



CITY OF

**PORTLAND, OREGON**

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Date: October 1, 2012  
TO: Sam Adams, Mayor  
FROM: Dan Saltzman *DS*  
SUBJECT: FY 2012-13 Fall Budget Monitoring Report

Attached please find the Bureau of Environmental Services Budget Monitoring Report for the Fall FY 2012-13. Requested changes to the operating budget are relatively minor, and include mainly recognition of additional revenues and program realignments. Requested changes to the Bureau's Capital Improvement Program primarily reflect work on the Fanno Pump Station.

Grants are increased by \$821,723 to reflect additional grant revenues and project timing due to an additional \$110,736 from EPA for Brownfields Hazardous and Petroleum Assessments, \$19,455 from Metro Capital for Baltimore Woods Phases I and II, \$87,412 from NOAA for Crystal Springs culvert and \$670,550 for the Milwaukie to Portland Light Rail project. Decreases totaling \$66,430 are due to delays in construction for Eastmoreland Golf and EPA Brownfields Assessment 2011.

Vehicles and equipment appropriation of \$736,567 is carried over from FY 2011-12 to reflect vehicle acquisitions budgeted and funded in the prior Fiscal Year but not yet received.

Operating program adjustments totaling \$218,000 reflect both new revenue and program realignments. Within Business Services, \$90,000 in new resources reflects adding the Portland Loo program as specified in a Budget Note for FY 2012-13. The adjustment supports the sale of one loo and associated costs in administering the program. A reduction of \$80,000 from OMF-Facilities to reflect the elimination of a landscape maintenance contract. The work will be done less expensively by BES' Revegetation Program for site stabilization service to watershed properties.

Within Wastewater Services, an increase of \$104,000 is necessary for the new NPDES permit that requires a one-time consultant study on our mixing zone (Mixing Zone Toxic Reduction Study). A reduction of \$12,000 in revenue assumptions reflects a better estimate on biosolids land application revenue. The additional NPDES permit work is funded by recognizing revenues with Pollution Prevention from outside customers, including Gresham, La Grande and ODOT.

Within Watershed Services, a \$20,000 reduction is requested from a PBOT Green Streets design interagency to provide resources for Greet Street Stewards Program. This program will utilize the community to assist in the maintenance of bioswales. Also shifting \$85,000 of a Parks ESA interagency to PTE consulting services that are critical to the core program. The revised interagency agreement only supports joint planning work. The ESA program is responding to the significant and unexpected funding loss from Transportation (\$140,000).

Within Pollution Prevention Services, convert four limited term Environmental Technician IIs to permanent positions for the Fats, Oils and Grease Program. No budget adjustments are required as the position were funded in the FY 2012-13 annual budget process.

Interagency revenue adjustments totaling \$884,451 include \$10,000 in Administrative Support services for Safety Net Loans Program Prequalification and Program services on behalf of the Water Bureau in a cost share agreement for administering loans for the Deltawood Sewer LID, \$608,580 for Coordinated Site Assessment (CSA) environmental consulting services for Water and Parks Bureau projects of Interstate; N. Denver, Metro Parks Acquisition and River District URA "The Fields," \$202,259 for engineering services with Parks for Forest Park Culvert and Washington Park Sewer, \$6,000 in materials test lab services for "The Fields," and \$77,369 in revegetation services for Parks Oaks Bottom and Water Bureau's Powell Butte Reservoir #2. Reductions include 19,757 in materials test lab services for the Water Bureau to offset CSA increases..

Capital Improvement Program adjustments include \$1,000,000 in increases to CSO program costs for the Eastside System Startup reflecting the complexity of integrating the tunnels into the operations of the system which is requiring more time. Increases of \$12,000,000 to the Maintenance and Reliability Program include \$9,000,000 for the Fanno project that reflects a new agreement regarding payments to Clean Water Services for flow diversion and temporary capacity while the Fanno Pump Station is being repaired, \$800,000 for the SE Division project that is delayed due to PBOT's timing of a partner project, \$1,500,000 for Sewer Structural Rehab that is delayed due to project bids and \$700,000 for Phase Two Pipe Rehab due to timing of required consultant work. Increases to the Surface Water Management Program of \$1,156,867 include \$600,000 for 1% for Green Streets as delivery of these small projects has been impacted by availability of resources for design, and \$400,000 for the Johnson Creek Willing Seller Program for a land purchase that closed in July but was anticipated in FY 11-12.

Fund-level transfer adjustments reflect additional transfers of \$331,749 from the LID Construction Fund for Royal Highlands (\$131,656) and Deltawood Sewer (\$200,093). Reductions of cash transfers reflect adjustments based on actual project costs in budgeting One Percent for Green contributions: <\$15,016> from the Water Bureau and <\$28,920> from PBOT.

# BUDGET AMENDMENT REQUEST

Bureau of Environmental Services

PERIOD Fall BuMP

FISCAL YEAR FY 2012-13

## ES\_001 - BES Grants Fall BMP

The following adjustments to Grants totaling \$821,723 are required by project managers:

\$60,986 EPA Brownfields: Hazardous Assessments (ES000014)  
\$49,750 EPA Brownfields: Petroleum Assessments (ES000015)  
\$15,455 Metro Capital: Baltimore Woods (CIP) (ES000027)  
\$87,412 NOAA ORI: Crystal Springs (CIP) (ES000030)  
<\$50,000> EMSWCD: Eastmoreland Golf (ES000034)  
<\$16,430> EPA Brownfields: Assessment 2011 (ES000036)  
\$4,000 Metro Capital: Baltimore Woods 2 (CIP) (ES000038)  
\$670,550 Milwaukie to Portland Light Rail (PBOT: TR000094)

CIP grant adjustments total \$727,417. Operating grant adjustments total \$94,306.

Dollar Amount: \$821,723  
Type: New Request  
Resources: Grants

## ES\_002 - Vehicles and Equipment Fall BMP

\$696,567 of carryover for the Wastewater Program to continue funding vehicles assigned to PBOT MO and funded in FY 2011-12 but not yet received.

\$40,000 carryover for Engineering Services for after market outfitting of three vehicles funded in FY 2011-12 but not yet received. The original budget estimate did not include funding for the upgrades. The after market outfitting is for vans used by inspectors with multiple assigned projects and no central construction office. Office outfitting is about \$13,000 per vehicle/

<\$736,567> above requests are funded by Contingency.

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

# BUDGET AMENDMENT REQUEST

Bureau of Environmental Services

PERIOD Fall BuMP

FISCAL YEAR FY 2012-13

## ES\_003 - Operating Program Adjustments Fall BMP

### Business Services (Administration-Facilities)

\$90,000 for the Portland Loo. BES has implemented the FY 2012-13 Budget Note: "The Portland Water Bureau will transfer all Portland Loos' assets and maintenance responsibilities to the Bureau of Environmental Services effective July 1, 2012."

The Fall BMP request includes recognizing the sale of one loo as \$90,000 in revenue, \$50,000 of an interagency with the Water Bureau for general administrative support and \$40,000 of repair and maintenance services.

<\$80,000> reduction with OMF-Facilities to reflect the elimination of a specific contract for landscape maintenance. With the cancellation of this contract, and noting the services can be done less expensively, BES will have their own Revegetation Program provide the landscape maintenance and site stabilization services to watershed properties, primarily Johnson Creek. This request moves resources to provide for those internal services.

### Wastewater Services

<\$12,000> reduction to reflect a better estimate on land application revenue. The original budget of \$25,000 was in error.

\$104,000 for the new NPDES permit that requires several one-time studies as part of the Mutual Agreement and Order (MAO). A Mixing Zone Toxic Reduction Study is a set of studies on our mixing zone that are required as part of the new permit (\$4,000). Another Mixing Zone Toxic Reduction Study for the Columbia River must be done by a consultant (\$100,000). Lab services for the studies totaling \$4,000 will be done by BES WPCL. Resources are budgeted within Wastewater and Pollution Prevention. This work is funded by new revenues within Pollution Prevention.

### Watershed Services

\$20,000 shifting resources from a PBOT Green Streets design review interagency to miscellaneous services to provide resources for Green Street Stewards Program. This program will utilize the community to assist in the maintenance of bioswales. Outreach efforts are increasing to educate neighbors of new green street facilities and to enlist and train volunteers. The elimination of the interagency reflects staff time being charged to CIP projects rather than being supported by operating resources.

\$85,000 shifting resources from a Parks ESA interagency to PTE consulting services. Parks I-A with ESA has been a request-based plan, as wildlife-oriented opportunities come along. The BES Program Manager has informed Parks that project support will be less as the program experienced a significant and unexpected funding loss from Transportation. The revised I/A agreement now only supports joint planning work. Parks is aware of these changes.

### Pollution Prevention

Recognize \$140,000 for revenue from outside customers, such as Gresham, LaGrande and ODOT to provide budget authority for additional consulting studies for Wastewater's NPDES permit. (See "Wastewater Services" above for more information.)

\$0 impact on budget to convert four Limited Term Environmental Technician IIs FOG positions to permanent. No budget adjustments are needed as the positions have been funded in the FY 2012-13 annual budget process. Fats, Oils, and Greases (FOG) and high-strength Biochemical Oxygen Demand/Total Suspended Solids (BOD/TSS) are pollutants that are discharged from food service establishments.

Dollar Amount: \$218,000  
Type: New Request  
Resources: New Revenues

# BUDGET AMENDMENT REQUEST

Bureau of Environmental Services

PERIOD Fall BuMP

FISCAL YEAR FY 2012-13

## ES\_004 - Interagencies Fall BMP

\$552 increase of parking space rental fee at 1900 Building.

The parking rental agreement with PSU negotiated in June 2012 reflected an increase of an additional \$10/month with overhead. BES has four parking spots.

<\$5,000> reduction of Risk Management interagencies for incentives awarded for good risk experience.

### Revenues

In all cases with the revenue interagencies, if BES personnel costs were included, those amounts were returned to Contingency, as BES personnel are already budgeted.

\$63,231 in revegetation services with Water Bureau for Powell Butte Reservoir #2.

\$523,823 in Coordinated Site Assessment services for Interstate (W01400). Over half of these resources are for waste disposal expenses.

\$19,757 in Coordinated Site Assessment services for N. Denver (WBDIDM). Funding for this service came from reducing requested CIP services from BES' Material Test Lab.

\$10,000 in Administrative and Support services provided by BES' Revenue Programs division. This I-A is for Safety Net Loan Program Prequalification and Program services on behalf of Water in a cost share agreement for administering loans for Deltawood Sewer LID.

\$6,000 of Material Test Lab services and \$5,000 of Coordinated Site Assessment services for Parks' River District URA "The Fields" (P00053).

\$60,000 of Coordinated Site Assessment services for Metro Parks Acquisition (P00201).

\$202,259 in engineering services with Parks for Forest Park Culvert of \$128,048 and Washington Park Sewer of \$74,211. Both projects are part of Parks' "Utilities, Roads and Trails."

\$14,138 in revegetation services with Parks for Oaks Bottom (project P00563).

### Adjustments Between Interagency Accounts

BES has requested a respread of the \$20.3 million BES-PBOTMO collection system interagency. The adjustments net to \$0, however the changes are required to be requested through the BMP process.

BES has requested of Parks to adjust current appropriations of \$316,387 to a different account to reflect where the charges are actually going. This adjustment nets to \$0, however the changes are required to be requested through the BMP process.

Dollar Amount: \$884,451

Type: New Request

Resources: New Revenues

# BUDGET AMENDMENT REQUEST

Bureau of Environmental Services

PERIOD Fall BuMP

FISCAL YEAR FY 2012-13

## ES\_005 - CIP Fall BMP

Funding for the CIP adjustments or \$14,000,000 is from increased transfers from the Sewer Construction Fund.

The Combined Sewer Overflow (CSO) Program is increased by \$1,000,000.

\$1,000,000 – E08107 Eastside System Startup - The complexity of integrating the tunnels into the operations of the system is more complex and time consuming than anticipated. Milwaukie light rail conflicts with an existing flow control structure that is critical to the CSO system. Working with TriMet to reconstruct the structure.

The Maintenance and Reliability Program is increased by \$12,000,000.

\$9,000,000 - E09045 Fanno – BES and Clean Water Services have negotiated new agreements regarding payments to CWS for flow diversion and temporary storage while Fanno Pump Station is repaired. This is a new CIP expense.

\$800,000 – E08662 SE Division – PBOT's project is moving slower than anticipated. \$1,500,000 – E08400 Sewer Structural Rehab, Phase One – Project bids were delayed slightly from anticipated schedules. \$700,000 – E10031 Phase Two Pipe Rehab – Consultant work started slower than anticipated, but is now expected to spend more quickly.

The Surface Water Management Program is increased by \$1,156,867.

\$600,000 – E09113 – 1% for Green Streets – Delivery of these small projects has been impacted by availability of resources for design. Several are anticipated to move to construction in the current fiscal year. \$400,000 – E10040 – Johnson Creek Willing Seller Program – Land Purchase closed in July, was anticipated in FY 11-12.

Dollar Amount: \$14,000,000

Type: Carryover Request

Resources: Bureau Contingency

## ES\_006 - Fund Transfers Fall BMP

Sewer Operating Fund -

A reduction of <\$15,016> in transfers from the Water Bureau reflecting One-Percent for Green contributions. This is a 10% reduction from the Adopted Budget of \$150,000.

A reduction of <\$28,920> in transfers from PBOT reflecting One-Percent for Green contributions. This is a 58% reduction from the Adopted Budget of \$50,000 and is due to PBOT's budget constraints, as they did not do as much street paving last year as in prior years.

Sewer Construction Fund –

An increase of cash transfers from the LID Construction Fund for Royal Highlands (\$131,656) and Deltawood Sewer (\$200,093).

Dollar Amount: \$287,813

Type: New Request

Resources: New Revenues

## Prior Year Fund Reconciliation Report

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent of Actuals to Revised
<b>600 - Sewer System Operating Fund</b>			
<b>EXPENDITURES</b>			
Unappropriated Fund Balance	200,000	0	0.00
Personnel Services	57,662,914	56,560,194	98.09
External Materials and Services	45,678,411	42,248,300	92.49
Internal Materials and Services	42,682,000	40,427,971	94.72
Capital Outlay	73,069,449	67,993,737	93.05
Bond Expenses	2,173,599	2,093,648	96.32
Fund Transfers - Expense	183,405,038	169,039,558	92.17
Contingency	32,833,203	0	0.00
<b>TOTAL EXPENDITURES</b>	<b>437,704,614</b>	<b>378,363,406</b>	<b>86.44</b>
<b>REVENUES</b>			
Budgeted Beginning Fund Balance	42,200,000	0	0.00
Licenses & Permits	1,230,000	1,428,987	116.18
Charges for Services	257,316,969	250,028,024	97.17
Intergovernmental Revenues	150,000	1,037,871	691.91
Interagency Revenue	3,009,507	2,363,095	78.52
Fund Transfers - Revenue	132,984,823	117,209,479	88.14
Bond and Note	0	1,267,882	0.00
Miscellaneous	813,315	1,264,273	155.45
<b>TOTAL REVENUES</b>	<b>437,704,614</b>	<b>374,599,611</b>	<b>85.58</b>

### Fund Reconciliation Narrative

Expenses are all within 10% of revised budget. Contingency/Ending Fund Balance is forecasted to be 51% over plan the result of pass through from the Beginning Fund Balance and under expenditures.

Licenses and Permits Revenues finished at 116% of revised budget due to a resurgence of sewer connection permits taken out, especially for large "Major Project Group" fees.

Intergovernmental Revenues were 592% over budget due to unforeseen state and local reimbursements for many purposes such as DEQ Water Quality Permit Fees, Workers Comp claims reimbursement, Tri-Met Milwaukie Light Rail reimbursements, ODOT Stormwater Retrofit projects, Regional Coalition for Clean Rivers, and \$400,000 cost sharing from Metro for the construction of fish passages in Crystal Springs Creek.

Interagency Revenue was 21% under budget, a reflection of delays within the CIP on projects by other bureaus, specifically SE Division Street (SE Clinton and Caruthers) that was delayed by PBOT.

Fund Transfer Revenues ended at 12% under budget due mostly to reduced reimbursement from the Construction Fund resulting from lower projected CIP expenditures, but also from reduced transfers from the Rate Stabilization Fund based on debt service coverage requirements.

Bond and Note Proceeds Revenues reflect the last DEQ State Revolving Loan disbursements for loans taken out in 2004 for the Sewer Extension and Revegetation programs. These programs were expected to extend up to ten years from the date of the loan agreements.

Miscellaneous Revenues were 55% over budget due mostly to the disposal of surplus Capital Equipment, but also to higher than budgeted interest earnings.

## Prior Year Fund Reconciliation Report

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent of Actuals to Revised
<b>608 - Environmental Remediation Fund</b>			
<b>EXPENDITURES</b>			
Personnel Services	493,596	393,006	79.62
External Materials and Services	3,956,209	1,662,378	42.02
Internal Materials and Services	969,168	746,638	77.04
Bond Expenses	295,928	893	0.30
Fund Transfers - Expense	135,448	135,448	100.00
Contingency	1,241,519	0	0.00
<b>TOTAL EXPENDITURES</b>	<b>7,091,868</b>	<b>2,938,363</b>	<b>41.43</b>
<b>REVENUES</b>			
Budgeted Beginning Fund Balance	1,500,000	0	0.00
Charges for Services	5,206,868	5,456,614	104.80
Interagency Revenue	370,000	435,569	117.72
Miscellaneous	15,000	40,177	267.85
<b>TOTAL REVENUES</b>	<b>7,091,868</b>	<b>5,932,360</b>	<b>83.65</b>

### Fund Reconciliation Narrative

Personnel Services at year-end were 20% under plan due to current vacancies in two of the five budgeted positions within the Portland Harbor Program.

External Materials and Services \$2.3 million under budget (42%) due to a \$2.1 million reversal of Portland Harbor liability for future Lower Willamette Group payments.

Internal Materials and Services completed the year 23% less than budget resulting from lower Laboratory and Sampling/Monitoring services required as the Portland Harbor investigation phase winds down.

Contingency/Ending Fund Balance is expected to be 357% above budget as a result of the reversal of prior years' accruals for Lower Willamette Group payments, bringing Fund Balance in closer to actual cash balances.

Beginning Fund Balance was higher than budgeted due mostly to a \$1 million contribution received 6/30/11 from ODOT for cooperative habitat restoration within the Portland Harbor Superfund boundaries.

Interagency Revenues were 18% above budget, due to an incorrect recording of a reimbursement from the Water Bureau for lab services at the Interstate Facility. This cost should have been recorded within the Sewer Operating Fund.

Miscellaneous Revenues were 168% over budget (+\$25,177) due to higher interest earnings as a result of the higher cash balances within the fund, and nearly \$6,000 of unbudgeted miscellaneous revenues.



## Prior Year Fund Reconciliation Report

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent of Actuals to Revised
<b>609 - Sewer System Debt Redemption Fund</b>			
<b>EXPENDITURES</b>			
Unappropriated Fund Balance	48,776,041	0	0.00
Bond Expenses	148,474,459	148,409,067	99.96
<b>TOTAL EXPENDITURES</b>	<b>197,250,500</b>	<b>148,409,067</b>	<b>75.24</b>
<b>REVENUES</b>			
Budgeted Beginning Fund Balance	30,770,500	0	0.00
Fund Transfers - Revenue	148,280,000	148,174,520	99.93
Bond and Note	18,000,000	0	0.00
Miscellaneous	200,000	195,710	97.86
<b>TOTAL REVENUES</b>	<b>197,250,500</b>	<b>148,370,230</b>	<b>75.22</b>

### Fund Reconciliation Narrative

Bond Expenses were on plan.

Bond and Note Proceeds reflects the delay of a planned bond sale, moving to August 2013. This delay reduces the reserves that would have flowed to Unappropriated Ending Fund Balance.

## Prior Year Fund Reconciliation Report

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent of Actuals to Revised
<b>614 - Sewer System Construction Fund</b>			
<b>EXPENDITURES</b>			
External Materials and Services	206,000	0	0.00
Bond Expenses	194,000	0	0.00
Fund Transfers - Expense	107,561,495	96,397,764	89.62
Contingency	218,717,505	0	0.00
<b>TOTAL EXPENDITURES</b>	<b>326,679,000</b>	<b>96,397,764</b>	<b>29.51</b>
<b>REVENUES</b>			
Budgeted Beginning Fund Balance	100,000,000	0	0.00
Charges for Services	350,000	786,639	224.75
Intergovernmental Revenues	0	9,295	0.00
Fund Transfers - Revenue	15,829,000	1,676,306	10.59
Bond and Note	210,000,000	0	0.00
Miscellaneous	500,000	392,778	78.56
<b>TOTAL REVENUES</b>	<b>326,679,000</b>	<b>2,865,017</b>	<b>0.88</b>

### Fund Reconciliation Narrative

Fund Transfers - Expense were 10% below budget due to lower projected CIP expenditures requiring reimbursement.

Contingency/Ending Fund Balance is projected to be only 7% of budget due to the delay of a planned bond sale to August 2013.

Charges for Services - Revenues ended the year 125% above budget due to stronger Line and Branch revenues resulting in part from the recent completion of the Lents Sewer Extension project.

Fund Transfers - Revenue came in only 11% of budget due to reduced transfer from the Sewer Operating Fund based on cash available.

Miscellaneous Revenues were 21% under budget due to the delay of a planned bond sale to August 2013 resulting in lower cash balances and thus lower interest earnings.

## Prior Year Fund Reconciliation Report

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent of Actuals to Revised
<b>617 - Sewer System Rate Stabilization Fund</b>			
<b>EXPENDITURES</b>			
Fund Transfers - Expense	25,000,000	20,515,000	82.06
Contingency	5,735,000	0	0.00
<b>TOTAL EXPENDITURES</b>	<b>30,735,000</b>	<b>20,515,000</b>	<b>66.75</b>
<b>REVENUES</b>			
Budgeted Beginning Fund Balance	13,875,000	0	0.00
Bond and Note	16,700,000	16,700,000	100.00
Miscellaneous	160,000	191,771	119.86
<b>TOTAL REVENUES</b>	<b>30,735,000</b>	<b>16,891,771</b>	<b>54.96</b>

### Fund Reconciliation Narrative

Fund Transfers – Expense were 18% under budget due to lower transfers made to Sewer Operating Fund for coverage needs. In consultation with the City’s Debt Manager, this transfer was reduced by \$2.2 million to preserve cash balance in the Rate Stabilization Fund to be used in FY2013.

Contingency/Ending Fund Balance is expected to be 81% above budget, to leave cash to be used in FY2013.

Miscellaneous Revenues were 20% over plan because of anticipated higher interest earnings.

## Prior Year Business Area Reconciliation Report

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent of Actuals to Revised
<b>Bureau of Environmental Services</b>			
<b>EXPENDITURES</b>			
Personnel Services	\$304,486	\$334,956	110%
External Materials and Services	\$1,411,357	\$584,002	41%
Internal Materials and Services	\$307,175	\$275,841	90%
Capital Outlay	\$893,860	\$892,684	100%
<b>TOTAL EXPENDITURES</b>	<b>\$2,916,878</b>	<b>\$2,087,483</b>	<b>72%</b>
<b>REVENUES</b>			
Intergovernmental Revenues	\$2,916,878	\$2,181,535	75%
Miscellaneous	\$0	(\$1)	0%
<b>TOTAL REVENUES</b>	<b>\$2,916,878</b>	<b>\$2,181,534</b>	<b>75%</b>

### Bureau Reconciliation Narrative

#### ES000000 EPA Innovative Wet Weather Program Grant

This grant was underspent in external services. A portion of this grant funds operating projects such as the installation of ecoroofs on privately owned facilities. The completion of these projects is dependent upon willing partners and as such, BES was not able to meet its targets in FY 2011-12.

#### ES000012 EPA Brownfields Clean-up Rollin Tire Grant

This grant was underspent in external services. This grant funds Brownfield clean-up on City-owned lands. Clean-up costs were less than originally estimated at this property.

#### ES000014, ES000015 EPA Brownfields Grants

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

#### ES000037 EPA Brownfields Revolving Loan Fund (RLF) Grant

This grant was underspent in external services. This grant funds a revolving loan fund managed by BES. Under this program, loans are provided for qualifying Brownfield clean-up projects on privately owned lands. The completion of these projects is dependent upon willing partners.

**ENVIRONMENTAL SERVICES**  
**SUMMARY OF BUDGET DECISIONS**

The FY 2011-12 Adopted Budget, including the following decision packages, will require a 6.0% average rate increase.

**System Operations**

This package of \$1,662,657 supports continued operation and maintenance of the sewer system, including new combined sewer overflow facilities. This action shall result in collection, transport of and treatment of significant new flows from Eastside combined sewer overflow control facilities coming online in FY 2011-12, and operation of the restarted Fanno pump station.

- \$1,712,657 increase in external materials and services within Wastewater to reflect increased electricity cost of \$991,150 at the Swan Island and other pump stations (including the restarted Fanno pump station), increased electricity costs at the Columbia Boulevard treatment plant of \$183,381, supplies for chemically enhanced primary treatment totaling \$30,000, increased land application and transportation costs for biosolids cost of \$91,024, increased costs for disposal of waste from sewer cleaning of \$125,000, increased costs for odor control associated with higher flows at the Columbia Boulevard treatment plant of \$72,602; (restarted) Fanno pump station increased cost of \$25,000; increased repair and maintenance supply costs for new facilities of \$49,500; and enhanced security for six major sites totalling \$95,000.

**Pump Station Electricity: \$991,150**

Funding for increased electricity needs for additional pump station facilities including Swan Island Pump Station, other CSO-related pump stations, and the restart up of Fanno Basin Pump Station.

- FY-end Results: Finished the FY with approximately half of this funding remaining. With flow of 30.9 billion gallons, we saw nearly what was expected as a result of the east side CSO system coming online, however electricity usage did not proportionally increase. Usage estimates for the new system appear to have been slightly high. Additionally, the CSO system operating plan is being fine-tuned and changes were made to more effectively operate the system resulting in less electricity use. The CSO system is still new as we go into our second wet weather season with it. We continue to learn the system and implement changes to ensure we meet permit requirements and are as effective as possible with resources necessary to operate and maintain it.

**CBWTP Electricity: \$183,381**

Funding for increased electricity needs at the treatment plant due to increased flows from the new CSO system.

- FY-end Results: All funding was utilized to process increased CSO flows. FY was over-spent by \$173,898 as a result of higher than expected flows due to a wet year.

**CEPT Chemicals: \$80,000**

Funding for chemical used in the new CEPT facility at the treatment plant.

- FY-end Results: New facility start-up was delayed and did not come online in FY12 as planned. Because of this no chemicals were purchased and funding was not used. This funding will be critical to operate this facility as it comes on line October 1, 2012.

**Land Application & Transportation: \$91,024**

Funding to cover increased inflationary increases.

- FY-end Results: Finished the FY with \$77,904 remaining. There was a multi-week cancellation of hauling while the newly constructed digesters were filled, in addition to several shut downs of the sludge hoppers due to mechanical failures which temporarily halted hauling. Without these unexpected shut downs, this service area would have been fully spent and hauling cancellations implemented to avoid over-spending.

**Waste Disposal – Sewer Cleaning: \$125,000**

Funding for CSL to dispose of debris from collection system sewer cleaning.

- FY-end Results: Nearly all funding was spent. Areas that were cleaned during FY12 did not have as much debris as is typically encountered, which left a small remaining balance of approximately \$18,000.

**CBWTP Odor Control: \$72,602**

Funding for additional chemical used for odor control and treatment due to increased flows from the new CSO system.

- FY-end Results: Little of this funding was necessary for increased odor control efforts. Although we saw an increase in flows as was expected as a result of the east side CSO system coming online, odor control treatment at the plant did not increase proportionally. In addition, savings was realized by repairing some of the caustic pumps (through a CIP project) in the Headworks odor control system resulting in less hypochlorite needing to be used.

**Fanno Pump Station: \$25,000**

Refunding for odor control supplies for this pump station.

- FY-end Results: Due to cool temperatures throughout much of the FY and because the station was intermittently off line, the need for odor control chemicals was minimal. This resulted in most of this funding not being utilized. However, this will change next spring when the station is predicted to come back on-line and temperatures began to increase.

**Repair & Maintenance Supplies: \$49,500**

Refunding for repair and maintenance supplies of Fanno Pump Station and additional funding for new CSO facilities.

- FY-end Results: Most of this funding was spent, particularly for Swan Island CSO Pump Station. Some funding was not utilized because of down-time with Fanno Basin Pump Station and the delay of Sellwood Pump Station coming online. Now that all CSO facilities are in operation and once Fanno is back online this funding will be necessary for sufficient maintenance of these facilities.

**Security: \$95,000**

Funding to implement security improvements at six critical sites.

- FY-end Results: Most of this one-time funding was used to implement security improvements at TCWTP, Ankeny Pump Station, Sullivan Pump Station, Guilds Lake Pump Station, Inverness Pump Station, and Hayden Island Dechlor Facility. All these

sites received door, window, and lock, and security improvements. Major site perimeter fencing was improved at TCWTP and Inverness with minor changes to the other sites. Ankeny and Guilds Lake are involved in major construction/remodel projects and further security improvements are being implemented through those contracts. Implementation of the security card access system for these critical sites will be accomplished after the pilot project at CBWTP is completed and the system is installed as part of the Support Facility Building project.

### **Green Infrastructure**

This package of \$432,465 includes funding needed to adequately operate and maintain the growing number of stormwater facilities. This action shall result in maintaining infiltration rates and water quality benefits by proper maintenance of vegetated facilities.

- \$402,465 increase in internal materials and services within Wastewater for maintenance of stormwater infiltration facilities including greenstreets and bioswales
- \$30,000 increase in external materials and services within Wastewater for increased waste disposal costs resulting from enhanced maintenance activities

### **Stormwater Facilities Maintenance: \$402,465**

Funding to sufficiently maintain a substantial increase in number of stormwater facilities.

- FY-end Results: \$376,029.60 of this funding was spent. The small remainder wasn't spent due to some training delays with new contractors performing the work. There were also a few projects that didn't get completed by fiscal year end.

### **Waste Disposal – Stormwater Cleaning: \$30,000**

Funding for CSL to dispose of debris from cleaning of collection system stormwater facilities.

- FY-end Results: Historically this line item has been at risk for overspending due to high amounts of debris needing to be cleaned from stormwater systems in order for them to function correctly. However, the debris volume was not as high as it has typically been resulting in little of this funding being used. Costs for disposal can vary slightly from year to year due to the diversity of the stormwater facilities being cleaned and the variability of other factors such as weather that can impact the amount of debris needing to be removed.

### **Current Service Level**

This package of \$232,000 comprises expenditures necessary to maintain current service levels, including replacement of obsolete equipment and software. This action shall ensure necessary software is compatible with City standard PC operating system and that the Water Pollution Control Laboratory can continue to provide necessary analyses.

- \$100,000 increase in external materials and services within Business Services for replacement of software not compatible with Windows 7, which will be the standard on all new PCs
  - FY-end Results: The majority of BES staff have yet to receive their new W7 PCs. BTS now indicates BES will get the W7 replacements starting in November 2012. The "to date" completed W7 software purchases include the following:

Adobe Acrobat, Adobe Creative Suite, Infanview, Minitab, Perkin Elmer, MapInfo, Snagit, Ultraedit, MS Project, Greenprint, MS Visio, Adobe Photoshop, DWG Trueview, DLT, MS Visual Studio, Win2PDF and WinZip. Products yet to be purchased and used by multiple BES staff include PowerDVD, Crystal Reports and Google Earth. As the BES W7 implementations occur, there will no doubt be software used by one or two BES staff that has yet to be identified. This software will be purchased as required when found.

- \$132,000: capital outlay increase within Pollution Prevention for replacement of a point-of-use water purification system necessary for lab testing which is no longer supported by the manufacturer costing \$17,000, replacement of failing flow analyzers necessary for lab testing for which replacement parts are no longer available costing \$60,000, and a Total Organic Carbon analyzer which will be more economical than having these analyses done externally costing \$55,000.
  - FY-end Results: All equipment in this package has been purchased.

### **Asset Management**

This package includes funding for necessary expenditures to adequately maintain treatment facilities.

- \$281,821 increase in external materials and services within Wastewater for repair and maintenance supplies to levels consistent with historical expenditure trends

### **Repair & Maintenance Supplies & Services: \$281,821**

Funding for repair and maintenance supplies and services for CSL based on condition assessments.

- FY-end Results: This funding was fully spent to address necessary repair and maintenance needs. Mechanical maintenance for both treatment plants continues to be at risk for overspending based on needs identified through condition assessments and operational level of service requirements.



## **Service Improvement Plan (FY 2011-12)**

### **Asset Management**

Providing wastewater and stormwater utility services is capital intensive. To provide essential services to customers, the bureau relies on infrastructure such as pipes, pumps, treatment facilities, as well as the natural environment including surface and ground water, topography, soils and vegetation. The bureau has sought to discover and apply leading asset management principles by 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 program. The following was completed by June 30, 2012:

- Use Level of Service Strategic Outcomes to help inform the new revised BES Strategic Plan and help to identify define specific bureau activities necessary to meet the strategic levels of service.
- Began process to review and refine bureau-wide performance measures in light of the revised Strategic Plan being developed in fiscal year 2011. New performance measures will be defined where necessary to reinforce the direction set by the Strategic Plan.
- Phase I of the Green Asset Inventory and Assessment Project delivered final TM documenting current data sets and applicability for bureau activities. Recommended follow-on phases to perform field work and information management tasks.
- Continued work to integrate Asset Management principles for risk-based planning into three infrastructure planning projects: sewer rehabilitation, plants and pump station operations and maintenance, and the Stephens Creek stormwater system plan.

#### **Status:**

Integrate Asset Management principles and practices are being integrated into the Sewer Rehabilitation, Plants & Pump Station O&M, and the Stephens Creek stormwater system plan infrastructure-planning projects. Also training for various work groups on the benefits of asset management and how it relates to their daily work has been initiated. The purpose of the training is to educate the staff on the bureau's asset management improvement program and gain their support for the program.

Coordinating development of Bureau-wide sub-set of general levels of service (LOS) for reporting out to City agencies and the public. BLT is reviewing these LOS. Asset Management Staff is developing necessary risk-based structure to ensure the BLT high LOS is directly connected to the more detailed Technical and Tactical levels of service and performance measures.

## **Fats, Oils, and Greases (FOG) Program**

The City of Portland's FOG Program goals are to minimize the accumulation of FOG in the collection system, reduce associated cleaning costs, eliminate the potential for sewage overflows and basement backups, and promote the proper handling and disposal of FOG. The City has implemented this program through outreach to residential homes and commercial facilities, inspecting grease removal devices at food service establishments, increased sewer line cleaning in areas at increased risk of blockages and overflows and conducting enforcement actions when sewage overflows are a result of grease blockages. While this has been partially successful, it appears that technical assistance is becoming less effective, which has resulted in increased line cleaning frequency and a growing number of areas at risk for line blockages and sewer overflows. To address this issue, the City has begun to reorganize the program and take a more proactive approach in minimizing FOG entering the City's sewer system. The City will:

- By June of 2012, finalize and enact updated City Code and Administrative Rules for minimizing FOG in the City's sewer system
- Within two years meet with all food service establishments to encourage proper implementation of best management practices and
- Within two years inspect all grease removal devices at all food service establishments to ensure they are in good working condition and being pumped out regularly to minimize the discharge of FOG into City sewers

### **Status:**

City Code and Administrative Rules have been updated.

The City has met with and provided outreach to approximately 35% of all food service establishments to encourage use of best management practices and to verify proper implementation of the practices prior to modifying extra strength rates.

The City has inspected approximately 50% of all food service establishments to verify the installation and maintenance of grease removal devices. These inspection rates are on schedule for full implementation by December 2013.

## **Audit of BES/BOM Maintenance Activities**

The bureau is responsible for maintaining the City's sanitary sewer and stormwater collection infrastructure, including approximately 2,300 miles of pipes. The bureau has an agreement with the Portland Bureau of Transportation (PBOT) Maintenance Operations to provide pipe inspection, cleaning and repair services. The Auditor's office examined the current agreement against the possibility of locating the maintenance operation within Environmental Services, and found potential savings to sewer and stormwater customers from a transfer of responsibility, but pointed out several operational issues that could affect that estimate. The audit recommended that the Commissioners in charge of the respective bureaus instruct them to develop a coordinated

proposal to either maintain or reorganize the relationship, while taking account of the operational issues involved in any transfer. The following will be completed by June 30, 2012:

In collaboration with PBOT, develop a scope of work and secure the services of a qualified independent consultant to assess the potential savings and costs of organizing sewer maintenance activities within Environmental Services.

**Status:**

Scope of work was developed jointly with PBOT and work was advertised. There were no responses to the City's original Request for Proposals.

There were no responses to a new RFP that was developed and re-issued this spring.

# Bureau of Environmental Services

## Performance Measures

Performance Measure	Type	FY 2010-11 Year-End Actuals	FY 2011-12 Year-End Actuals	FY 2012-13 Revised Budget	FY 2013-14 Performance No Dec Pkg	FY 2013-14 Performance With Dec Pkg
ES_0001 - Maintain the bureau's first lien debt service coverage ratio at 1.5 or greater	EFFECTIVE	1.97	1.93	1.95	0.00	0.00
ES_0002 - Time loss hours (due to injuries)	EFFICIENCY	3.20	3.50	4.00	0.00	0.00
ES_0005 - Construction management costs as a percentage of total construction costs	EFFICIENCY	7%	11%	12%	0%	0%
ES_0006 - No. of students provided with bureau education programs	WORKLOAD	16,121	13,473	12,500	0	0
ES_0008 - Number of individual participants in projects catalyzed or hosted by the Stewardship Program	WORKLOAD	9,965	10,101	9,500	0	0
ES_0010 - No. of lab analyses performed each year	WORKLOAD	46,048	56,504	46,000	0	0
ES_0011 - Percent of industrial enforcement tests in full compliance	EFFECTIVE	99.0%	99.5%	99.0%	0.0%	0.0%
ES_0012 - Average resources spent in site investigations and cleanup, per site investigated or remediated	EFFICIENCY	\$6,132	\$12,596	\$13,000	\$0	\$0
ES_0013 - Wastewater processed in million gallons per day	WORKLOAD	30,449	30,911	30,400	0	0
ES_0014 - Percent of biochemical oxygen demand (BOD) removed	EFFECTIVE	96.5%	96.2%	85.0%	0.0%	0.0%
ES_0021 - Maintain bureau's combined 1st & 2nd lien debt service coverage ratio at 1.3 or greater	EFFECTIVE	1.31	1.29	1.31	0.00	0.00
ES_0022 - Cost to operate and maintain the treatment plants reflected in costs per million gallons per day (mgd)	EFFICIENCY	\$509	\$525	\$565	\$0	\$0
ES_0023 - Percent of pipe identified as highest priority for repair or replacement incorporated into funded CIP or Op. proj.	EFFECTIVE	43%	99%	99%	0%	0%
ES_0024 - Number of trees planted	WORKLOAD	48,797	46,099	41,400	0	0

### Performance Measure Variance Descriptions

#### ES\_0005

Construction management costs as a percentage of total construction costs returned to previous levels of 11.2% as larger projects completed and the focus of the CIP shifted to rehabilitation and maintenance projects, which tend to be more localized and smaller in size. BES is looking at options for packaging these types of projects to take advantage of the economies of scale with larger projects.

#### ES\_0006

Number of students provided with bureau education programs fell 16% from 16,121 in FY 2010-11 to 13,473 in FY 2011-12.

The reduction is due to several factors: (1) BES was present at fewer community events than in the prior year that has an impact on the total numbers; (2) some school class sizes are increasing, however many Title 1, alternative programs, and private school class sizes have decreased which affected the average number of students per class in 11-12; (3) BES purposely taught slightly fewer number of total programs in 11-12 to increase program quality (more time per lesson or field trip in some cases) and to better manage overall staff capacity; and, (4) finally, fewer summer programs were taught in 11-12 to focus on program development and revisions (website revision, annual report production and new program guide).

#### ES\_0010

Number of lab analyses performed each year increased to 56,504 or +23%

We experienced increases across the board that remained steady throughout the year. No large projects per se as in the prior year with the Underground Injection Program. More significantly, testing has increased for outside customers such as Cities of Gresham and La Grande and ODOT.

#### ES\_0012

Average resources spent in site investigations and cleanup, per site investigated or remediated

The methodology used to determine the figure changed to include a detailed calculation of the time spent by city and consultant staff. The FY 2011-12 results are very close to future targets.

#### ES\_0023

Percent of pipe identified as highest priority for repair or replacement incorporated into funded CIP or Operating project

The percent of critical pipe or replacement funded was lower in FY 2010-11 because the bureau had identified significantly more pipes as "critical" AND the bureau had pushed some projects out beyond the 5-Year CIP planning window. Some of those projects are now included in the 5-Year plan so the measure, at 99%, is on track.

# Capital Program Status Report

## Environmental Services

CIP Program	FY 2011-12 Adopted Budget	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Variance \$	Variance %	FY 2012-13 Adopted Budget	Fall BuMP Revised Budget	FY 2012-13 Year to Date Actuals	Variance \$	Variance %
	\$0	\$0	\$194,475	\$194,475		\$0	\$0	(\$54)	\$0	
Combined Sewer Overflow	\$26,470,000	\$33,070,000	\$32,008,735	(\$1,061,265)	(3%)	\$3,404,000	\$4,404,000	(\$2,397,222)	\$1,000,000	29%
Facilities	\$0	\$0	\$343,333	\$343,333		\$0	\$0	(\$200,000)	\$0	
Maintenance and Reliability	\$29,683,000	\$29,683,000	\$26,712,399	(\$2,970,601)	(10%)	\$36,789,000	\$48,789,000	\$765,565	\$12,000,000	33%
Sewage Treatment Systems	\$27,953,000	\$21,353,000	\$19,868,067	(\$1,484,933)	(7%)	\$35,009,000	\$35,009,000	\$46,309	\$0	0%
Support	\$0	\$0	\$495,616	\$495,616		\$0	\$0	\$0	\$0	
Surface Water Management	\$24,477,000	\$24,083,047	\$20,055,204	(\$4,027,843)	(17%)	\$16,327,000	\$17,483,867	\$1,752,756	\$1,156,867	7%
Systems Development	\$3,567,000	\$4,012,000	\$5,378,702	\$1,366,702	34%	\$3,898,000	\$4,568,550	\$42,410	\$670,550	17%
<b>Total</b>	<b>\$112,150,000</b>	<b>\$112,201,047</b>	<b>\$105,056,531</b>	<b>(\$7,144,516)</b>	<b>(6%)</b>	<b>\$95,427,000</b>	<b>\$110,254,417</b>	<b>\$9,765</b>	<b>\$14,827,417</b>	<b>16%</b>

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

\*\* Current Year variances compare Revised Budget to Adopted Budget

### Prior Year Variance Description

Maintenance & Reliability (-\$2,970,601; -10%)

- Delay of Division Street project (PBOT)
- Slightly lagging bid dates for both Phase 1 (E08400) and Phase 2 (E10031) Rehab programs

Surface Water (-\$4,027,843; -17%)

- Slough Infrastructure – 33rd Ave Culvert delayed to accommodate PBOT work on another slough crossing
- UIC Improvements – put on hold pending negotiations with DEQ
- G2G Land and Johnson Creek Willing Seller program – difficult to predict timing of property acquisitions

Systems Development (+\$1,366,702; +34%)

- BTE interagency – more PBOT work than anticipated (\$370,000)
- Party Sewers – program demand exceeding budget (\$825,000)

### Current Year Variance Description

The Combined Sewer Overflow (CSO) Program is increased by \$1,000,000.

\$1,000,000 – E08107 Eastside System Startup - The complexity of integrating the tunnels into the operations of the system is more complex and time consuming than anticipated. Milwaukie light rail conflicts with an existing flow control structure that is critical to the CSO system. Working with TriMet to reconstruct the structure.

The Maintenance and Reliability Program is increased by \$12,000,000.

\$9,000,000 - E09045 Fanno – BES and Clean Water Services have negotiated new agreements regarding payments to CWS for flow diversion and temporary storage while Fanno Pump Station is repaired. This is a new CIP expense. \$800,000 – E08662 SE Division – PBOT's project is moving slower than anticipated. \$1,500,000 – E08400 Sewer Structural Rehab, Phase One – Project bids were delayed slightly from anticipated schedules. \$700,000 – E10031 Phase Two Pipe Rehab – Consultant work started slower than anticipated, but is now expected to spend more quickly.

The Surface Water Management Program is increased by \$1,156,867.

\$600,000 – E09113 – 1% for Green Streets – Delivery of these small projects has been impacted by availability of resources for design. Several are anticipated to move to construction in the current fiscal year. \$400,000 – E10040 – Johnson Creek Willing Seller Program – Land Purchase closed in July, was anticipated in FY 11-12. Grant funded increases are \$137,412 – E08967 – Grey to Green Culverts and \$19,455 - E08905 - Grey to Green Land Acquisition.

The System Development Program is increased by \$670,550.

Grant funded increase of \$670,550 for PBOT Portland to Milwaukie Light Rail extension project.