



CITY OF

PORTLAND, OREGON

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Date April 18, 2011

TO: Sam Adams, Mayor

FROM: Dan Saltzman, Commissioner of Public Affairs

Don

SUBJECT: Spring FY 2010-11 Budget Monitoring Report

Attached please find the Bureau of Environmental Services' Budget Monitoring Report for Spring FY 2010-11. Specific changes to budgeted expenditures within the Sewer System Operating Fund include an additional \$232,400 to accommodate higher than average flows to the treatment plant associated with wetter than normal weather, \$200,000 for evaluation of potential natural resource restoration projects related to the Portland Harbor Superfund site, \$132,000 to the Bureau of Planning and Sustainability for Green Investment Fund projects, \$100,000 for Healthy Working Rivers to support a Bureau of Planning and Sustainability contract to continue River Restoration Program development, and a reduction of \$165,000 in Miscellaneous Services reflecting an increase in General Fund support for the Future Connect Scholarship Program.

In the Capital Improvement Program, an increase of \$1,318,000 reflects services from the Water Bureau to BES on four projects, \$8,000,000 in adjustments from Capital Outlay to External Materials and Services on six projects reflects delays in project construction schedules.

Finally, lower than budgeted System Development Charge revenues and Sewer User Charge revenues will require an additional \$5,000,000 in transfers from the Sewer Rate Stabilization Fund to the Sewer Operating Fund.

BUDGET AMENDMENT REQUEST

Bureau of Environmental Services

PERIOD Spring BuMP

FISCAL YEAR FY 2010-11

ES_024 - Spring bump grants

The following adjustments totaling <\$2,035,700> are required by the Grants Office or project managers:

- <\$ 200,000> - EPA Innovative Wet Weather Grant
- <\$ 8,931> - NAWCA Oaks Bottom Ph 1 (CIP)
- <\$ 1,339,090> - SRF Sewer Expansion Loan: Project taken out of SAP Grants Module (CIP)
- <\$ 4,972> - FEMA Wildfire
- <\$ 386,457> - FEMA Lents Floodplain (CIP)
- <\$ 32,000> - EPA Brownfields Rollin Tire
- <\$ 52,000> - EPA Brownfields Hazardous Materials
- <\$ 44,000> - EPA Brownfield Petroleum Assessment Grant
- <\$ 13,000> - Metro Baltimore Woods
- <\$ 1,250> - EMSWCD Veteran's Creek (CIP)
- +\$46,000 - Buster Simpson (PBOT)

Dollar Amount: **(\$2,035,700)**

Type: Technical Adjustment

Resources: Grants

BUDGET AMENDMENT REQUEST

Bureau of Environmental Services

PERIOD Spring BuMP

FISCAL YEAR FY 2010-11

ES_025 - Interagencies (non-CIP)

Revenue additions totaling \$276,149:

\$14,200 from Parks for Revegetation Program services for plant installation and establishment maintenance for public stormwater facilities along SE 31st Ave. north of SE Francis St.

\$22,000 from Parks for Consolidated Site Assessment Program services for environmental assessments on Parks' Metro Bond Natural Area Project activities.

\$43,500 from Parks for Engineering, Materials Test Lab and Revegetation Services for Parks' Metro Bond Natural Area Project activities.

\$19,251 from Transportation for Engineering services for the Columbia River Crossing project.

\$72,878 from Transportation for Revegetation Program services for plant installation and establishment maintenance for public stormwater facilities along NE 109th Ave. north of NE Marx St. Also includes installation of plant material at the Meador property for code compliance and installation and maintenance of mitigation plantings along the top of the Whitaker slough bank.

\$40,000 from Transportation for Consolidated Site Assessment Program services for environmental assessments on various Transportation projects.

\$7,320 from Transportation for Revegetation Program services for plant installation and establishment maintenance for public stormwater facilities at NE 47th Ave. and Columbia Blvd.

\$57,000 from the Water Bureau for Consolidated Site Assessment Program services for environmental assessments on facilities rehabilitation projects.

Expense additions totaling \$164,532:

\$15,000 to Planning and Sustainability from Revegetation Program for the purchase of 'Feature Analyst,' a GIS software. BPS will retain software ownership and maintenance. BPS will develop mapping protocol for the Revegetation Implementation Plan, train BES staff in mapping protocol and provide Feature Analyst technical support.

\$132,000 to Planning and Sustainability from Watershed Sustainable Stormwater Management Program for Green Investment Fund activities.

\$10,000 for an interagency with the Commissioner of Public Works (Fish) for support on Tree Code implementation issues.

\$7,532 with Development Services for recalculation on occupied space related to BES permitting activities.

<\$164,532> the above requests are funded by Contingency.

Internal and Technical Adjustments for Interagencies:

<\$15,000> Reduce the PBOT MO I-A and increase capital outlay (\$15,000) for purchase of TFAL Packer units. Purchase of the TFAL Packer units will allow expanded CIPP lining capabilities to install short 18 inch liners up Sewer Wye connections. The TFAL Packer is used in conjunction with the Schwalm Robotic Camera/Cutter units and deploys the liner from the sewer main.

Increase \$5,000 I-A with Planning and Sustainability from Sustainable Stormwater Management Program for contribution to the BEST Business Center. BEST Business Center customers receive a free onsite sustainability assessment and customized recommendations in the areas of energy, water, garbage and recycling, operations, onsite stormwater management, green building and transportation. This increase is offset by a \$5,000 decrease in miscellaneous services.

Technical adjustment of \$7,500 to zero-out internal services account (for double budgeting) related to Materials Test Lab services. Balanced in Contingency.

BUDGET AMENDMENT REQUEST

Dollar Amount: \$276,149
Type: New Request
Resources: New Revenues

ES_026 - Wastewater Services Program

\$232,400 of additional appropriation required due to an increased level of service as a result of higher flows to both treatment plants. For example, equipment that use to be redundant is now process critical and must be maintained or repaired at a higher service level. Additionally, there are increased maintenance needs of aging infrastructure. This increase in appropriation is for Repair and Maintenance Supplies and Services. (There is a FY 11-12 decision package for \$281,821 that will help close this historical gap.)

<\$232,400> request is funded by Contingency.

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

ES_027 - Fall/Winter BMP Changes

Fall BMP change of \$75,000 for revenue from Parks for Consolidated Site Assessment Program services for environmental assessments. It was thought this revenue reimbursed BES personnel services but in reality it was to offset professional and miscellaneous services costs incurred on behalf of the Parks Bureau. This change removes the revenue from Contingency and appropriates it to professional services.

Winter BMP adjustment of \$165,000 for a reduction in Contingency and an increase in appropriation for Miscellaneous Services related to Future Connect Scholarship Program spearheaded by the Mayor's Office. This request removes the miscellaneous services appropriation and returns it to Contingency.

\$90,000 (net) returned to Contingency.

Dollar Amount: \$0
Type: Technical Adjustment
Resources: Bureau Contingency

BUDGET AMENDMENT REQUEST

Bureau of Environmental Services

PERIOD Spring BuMP

FISCAL YEAR FY 2010-11

ES_028 - Natural Resource Restoration

\$200,000 for Natural Resource Damage Assessment

The Bureau of Environmental Services has been designated the lead agency for the City for the Portland Harbor Superfund Site to manage and coordinate the City's participation in the investigation, cleanup and restoration of the Site. As part of the Superfund process, the City will be required to implement natural resource restoration projects. This appropriation will allow the bureau to enter into agreements to evaluate and implement natural resource restoration projects related to the Portland Harbor Superfund Site. The ordinance was filed April 14, 2011.

<\$200,000> request is funded by the Environmental Remediation Fund Contingency.

\$100,000 for Healthy Working Rivers to support a Bureau of Planning and Sustainability contract with Tetra Tech and to continue River Restoration Program Development. Work carried out under this contract is related to high priority action items under the city's North Reach Plan (which is currently under appeal to the Oregon Court of Appeals). These items include: 1) development of a city-owned mitigation bank used to off-set development impacts occurring on industrial lands in the North Reach and 2) the establishment of an in-lieu fee program to add flexibility in off-site mitigation options until the city's mitigation bank is up and running.

The Tetra Tech contract was amended in May 2010 to provide additional funding for work to implement the North Reach Plan. However, staff continued to receive Council direction on the plan through 2010. Work on the contract tasks also slowed as the City waited for the outcome of an appeal of the Plan to the Land Use Board of Appeal. In November, 2010, the Council directed City staff to conduct pre-design work on one or two sites in the North Reach and to review of the mitigation in-lieu fee schedule. (This adjustment should've been in the Fall BMP.)

<\$200,000> request is funded by Sewer Operating Fund Contingency.

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

ES_029 - PBOT Grant Loan Repayment

\$500,940 of revenue for the PBOT Grants Fund loan repayment to the Sewer Operating Fund. Late in FY 2009-10 BES made a loan to PBOT Grants for cash flow purposes. This is repaying back that loan.

\$500,940 returned to Contingency.

Dollar Amount: \$500,940
Type: New Request
Resources: New Revenues

BUDGET AMENDMENT REQUEST

Bureau of Environmental Services

PERIOD Spring BuMP

FISCAL YEAR FY 2010-11

ES_030 - Personnel Adjustments

Fund 608000

\$40,000 for additional personnel costs trending within the Environmental Remediation Fund – Portland Harbor. There have been some personnel changes since last summer and this additional appropriation is for budgetary control purposes.

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

Fund 600000

\$791,000 for additional personnel costs trending within the Sewer Operating Fund. Prior Year accrual for benefits of \$335,000 as well as additional appropriation for overtime and benefits is driving the request.

<\$791,000> request is funded by Contingency.

Dollar Amount: \$0

Type: New Request

Resources: Bureau Contingency

BUDGET AMENDMENT REQUEST

Bureau of Environmental Services

PERIOD Spring BuMP

FISCAL YEAR FY 2010-11

ES_031 - CIP Adjustments

This reflects no increase over the FY 2010-11 Revised Budget:

\$8,200,000 - E05510 Balch Consolidation Conduit – contractor was able to accelerate the work.

<\$8,000,000> - E05516 Eastside CSO – Less appropriation required in current fiscal year.

<\$6,200,000> - E09045 Fanno Basin System Improvements – delays associated with property acquisition.

\$6,000,000 – E08905 – Grey to Green – closing on large parcel accelerated into FY 10-11.

CIP Interagencies

\$1,318,000 of technical adjustments to reflect services from the Water Bureau to BES' CIP:

\$41,000 for E05510 - Balch Creek Conduit

\$378,000 for E06673 - Oak Basin

\$101,000 for E08663 - SE 26th and Tibbetts

\$263,000 for E08908 - NE 60th

\$535,000 for E09045 - Fanno Basin

Services from the Parks Bureau to BES' CIP. This costs is offset by a reduction in capital outlay of \$50,000:

\$50,000 for E09045 - Fanno Basin

CIP Trending

Total \$8,000,000 is a Technical Adjustment

\$8,000,000 CIP adjustments to move Capital Outlay appropriation to External Materials and Services. As projects schedules have been delayed moving out of the design phase to construction, adjustments to the CIP budget is necessitated.

All adjustments are from Capital Outlay and to External Materials and Services within the same project:

\$1,000,000 Balch Creek Conduit

\$1,000,000 CBWTP Lagoon Reconstruction

\$1,000,000 Ankeny Pump Station Upgrade

\$1,000,000 CBWTP Digester Expansion

\$2,000,000 Portsmouth Force Main

\$2,000,000 Fanno Basin

All of the above adjustments were offset by reductions in CIP projects.

Dollar Amount: \$0

Type: Technical Adjustment

Resources: Internal Transfer

BUDGET AMENDMENT REQUEST

Bureau of Environmental Services

PERIOD Spring BuMP

FISCAL YEAR FY 2010-11

ES_032 - CIP - Unfunding of Grants

This adjustment is to reflect \$1,339,090 of project appropriations from Grants and into the Sewer Operating Fund. The projects were being funded with State Revolving Fund (SRF) Loan Proceeds, therefore needed to go through the Grants SAP processes. The City Grants Office determined that SRF funded projects did not need to be monitored by the Grants Office.

Additionally, the affected projects required the current appropriations to be reduced by \$443,000 to better reflect what may occur by fiscal year's end.

Dollar Amount: \$896,090
Type: New Request
Resources: New Revenues

ES_033 - Fund Level Adjustments

There are four main reasons for the requested Spring BMP adjustments to fund level expenditures. The first is the reduced amount of rate revenues and System Development Charge (SDC) revenues projected to be received this year, which results in the following cash transfer adjustments:

- <\$1,750,000> and <\$1,250,000> reduction in SDC revenues;
- <\$3,000,000> Cash Transfer from the Sewer SDC Fund #600001 to the Sewer Debt Redemption Fund #609000;
- + \$5,500,000 Cash Transfer from Sewer Operating Fund #600000 to the Sewer Debt Redemption Fund #609000 to replace the SDC revenues, offset by a <\$5,500,000> cash transfer from the Sewer Operating Fund to the Sewer Construction Fund #614000;
- +\$5,000,000 additional Cash Transfer from Sewer Rate Stabilization Fund #617000 to the Sewer Operating Fund #600000 to bring bonded debt service coverage ratio back up to 1.30 resulting in part from the loss of SDC and rate revenues.

The second reason is for the impact of an interfund loan made to the Grants Fund as of 6/30/10 for PBOT's Eastside Streetcar project, and the partial repayment of that loan as of 6/30/11. The transactions affected are:

- <\$21,700,000> reduction in Beginning Fund Balance due to the loan being made during the FY 2009-10 year-end closing, after the FY 2010-11 budget was adopted;
- +\$12,900,000 partial principal repayment and \$100,000 interest on the loan.

The third reason for budget adjustment is BES reduced budget appropriations within the grants fund for some of BES' CIP projects receiving grants, thus the following:

- <\$443,000> reduction in Cash Transfer from the Sewer Construction Fund to the Sewer Operating Fund.

Finally, Oregon DEQ State Revolving Fund (SRF) loans have annual loan fees that were not included in the adopted budget, and thus we are now adding \$100,000 appropriation for these expenditures

Dollar Amount: **(\$9,700,000)**
Type: New Request
Resources: New Revenues

Fund Projection Report

| | Spring BuMP Revised Budget | FY 2010-11 YTD Actuals Thru AP8 | Spring 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 | \$55,252,196 | \$35,309,029 | \$54,827,896 | 99% |
| External Materials and Services | \$55,339,411 | \$29,725,600 | \$53,177,427 | 96% |
| Internal Materials and Services | \$40,165,379 | \$23,705,595 | \$37,467,359 | 93% |
| Capital Outlay | \$192,890,474 | \$104,782,082 | \$165,383,234 | 86% |
| Bond Expenses | \$2,005,834 | \$516,221 | \$1,978,552 | 99% |
| Fund Transfers - Expense | \$183,674,360 | \$55,516,673 | \$181,170,799 | 99% |
| Contingency | \$42,717,446 | \$0 | \$46,591,000 | 109% |
| TOTAL EXPENDITURES | \$572,245,100 | \$249,555,201 | \$540,796,267 | 95% |
| REVENUES | | | | |
| Budgeted Beginning Fund Balance | \$42,200,000 | \$0 | \$41,970,249 | 99% |
| Licenses & Permits | \$1,344,208 | \$843,487 | \$1,149,236 | 85% |
| Charges for Services | \$240,865,988 | \$153,337,823 | \$235,801,178 | 98% |
| Intergovernmental Revenues | \$0 | \$485,891 | \$576,170 | |
| Interagency Revenue | \$2,258,422 | \$616,389 | \$1,785,281 | 79% |
| Fund Transfers - Revenue | \$282,591,452 | \$132,985,663 | \$252,633,556 | 89% |
| Bond and Note | \$2,290,030 | (\$166,069) | \$3,066,698 | 134% |
| Miscellaneous | \$695,000 | \$3,372,519 | \$3,813,899 | 549% |
| TOTAL REVENUES | \$572,245,100 | \$291,475,704 | \$540,796,267 | 95% |

Fund Projection Narrative

Expenses are on plan, except for Capital Outlay, which reflect lower than budget trending of 14% due to schedule delays on several projects. Portsmouth and Balch Creek have been lagging in schedule. As a result, Contingency is expected to be 9% 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 21% due to prior year's trends of lower construction activity amongst all bureaus, therefore less work for which BES is reimbursed.

Fund Transfer Revenues are projected to be 11% under budget due to delays on a number of capital projects.

Bond and Note Proceeds are projected to be 34% over budget due to state loan projects previously accounted for in the Grants Fund being transferred back to the Sewer Operating Fund, and higher anticipated work on another loan project.

Miscellaneous Revenue is projected to be nearly 450% over plan due to unbudgeted contractor settlements of nearly \$3 million.

Fund Projection Report

| | Spring BuMP Revised Budget | FY 2010-11 YTD Actuals Thru AP8 | Spring BuMP Year-End Projection | % of Projected Actuals to Revised Bud |
|---------------------------------------|----------------------------------|---------------------------------------|---------------------------------------|---|
| Environmental Remediation Fund | | | | |
| EXPENDITURES | | | | |
| Personal Services | \$633,870 | \$435,703 | \$652,741 | 103% |
| External Materials and Services | \$4,214,309 | \$1,722,859 | \$3,699,951 | 88% |
| Internal Materials and Services | \$947,579 | \$372,442 | \$713,708 | 75% |
| Bond Expenses | \$856 | \$197 | \$845 | 99% |
| Fund Transfers - Expense | \$80,348 | \$53,554 | \$80,725 | 100% |
| Contingency | \$914,089 | \$0 | \$2,205,521 | 241% |
| TOTAL EXPENDITURES | \$6,791,051 | \$2,584,756 | \$7,353,491 | 108% |
| REVENUES | | | | |
| Budgeted Beginning Fund Balance | \$500,000 | \$0 | \$1,313,798 | 263% |
| Charges for Services | \$5,800,000 | \$2,924,753 | \$5,590,862 | 96% |
| Interagency Revenue | \$375,492 | \$244,094 | \$366,367 | 98% |
| Fund Transfers - Revenue | \$90,559 | \$62,715 | \$62,715 | 69% |
| Miscellaneous | \$25,000 | \$12,830 | \$19,749 | 79% |
| TOTAL REVENUES | \$6,791,051 | \$3,244,392 | \$7,353,491 | 108% |

Fund Projection Narrative

Personal Services are forecasted to be over the revised budget due to personnel changes that occurred in early in the fiscal year. The Spring BMP carries a request to add to this personnel budget mainly due to higher benefits, however the total amount required to stay within plan will be fully adjusted when internal adjustments of over \$50,000 is made before the fiscal year end.

External Materials and Services is trending to be under plan by 12%, but remaining payments to the Lower Willamette Group for Portland Harbor investigation services are still unknown.

Internal Materials and Services is projected to be 25% under budget due to lower Lab Services and Sampling/Monitoring Services being used.

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 31% (-\$27,844) 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 31% under budget (-\$5,251) due to lower interest earnings as a result of lower interest rates earned by the City's investments.

As a result of the above, Contingency will be 141% above the revised budget.

Fund Projection Report

| | Spring BuMP Revised Budget | FY 2010-11 YTD Actuals Thru AP8 | Spring BuMP Year-End Projection | % of Projected Actuals to Revised Bud |
|--|----------------------------------|---------------------------------------|---------------------------------------|---|
| Sewer System Debt Redemption Fund | | | | |
| EXPENDITURES | | | | |
| Unappropriated Fund Balance | \$33,221,200 | \$0 | \$30,790,530 | 93% |
| Bond Expenses | \$148,288,139 | \$230,279,179 | \$148,030,101 | 100% |
| Contingency | \$0 | \$0 | \$0 | 0% |
| TOTAL EXPENDITURES | \$181,509,339 | \$230,279,179 | \$178,820,631 | 99% |
| REVENUES | | | | |
| Budgeted Beginning Fund Balance | \$2,950,000 | \$0 | \$2,875,607 | 97% |
| Fund Transfers - Revenue | \$150,438,839 | \$43,008,852 | \$147,960,577 | 98% |
| Bond and Note | \$27,870,500 | \$187,870,500 | \$27,870,500 | 100% |
| Miscellaneous | \$250,000 | \$77,620 | \$113,947 | 46% |
| TOTAL REVENUES | \$181,509,339 | \$230,956,972 | \$178,820,631 | 99% |

Fund Projection Narrative

All items are within acceptable limits except Miscellaneous Revenues are projected to be 54% under budget due to much lower interest earnings as a result of lower interest rates earned by the City's investments.

Fund Projection Report

| | Spring BuMP Revised Budget | FY 2010-11 YTD Actuals Thru AP8 | Spring BuMP Year-End Projection | % of Projected Actuals to Revised Bud |
|----------------------------------|----------------------------------|---------------------------------------|---------------------------------------|---|
| Sewer System Construction | | | | |
| EXPENDITURES | | | | |
| Bond Expenses | \$920,000 | \$908,227 | \$908,232 | 99% |
| Fund Transfers - Expense | \$247,199,613 | \$132,723,310 | \$217,241,717 | 88% |
| Contingency | \$76,218,176 | \$0 | \$109,271,473 | 143% |
| TOTAL EXPENDITURES | \$324,337,789 | \$133,631,537 | \$327,421,422 | 101% |
| REVENUES | | | | |
| Budgeted Beginning Fund Balance | \$46,000,000 | \$0 | \$48,417,070 | 105% |
| Charges for Services | \$300,000 | \$295,493 | \$376,296 | 125% |
| Fund Transfers - Revenue | \$14,500,000 | \$0 | \$14,500,000 | 100% |
| Bond and Note | \$262,122,789 | \$262,122,789 | \$262,122,789 | 100% |
| Miscellaneous | \$1,415,000 | \$1,736,008 | \$2,005,267 | 142% |
| TOTAL REVENUES | \$324,337,789 | \$264,154,290 | \$327,421,422 | 101% |

Fund Projection Narrative

Fund Transfers - Expense are projected to be 12% below budget due to slower CIP expenditures requiring reimbursement.

Charges for Services Revenues are projected at 25% above budget due to projected stronger Line and Branch revenues due to the recent completion of a number of small sewer extension projects.

Miscellaneous Revenues are projected to be 42% over budget due to a \$1 million contractor settlement for the Fanno Basin Pressure Line Replacement project.

Fund Projection Report

| | Spring BuMP Revised Budget | FY 2010-11 YTD Actuals Thru AP8 | Spring BuMP Year-End Projection | % of Projected Actuals to Revised Bud |
|---|----------------------------------|---------------------------------------|---------------------------------------|---|
| Sewer System Rate Stabilization Fund | | | | |
| EXPENDITURES | | | | |
| Fund Transfers - Expense | \$35,000,000 | \$0 | \$35,000,000 | 100% |
| Contingency | \$17,550,000 | \$0 | \$16,325,797 | 93% |
| TOTAL EXPENDITURES | \$52,550,000 | \$0 | \$51,325,797 | 98% |
| REVENUES | | | | |
| Budgeted Beginning Fund Balance | \$39,100,000 | \$0 | \$38,090,996 | 97% |
| Bond and Note | \$12,900,000 | \$0 | \$12,900,000 | 100% |
| Miscellaneous | \$550,000 | \$184,346 | \$334,801 | 61% |
| TOTAL REVENUES | \$52,550,000 | \$184,346 | \$51,325,797 | 98% |

Fund Projection Narrative

All items are within acceptable limits except Miscellaneous Revenues are forecasted to be 39% under plan because of lower anticipated interest earnings.

Business Area Projection Report

| | Spring BuMP Revised Budget | FY 2010-11 YTD Actuals Thru AP8 | Spring BuMP Year-End Projection | % of Projected Actuals to Revised Bud |
|---|----------------------------------|---------------------------------------|---------------------------------------|---|
| Bureau of Environmental Services | | | | |
| EXPENDITURES | | | | |
| Personal Services | \$122,168 | \$97,167 | \$116,060 | 95% |
| External Materials and Services | \$686,663 | \$371,978 | \$652,629 | 95% |
| Internal Materials and Services | \$205,750 | \$20,213 | \$191,372 | 93% |
| Capital Outlay | \$418,973 | \$194,833 | \$410,594 | 98% |
| TOTAL EXPENDITURES | \$1,433,554 | \$684,191 | \$1,370,655 | 96% |
| REVENUES | | | | |
| Intergovernmental Revenues | \$1,433,554 | \$1,928,614 | \$1,370,655 | 96% |
| TOTAL REVENUES | \$1,433,554 | \$1,928,614 | \$1,370,655 | 96% |

Bureau Projection Narrative

All line items are trending within allowable budget variances.

Capital Program Status Report

Environmental Services

| CIP Program | FY 2009-10 Adopted Budget | FY 2009-10 Revised Budget | FY 2009-10 Year-End Actuals | Variance \$ | Variance % | FY 2010-11 Adopted Budget | Spring BuMP Revised Budget | FY 2010-11 Year to Date Actuals | Variance \$ | Variance % |
|-----------------------------|---------------------------------|---------------------------------|-----------------------------------|-----------------------|---------------|---------------------------------|----------------------------------|---------------------------------------|---------------------|---------------|
| | \$0 | \$0 | \$0 | \$0 | | \$0 | \$0 | \$13,995 | \$0 | |
| 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 | \$128,667,000 | \$80,094,568 | \$19,541,000 | 18% |
| Maintenance and Reliability | \$57,943,000 | \$76,343,000 | \$31,032,205 | (\$45,310,795) | (59%) | \$50,643,078 | \$48,852,078 | \$25,920,364 | (\$1,791,000) | (4%) |
| Sewage Treatment Systems | \$22,216,000 | \$22,216,000 | \$16,381,368 | (\$5,834,632) | (26%) | \$28,419,000 | \$27,519,000 | \$13,515,650 | (\$900,000) | (3%) |
| Support | \$0 | \$0 | \$94,391 | \$94,391 | | \$0 | \$0 | \$258,785 | \$0 | |
| Surface Water Management | \$15,833,000 | \$17,854,298 | \$10,488,260 | (\$7,366,038) | (41%) | \$23,230,000 | \$22,792,838 | \$10,682,195 | (\$437,162) | (2%) |
| Systems Development | \$12,078,156 | \$20,741,673 | \$6,005,218 | (\$14,736,455) | (71%) | \$10,564,312 | \$11,415,556 | \$3,887,168 | \$851,244 | 8% |
| Total | \$242,584,156 | \$286,976,971 | \$192,110,303 | (\$94,866,668) | (33%) | \$221,982,390 | \$239,246,472 | \$134,372,771 | \$17,264,082 | 8% |

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

** Current Year variances compare Revised Budget to Adopted Budget

Capital Program Status Report

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.

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.

Capital Program Status Report

Current Year Variance Description

Fall BMP Update

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.

Spring BMP Update

Variance Descriptions:

Combined Sewer Overflow

- Adjustments are requested to two projects: construction on the Balch Consolidation Conduit is moving more rapidly than anticipated. Budget is moved from ESCSO.

Maintenance and Reliability

- Adjustment is requested to one project: Delays associated with property acquisition have delayed projects under the Fanno Basin System Improvements

Surface Water Management

- Adjustment requested for Grey to Green to accelerate the closing on a large property acquisition from August 2011 to June 2011

In addition

- Request adjustment to the interagency with Water Bureau for relocation of water lines associated with work in the Fanno Basin (offset by reduction to infrastructure account)
- Adjustments between External Materials and Services and Infrastructure accounts on six projects to better reflect current year expenditures.

Service Improvement Plan
FY 10-11 Spring 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 (AM) 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 Human Resource'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.

BUDGET NOTES
FY 10-11 Spring 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 will be completed this Fiscal Year.

Future Connect Scholars Program

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 reductions 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.

Winter BuMP Update (7/1/10 to 11/30/10) 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.

Spring BuMP Update (12/1/10 to 2/28/11) The Council passed an ordinance on April 6, 2011 to move forward on the scholarship program. In the agreement it indicates that Water Bureau and Bureau of Environmental Services will be providing internships for qualified candidates.

**FY 10-11 Decision Packages
FY 10-11 Spring BMP Updates**

Bureau of Environmental Services

Administrative Services

Significant reductions within Administrative Services include the elimination of \$396,254 and two FTE positions through program reorganization, elimination of a vacant Insurance Specialist position, elimination of intern support in information management and reduction in internal materials and services by \$100,000.

Update -

Implemented

Increases include \$76,044 for a Community Involvement and Outreach Representative for Green Streets on Bicycle Boulevards, \$77,044 for a Facilities Services Specialist to administer and maintain the bureau's GIS database of real property assets, and \$700,000 for increased wholesale treatment costs paid to Clean Water Services while the Fanno pressure line is under repair.

Update -

The Community Involvement and Outreach Representative position underwent an open recruitment and following interviews a candidate was identified, offered the position, and began serving in the position in March, 2011.

The temporary appointed BDS laid off employee was appointed to the Facilities Services Specialist.

The Fanno pressure line is operational and the treatment costs paid to CWS have stopped.

Engineering Services

Reductions within Engineering Services include external materials and services by \$270,000 for reduction in support for CSO facilities planning and stormwater facilities inventory.

Update -

Implemented. The reductions were made. There were no resulting impacts to the CSO facilities planning, however work had to be suspended on the stormwater facilities inventory due to the reduction.

Personnel increases include four positions: two Engineers and two CAD Technicians will provide additional resources for the Green Streets on Bicycle Boulevards design and construction; two Engineering Technicians, plus vehicles, for permit review and inspection services for on-site stormwater facilities work currently performed by Bureau of Development Services; an Engineering Technician to implement partnership development and construction of onsite stormwater management facilities within the Tabor to the River projects. In addition, three temporary limited term positions will move

to permanent status to reduce outside contracting services. Two Public Works Inspectors for CIP Construction Management, one part-time Geotech Engineer at the Materials Testing Laboratory and one modeling Engineering Technician within Asset Systems Management will become permanent positions. These positions are currently being filled by displaced City employees from other bureaus who will be placed in these permanent positions.

Materials and services increased by \$400,000 for updates of the Tryon Creek Wastewater Treatment Facilities Plan, by \$312,700 for construction and implementation costs for onsite stormwater management facilities in Tabor to the River projects, and by \$75,500 to fund street tree work in the Tabor to the River project area.

Update - Personnel

Green Streets on Bicycle Boulevards-three of the four positions have been filled. Work is proceeding on the design and construction of the green street facilities.

Permit Review and Inspection-two Engineering Technician positions were filled and provided vehicles to conduct permit review and inspection for on-site stormwater facilities. This program has been transitioned from the Bureau of Development Services to BES.

Tabor to the River Personnel-an Engineering Technician position was filled to support the Private Property Retrofit Program for the Tabor to the River project. See work update below.

Limited Term Positions Convert to Permanent-two Public Inspector positions and a part-time Geotechnical Engineer position have been permanently filled.

Modeling Engineering Technician-an Engineering Technician position in Asset Systems Management has been filled.

Materials and Services

Tryon Creek Wastewater Treatment Facilities Plan-an RFP was posted in January 2011. Once the selection process is completed and a contract negotiated, work will begin.

Tabor to the River Materials and Services-to date 9 raingardens have been constructed and two additional are in design; 1 commercial stormwater facility has been constructed and 6 additional are in design.

Tabor to the River Street Trees-approximately 70% of the trees have been planted and we are on target to meet the goal of 150 trees this fiscal year.

Healthy Working Rivers

Funding increase includes re-establishing current personnel appropriation levels in the Healthy Working Rivers Program. Due to timing of personnel records, two Program

Coordinator positions did not appear in this program's current service level. HWR will be fully staffed in FY 2010-11 and this will allow greater participation in river-related projects.

Update -

The two FTEs are in the HCM system of SAP.

Pollution Prevention

Reductions within Pollution Prevention include personal services for eliminating a vacant Laboratory Analyst position, three Community Aide positions in support of site analysis, industrial projects and Brownfields and capital outlay by \$91,000 to reflect one-time capital equipment purchases.

Increases include an Environmental Technician to support implementation of the tiered extra strength program and \$155,000 in capital outlay for replacing the boat used by field operations staff for water quality sampling, and for replacing obsolete control systems at the Water Pollution Control Laboratory.

Update -

Reductions -

Cuts were implemented. All workloads were absorbed by other employees resulting in workloads that require more turnaround time in investigative work.

Adds-

Personal Services, Environmental Compliance, Industrial Projects Section
\$74,524 Increase. Environmental Tech II position. The employee was hired 01/20/11. Implementation of the extra strength sewage discharge program to enhance system reliability.

Environmental Investigations, WPCL Section, Equipment
\$105,000 Increase. Replace out of date electronic controls and devices no longer supported by the manufacturer. Includes peripheral devices, field devices and software package.

We are currently evaluating potential systems.

Environmental Investigations, Field Operations Section, Boat
\$50,000 Increase. Replace boat to improve efficiency and reliability for sample collection.

The Purchase Order was submitted 4/ 4/11, in the amount of \$49,995.

Portland Harbor

Reductions within Portland Harbor include external materials and services by \$700,000 to reflect lower anticipated payments to the Lower Willamette Group, by \$125,000 to reflect lower anticipated needs for outfall investigations, by \$100,000 to reflect work shifting from significant investigation work to preparation of the Remedial Investigation

and Feasibility Study report and by \$192,344 for reductions in professional services and external agreements supporting the City's CERCLA response.

Update -

Implemented. These are program adjustments as this program changes effort as the Record of Decision is determined.

Wastewater

Increases in personal services include a Wastewater Operator required for the higher flows resulting from CSO facilities coming on-line.

Update -

New Operator started on 1/6/11 and is being trained on key systems and processes. Will result in effective management of higher CSO flows.

Increases in materials and services totaling \$835,000:

\$150,000 for contract services to inspect and clean large diameter sewers

Update -

Changes in project priorities will delay the development and execution of a contract for specialized cleaning of large diameter and deep sewers until next fiscal year. The upcoming contract will span multiple fiscal years with work in overlapping years scheduled in a way to reduce the overall unit cost of cleaning.

\$130,000 in higher costs for polymer used in the wastewater treatment process

Update -

This increase is for polymer which is used in the treatment process. Expenditures continue to trend over-budget three-quarters of the way through the fiscal year. This is a direct result of the fact that this is a wetter than normal year and we budget for dry years. Expenditures will exceed budget, however the excess will be covered within the overall operating supplies funding for the treatment program.

\$125,000 for enhanced security at the Columbia Boulevard Wastewater Treatment Plant

Update -

Enhanced security at CBWTP has been implemented including utilization of security guards.

\$25,000 for a study to assess safety labeling requirements for electrical equipment.

Update -

This OSHA and NEPA 70 Standards ARC flash study will be completed by a Professional Electrical Engineer. Results of the study will be used to affix sufficient warning labels on equipment. Decision was made to have internal BES Wastewater Engineering staff complete this project instead of an outside contractor due to resources becoming available and financial savings. Project is currently underway with a review scheduled for May 15, 2011 and completion of the project by June 1, 2011.

The increases are offset by ***reductions*** of \$560,000:

\$280,000 in savings for biosolids transportation and land application with the new Sherman/Wasco County contract

Update -

This cut incorporated savings associated with the City's new land application program in Sherman County. The Sherman County program represents a cost savings of approximately \$11/wet ton when compared to the City's land application program at Madison Farms. Up to 25,500 wet tons of biosolids can be hauled and land applied in Sherman County per Contract # 31000149 (25,500 wet tons * \$11/wet ton = ~\$280,000). Thus far in FY10/11, the Sherman County project has resulted in the hauling and land application of approximately 18,000 wet tons of biosolids in Sherman County. The Wastewater Group anticipates meeting or possibly exceeding the goal of hauling and land applying 25,500 wet tons of biosolids in Sherman County during the remainder of FY10/11. Therefore, the goal of saving approximately \$280,000 is expected to be met.

\$40,000 for elimination of non-required training and most out-of-town travel

Update -

Currently training and travel expenditures are trending within budget. More training opportunities that are local and have no or minimal fees are being pursued. Requirements for safety and other regulatory training are continuing to be met. Attendance to conferences and professional development training has been impacted. Expect to end the fiscal year within budget.

\$190,000 for three fewer truckloads per day of biosolids transported from the Wastewater Treatment Plant

Update -

As of early January 2011, the Wastewater Group has not reduced its current trucking schedule. Planned and unplanned maintenance (digester cleanings, equipment repairs), weather-related outages (freeze protection, road closures, safety-related shutdowns), and other outages (driver holidays & vacations) have all effectively reduced the total number of trucks thus far in FY10/11. The Wastewater Group is currently within budget for this line item and will continue to monitor this closely for the remainder of the fiscal year to determine if schedule adjustments are necessary.

\$50,000 to eliminate funding for enhancement to the Synergen asset management software.

Update -

This cut eliminated the entire funding for Synergen enhancements used to implement configuration and functionality. Only system enhancements implemented by internal staff have been implemented. Minimal system enhancements for work management and asset management will be implemented.

\$25,000 for a reduction in facilities landscaping activities performed by Parks

Update -

This ongoing cut was taken from the Horticultural Services line item effecting pump stations and remote sites, resulting in a reduction of level of service and less frequent maintenance of sites. In such a short period of time since this cut was implemented, there has been no discernable impact. New facilities require more resources than maintaining existing facilities. As more new facilities are brought on-line, we anticipate a further reduction in level of service in maintaining existing facilities. This, in turn, could result in increased citizen complaints.

Capital Outlay

ADDS

\$130,000 capital for specialized TV camera/cutter equipment to make lining mains feasible when branch lines are present.

Update -

CCTV camera has pan and tilt, lateral launch and hydro saws. Sewer Repair Lining crews are able to line mains without worrying about laterals coming into the main. This gives them the ability to cut out lateral lines post C.I.P. resulting in increased efficiency in lining. The CCTV camera/cutter was received, found to be defective and had to be returned to the vendor. As of March 2011 the camera/cutter has been repaired and is currently in operation.

CUTS

\$409,000 to defer replacement of capital equipment (vehicles) used by the bureau for one year and by \$200,000 to defer replacement of equipment used by PBOT Maintenance Operations.

Update -

Defer replacements of vehicles and equipment identified in Fleet Replacement Schedule. No replacements have been done. Adjustments in the use of these vehicles have been made in an effort to prolong the life of them. Vehicles are deferred to future years.

Defer replacement of equipment identified in Fleet Replacement Schedule – PBOT Maintenance Operations. No replacement of equipment has been done. Adjustment on the use of this equipment has been made in an effort to prolong the life of it. No replacement will be done. Equipment is deferred to next fiscal year.

Watershed

Reductions within Watershed Services include \$68,500 to reflect efficiencies in water quality monitoring and \$45,000 for reduced support for DEQ oversight.

Update -

Implemented

Increases include personal services for two Landscape Designer positions for stormwater facilities design, reflecting 60% of funding from the CIP for one of the positions. This corresponds to a reduction of \$133,120 in external materials and services to reflect lower contract costs for services to be provided by the two new Landscape Designer positions. Increases to internal materials and services include \$65,000 to add resources for Parks' invasive species eradication "Protect the Best," \$62,500 to continue Arbortec fungicide application at current levels to protect elm tree canopy, \$102,000 to continue targeted invasives control and revegetation activities, and \$81,000 to support tree inspector position and \$69,000 to fund an IGA with Multnomah County for enforcement of dog rules in parks and natural areas. All services were previously funded by the Parks Bureau with General Fund resources.

Update -

Both Landscape Designer positions have been filled.

The \$379,500 increase of services with Parks has been implemented per council direction. Resources for Parks programs have been added to the Watershed Division budget and are available for the designated programs.