%
Licenses & Permits	\$1,500,000	\$1,042,164	69%
Charges for Services	\$236,774,193	\$218,438,317	92%
Intergovernmental Revenues	\$0	\$830,723	0%
Interagency Revenue	\$4,019,020	\$1,234,141	31%
Fund Transfers - Revenue	\$301,768,813	\$203,253,211	67%
Bond and Note	\$600,000	\$0	0%

Prior Year Fund Reconciliation Report

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent of Actuals to Revised
Sewer System Operating Fund			
REVENUES			
Miscellaneous	\$1,415,000	\$3,604,338	255%
TOTAL REVENUES	\$571,128,427	\$428,402,896	75%

Fund Reconciliation Narrative

Expenses are on plan, except for External Materials and Services which is trending lower than Revised Budget which includes the spring budget adjustment of an additional \$15.0 million adjustment from Capital Expenses to Materials and Services to cover possible CIP shortfalls in Materials and Services due to construction delays. More activity is seen in design phases and project management than in the construction phases.

Capital Expenses reflect lower than budget trending of 39% due to schedule delays on several projects. Portsmouth and Balch Creek have been lagging in construction schedules. A comment about SAP and CIP Expenditures: in late June 2010, the bureaus were informed that some capital expenditures were being charged to External Material and Services accounts which may have caused bureaus to overspend External Materials and Services and under spend Capital. BES believes the incorrect placement of charges have impacted our results as Spring budget adjustments reflected the movement of budget from Capital Outlay to External Materials and Services.

Bond Expenses are projected to be only 14% of planned activity due to the discontinued practice of accruing bond interest expenses in city operating funds.

Licenses and Permits are off plan by 30%. Specifically construction permits were significantly down, a reflection of a slowed economy.

Intergovernmental (Local Sources) Revenues are actually above plan as the budget is zero. The revenues shown are received from work on prior years' projects.

Interagency Revenues are projected to be off by 69% due to prior year's trends of lower construction activity amongst all bureaus, therefore less work for which BES is reimbursed. Reimbursement for the Streetcar did not materialize. Additionally, several interagencies were not billed in FY 2009-10. These will be billed in FY 2010-11.

Fund Transfer – Revenues reflect lower CIP reimbursement due to CIP actual expenditures which was 70% of Revised Budget.

Bond and Note Proceeds are projected to be zero due to state loans now going through the Grants Fund.

Miscellaneous Revenues are projected to be 155% above budget due to a large insurance settlement received for the collapse of Terminal One during a snow storm and a settlement regarding the Fanno Pressure Line project.

Prior Year Fund Reconciliation Report

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent of Actuals to Revised
Environmental Remediation Fund			
EXPENDITURES			
Personal Services	\$597,187	\$593,318	99%
External Materials and Services	\$5,192,492	\$4,528,872	87%
Internal Materials and Services	\$866,419	\$665,166	77%
Bond Expenses	\$1,036	\$766	74%
Fund Transfers - Expense	\$67,530	\$67,530	100%
Contingency	\$473,054	\$0	0%
TOTAL EXPENDITURES	\$7,197,718	\$5,855,652	81%
REVENUES			
Budgeted Beginning Fund Balance	\$500,000	\$0	0%
Charges for Services	\$500,000	\$6,179,909	1236%
Interagency Revenue	\$360,000	\$361,404	100%
Fund Transfers - Revenue	\$5,812,718	\$2,718	0%
Miscellaneous	\$25,000	\$13,446	54%
TOTAL REVENUES	\$7,197,718	\$6,557,477	91%

Fund Reconciliation Narrative

Expenses are relatively on plan. External Materials and Services is under plan by nearly 13% due to the effect of recording a \$2.3 million reversal of a prior year liability. Internal Materials and Services are 23% below plan due to a lower trend of services requested.

Charges for Services actuals are \$6.2 million versus a nominal \$500,000 as budget. Conversely, Revenue Transfers are negligible compared to a \$5.8 million expected transfer from the Sewer Operating Fund. In late FY 2009-10, Central Accounting determined that since there is a dedicated fee to pay for the Portland Harbor program, the revenues need to come into the fund as direct revenue to the Environmental Remediation Fund and not a transfer from the Sewer Operating Fund. Combining the reporting lines of Charges for Services and Fund Transfers-Revenues, the variance is <\$130,000> or 0%.

Miscellaneous Revenues are projected to be 46% under budget due to much lower interest earnings as a result of lower interest rates earned by the City's investments.

Prior Year Fund Reconciliation Report

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent of Actuals to Revised
Sewer System Debt Redemption Fund			
EXPENDITURES			
Unappropriated Fund Balance	\$34,930,664	\$0	0%
Bond Expenses	\$120,569,336	\$119,923,938	99%
TOTAL EXPENDITURES	\$155,500,000	\$119,923,938	77%
REVENUES			
Budgeted Beginning Fund Balance	\$2,900,000	\$0	0%
Fund Transfers - Revenue	\$120,400,000	\$119,778,177	99%
Bond and Note	\$32,000,000	\$0	0%
Miscellaneous	\$200,000	\$25,023	13%
TOTAL REVENUES	\$155,500,000	\$119,803,200	77%

Fund Reconciliation Narrative

All items are within acceptable limits except Bond and Note Revenue, which represents the required cash reserve on 2010 Sewer Revenue Bonds. The bond sale occurred in August 2010 so no activity was recorded in FY 2009-10.

Miscellaneous Revenues are projected to be 13% of budget due to much lower interest earnings on lower reserves as the bond sale occurred in FY 210-11.

Prior Year Fund Reconciliation Report

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent of Actuals to Revised
Sewer System Construction			
EXPENDITURES			
Bond Expenses	\$6,000,000	\$17,162	0%
Fund Transfers - Expense	\$285,350,594	\$193,359,174	68%
Contingency	\$219,313,406	\$0	0%
TOTAL EXPENDITURES	\$510,664,000	\$193,376,336	38%
REVENUES			
Budgeted Beginning Fund Balance	\$50,000,000	\$0	0%
Charges for Services	\$850,000	\$316,377	37%
Intergovernmental Revenues	\$2,500,000	\$0	0%
Fund Transfers - Revenue	\$4,814,000	\$4,813,864	100%
Bond and Note	\$450,000,000	\$160,000,000	36%
Miscellaneous	\$2,500,000	\$3,716,863	149%
TOTAL REVENUES	\$510,664,000	\$168,847,105	33%

Fund Reconciliation Narrative

Bond Expenses and Bond and Note Revenue reflect the anticipation of a bond sale in June 2010. The sale occurred in August 2010.

Fund Transfers - Expense are about 32% under plan, a reflection of the lagging schedule and expenses within the CIP.

Charges for Services for Line and Branch revenue are trending 37% of budget. This is a reflection of the slowed economy. Residential Line and Branch is 44% of budget and Commercial Line and Branch is 27% of budget.

Miscellaneous Revenues are projected to be 49% over budget due to a \$3.0 million Business Energy Tax Credit received as Miscellaneous Revenue instead of Intergovernmental Revenue as budgeted. Also, Interest Earnings were 70% under planned levels as a result of lower interest rates earned by the City's investments and the lower cash levels

Prior Year Fund Reconciliation Report

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent of Actuals to Revised
Sewer System Rate Stabilization Fund			
EXPENDITURES			
Fund Transfers - Expense	\$16,000,000	\$9,750,000	61%
Contingency	\$56,850,000	\$0	0%
TOTAL EXPENDITURES	\$72,850,000	\$9,750,000	13%
REVENUES			
Budgeted Beginning Fund Balance	\$67,100,000	\$0	0%
Fund Transfers - Revenue	\$5,000,000	\$0	0%
Miscellaneous	\$750,000	\$925,943	123%
TOTAL REVENUES	\$72,850,000	\$925,943	1%

Fund Reconciliation Narrative

Fund Transfers – Expense are projected to be 29% under revised budget to give room for appropriations to meet bond coverage requirements in the Sewer Operating Fund.

Miscellaneous Revenues are forecasted to be 23% over plan because of higher anticipated interest earnings versus the plan. The Fund had anticipated making a \$20.0 million loan to PBOT for streetcar construction, but the project is proceeding slower than planned.

**Prior Year Business Area Reconciliation Report
Grants Fund - 217**

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent of Actuals to Revised
Bureau of Environmental Services			
EXPENDITURES			
Personal Services	\$456,122	\$270,292	59%
External Materials and Services	\$1,799,251	\$1,246,542	69%
Internal Materials and Services	\$350,969	\$88,669	25%
Capital Outlay	\$2,746,935	\$900,919	33%
TOTAL EXPENDITURES	\$5,353,277	\$2,506,422	47%
REVENUES			
Intergovernmental Revenues	\$5,353,277	\$2,340,492	44%
TOTAL REVENUES	\$5,353,277	\$2,340,492	44%

Bureau Reconciliation Narrative

BES Grants Fund Year End Reconciliation Report Fall BMP FY2010-11

ES000000 EPA IWWP

This grant was underspent in personnel, internal & external services. A portion of this grant funds operating projects such as the installation of ecoroofs on privately owned facilities. The completion of these projects is dependent upon willing partners and as such, BES was not able to meet its targets in FY 09/10. The other portion of the grant was intended to fund construction of a capital project E10007 (Clay Street). The schedule of this project has been delayed and the project was re-scoped to count towards the BES Bike Blvd Green Streets.

ES000004 USFWS NAWCA Oaks Bottom

This grant was underspent in external services. This grant funds capital project E08576 (Oaks Bottom). The schedule of this project has been delayed.

ES000005 DEQ SRF Sewer Expansion Loan

This is a non-federal loan that was underspent in personnel, internal & external services. This loan was originally intended to fund four capital projects in FY 09/10 (E06954, E07643, E07644, E08376). Project schedules for E07643 and E07644 were delayed until further notice. Project E08376 was removed from the loan and shall be funded by BES capital funds for the following reason:

In November, DEQ revised their contracting rules to be in line with the Davis-Bacon Act as a significant amount of their project funding came from the American Recovery and Reinvestment Act which requires D-B contracting components. Though our City loan award pre-dates this requirement, DEQ is nevertheless passing along these new requirement to the City. However, this was not done by amendment to our existing loan and therefore an unknown requirement by BES project managers. The City construction contract for this project was not in line with the new requirements. BES made the decision not to amend our contract to be in line with DEQ, thus a portion of the original project will be funded with other CIP resources.

ES000008, ES000014, ES000015 EPA Brownfields

These grant were underspent in internal & external services. These grants fund Brownfields assessments and clean-up on privately owned lands. The completion of these projects is dependent upon willing partners.

ES000009 FEMA Wildfire

This grant was underspent in external services. This grant funds fuel load (vegetation) reduction work on City-owned lands. There was a delay in the schedule, shifting expenses to occur in FY 10/11.

ES000012 EPA Brownfields Clean-up Rollin Tire

This grant was underspent in internal & external services. This grant funds Brownfields clean-up on City-owned lands. There was a delay in the schedule, shifting expenses to occur in FY 10/11.

ES000021 LCREP/BPA Tryon Design

This grant was underspent in external services. This grant funds design of a BES capital project. This grant was budgeted very early, before the close of the previous fiscal year. Most of these expenses hit in June FY 08/09.

ES000026 Metro Crystal Springs

This grant was underspent in external services. This grant funds construction of a BES capital project. There was a delay in the schedule, shifting expenses to occur in FY 10/11.

ES000027 Metro Baltimore Woods

This grant was underspent in external services. This grant funds volunteer coordination of site stabilization components of a BES capital project. There was a delay in the schedule, shifting expenses to occur in FY 10/11.

**Bureau of Environmental Services
Year-End FY 2009-10
Decision Package Update
as of June, 2010**

DP 3: cMOM Capacity Assessment, Management, Operations and Maintenance

\$250,000 increase for additional sewer pipe inspection to improve system condition assessment and better direct repair efforts

\$500,000 to inspect and repair sewer laterals

\$90,000 for an additional district engineer to coordinate the cMOM program

- **Sewer Inspection - Contract Services: \$250,000**
 - Planned Results: Inspect an additional 500 pipes or 175,000 feet. We currently inspect an average of 800,000 feet of sewer pipe per year. With this funding, we expect to approach nearly 1 million feet of inspection.
 - Results Achieved at end of FY: 1,192,167 linear feet of sewer pipe inspected for the fiscal year.
 - Results Anticipated at end of FY: Inspect approximately one million feet of pipe.

- **Proactive Lateral and Manhole (Fix and Repair) - PBOT MO: \$500,000**
 - Planned Results: As identified in the CMOM plan, the Find and Fix program will be a combination of specialized lateral inspection and condition assessment to identify and repair laterals and manholes prior to failure. The result will be a targeted reduction of SSOs in those facilities.
 - Results Achieved at end of FY: Completed 9,624 manhole inspections. Repaired 187 manholes. Repaired 684 service laterals.
 - Results Anticipated at end of FY: Since this is a baseline year for this work we're doing productivity versus cost analysis to determine the most effective targets. Targets are to inspect 4,000 manholes and repair 224 of them. The lateral Find and Fix program is still being refined to optimize productivity.

- **District Engineer: \$90,000**
 - Planned Results: Add one additional District Engineer so the Westside workload can be more effectively distributed and managed.
 - Results Achieved at end of FY: Engineer hired on 9/24/09 and is successfully managing projects.
 - Results Anticipated at end of FY: An additional Engineer completely trained and knowledgeable with the system and processes, resulting in effective management of sewer repairs within Maintenance Engineering.

DP 4: Portland Harbor

\$360,000 increase for additional legal assistance in liability management and cost allocation issues prior to potential Portland Harbor cleanup efforts

- **Planned Results:**
The City is participating in the process to negotiate a non-judicial settlement of Portland Harbor investigation and cleanup costs with approximately 70 other parties. This process will develop during 2010-2011 as the Remedial Investigation Report (RI) is finalized and the draft Feasibility Study (FS) is submitted to EPA

The City is one of ten plaintiffs in litigation against potentially responsible parties that have not entered into tolling agreements regarding recovery of RI/FS costs. The plaintiffs have obtained a stay of this protective litigation pending the outcome of the negotiated settlement.

- **Results Achieved to Date:** The City is actively participating in a group that is developing a non-judicial process for allocation of investigation and cleanup costs for Portland Harbor; ongoing evaluation of potential liability. An agreement among the participating parties establishing the process for allocation is in place.

\$425,000 increase for technical assistance in source control/outfall investigation

Planned Results: Working collaboratively with DEQ to conduct the first extensive investigation of river sediment in the Downtown Reach – the segment of the Willamette River between the Steel Bridge and the southern tip of Ross Island. Additional participants in the investigation include the ZRZ Realty Co. (Zidell), PacifiCorp, Portland General Electric, the Bureau of Parks and Recreation and TriMet. Following submission of the Field and Data Report, DEQ performed a preliminary screening level evaluation of the data and identified nine “Focus Areas” with the highest exceedances of conservative risk-based screening levels.

BES also conducted upland and in-river sampling on the east side of the river in the area of River Mile (RM)11. The purpose of this study is to better delineate the nature and extent of contaminants in surface and subsurface sediments, the riverbank and in sediment traps between the Fremont and Steel Bridges.

Results Achieved to Date: The results of the downtown reach study were presented in a Field and Data Report. DEQ recommended additional investigation and source identification efforts of these Focus Areas. DEQ held a public meeting on October 21, 2009, to share information and answer questions about river sediments and future investigations.

RM 11 E Bank samples were collected in September and October; the initial round of in-river sediment trap samples was collected in September; the final round was collected in January of 2010.

RM 11E Sediment samples were collected in May and June of 2009 and the draft field and data report was submitted to DEQ and EPA in September.

BES is continuing to work with DEQ and other parties to investigate downtown reach focus areas

Results of the RM11E bank and sediment trap samples was provided to DEQ and EPA in June 2010. The City will work with the two agencies to explore next steps.

\$300,000 increase for additional contractor assistance with the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) investigation

- **Planned Results:**

Fund and participate in completion of the Portland Harbor Remedial Investigation and Feasibility Study over the next 2-3 years.

- **Results Achieved to Date:**

Submitted a Draft Remedial Investigation Report to EPA in October 2009.

EPA provided comments on the draft Remedial Investigation in July 2010. We were anticipating EPA comments by the end of the FY. Further work to respond to EPA comments on the draft Remedial Investigation is currently being reviewed. Additional work is being done on the preparation of the final RI; and initial work on the draft Feasibility Study, the assessment of cleanup alternatives, their effectiveness and costs.

DP 5: System Operations

\$267,869 increase to reflect higher anticipated electricity costs for collection and pumping system operations

\$30,891 increase to reflect higher anticipated materials costs for treatment

\$80,000 increase for operations and maintenance requirements for the cogeneration facility at the Columbia Boulevard wastewater treatment plant

- **Electricity: \$267,869**

- **Planned Results:** Sufficient funding to sustain electricity needs to operate all wastewater and stormwater collection and treatment facilities and meet the NPDES permit.
- **Results Achieved at end of FY:** Electricity expenditures exceeded budget by 0.14% as a direct result of above-average rainfall throughout the spring and early summer, which in turn required additional pumping and treatment equipment to be operational.
- **Results Anticipated at end of FY:** Anticipate completing the fiscal year within the allotted electrical budget, barring any unexpected high flows (i.e. 100 year storm). If we continue as trending, we may achieve an overall 10% savings in our electricity budget.

- **Treatment Materials: \$30,891**
 - Planned Results: Sufficient funding to procure hypochlorite used for treatment plant odor control and disinfection. This is necessary to sustain NPDES permit compliance and our Good Neighbor policy.
 - Results Achieved at end of FY: Ended fiscal year with 21.15% of budget remaining. While flows were higher throughout the spring and early summer, the quality of the flow (i.e. short, intense storms) and the level of treatment achieved (i.e. quality of secondary treatment) required less hypochlorite to meet NPDES permit requirements. In addition, we were able to obtain a new hypochlorite contract that went into effect 10/01/09 reducing the cost of the chemical by \$.33 per gallon instead of an increase as we were anticipating.
 - Results Anticipated at end of FY: Anticipate finishing the fiscal year within budget. If we continue current spending level, we expect to end the fiscal year approximately 2% under budget.

- **Co-Generation (Cogen) O&M: \$80,000**
 - Planned Results: Replace media in four scrubbers that remove H2S and Siloxane from the digester gas, which is a necessity for the Cogen engines to use the gas to produce electricity and heat.
 - Results Achieved at end of FY: Media was replaced in all four scrubbers twice this fiscal year.

Results Anticipated at end of FY: All scrubber media will be replaced so quality gas can continue to be provided to the Cogen engines, which provides about 40% of the energy needs of the CBWTP.

DP 6: Asset Management/System Development

\$150,000 increase for work on the Combined Sewer Overflow facilities plan

- Planned Results:
 - Perform CSO Program technical and policy review
 - Develop Draft CSO Facilities Plan for Post-2011 Controls and submit to Oregon DEQ staff for review & comments
 - Develop Final CSO Facilities Plan for Post-2011 Controls and by September 1, 2010 submit to the Oregon Environmental Quality Commission for approval
 - Develop Updated Nine Minimum Controls Report

- Results Achieved at end of FY:
 - RFP process for PTE services has been completed. CH2M HILL was selected. Contract negotiations completed. Contract approved by council and signed. Notice to proceed issued March 15, 2010.
 - Project work has begun. Workshops for developing the first deliverable were held April 15-16.

- Completed CSO Program Technical & Policy Review and documented process & recommendations in technical memorandum
- Completed BES-Review Draft of Post-2011 CSO Facilities Plan and distributed to BES management and staff for review comments due in July.

\$150,000 increase for contractor support for inventory of critical stormwater systems

- **Planned Results:**
 - Perform field inspection and inventory of approximately 800 stormwater facilities identified by model-data QA/QC checks
 - Input data into Hansen and DME system
 - Perform corrections as needed to confirm QA/QC
- **Results Achieved at end of FY:**
 - Performed field inspection and inventory of 852 stormwater facilities identified by model-data QA/QC checks
 - All facilities inventoried have data entered into Hansen and DME.
- **Results Anticipated at end of FY:**
 - Up to an additional 300 facilities above and beyond the identified stormwater facilities will be successfully inventoried by end of the FY, depending on terrain
 - Facilities successfully inventoried will have data entered into Hansen and DME

\$155,250 increase for support of current Watershed Revegetation program activities in response to a decrease in external revenues

This request is to support the Revegetation Program activities that were previously supported by external fund sources, most notably the State of Oregon DEQ State Revolving Fund Loan. These loan funds, a primary funder of the Revegetation Program, have started to sunset.

- Planned Results:
 - The BES Watershed Revegetation Program initiates invasive removal and reforestation on at least 70 new acres of natural area (*BES Portland Watershed Management Plan performance measure 4.1*) each year; and
 - plants at least 35,000 trees (*BES Portland Watershed Management Plan performance measure 4.4*) every year. These efforts also support goals in the Invasive Plants Strategy 2008.
- Results Achieved at end of FY:
 - 70 new acres goal: Revegetation Staff completed work on 68.5 acres of natural area and initiated new work on almost 2,000 acres of Forest Park. The

Forest Park treatments were grant funded where materials and services were paid for by the grant and staff time by the SRF loan.

- 35,000 trees goal: Last FY, the program initiated work on more than 170 new acres. Those sites have been sufficiently prepared for planting. 46,966 native trees were planted in natural areas.

\$25,000 increase for an update of stormwater manual

The purpose of this money was to scope the needed changes to the SWMM made necessary by the anticipated new regulations being placed on Portland through the NPDES Stormwater permit (MS4) to ensure that the SWMM stays in compliance.

FY 09-10 funds were not expended for the Stormwater Management Manual. Update of the Manual is currently on hold due to the economic downturn and subsequent lack of activity in the development community. The funds were directed to other bureau priorities. Delaying the update will also allow better coordination with the anticipated changes to the City's NPDES permit conditions. Future budget requests are anticipated to update the Stormwater Manual in accordance with these new federal and state regulatory requirements.

\$25,000 increase personal services for the stormwater manual update

This was a reassignment of a Staff person from Plan review functions to assisting with Training and outreach for the new version of the manual. We successfully provided training to approximately thirty groups and offered 20 training opportunities to engineering consultants and other permit applicants. We also provided staff training and onsite follow-up to provide on the job training for the new tools that were included in this version of the manual

DP 7: Grey to Green

\$170,000 for preserving the urban tree canopy and controlling invasive species through the Bureau of Parks' "Protect the Best" program

\$186,000 for trees to extend the urban canopy

\$114,000 in contract labor for tree planting

\$115,377 for grants to support installation of new ecoroofs

\$51,500 for Planning Bureau work on refining City code to support new green infrastructure

\$13,123 to refine analytical tools for assessing the effects of green infrastructure on ecosystem health

- Planned Results:
 - Protect the Best: 700 acres of new treatment; 400 acres of follow-up
 - Urban Canopy Tree Planting: See "local stimulus package" below.
 - EcoRoofs: See "local stimulus package" below.

Planning Bureau code work: Updated Portland Plant List to include invasive species; updated Title 29 and Title 33 to require invasive weed eradication in certain circumstances.

Assessment of effects of Green infrastructure on ecosystem health: A final report that summarizes the health, energy and community livability benefits of the Grey to Green investments that the City is making in the next five years.

- Results Achieved at end of FY (June 30, 2010):
Protect the Best: 563 acres of new treatment; 480 acres of follow-up
Urban Canopy Tree Planting: See “local stimulus package” below.
EcoRoofs: See “local stimulus package” below.
Planning Bureau code work: Planning Commission briefing and public hearing held 11-10-09 and unanimous recommendation to Council for adoption; City Council unanimous adoption on 2-10-10.
Assessment of effects of Green infrastructure on ecosystem health: The final report, Portland’s Green Infrastructure: Quantifying the Health, Energy and Community Livability Benefits, and a brochure/fact sheet summarizing the report findings were completed and posted online in March 2010.

DP 13: Local Stimulus Package

Increase of \$11.7 million in the capital budget for relief, reconstruction and minor sewer repair and upgrade projects

- Full amount expended.

\$200,000 for water quality facilities

- \$192,000 in FY 10. Leverages \$270,000 in FY11 and \$2 million in FY12.

\$800,000 for habitat restoration and enhancement at the Tryon Creek confluence

- \$160,000 in FY10.
- Start of construction later than anticipated due to delay in permits from Lake Oswego.
- Expect to spend \$450,000 in FY11 and \$650,000 in FY12.

\$3.0 million for sewer relocation work in support of the Eastside Streetcar

- \$540,000 in FY10. Work is ongoing, but have not received any substantial billings through the interagency. Expect to spend full amount in FY11.

\$750,000 for reconstruction of substandard private party sewers

- Full amount expended.

Increase of \$1.4 million in the operating budget in materials and services for tree planting and ecoroof construction in support of the Grey to Green Initiative.

- **Planned Results:**
Urban Canopy Tree Planting: The “Grey to Green” and “Local Stimulus Package” decision packages together will allow the Grey to Green tree planting targets to remain at 83,000 trees over five years rather than at 25,000 trees without these decision packages. For FY10, Planned Results are 5,950 new street and yard trees.
EcoRoofs: The “Grey to Green” and “Local Stimulus Package” decision packages together will allow the Grey to Green ecoroof targets to remain at 43 acres over five years rather than at 25 acres without these decision packages. For FY10, planned results are 9.3 acres (or 405,000 sf.) of ecoroof.
- **Results Achieved at end of FY (June 30, 2010):**
Urban Canopy Tree Planting: In FY10, 2,921 street trees and 4,859 yard trees were planted (7,780 total, or over 130% of annual goal).
EcoRoofs: In FY10, 32 ecoroofs were completed totaling 1.5 acres (64,840 sf.). 72 other projects, totaling nearly 5 acres are underway, and 35 new projects were approved for the Ecoroof Incentive in June, 2010.

DP 9, 14, 16: Healthy Working Rivers

\$551,491 for six additional FTEs to coordinate implementation of river-related projects restoring and protecting ecological functions, identify and select pilot restoration projects and facilitate river projects contributing to City and regional economic prosperity.
 \$250,000 for professional technical support and for agreements with Bureau of Planning and Sustainable Development, the Portland Development Commission, and the Office of the Commissioner of Public Utilities.

- **Planned Results:** The Rivers Office was created by the Council to ensure healthy and economically vibrant rivers for Portlanders and to enhance coordination among the City bureaus regarding river-related issues. The Office also works to promote community involvement on rivers issues.
- **Results Achieved to Date:** The Office has hired a director, an office specialist and 2 environmental program coordinators. The Office has worked with other City bureaus on issues related to the North Reach plan, the South waterfront, and permitting of in-water activities to make sure that all City interests are addressed. We have convened a 20 member advisory committee to help us prepare our budget and develop a work plan with both short term and long term priorities. We have engaged state and federal partner agencies regarding opportunities to collaborate on river issues.
- **Results Anticipated at end of FY:** We have directed our contract dollars to initiate new, high priority efforts and to fill gaps in other Bureau of Environmental Services funding for river-related priority projects. We will continue to engage City, state and federal partners and Portland residents on issues related to the economic and environmental health of the River. Funds have been allocated to

conduct pre-design work on up to three potential ecological restoration sites along the North Reach of the Willamette River. This project will continue into FY 2010-2011. We have begun an effort with the Oregon Marine Board and Portland Parks to assess water based recreational demand and infrastructure needs. This project will update existing information and will continue into FY 2010-2011.

Capital Program Status Report Environmental Services

CIP Program	FY 2009-10	FY 2009-10	FY 2009-10	Variance \$	Variance %	FY 2010-11	Fall BuMP	FY 2010-11	Variance \$	Variance %
	Adopted Budget	Revised Budget	Year-End Actuals			Adopted Budget	Revised Budget	Year to Date Actuals		
Buildings	\$0	\$0	\$132,520	\$132,520		\$0	\$0	\$45	\$0	
Combined Sewer Overflow	\$134,514,000	\$149,822,000	\$127,976,340	(\$21,845,660)	(15%)	\$109,126,000	\$128,426,000	\$14,694,481	\$19,300,000	18%
Maintenance and Reliability	\$57,943,000	\$76,143,000	\$30,948,602	(\$45,194,398)	(59%)	\$50,493,078	\$55,093,078	\$2,485,457	\$4,600,000	9%
Sewage Treatment Systems	\$22,216,000	\$22,216,000	\$16,381,368	(\$5,834,632)	(26%)	\$28,419,000	\$27,519,000	\$2,436,425	(\$900,000)	(3%)
Support	\$0	\$0	\$94,391	\$94,391		\$0	\$0	\$67,154	\$0	
Surface Water Management	\$15,833,000	\$18,054,298	\$10,571,864	(\$7,482,434)	(41%)	\$23,380,000	\$17,599,476	\$3,061,390	(\$5,780,524)	(25%)

Capital Program Status Report Environmental Services

CIP Program	FY 2009-10	FY 2009-10	FY 2009-10	Variance \$	Variance %	FY 2010-11	Fall BuMP	FY 2010-11	Variance \$	Variance %
	Adopted Budget	Revised Budget	Year-End Actuals			Adopted Budget	Revised Budget	Year to Date Actuals		
Systems Development	\$12,078,156	\$20,741,673	\$6,005,218	(\$14,736,455)	(71%)	\$10,564,312	\$11,415,556	\$67,995	\$851,244	8%
Total	\$242,584,156	\$286,976,971	\$192,110,303	(\$94,866,668)	(33%)	\$221,982,390	\$240,053,110	\$22,812,946	\$18,070,720	8%

* Prior Year variances compare Year-End Actuals to Revised Budget

** Current Year variances compare Revised Budget to Adopted Budget

Prior Year Variance Description

Overall CIP:

The increase between the FY 2009-10 Adopted and Revised Budget is due to the carrying forward of \$36.7 million of Capital Improvement Program (CIP) budget authority from the prior fiscal year to continue and accelerate Combined Sewer Overflow (CSO) abatement projects. Specifically, the FY10 Fall BuMP included an \$18.2 million increase for the Portsmouth project. Subsequent to the approval of the BuMP, site conditions caused construction work to come to almost a total halt while the contractor procured different equipment to deal with the underground conditions. This halt in work caused a significant portion of the under expenditure of budget authority. In addition, the bureau over budgeted by nearly \$5.0 million for a project funded through grants.

Shifting schedules/cash flow are responsible for the majority of the variance from budget in FY10. Capital projects span multiple fiscal years. The fiscal year budget is a projection of expenditures for one year for a project that is likely to be delivered over a period of four or more fiscal years. Actual expenditures vs. projected expenditures vary for a variety of reasons, most of them outside of a project manager's control. Examples of things that can impact cash flow in a particular fiscal year include: land acquisition from an unwilling seller, extended permit processing – especially when federal agencies are involved, value engineering, lagging billings from consultants/contractors/other agencies, and unforeseen underground site conditions. All of the above were experienced in FY10.

Combined Sewer Overflow:

The CSO FY 2009-10 Revised Budget as displayed in the chart above is understated by \$18.2 million, revising the reported budget of \$149,822,000 to \$168,022,000. The reason for this restatement is the Fall budget adjustment was made against project #6920 instead of project #6902. This budgeting error placed \$18.2 million of resources in the wrong project and CIP Program. With the error corrected, the variance would be <\$40,045,660> or <24%>.

A restatement of the FY 2009-10 Revised Budget is also reflected in the Maintenance and Reliability CIP Program. Comments below relate to the restated budget.

- 8 projects contribute to the variance (1 over and 7 under FY10 budget).
- Schedule/cash flow adjustments were the primary cause of expenditures shifting either from prior FY (over FY budget) or to next FY (under FY budget).
- Portsmouth project expenditures were under budget due to unforeseen construction conditions resulting in construction delays and overall project budget increase. This will impact future FY budgets.
- ESCSO – less money was needed to accomplish planned work. Overall project budget reduced and reflected in future FYs.
- OCIP (owner controlled insurance program) expenditures are dependent on the amount of work in construction (premiums) and any payout through claims. Both were low in FY10.

Maintenance and Reliability:

The Maintenance and Reliability FY 2009-10 Revised Budget as displayed in the chart above is overstated by \$18.2 million, revising the reported budget of \$76,143,000 back to the original Adopted Budget of \$57,943,000. The reason for this restatement is the Fall budget adjustment was made against project #6920 instead of project #6902. This budgeting error placed \$18.2 million of resources in the wrong project and CIP Program. With the error corrected, the variance would be <\$26,994,398> or <47%>.

A restatement of the FY 2009-10 Revised Budget is also reflected in the CSO CIP Program discussed above. Comments below relate to the restated budget.

- 20 projects/programs contribute to this variance (3 over and 17 under FY budget).
- The Fanno Basin program, with its 17 open projects, was \$11.6 million under the FY budget due to construction starting later than planned on the force main replacements; other project delays were related to external factors such as land acquisition. The overall program budget has increased and will affect future FYs.
- 1 Taggart project had a minor increase in scope and a total increase to budget.
- 2 project schedules are controlled by PBOT and 1 by BWW.
- The balance of the variance reflects minor schedule/cash flow adjustments to projects.

Sewage Treatment Systems:

- 4 projects/programs contribute to this variance (2 over and 2 under FY budget).
- The work on the Ankeny PS was managed by PDC and was over the FY budget.
- 2 projects at CBWTP were significantly under FY budget: Digesters bid later than anticipated. The schedule for the Secondary Process Improvements has been adjusted to allow time for a small pilot project. Budget shifted to future FYs.

Capital Program Status Report

Surface Water Management:

- 14 projects/programs contribute to this variance (3 over and 11 under FY budget).
- Schedule/cash flow adjustments are responsible for all of the variance. Some project schedules are controlled by others outside BES.

Systems Development:

- 11 projects/programs contribute to this variance (1 over and 10 under FY budget).
- Schedule/cash flow adjustments are responsible for most of the variance. The largest single variance (\$5.5 million) is Eastside Streetcar – although significant work was accomplished, Portland Streetcar did not bill BES in FY10.
- (\$4.8) million of the variance is attributed to a grant appropriation (Lents Sanitary Sewer Extension, State Revolving Loan Fund) that was over budgeted.

Current Year Variance Description

Overall CIP:

Because FY10 variance was primarily schedule driven, the FY11 budget is a reflection of that. Some schedule adjustments were incorporated in the FY11 budget since the delays were identified early enough in the fiscal year to be included in the requested budget. Some schedules will impact projected FY12 budget requests. Hence, not all of the under expenditure from FY10 appears in the requested BuMP.

Combined Sewer Overflow:

- Adjustments are requested to 7 projects. 5 of the 7 are related to schedule/cash flow shifts.
- The majority of the adjustment is associated with the Portsmouth project: increase to the total project budget and accelerated construction activity.
- The total project budget for ESCSO Startup has increased (+\$300,000).

Maintenance and Reliability:

- Adjustments are requested to 11 projects/programs. 4 of the 11 are related to schedule/cash flow shifts.
- The largest adjustment is associated with the Fanno Basin program and the increase to the total program budget.
- Increases to 2 pipe maintenance programs reflects the need to address the backlog of pipe rehabilitation.
- 2 projects have total budget changes – 1 up (Ash Creek), 1 down (Wood Disconnect).
- Budget is shifted from Maintenance & Reliability bike-related projects to Surface Water bike-related projects.

Sewage Treatment Systems:

- 7 projects/programs contribute to this requested adjustment (4 over and 3 under FY budget).
- 6 are schedule/cash flow related changes.
- The increase to the pump station improvement program is to address the backlog of pump station capital maintenance. This is an ongoing project for which it is anticipated future budget request will be higher than in the past.

Surface Water Management:

- 11 projects/programs contribute to this requested adjustment (5 over and 6 under FY budget).
- Schedule/cash flow adjustments are responsible for all of the variance. 2 project schedules are affected by timing of permits (S. Foster/E. Lents and Oaks Bottom Flood Plain Reconstruction). Luther Road Habitat Restoration project is delayed to fund bike-related work.

Systems Development:

- 5 projects contribute to this requested adjustment (3 over and 2 under FY budget).
- Schedule/cash flow adjustments are responsible for the variance on 4 projects, including the delayed billings on Eastside Streetcar work that was anticipated to be billed in FY10. 1 project is to pay for work done by ODOT in a prior FY that was not billed.

Bureau of Environmental Services

Performance Measures

Program and Performance Measure	Type	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals			
Administration & Support						
ES_0001 - Maintain the bureau's debt service coverage ratio at 1.5 or greater	EFFECTIVE	1.70	1.71	0.00	0.00	0.00
ES_0021 - Maintain bureau's combined 1st & 2nd debt service coverage ratio at 1.3 or greater	EFFECTIVE	1.30	1.30	0.00	0.00	0.00
ES_0002 - Time loss hours (due to injuries)	EFFICIENCY	3.26	3.36	0.00	0.00	0.00
ES_0006 - No. of students provided with bureau education programs	WORKLOAD	18,300	15,759	0	0	0
Engineering						
ES_0023 - Percent of pipe identified as highest priority for repair or replacement incorporated into funded CIP or Op. proj.	EFFECTIVE	99%	99%	0%	0%	0%
ES_0005 - Construction management costs as a percentage of total construction costs	EFFICIENCY	12%	24%	0%	0%	0%
ES_0003 - Cumulative disconnected roof drains	WORKLOAD	53,500	53,711	0	0	0
Pollution Prevention						
ES_0011 - Percent of industrial enforcement tests in full compliance	EFFECTIVE	99.0%	99.0%	0.0%	0.0%	0.0%
ES_0012 - Average resources spent in site investigations and cleanup, per site investigated or remediated	EFFICIENCY	\$3,300	\$3,652	\$0	\$0	\$0
ES_0010 - No. of lab analyses performed each year	WORKLOAD	42,800	39,800	0	0	0
Wastewater						
ES_0014 - Percent of biochemical oxygen demand (BOD) removed	EFFECTIVE	95.0%	96.5%	0.0%	0.0%	0.0%
ES_0022 - Cost to operate and maintain the treatment plants reflected in costs per million gallons per day (mgd)	EFFICIENCY	\$568	\$573	\$0	\$0	\$0
ES_0013 - Wastewater processed in million gallons per day	WORKLOAD	25,000	27,566	0	0	0
Watershed						
ES_0007 - Feet of streambank restored (cumulative)	WORKLOAD	331,473	349,954	0	0	0
ES_0008 - Number of individual participants in projects catalyzed or hosted by the Stewardship Program	WORKLOAD	15,000	12,346	0	0	0

Bureau of Environmental Services

Performance Measures

Program and Performance Measure	Type	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals			
Watershed						
ES_0024 - Number of trees planted	WORKLOAD	41,950	58,370	0	0	0

Performance Measure Variance Descriptions

ES_0005

Revised Budget 12%

Year End Actual 24%

A number of factors in FY 2009-10 resulted in higher than average construction management costs including:

Higher percentage of smaller projects (over 70% less than \$500,000)

Lower bids (many project bids came in up to 30% lower than engineers estimate)

Still developing expertise in construction management for green street projects

Schedule delays

Working on small projects with less experienced contractors

ES_0006

Revised Budget 18,300

Year End Actual 15,759

The education program did not receive a state Oregon Water Enhancement Board grant so it was not able to provide school assembly programs. School assembly programs typically involve large numbers of students, so they provide a good return for the investment, but to a large degree, we are reliant on grants for those programs.

ES_0010

Revised Budget 42,800

Year End Actual 39,800

The Water Pollution Control Laboratory is a service provider to various portions of the Bureau. As a service provider the number of analyses performed is driven by regulatory requirements and dependent on variables of other work units' operational and program needs. Due to these requirements, the laboratory performs increasingly more complex analyses that take additional time and may also reduce the actual number of tests performed.

**Bureau of Environmental Services
Service Improvement Plan
(FY 2009-10 Year-End Results)**

Permitting Co-location

On April 16, 2009, Council adopted a set of initiatives to co-locate all development review and permitting functions at the 1900 Building, and implement process improvements to increase efficiency, timeliness, predictability, reliability, transparency and accountability.

BES Development Services is working closely with the bureaus of Development Services, Transportation, Water, Parks and Fire to coordinate development review and permitting services, reduce policy conflicts and delays, streamline appeals and increase customer services. The following improvements will be implemented by June 30, 2010:

- Relocate BES development review, public works permitting and related staff to the 1900 Building
- Adopt turn-around times for public works permitting and permit engineering services
- Establish efficient and transparent procedures to resolve policy conflicts between the various public work, infrastructure and development bureaus
- Establish formal centralized city appeals procedures that are transparent, timely, fair and easily accessed by development stakeholders
- Develop a comprehensive and predictable schedule of development fees and charges, and a uniform set of financing tools for system development charges
- BES Staff relocated to the 1900 building as of December 2009
- Turn around times and a reengineered Public Works process was taken to City Council and adopted. The new permitting process was launched on January 8 for a test period before being finalized July 2011.
- Policy and conflict resolution were also taken to City Council in September 2009.
- A new integrated Appeal process has had a first reading (January 13) and will likely be adopted in two weeks with implementation to follow within thirty days.
- A preliminary fee schedule has been implemented to pilot and will be evaluated and finalized in July 2010
- System Development financing and business processes were aligned with a series of code changes. There remains some work to do with implementing these changes with the Auditors office.

Update:

- SDC business processes for the infrastructure bureaus have been aligned and changes have been implemented
- Appeals process has been implemented. In process of finalizing administrative rules. The Appeal Panel and the Appeal Board have convened and made decisions of several cases

- Currently working on refining Public Works permitting process and adapting new system as a result of lessons learned these past several months.. We will be taking revisions to Council with official report backing July, 2011

An advisory, ad-hoc group comprised of frequent users of the system has met several times and will continue to provide assistance with refinements in the next few months

Collection System Sewage Release/Backup Response

The bureau will develop, clarify and implement specific plans to respond to sewage overflows or backups in the portions of the sanitary and combined sewer collection system under the City's responsibility. A Sanitary Sewage Release Response Plan (SRRP) will be completed in FY 2009-10, and will serve to provide the City an important supplement to the bureau's Emergency Response Plans. It will provide the definition and clarification of roles and responsibilities for various parties involved in responding to overflow incidents while assuring regulatory and community stakeholders' level of service expectations.

The draft SRRP has been completed and reviewed by BES and PBOT management. The draft SRRP was recently presented to staff at both agencies. Based on the presentations and staff feedback, minor edits are being finalized. The final version is nearly complete and will be implemented by both BES and PBOT beginning in March.

Update:

The SRRP has been completed and is now being implemented. Training for all relevant staff from BES and PBOT is in progress. Initial plan awareness and response training will be completed by January 2011.

Customer Assistance for Sewer Connections, Conversion and Emergency Repairs

The bureau will improve customer outreach and offer enhanced assistance to property owners who are required to connect to public sewers when they become available or when failed party sewers require a separate connection to the public system. The bureau has added a position to support the Required Connections program to assist with outreach for both mandatory sewer connections and party sewer conversions and to administer customer loans to assist with compliance. In addition, the bureau will be extending loans for qualified low income customers to assist with emergency on-site sewer repairs.

Our customer assistance has improved accessibility of our staff and reduced the amount of time to produce loan contracts, public sewer utility waiver and respond to connection deferral requests.

- We answer 80% of our incoming telephone calls
- We respond to voice messages left with normal business hours within ½ hour.
- We have eliminated the backlog of Safety Net Loan applications.
- Private Plumbing Loan applications are reviewed, approved/disapproved and mailed with 24 hrs of receipt.

- Public Sewer Utility Waivers requests are fulfilled within 48 hrs of being requested.
- Staff members significantly involved with code changes to 17.33 and 17.32 and the drafting of administrative rules governing the Required Sewer Program, we are able to: answer most questions related to the programs, explain and defend the public policies. This reduces the number of citizens who feel they must appeal to Commission Saltzman's office to air their concerns.

Update:

- Public Sewer Utility Waivers have been automated and integrated into TRACS. Staff time to produce the documents has been reduced from 20 minutes to about 5 minutes. Documents are mailed within 48 hrs of being requested.
- Outreach to properties affected by the Non-Conforming Sewer Program is now underway. This will be an ongoing process over the next 10-20 years.