

CITY OF

PORTLAND, OREGON

BUREAU OF WATER WORKS

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Date:

October 4, 2010

To:

From:

Subject:

Commissioner Randy Leonard Executive summary for the FY 2010-11 Fall BuMP

Enclosed is the Water Bureau's FY 2010-11 Fall BuMP Report that includes the status of the three funds.

The following is a brief recap of the Bureau's requests for the Fall BuMP:

Reduce the Adopted CIP by \$12,108,000 to fund only active projects.

Recognize Water Bureau grants of \$657,400 in the Grants Office that will allow the Bureau to purchase the goods and services.

Recognize the sale of a vehicle to the Parks Bureau for \$30,000.

Technical adjustments within the operation budget to reflect the accounting changes and also to recognize savings of \$10,045 for the Sharp award and incentive plan offered by Risk Management.

Create a Cash Transfer with Sewer System Operating Fund to provide \$103,706 in support of the Green Streets Initiative.

Increase interagency services with the Bureau of Development Services by \$13,750 for the online Building Permit Fee Estimator.

If you have any questions regarding this report, please contact Mary Leung at 3-7551.

Attachment

David Shaff, Water Bureau Administrator Dave Hasson, Finance & Support Services Director

File: 602000 Fall 10-11 CommLetter.doc

BUDGET AMENDMENT REQUEST

Portland Water Bureau

PERIOD Fall BuMP

FISCAL YEAR FY 2010-11

WA 001 - CIP Adjustment

Reductions were applied to a number of programs to align the budget to the funding of only the active projects. The adopted budget is \$72.676,000 and this request will reduce the CIP budget by \$12,108,000. Funds were also transferred to programs for projects continuing that experienced scheduled delays, primarily the Sandy River Conduit Relocation Project. In addition there is \$786,000 in grant funded capital projects.

Dollar Amount:

Type:

Technical Adjustment

Resources:

Internal Transfer

WA 002 - Grant Adjustments

This request recognizes the approved grants in the Grants Office that will allow the Water Bureau to purchase goods and services.

Dollar Amount:

\$657,400

Type:

Technical Adjustment

Resources:

Grants

WA_003 - Vehicle Sale From 6

Recognize revenue for sale of vehicle to the Portland Internal Raceway Fund for \$30,000.

to examine

Dollar Amount:

\$30,000

Type:

New Request

Resources:

New Revenues

WA 004 - Technical Adjustments

These adjustments doesn't increase the overall budget.

Effective July 1, 2010 the expenditures for unemployment benefit moved from 549000 to 514630.

 Transfer funds from 549000 to cover summer concerts for Powell Butte, McCoy and Willamette park that Water partners with the Parks Bureau by \$5,000.

• The Workers Comp Insurance will be reduced by \$5,000 as a result of the Water Bureau receiving the Sharp award and \$5,045 for incentive plan credit. The total savings of \$10,045 will be moved to the Safety program.

• Transfer \$2,000 to the general fund Special Appropriation for the First Stop Portland project.

• Reduce interagency services with the Revenue Bureau by \$22,511 for their support to the Clean River Reward program for Bureau of Environmental Services.

Dollar Amount:

Type:

Technical Adjustment

Resources:

Internal Transfer

BUDGET AMENDMENT REQUEST

Portland Water Bureau

PERIOD Fall BuMP

FISCAL YEAR FY 2010-11

WA_005 - Green Street Initiative/

Establish an \$103,706 Cash Transfer with Sewer System Operating Fund for the Green Streets Initiative. The total amount includes of the missed billing in FY 2009-10 of \$81,185 and the true up for FY 2010-11 of \$22,521.

Dollar Amount:

\$0

Type:

Technical Adjustment

Resources:

Bureau Contingency

WA_006 - Interagency with BDS

This request increases the services provided by the Bureau of Development Service for the online Building Permit Fee Estimator. The total cost of \$55,000 is shared by BES, Parks, Transportation and the Water Bureau. The Water Bureau's share is \$13,750.

Dollar Amount:

\$0

Type:

New Request

Resources:

Bureau Contingency

Prior Year Fund Reconciliation Report

		FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent of Actuals to Revised
Water Fund				
EXPENDITURES		•	56,489,322	
Personal Services		\$58,179,089	-\$56,66 6,450 -	- 97% -
External Materials and Services		\$31,228,162	27,385,250 \$27,445,318	<i>_</i> 88% <i>─</i>
Internal Materials and Services		\$19,935,318	\$18,484,935	93%
Capital Outlay		\$23,408,322	\$24,024,615	103%
Bond Expenses		\$3,831,202	\$2,041,442	53%
Fund Transfers - Expense		\$40,649,249	\$40,649,249	100%
Contingency		\$46,484,311	\$0	0%
TOTAL EXPENDITURES		\$223,715,653	\$ 169,312,010 169,074,819	76%
REVENUES			30,653,419	· .
Budgeted Beginning Fund Balance		\$26,631,475	\$0,000	0%
Charges for Services		\$108,301,452	\$107,922,729	100%
Intergovernmental Revenues		\$481,000	\$691,906	144%
Interagency Revenue		\$4,098,895	\$3,719,770	91%
Fund Transfers - Revenue	•	\$83,544,050	\$74,932,044	90%
Miscellaneous		\$658,781	\$813,187	123%
TOTAL REVENUES		\$223,715,653	\$ 188,079,63 7	84%
			218733055	

Fund Reconciliation Narrative

Intergovernmental Revenues - Additional \$200,000 contribution received for a capital project.

Fund Transfers – Revenues – Transfers received from the Construction fund were \$8.6 million lower due to reduction of capital expenditures.

Miscellaneous – Additional \$150,000 revenue received for interest income and chargeable damages.

External M&S — The \$3.8 million expenditure reduction includes \$2.7 million in reduced operating expenses and \$1.1 million in reduced capital expenses.

Bond Expenses – The \$1.8 million decrease is from \$0.4 million for reduced bond issuance costs, \$0.6 million for reduced interest costs on pension obligation bond debt service, and \$0.8 million for reduced accrued interest expense.

Prior Year Fund Reconciliation Report

			Percent of Actuals to Revised	
Water Construction Fund				
EXPENDITURES		40,592,060	6	
Unappropriated Fund Balance	\$37,660,816	\$0-	0%	
Fund Transfers - Expense	\$83,909,308	\$75,297,302	90%	
Contingency	\$12,624,241	\$0	. 0%	
TOTAL EXPENDITURES	\$134,194,365	\$75,297,302	56%	
REVENUES		111 1000 110	- <i>)</i> :	
Budgeted Beginning Fund Balance	\$34,560,297	41,195,45	0%	
Charges for Services	\$2,000,000	\$1,006,196	50%	
Fund Transfers - Revenue	\$9,267,180	\$9,348,359	101%	
Bond and Note	\$87,896,000	\$63,818,315	73%	
Miscellaneous	\$470,888	\$521,042	111%	•
TOTAL REVENUES	\$134,194,365	\$74,693,912	56%	
		115,889,36	8	DV

Fund Reconciliation Narrative

Charges for Services - The \$1.0 million decrease in charges for services is primarily related to reductions in system development charges revenue.

Bond and Note Proceeds - About \$24.1 million less bonds were sold due to reduced capital expenditures.

Miscellaneous - Additional \$50,000 of interest earnings was received.

Fund Transfers – Expenses – Transfers to the Operating Fund to reimburse for capital expenditures were \$8.6 million lower due to less capital expenditures.

Prior Year Fund Reconciliation Report

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent of Actuals to Revised	
Water Bond Sinking				
EXPENDITURES		10,321.46	2	
Unappropriated Fund Balance	\$12,857,543	\$0	0%	
Bond Expenses	\$23,840,898	\$30,587,450	128%	
TOTAL EXPENDITURES	\$36,698,441	\$30,587,450	83%	
REVENUES		5,502,02	3	
Budgeted Beginning Fund Balance	\$5,398;544	_\$0-	-0%	
Fund Transfers - Revenue	\$23,740,488	\$23,740,489	100%	
Bond and Note	\$7,459,000	\$11,572,978	155%	
Miscellaneous	\$100,409	\$93,423	93%	
TOTAL REVENUES	\$36,698,441	-\$ 35;406,889 -	-96% -	
	·	40,908,912	2	

Fund Reconciliation Narrative

Bond and Note – Additional \$4.1 million of Bond and Note is a net of a lower bond reserve for the 2010 Water System Revenue Bonds (\$2.6 million) and refunding the 2000 Series A Bonds (\$6.7 million).

Bond Expenses – Additional \$6.7 million of bond expenses were to refund the 2000 Series A Bonds.

Prior Year Business Area Reconciliation Report

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent of Actuals to Revised	ı
Portland Water Bureau				
EXPENDITURES				
Personal Services	\$5,354	\$62,031	1159%	
External Materials and Services	\$234,181	\$89,343	38%	
Internal Materials and Services	\$0	\$20,822	0%	ii .
Capital Outlay	\$400,329	\$228,230	57%	
TOTAL EXPENDITURES	\$639,864	\$400,426	63%	
REVENUES				
Intergovernmental Revenues	\$639,864	\$251,780	39%	
TOTAL REVENUES	\$639,864	\$251,780	39%	

Bureau Reconciliation Narrative

Expenditure variance

• For personal services - there was approximately \$56,700 in staff time related to the Milwaukie Light Rail project, TR000094 not shown in the budget for the Water Bureau.

• For external / internal material and services the costs were associated with UASI grant for generator purchase and associated supplies for emergency water delivery. Also funds were used for the regional interconnection about \$72,000 study.

• For Capital Outlay – the variance is primarily associated to the shifting of project schedules to minimize production wells out of service for the Columbia Southshore Welfield project.

Revenue variance - The budget for the Columbia Southshore Wellfield grant was \$400,000 compared to the actual of \$88,048.

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FY 2010-11-Bureau of Water Works-Fall BuMP

FY 2009-10 Budget Note:

None

File: 602000 Fall 10-11BudgetNote.doc

FY 2010-11 Bureau of Water Works Fall BuMP Reporting on Approved Decision Package for FY 2009-10

Decision Package: WA 01 - LT2 Compliance

The approved decision package added four full-time positions with a total personal services budget of \$502,680 and services and capital purchases of \$40,654,680 for a total of \$41,157,360. The scope and magnitude of this project will ultimately be implemented for compliance with the rule will require significant level of use of outside professional and technical resources. These funds includes funding for project delivery strategy, assistance with permitting, commencement of treatment process design, site development of the Powell Butte No. 2, design of Powell Butte No 2 (50 million gallon underground reservoir) and planning for Kelly Butte Tank.

<u>Winter BuMP update:</u> All four new positions have been filled and construction is underway on a \$3.9 million contract for site development of the 50 MG Powell Butte tank, procurement underway for the tank design contract, and \$1.5 million in tasks orders have been issued for the treatment facility preliminary design.

Spring BuMP update: Initial construction of the Powell Butte site developments for the 50 million gallon storage tank is nearing completion. Design work for the tank has begun. Professional services have been procured for the Kelly Butte tank design and planning has started for storage to replace the Washington Park open storage. Work continues to develop the design for the UV treatment facility.

Fall BuMP update: The site improvement phase for the Powell Butte tank was substantially complete by the end of the FY 2009-10. Work continued on the intermediate design phase of the 50 MG storage tank. Design work started on the 25 MG Kelly Butte tank. Planning work has started on the project to replace Washington Park No 3. Evaluation of Headworks improvement underway and will be completed before design begins in November. WEDECO UV equipment was pre-selected

File: ..602000 Fall 10-11DecisionPackageStatus.doc

FY 2010-11 Bureau of Water Works Fall BuMP Service Improvement Plan for FY 2009-10:

Pump and Control Maintenance

Over the next two years the bureau will conduct a pilot study on Reliability Centered Maintenance (RCM) at some of its pump stations. The electrical group obtained software for reviewing thermography to track equipment degradation over time. The software was purchased and installed in the summer of 2007. Over several months, the program was implemented to remotely monitor pump station electrical performance in real-time. This will allow the electricians to troubleshoot system failures from the office or any other networked computer location. It will be a valuable tool for trending and predicting failures as well as obtaining energy usage data in real-time.

Operating engineers are working to maintain a master list for vibration data and transmission oil analysis. The list would be used for comparing previous baseline data against all future data.

Cathodic protection for all 33 steel tanks is being planned by Engineering Services Design Engineers at an average cost of \$35,000 per tank. This work began in FY 2008-09 and is scheduled for three tanks per year for 11 years.

Winter BuMP Update: The bureau has been using software networked to the Integrated Regional Network Enterprise (IRNE) and Supervisory Control and Data Acquisition (SCADA) systems for evaluating online performance of electrical equipment since installation of the units began in the Spring of 2008. The bureau continues to expand coverage with the purchase of new units through FY 2010-11. The bureau also plans on creating a customized web-based interface for the CMMS, along with purchase of associated hardware and GPS tracking devices. To date the bureau has 3 tanks in the construction phase with cathodic protection due to be installed in the tanks by the end of April 2010.

Spring BuMP Update: Construction continues on three tanks with planned cathodic protection installation.

Fall BuMP Update: The bureau continues to utilize new and proven technologies for condition assessment as part of the pilot program for Reliability Centered Maintenance (RCM). During this reporting period, the bureau expanded coverage for networking real-time electrical demand and achieved BTS Project Review Board approval for an RFP to customize a mobile field interface for Synergen, the bureau's Computerized Maintenance Management System (CMMS). Field measurements continued for vibration analysis, pump motor resistance and oil analysis, generator load bank testing, and transformer oil analysis. These condition assessments led to several pump/motor replacements including Fulton Pump Station Pump 3, Groundwater Wellfield Pump #17, Clatsop Pump Station Pump #1, balancing of Verde Vista Pump Station Pumps #1

and #2, Washington Park Pump Station #2 Pump #3 bearing replacement, and Burnside Pump Station Pump #2 motor rehabilitation. Based on the analysis of real-time electrical data, the bureau achieved reductions in energy use by making operational changes that favors higher efficiency pumps. The bureau also obtained cash incentives from Energy Trust for replacing low efficiency pumps and lighting. The engineering group completed rehabilitation of two of three tanks at Burlingame Tank site and prepared them for installation of cathodic protection.

Bull Run Maintenance

The bureau will continue the implementation of the pavement management system in order to efficiently use the funds available to the maximum benefit of the road system. This will consist of a continuation of the chip seal program that was started in FY 2008-09 as well as a detailed priority analysis of further maintenance and repair activities

Winter BuMP Update: Three centerline miles of chip seal were completed this fall by Multnomah County for Portland Water Bureau. Roadway reconstruction plans are being prepared for contractor bid in the Spring of 2010.

Spring BuMP Update: One set of plans has been bid and a contract is being awarded, and the final design and bid documents are being prepared for another section of improvements.

Fall BuMP Update: About 50 percent was completed of the reconstruction of approximately 4000 lf of the 10 road from the Larson's Intertie to the Scaling Station. Final plans and specifications continue to be developed for another 3,200 lf of improvements to be constructed in FY 2010-11.

Meters

Obtain access to Cayenta and have this information available through the Large Meter Database and updated monthly. Recalculate the way that meter tests are estimated using proper allocation between low, medium and high flow rates. Develop criticality reports for management to be used in monitoring, maintenance and replacement of large meters

Winter BuMP update: The Bureau requested data from the Cayenta's group in July of 2009 and in December of 2009. In January 2010, the Cayenta group provided tables of data for incorporation into our Large Meter Database. Currently the bureau is utilizing the table and the next contact to the Cayenta group will be the request to gain access to the same tables provided on a regular basis. The recalculation of the meter test and management report will take place after data has been analyzed by bureau staff.

Spring BuMP Update: The request to receive tables through the CIS Implementation group from Cayenta has resulted in three of the four tables being

released to the Water Bureau. The fourth table is not yet available. The information in the tables will still need to be refined before the data can be used. Water will request for a list of meters larger than 2" and related consumption history. This new strategy will gain the results needed to move forward with using Asset Management recommendations for meter testing.

Fall BuMP Update: Water continues to work with the Cayenta group to refine the data.

File: 602000 Fall 10-11 SIP.doc

Portland Water Bureau

Performance Measures

Program and Performance Measure	Туре	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals			
Administration & Support						
WA_0021 - Typical single family water bill as a percent of six-city average (Auditor's Office SEA Report)	EFFECTIVE	77%	· 0%	0%	0%	0%
WA_0022 - Percent of staff requiring certifications who are certified	EFFECTIVE	100%	100%	0%	0%	0%
WA_0003 - Operating cost per capita	EFFICIENCY	\$76	\$0	\$0	\$ 0	. \$0
Customer Service				**	44	. 03
WA_0034 - Percent of federal and state water conservation and planning requirements met	EFFECTIVE	100%	100%	0%	0%	0%
WA_0036 - Percent of customer bills processed accurately and on schedule	EFFECTIVE	100%	100%	0%	0%	0%
Distribution						
WA_0029 - Percent of customers who experience less than 8 hours per year cumulative non-emergency water outage	EFFECTIVE	95%	95%	0%	0%	0%
WA_0031 - Percent of meters tested registering within 3.5% of actual water use	EFFECTIVE	100%	100%	0%	0%	0%
WA_0032 - Percent of hydrants working	EFFECTIVE	99%	99%	0%	0%	0%
WA_0033 - Percent of large valves working	EFFECTIVE	90%	90%	0%	0%	0%
WA_0035 - Percent of decorative and drinking fountains operating properly	EFFECTIVE	95%	95%	0%	0%	0%
Hydroelectric Power						
WA_0041 - Power Sold to PGE (mwh)	EFFECTIVE	77,570	0	0	0	0
WA_0042 - Transfer of Hydropower Profits to General Fund	EFFICIENCY	\$290,000	\$0	\$0	\$0	S0
WA_0038 - Hydropower Project Monitoring Reports	WORKLOAD	2	0	0	0	0
Regulatory Compliance	٠			-	ŭ	
WA_0014 - Percent of time that state and federal primary water quality standards and habitation protection requirements are attained	EFFECTIVE	100%	100%	0%	· 0%	0%
Supply			,		•	
WA_0024 - Percent of city's annual water supply under normal operating conditions provided by Bull Run watershed	EFFECTIVE	95%	95%	0%	0%	0%
WA_0025 - Percent of time groundwater system able to supply average winter demand (90 million gallons/day) for 14 days in response to a turbidity event	EFFECTIVE	100%	100%	0%	0%	0%
WA_0026 - Percent of time groundwater system able to provide backup supply for 60 days at 80 mgd	EFFECTIVE	100%	100%	0%	0%	0%
ransmission & Terminal Storage					÷	
WA_0027 - Percent of time that available water flows through conduits and transmission lines above average demand level	EFFECTIVE	100%	100%	0%	0%	0%
WA_0028 - Percent of time that water volume in terminal storage reservoirs and available water flow exceeds 3-day peak demand	EFFECTIVE	100%	100%	0%	0%	0%
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Portland Water Bureau

Performance Measures

		FY 2009-10 Revised	FY 2009-10 Year-End			
Program and Performance Measure	Туре	Budget	Actuals			
Transmission & Terminal Storage						
WA_0043 - Disenfection & Chemical Treatment Compliance	EFFECTIVE	100%	100%	0%	0%	0%

Performance Measure Variance Descriptions

The data for Performance Measure WA_0021 and WA_0003 is derived from the SEA Auditor's Report. That data for FY 2009-10 will not be available until the November of 2010.