



CITY OF

PORTLAND, OREGON

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Date January 14, 2011

TO: Sam Adams, Mayor

FROM: *Dan* Dan Saltzman, Commissioner of Public Affairs

SUBJECT: Winter FY 2010-11 Budget Monitoring Report

Attached please find the Bureau of Environmental Services' Budget Monitoring Report for the Winter FY 2010-11. Specific additions to budgeted expenditures within the Sewer System Operating Fund include \$10,902 to correct the budgeting in BES' Interagency Agreement with the Parks Bureau for ongoing maintenance of the Swan Island Boat Ramp and \$38,453 to increase funding for the Youth Conservation Crew. share of permit co-location costs. An additional \$20,500 in revenue to BES reflects revegetation services for Parks' work on Ross Island.

The shift of a position from a temporary paralegal to a permanent City position within the City Attorney's office reduces professional services and increases the Bureau's Interagency with the City Attorney's Office, but does not require additional overall appropriation.

To prevent rate increases, administrative savings that accrue to the Bureau as a result of FY 2010-11 reduction in internal service charges from the Office of Management and Finance are used to fund the portion of the Future Connect Scholars program that is related to BES services.

BUDGET AMENDMENT REQUEST

Bureau of Environmental Services

PERIOD Winter BuMP

FISCAL YEAR FY 2010-11

ES_016 - Plotter Purchase

This is a technical adjustment to purchased equipment. The equipment was budgeted in External Materials and Services - expensed as capital equipment.

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

ES_017 - Parks Interagencies

The \$10,902 request is to correct a budgeting error. The maintenance of the Swan Island Boat Ramp is a Current Service Level cost to BES. This adjustment reflects the continuing services from Parks for this effort. It is funded by contingency.

The \$38,453 request is an increase in funding for the Youth Conservation Crew (YCC). The current interagency is \$175,000 and this adjustment will increase it to \$213,453. It is funded by an internal adjustment.

The \$20,500 is Revenue to BES. It is for revegetation services for Parks' work on Ross Island.

Dollar Amount: \$20,500
Type: New Request
Resources: Bureau Contingency

ES_018 - City Attorney Interagency

This reflects the shift in funding from a temporary paralegal to a permanent City position. Funding is internal, reducing professional services and increasing the interagency with the City Attorney's office.

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

ES_019 - Future Connect - Scholarships

To prevent rate increases, administrative savings that accrue to the Bureau of Environmental Services and the Water Bureau as a result of FY 2010-11 reduction in internal service charges from the Office of Management and Finance shall be used to fund the portion of the Future Connect Scholars program that is related to BES and Water Services.

Dollar Amount: \$0
Type: New Request
Resources: Bureau Contingency

BUDGET NOTES
FY 10-11 Winter BMP Update

Bureau of Environmental Services

Rate Setting Approval Process:

To fulfill a request by the Public Utilities Review Board, BES and Water are directed to hire a consultant to report back on best practices for the sewer/stormwater utility and water utility rate setting approval process. Total consultant contract costs should not exceed \$30,000 and should be funded with BES paying \$21,000 and Water paying \$9,000. This is a PURB request.

Planned Results:

Consultant advice to PURB and Council on best practice for rate approval process.

Results Anticipated at end of FY:

The study is currently underway, and anticipated to be complete this Fiscal Year.

Service Improvement Plan
FY 10-11 Winter BMP Update
Bureau of Environmental Services

Asset Management

Providing wastewater and stormwater utility services is capital intensive. It relies on infrastructure such as pipes, pumps, treatment facilities, as well as the natural environment including surface and ground water, topography, soils and vegetation to provide essential services to customers. The bureau has sought to discover and apply leading asset management principles, participating in the Water Services Association of Australia's asset management benchmarking program. This has led to formulation of an asset management framework and implementation plan. The next step is to implement key asset management elements. The bureau has initiated a comprehensive asset management improvement program. The following will be completed by June 30, 2011:

- Coordinate AM performance measures and support the new Strategic Plan development led by Director's Office.
- Form and train Service Deliver Teams that are equipped in FY2012 to develop tactical strategies and key performance indices (KPI's) for each major business process of the bureau necessary to meet a given LOS.
- Develop and publish a Valuation Model for estimating the value (in US dollars) for consequences of asset failures (sewage release, pipe structural collapse, etc.) based on triple bottom line (social, environmental, financial) criteria.
- Continue integrating Asset Management principles and practices into three infrastructure planning projects: Sewer Rehabilitation, Plants & Pump Station O&M, and the Stephens Creek stormwater system plan.

Update on FY2011 Measures:

Completed Fall 2010: Establish levels of service (LOS) reflecting the desired performance outcomes important to the bureau's customers or required by regulators, and which reflect the major business processes, asset categories or mission areas of the Bureau.

Delayed until Spring 2012 due to lack of resources: Develop and publish a business case process for prioritizing capital and operating projects, including definitions of business risk, triple bottom line criteria and determining consequence and likelihood of failure.

Initiated successfully and is on-going: Integrate Asset Management principles and practices into three infrastructure planning projects: Sewer Rehabilitation, Plants & Pump Station O&M, and the Stephens Creek stormwater system plan.

Tiered Extra Strength Rates

Currently, 83 commercial and industrial customers are charged for sanitary sewage based on the measured strength of their discharge. As many as 2,500 other customers may have discharge strength significantly higher than the residential or baseline strength. The bureau is developing a tiered system of strength-based rates for commercial and industrial customers that will improve both customer equity and pollution prevention incentives. First, more customers will pay rates proportional to their share of system costs attributable to discharge strength. Second, more customers will have a direct financial incentive to lower their rates by implementing best management practices for grease management, which contributes to sewer blockages and raises maintenance costs borne by all ratepayers. The intent is to make this change revenue-neutral for commercial customers in the aggregate.

We estimate that full implementation using a phased approach will take approximately three years. The following will be completed by June 30, 2011:

Finalize and enact City Code, Administrative Rules, necessary billing system enhancements, and other business practices that facilitate and support program implementation.

Develop and implement an outreach plan that includes a communication strategy for all affected stakeholders and specific outreach strategies for individual business sectors.

Initiate the program in a phased approach beginning with supermarkets, which generally have the highest discharge volumes, greatest loading, and the fewest number of accounts in comparison to other affected business sectors.

Conduct initial evaluation of program success through representative sampling of customer's discharges and verification of the effectiveness of best management practice implementation.

Update: No updates at this time.

Diversity in the Recruitment Process

In 2009 the bureau's Diversity Committee convened employee focus groups to explore in greater depth specific workplace issues identified through internal workplace environment surveys. One of the recommendations emerging from these conversations concerned workplace diversity. The groups thought that the bureau should provide broader recruitment opportunities to reach a more diverse pool of candidates for internships and new hires. Following these recommendations, the bureau's Leadership

Team has worked with the Diversity Committee to establish a framework for enhancing diversity in the hiring process. The following will be completed by June 30, 2011:

Establish workgroup to review current outlets for job and intern postings, and develop recommendations for expanding postings. Research and identify new and developing best practices in diversity hiring.

Seek feedback from existing partners who provide intern and entry-level job candidates; expand relationships with these partners, jointly explore ways to find a wider range of candidates.

Update:

- The Diversity Committee will host a Management Team Meeting in July 2011 and will be working with HR's Diane Avery on how managers can diversify their workforce through diversifying applicant pools and interview panels. HR has developed and maintains contact lists of community organizations, and colleges that will help in diversifying applicants and interns. The Diversity Committee is developing a website that hiring managers can use as a resource that will include contacts, useful suggestions, and ideas for reaching out to diverse applicants, and developing diverse interview panels.

**Selective FY 10-11 Fall BMP Requests
FY 10-11 Winter BMP Updates**

Bureau of Environmental Services

Operating Program Adjustments (ES_002 through ES_007):

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.

Update -

Hansen V8 has been configured and the vendor is doing the final data conversion this month. The primary users of the system, who will be training their co-workers have been using the system in a configuration and testing mode for a couple of months.

Implementation of the new software into production should occur later in January or early February, depending on the results of final data conversion. Payment to the vendor has occurred as services identified in the contract have been completed.

\$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.

Update -

The Element SW is in production with several new functions to be implemented by BES in the next 3-6 months, including the entry or import of data from outside labs and the export from Element to the Water Quality Database to improve internal and external billing.

The vendor has a few items to wrap up, after which we will accept the software and pay the vendor the balance owed which is about \$20,000. We expect this to occur sometime in March.

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

Update -

The Accountant II classification has been changed by Human Resources to a Senior Administrative Specialist upon review of duties. Currently under recruitment.

The following adjustments are “on track” -

\$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).

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

Office of the Director (budget program Administrative Services) (ES_003)

\$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.

Update –

A RFP for services was issued in November 2010, and we expect to have a contract signed with the successful proposer by mid January, with work to start shortly thereafter

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

Engineering Services (budget program Engineering Services) (ES_004)

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

Update -

Stormwater System Plan

There are active contracts for these services and ongoing work continues. The Combined System Plan is 98% complete, the Sanitary Plan 90% complete and the Rehab System Plan 90% complete. These plans are scheduled to be completed by the

end of fiscal year 2010/2011. Work on the pilot project for the Stormwater Plan is 25% complete with final completion estimated in early 2012. The pilot project will provide additional information on the overall approach for the full Stormwater System Plan.

The following adjustments are “on track” -

\$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.

<\$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.

<\$250,142> the above requests are funded by Contingency.

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.

Update –

Security Measures -- Phone line installation pending; waiting for response from Comnet regarding other aspects of job.

\$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.

Update -

WPCL Hood -- project start date set for January 19; to be completed by Feb. 7.

The following adjustments are “on track” -

\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.

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.

Update –

The contract for this work is a 3-year contract and is based on constructing a 30,000 sq.ft. ecoroof; the roof is not yet located.

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

Update –

\$7,000 has been paid to external contractors for work completed. \$6,000 is being held for garlic mustard control in the spring.

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.

Update –

New permitting challenges have required design changes. The projected completion date for the project is August 2011.

\$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

Update –

This is midway through the design process. It may be under construction by the end of the fiscal year, but it will be close. OMF is managing the project.

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

Update –

This will be complete by fiscal year end. Work has been delayed by efforts to coordinate with city-wide North Reach planning process and Super Fund work.

\$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.

Update –

The situation is unchanged. An interagency meeting on 2/3/11 should finalize plans needed for the contract. Manager expects completion by fiscal year end.

The following adjustments are “on track” -

\$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.

\$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.

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.

Update –

Currently tracking well with this work. There is 54% of this budget remaining with 50% of the fiscal year remaining. We expect slightly more sewer cleaning to be done in the spring, which will increase the spending trend resulting in full spending of this allocation.

\$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.

Update –

In the process of getting quotes from contractors to complete this work. Expect work to be completed prior to the end of the fiscal year.

\$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.

Update –

Currently tracking well with this work. There is 60% of the budget remaining with 50% of the fiscal year remaining. There will be an increase in stormwater sediment in the spring that will increase the spending trend. Expect full spending of this allocation.

\$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.

Update –

\$9,045.90 was been collected in November 2010 from three site owners in Sherman County who received biosolids. This is \$2,954.10 under what we had originally

estimated. The plan is to use this money to partner with the Agriculture Research Foundation in cooperation with OSU. This work is currently being defined and will begin spring 2011.

\$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.]

Update -

Machine has been purchased and is in use.

\$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.

Update -

Procurement Services is still working on completing the RFP process, which will result in a pricing agreement for purchase and install of security equipment. Since this process is taking longer than expected, we are pursuing other avenues to move this work along. Discussion on other procurement methods, along with decisions on what system and equipment to purchase will be completed by end of February. It is still our intention to complete procurement and initial installation by fiscal-year end.

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

Update -

Seven of nine vehicles have either been received or are on order and expected to be received by fiscal year end. One vehicle is currently in process of getting a purchase order issued by Procurement Services. This vehicle is expected to not be received by fiscal year end. Specifications are currently being completed for the final vehicle by Fleet Services. Once ordered it is estimated it will take approximately eight months to receive. Based on the current status we expect to have to again carry over funding for two vehicles.

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

Capital Improvement Program (ES_008)

\$22,700,000 - E06902 & E08927 Portsmouth Force Main - Less work in FY10.

Update -

At this time, we believe that expenditures are on track to spend the FY budget.

The following adjustments are “on track” -

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

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.

Fund Projection Report

| | Winter BuMP Revised Budget | FY 2010-11 Year to Date Actuals | Winter BuMP Year-End Projection | % of Projected Actuals to Revised Bud |
|------------------------------------|----------------------------------|---------------------------------------|---------------------------------------|---|
| Sewer System Operating Fund | | | | |
| EXPENDITURES | | | | |
| Unappropriated Fund Balance | \$200,000 | \$0 | \$200,000 | 100% |
| Personal Services | \$54,438,000 | \$22,159,166 | \$52,888,851 | 97% |
| External Materials and Services | \$46,982,113 | \$18,562,149 | \$51,335,501 | 109% |
| Internal Materials and Services | \$38,671,147 | \$15,035,988 | \$37,462,802 | 97% |
| Capital Outlay | \$201,251,780 | \$67,385,276 | \$166,710,456 | 83% |
| Bond Expenses | \$1,905,834 | \$428,526 | \$1,876,713 | 98% |
| Fund Transfers - Expense | \$186,743,702 | \$27,847,070 | \$176,652,677 | 95% |
| Contingency | \$38,269,859 | \$0 | \$43,599,035 | 114% |
| TOTAL EXPENDITURES | \$568,462,435 | \$151,418,173 | \$530,726,035 | 93% |
| REVENUES | | | | |
| Budgeted Beginning Fund Balance | \$42,200,000 | \$0 | \$41,970,249 | 99% |
| Licenses & Permits | \$1,344,208 | \$672,551 | \$1,143,993 | 85% |
| Charges for Services | \$243,865,988 | \$96,870,150 | \$233,513,619 | 96% |
| Intergovernmental Revenues | \$0 | \$92,681 | \$92,681 | |
| Interagency Revenue | \$1,982,273 | \$543,324 | \$2,143,402 | 108% |
| Fund Transfers - Revenue | \$277,924,966 | \$61,152,845 | \$250,378,968 | 90% |
| Bond and Note | \$450,000 | (\$1,431,827) | \$718,173 | 160% |
| Miscellaneous | \$695,000 | \$187,440 | \$764,950 | 110% |
| TOTAL REVENUES | \$568,462,435 | \$158,087,163 | \$530,726,035 | 93% |

Fund Projection Narrative

Expenses are on plan, except for Capital Expenses, which reflect lower than budget trending of 17% due to schedule delays on several projects. Portsmouth and Balch Creek have been lagging in schedule. As a result, Contingency is expected to be 14% above budget.

Licenses and Permits are off plan by 15%. Specifically construction permits were 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 43% due to prior year's trends of lower construction activity amongst all bureaus, therefore less work for which BES is reimbursed.

Bond and Note Proceeds are projected to be 60% over budget due to state loan projects previously accounted for in the Grants Fund being transferred back to the Sewer Operating Fund.

Miscellaneous Revenue is projected to be about 10% over plan due to an unbudgeted contractor settlement of \$245,000 offset by much lower interest earnings as a result of lower interest rates earned by the City's investments.

Fund Projection Report

| | Winter BuMP Revised Budget | FY 2010-11 Year to Date Actuals | Winter BuMP Year-End Projection | % of Projected Actuals to Revised Bud |
|---------------------------------------|----------------------------------|---------------------------------------|---------------------------------------|---|
| Environmental Remediation Fund | | | | |
| EXPENDITURES | | | | |
| Personal Services | \$593,870 | \$255,645 | \$602,684 | 101% |
| External Materials and Services | \$4,014,309 | \$1,313,510 | \$3,596,577 | 90% |
| Internal Materials and Services | \$947,579 | \$244,469 | \$945,044 | 100% |
| Bond Expenses | \$856 | \$192 | \$843 | 98% |
| Fund Transfers - Expense | \$81,959 | \$33,482 | \$81,337 | 99% |
| Contingency | \$1,149,934 | \$0 | \$2,347,246 | 204% |
| TOTAL EXPENDITURES | \$6,788,507 | \$1,847,299 | \$7,573,731 | 112% |
| REVENUES | | | | |
| Budgeted Beginning Fund Balance | \$500,000 | \$0 | \$1,313,798 | 263% |
| Charges for Services | \$5,800,000 | \$220,315 | \$5,815,864 | 100% |
| Interagency Revenue | \$375,492 | \$152,390 | \$366,818 | 98% |
| Fund Transfers - Revenue | \$88,015 | \$0 | \$62,715 | 71% |
| Miscellaneous | \$25,000 | \$7,482 | \$14,536 | 58% |
| TOTAL REVENUES | \$6,788,507 | \$380,187 | \$7,573,731 | 112% |

Fund Projection Narrative

External Materials and Services is trending to be under plan by 10%, but remaining payments to the Lower Willamette Group for Portland Harbor investigation services are still unknown.

Beginning Fund Balance came in at 163% over budget due to lower prior year expenditures.

Fund Transfers from the Operating Fund are projected to be 29% (-\$25,300) under budget due to a refinement in the calculation of FY10 rent revenues due this fund but which were deposited into Fund 600.

Miscellaneous Revenues are projected to be 42% under budget due to much lower interest earnings as a result of lower interest rates earned by the City's investments.

Fund Projection Report

| | Winter BuMP Revised Budget | FY 2010-11 Year to Date Actuals | Winter BuMP Year-End Projection | % of Projected Actuals to Revised Bud |
|--|----------------------------------|---------------------------------------|---------------------------------------|---|
| Sewer System Debt Redemption Fund | | | | |
| EXPENDITURES | | | | |
| Unappropriated Fund Balance | \$30,721,200 | \$0 | \$30,755,714 | 100% |
| Bond Expenses | \$148,288,139 | \$181,075,557 | \$148,030,058 | 100% |
| TOTAL EXPENDITURES | \$179,009,339 | \$181,075,557 | \$178,785,772 | 100% |
| REVENUES | | | | |
| Budgeted Beginning Fund Balance | \$2,950,000 | \$0 | \$2,875,607 | 97% |
| Fund Transfers - Revenue | \$147,938,839 | \$39,391,023 | \$147,923,113 | 100% |
| Bond and Note | \$27,870,500 | \$187,870,500 | \$27,870,500 | 100% |
| Miscellaneous | \$250,000 | \$41,595 | \$116,552 | 47% |
| TOTAL REVENUES | \$179,009,339 | \$227,303,117 | \$178,785,772 | 100% |

Fund Projection Narrative

All items are within acceptable limits except Miscellaneous Revenues are projected to be 53% under budget due to much lower interest earnings as a result of lower interest rates earned by the City's investments.

Fund Projection Report

| | Winter BuMP Revised Budget | FY 2010-11 Year to Date Actuals | Winter BuMP Year-End Projection | % of Projected Actuals to Revised Bud |
|----------------------------------|----------------------------------|---------------------------------------|---------------------------------------|---|
| Sewer System Construction | | | | |
| EXPENDITURES | | | | |
| Bond Expenses | \$920,000 | \$907,613 | \$907,613 | 99% |
| Fund Transfers - Expense | \$247,642,613 | \$79,516,783 | \$216,546,615 | 87% |
| Contingency | \$81,275,176 | \$0 | \$104,373,629 | 128% |
| TOTAL EXPENDITURES | \$329,837,789 | \$80,424,396 | \$321,827,857 | 98% |
| REVENUES | | | | |
| Budgeted Beginning Fund Balance | \$46,000,000 | \$0 | \$48,417,070 | 105% |
| Charges for Services | \$300,000 | \$200,059 | \$274,065 | 91% |
| Fund Transfers - Revenue | \$20,000,000 | \$0 | \$9,950,000 | 50% |
| Bond and Note | \$262,122,789 | \$262,122,789 | \$262,122,789 | 100% |
| Miscellaneous | \$1,415,000 | \$523,937 | \$1,063,933 | 75% |
| TOTAL REVENUES | \$329,837,789 | \$262,846,785 | \$321,827,857 | 98% |

Fund Projection Narrative

Fund Transfers - Expense are projected to be 13% below budget due to slower CIP expenditures requiring reimbursement.

Fund Transfers – Revenues are projected at 50% of budget due to projected cash restraints in the Sewer Operating Fund limiting the amount of cash funded CIP reimbursements.

Miscellaneous Revenues are projected to be 25% under budget due to much lower interest earnings as a result of lower interest rates earned by the City's investments.

Fund Projection Report

| | Winter BuMP Revised Budget | FY 2010-11 Year to Date Actuals | Winter BuMP Year-End Projection | % of Projected Actuals to Revised Bud |
|---|----------------------------------|---------------------------------------|---------------------------------------|---|
| Sewer System Rate Stabilization Fund | | | | |
| EXPENDITURES | | | | |
| Fund Transfers - Expense | \$30,000,000 | \$0 | \$33,550,000 | 112% |
| Contingency | \$31,250,000 | \$0 | \$4,875,983 | 16% |
| TOTAL EXPENDITURES | \$61,250,000 | \$0 | \$38,425,983 | 63% |
| REVENUES | | | | |
| Budgeted Beginning Fund Balance | \$60,800,000 | \$0 | \$38,090,996 | 63% |
| Bond and Note | \$0 | \$0 | \$0 | 0% |
| Miscellaneous | \$450,000 | \$136,958 | \$334,987 | 74% |
| TOTAL REVENUES | \$61,250,000 | \$136,958 | \$38,425,983 | 63% |

Fund Projection Narrative

Fund Transfers – Expense are projected to be 12% over plan due to additional transfers necessary to meet bond coverage requirements in the Sewer Operating Fund.

Beginning Fund Balance was 37% below budget due to an FY10 CAFR adjustment to loan PBOT \$21.7 million for the Eastside Streetcar Project, effective 6/30/10.

Miscellaneous Revenues are forecasted to be 26% under plan because of lower anticipated interest earnings.

Business Area Projection Report

| | Winter BuMP Revised Budget | FY 2010-11 Year to Date Actuals | Winter BuMP Year-End Projection | % of Projected Actuals to Revised Bud |
|---|----------------------------------|---------------------------------------|---------------------------------------|---|
| Bureau of Environmental Services | | | | |
| EXPENDITURES | | | | |
| Personal Services | \$173,170 | \$292,243 | \$199,783 | 115% |
| External Materials and Services | \$932,010 | \$789,204 | \$811,690 | 87% |
| Internal Materials and Services | \$124,750 | \$50,996 | \$122,390 | 98% |
| Capital Outlay | \$2,239,324 | \$846,113 | \$307,471 | 14% |
| TOTAL EXPENDITURES | \$3,469,254 | \$1,978,556 | \$1,441,334 | 42% |
| REVENUES | | | | |
| Intergovernmental Revenues | \$3,469,254 | \$1,873,406 | \$1,441,334 | 42% |
| TOTAL REVENUES | \$3,469,254 | \$1,873,406 | \$1,441,334 | 42% |

Bureau Projection Narrative

Personnel service are trending over budget due to three grants from other bureaus (two PBOT and one BPS). BES provides services on these grants, but does not budget these services on other bureau's grants.

External Materials & Services and Capital Outlay are projected to be substantially less than the amounts budgeted for FY 10/11. This is due to state loan projects being transferred to the Sewer Operating Fund from the Grants fund. This loan funds two BES capital projects that are currently under construction. Once accounting related issues have been thoroughly researched and resolved, BES will make appropriate budget adjustments in the Spring BMP to reflect the reporting shift.