



CITY OF PORTLAND
ENVIRONMENTAL SERVICES




1120 SW Fifth Avenue, Room 1000, Portland, Oregon 97204 ■ Charlie Hales, Mayor ■ Dean Marriott, Director

Date: March 29, 2013

To: Charlie Hales, Mayor
Nick Fish, Commissioner
Amanda Fritz, Commissioner
Steve Novick, Commissioner
Dan Saltzman, Commissioner
LaVonne Griffin-Valade, Auditor

C: Andrew Scott, City Budget Office

From: Dean Marriott, Director 
Bureau of Environmental Services

Subject: FY 2012 - 13 Spring Budget Monitoring Report

Attached please find the Bureau of Environmental Services Budget Monitoring Report for Spring of FY 2012-13. Requested changes to the operating budget include:

- Reductions to grants totalling \$698,993 primarily reflecting schedule adjustments and lower than expected program participation in several areas.
- A request of \$779,265 from Contingency for cost of living adjustments for represented staff, ecoroof incentive and Green Investment Fund contract liabilities.
- Recognition of new interagency revenues totalling \$743,699

Requested changes to the Bureau's capital budget reflect \$4,800,000 in internal adjustments from Capital Outlay to Materials and Services, within the Maintenance and Reliability and Sewage Treatment Systems Programs. These changes have no net impact to the overall budget.

Requested fund-level changes include:

- A transfer of \$891,000 from the Environmental Remediation Fund to the Sewer Operating Fund to reimburse for Utility License Fee payments made by the Operating Fund on behalf of the Remediation Fund in prior years.
- Recognition of an additional \$4,000,000 in System Development Charge revenues, reflecting stronger than anticipated economic activity.
- Reduction of \$105,000,000 in bond proceeds in the Sewer Construction Fund, reflecting a delay of a planned Spring 2013 revenue bond sale into FY 2013-14.
- An increase of \$5,000,000 in the transfer from the Rate Stabilization Fund to the Operating Fund to meet revenue bond coverage requirements.

BUDGET AMENDMENT REQUEST

Bureau of Environmental Services

PERIOD Spring BuMP

FISCAL YEAR FY 2012-13

ES_009 - Operating Program Adjustments - Spring BMP

Operating Program Adjustments are categorized within the Spring BMP as "New Request" as these are primarily new adjustments, and "Contingency" as this request returns \$147,611 of current External Materials and Services resources to Contingency with the required work being performed in-house. This request also uses \$739,265 from Contingency for COLA for represented staff, ecoroof contract liabilities, Green Investment Fund payment to Planning and Sustainability and health benefits reimbursement to the Bureau of Human Resources.

Personnel Services

\$500,000 of Cost of Living Adjustments (COLA) is requested from Contingency to assure compliance with local budget law. The COLA is 2.7%. The additional appropriation was calculated only on represented staff (380.38 FTEs) within the bureau as non-represented staff did not receive COLA for FY 2012-13.

Business Services

Eliminate \$611 interagency agreement with the Auditor's Office that was to pay for an increased number of programs subject to Single Audit requirements. The external auditor, Moss Adams, did not conduct audits of these additional programs this year. As a result, the Auditor's Office is canceling the interagency agreement.

Watershed Services

\$204,000 for contractual obligations regarding ecoroof incentives. These are completed roofs requiring a payout match beyond the adopted budget appropriation levels, but within life budget, for approved ecoroof incentive recipients who have or are expected to complete their roof projects this fiscal year as part of the Grey to Green initiative. Resources are from Contingency.

\$12,000 for internal BES field monitoring services for PAWMAP (Portland Area Watershed Monitoring and Assessment Program) implementation. The work will be done in-house so PTE appropriation will be returned to Contingency.

\$71,580 of internal adjustments to provide appropriation for PBOT services, instead of external contractors, for ditch and drainage improvements on Garden Home Road and Maplewood within the Fanno-Tryon Watershed. The services were performed by PBOT rather than external contractors.

\$55,550 of internal adjustments for (1) \$45,550 in cost-sharing with Parks for Willamette Park planning effort and (2) \$10,000 for Elk Rock Island restoration.

\$115,000 of internal adjustments for additional natural area maintenance revegetation work in the Willamette Watershed and the Columbia Slough. The \$115,000 is being returned to Contingency as the Revegetation Program will perform the work with current resources.

\$20,000 for internal BES field monitoring and lab services for Columbia Slough sediment program. The program found the sampling effort and costs were higher than anticipated. The work will be done in-house so PTE appropriation will be returned to Contingency.

\$10,000 of internal adjustments for Green Street services from Parks. The original plan had BES' Revegetation staff performing the services however the Revegetation Program cannot work on the project due to the timing of stormwater maintenance work so Parks will provide the required services for Green Streets.

\$24,167 for an interagency payment to the Bureau of Planning and Sustainability for GIF – Green Investment Fund. The original 5-year agreement has expired but costs associated with contractual agreements linger for several years afterward. BES has been informed there is one more cost to cover in FY 2013-14 for \$10,000. Resources are from Contingency.

Wastewater Services

\$11,098 for an interagency payment to the Bureau of Human Resources for health benefits regarding a former employee. Resources are from Contingency.

BUDGET AMENDMENT REQUEST

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

ES_010 - CIP - Spring BMP

CIP adjustments are categorized within the Spring BMP as "Technical" as these are budget changes driven by where the costs were actually booked and "Internal" as the budget is moved from other areas within the CIP. These types of changes are 'housekeeping.'

The CIP Program reflects \$4,800,000 of internal adjustments, the result of which nets to zero. Appropriation is being provided for External Materials and Services from Capital Outlay resources.

The Sewage Treatment Program has internal adjustments of \$2,000,000. External materials and services were increased by \$2,000,000. Capital outlay is reduced by \$2,000,000.

The Maintenance and Reliability Program has internal adjustments of \$2,000,000. External materials and services were increased by \$2,000,000. Capital outlay is reduced by \$2,000,000.

Internal adjustments of \$800,000 for services performed by the Water Bureau for BES CIP projects. This increase is in addition to the current appropriation of \$512,000.

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

BUDGET AMENDMENT REQUEST

Bureau of Environmental Services

PERIOD Spring BuMP

FISCAL YEAR FY 2012-13

ES_011 - New Interagency Revenues - Spring BMP

New Interagency Revenues are categorized within the Spring BMP as "New Request" as these are new adjustments and "New Revenue" as this Request recognizes \$743,699 of new interagency revenue. In all cases with revenue interagencies, if BES personnel and other planned costs were included, those amounts are returned to Contingency, as those resources are already budgeted. The amount returned to Contingency with these new agreements is \$696,452.

Business Services

\$45,000 of new revenue, reflecting reimbursements from attendees of the Cooperative Leadership Institute. This training revenue will offset total training expenses, leaving only BES training expenses on the books. The \$45,000 is returned to Contingency.

Engineering Services

Increase revenue of \$655,000 from the Water Bureau for services performed for various Water Bureau projects: \$400,000 for Powell Butte, \$100,000 for Bull Run Dam 2 Tower, \$35,000 for Forest Park Reservoir, \$40,000 for Interstate and \$80,000 for Distribution Mains Program. \$100,000 is required to increase outside services in support of the work and \$555,000 will be returned to Contingency to offset personnel and other costs already budgeted.

Increase revenue of \$47,753 to reflect revenues already received for revegetation services. Reimburses rate-funded expenses so revenues fall to Contingency.

ODOT \$11,000, Metro \$11,000, Multnomah County Drainage District \$9,819, The Nature Conservancy \$2,950, Columbia Slough WS Council \$8,000, Oregon Yacht Club \$2,820, and Riverview Cemetery \$2,164. The \$47,753 is returned to Contingency.

Increase revenue of \$5,974 to reflect services performed for Parks Tolinda effort. The \$5,974 is returned to Contingency.

Increase revenue of \$42,725 in engineering services with Parks for Forest Park Culvert. This project is part of Parks' "Utilities, Roads and Trails." The \$42,725 is returned to Contingency.

Pollution Prevention

Increase revenue of \$40,000 from the Water Bureau for environmental site assessment services performed for the Distribution Mains Program. The revenue will support additional waste disposal expenses.

Dollar Amount: \$836,452
Type: New Request
Resources: New Revenues

BUDGET AMENDMENT REQUEST

Bureau of Environmental Services

PERIOD Spring BuMP

FISCAL YEAR FY 2012-13

ES_012 - BES Grants Spring BMP

The following adjustments to Grants totaling <\$698,993> are required by project managers. The CIP grant adjustments total <\$305,450>, the Operating grant adjustments total <\$393,543>.

<\$200,260> EPA Innovative Wet Weather Program (ES000000)

This grant relies on partners willing to construct Ecoroofs on their properties. Sub-recipient partners for FY 2012-13 did not materialize and subsequently reductions were made to the grant budget.

<\$590,000> EPA Innovative Wet Weather Program Clay Street (CIP) (ES000000)

Project E10007 Clay Street Green Street, funded by this grant, has been delayed to FY 2013-14.

<\$12,051> EPA Brownfields: Petroleum Assessments (ES000015)

This grant relies on partners willing to perform Brownfield environmental assessment activities on their properties. Fewer sub-recipient partners for FY 2012-13 materialized than originally planned and subsequently reductions were made to the grant budget.

\$286 EMSWCD: Mt Tabor (ES000033)

This grant provides BES Revegetation and Parks Forestry services to the Mt Tabor Revegetation Project in support of volunteer efforts made by the Friends of Mount Tabor Park.

<\$181,500> EPA Brownfields Revolving Loan Fund Cleanup (ES000037)

This grant provides funds to establish a Portland Brownfields Revolving Loan Fund (PBRLF). The expenditure of these grant funds relies on PBRLF loan sub-recipients willing to perform Brownfield cleanup activities on their properties. Fewer sub-recipient partners for FY 2012-13 materialized than originally planned and subsequently reductions were made to the grant budget.

\$55,100 Metro Capital: Baltimore Woods 2 (CIP) (ES000038)

Funds for land acquisition of project E10421 Baltimore Woods Jorgenson property were added.

\$229,450 Milwaukie to Portland Light Rail (CIP) (PBOT: TR000094)

PBOT received a grant from TriMet for the Portland-Milwaukie Light Rail Project. PBOT is using this grant to pay BES for services provided to PBOT. Since BES is set up in SAP to directly charge to this grant, OMF Grants Office requires BES to budget for the BES expenses. The services provided by BES on this project are utility coordination, design review and construction and inspection services for sewer relocations/rehabilitations and stormwater management facilities as necessary to meet the project's stormwater management requirements associated with TriMet's Portland-Milwaukie Light Rail Project.

Dollar Amount: **(\$439,933)**

Type: New Request

Resources: Grants

BUDGET AMENDMENT REQUEST

Bureau of Environmental Services

PERIOD Spring BuMP

FISCAL YEAR FY 2012-13

ES_013 - Fund Transfers - Spring BMP

BUDGET AMENDMENT REQUEST

Fund Transfers are categorized within the Spring BMP as "New Request" as these are new adjustments, and "New Revenue" as the majority of these adjustments reduce revenues (delay of bond sale) and offset by additional System Development Charges (SDC) revenue.

Sewer Operating Fund and Environmental Remediation Fund -
Reimburse Sewer Operating Fund for Utility License Fees (ULF) paid on behalf of the Environmental Remediation Fund (ERF).

BES pays ULF based on total rate revenues including Portland Harbor revenues that are recorded in the ERF. However, in the past three fiscal years (FYE 10, 11 and 12) the Sewer Operating Fund has incurred the entire ULF cost for both funds. The transfer of \$891,000 from the ERF to Sewer Operating represents the last three fiscal years. The appropriation of \$170,000 reflects the ULF for the Environmental Remediation Fund for FY 2012-13. BES is also reducing the ULF in the Sewer Operating Fund by the same amount to reflect this realignment. For FY 2013-14, the appropriation within both funds are correct.

Sewer Operating Fund, SDC Sewer System Operating Subfund and Debt Redemption Fund -
Sewer Operating Fund, System Development Charges (SDCs) and Debt Service

This adjustment recognizes \$4,000,000 of additional commercial SDC revenue in the SDC Sewer System Operating Subfund of 600001 and appropriates it to fund debt service payments within the Debt Redemption Fund (609000), as proscribed under ORS 227.307. Conversely, the transfer from the Sewer Operating Fund (600000) is reduced by \$4,000,000 to reflect the reduction of rate cash to fund the debt service payments.

Sewer Construction Fund and Debt Redemption Fund -
Sewer Construction Fund –

This adjustment removes the planned spring 2013 bond sale, reflecting the temporary line of credit financing of \$95,000,000 and the delay of the bond sale into FY 2013-14. \$105,000,000 of bond proceeds will be removed with this adjustment.

Debt Redemption Fund –

This adjustment removes the planned spring 2013 bond sale, reflecting the delay into FY 2013-14. \$17,000,000 of bond proceeds and reserve for debt service will be removed with this adjustment.

Sewer Operating Fund and Sewer Rate Stabilization Fund (RSF) –
Sewer Operating Fund -

\$5,000,000 increase in cash transfers from the Rate Stabilization Fund to meet revenue bond coverage. Reduce rate revenues \$10,000,000 to reflect lower projections. Removes cash transfers to the RSF of \$5,000,000.

Sewer Rate Stabilization Fund –

\$5,000,000 increase in the transfers from the Rate Stabilization Fund to the Operating Fund to meet revenue bond coverage. Reduce Contingency by \$5,000,000 to allow for the transfer.

Environmental Remediation Fund –

Record repayment of FY 2011-12 interfund loan made to Grant's Fund (for PBOT federal grants) to reimburse costs on the Portland-Milwaukie Light Rail. Loan amount is \$295,000. Repayment of interest (about \$1,500) is being discussed by Grants, Central Accounting and the City Budget Office as interest paid for this loan cannot come from the Grants Fund as that type of cost is restricted. Increases Contingency.

Sewer Construction Fund – SDC Liens Bond Sale –

\$700,000 reduction of the transfer of bond proceeds from the LID Construction Fund to the Sewer Construction Fund as the Local Tax Improvement Bonds (LTIB) bond sale has been delayed. Reduce Contingency. New properties connecting to the BES sewers are required to pay Systems Development Charges and Line and Branch charges to buy into the existing system and contribute towards the costs of the sewer available to them. The City offers financing of these charges, after which the Auditor's Office will bundle these financing contracts into a bond sale to "cash out" BES, distributing BES's share of the bond proceeds through a cash transfer. Due to the timing of closing the larger PBOT Eastside Portland Streetcar LID project, the Auditor's Office has decided that it is not ready to go forward with the bond sale until next fiscal year.

BUDGET AMENDMENT REQUEST

Dollar Amount: (\$127,512,500)
Type: New Request
Resources: New Revenues

Fund Projection Report
Sewer System Operating Fund 600000

	Spring BuMP Revised Budget	FY 2012-13 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%
Personnel Services	\$57,856,309	\$38,633,661	\$57,385,000	99%
External Materials and Services	\$62,622,034	\$36,397,209	\$59,474,000	95%
Internal Materials and Services	\$42,192,763	\$26,810,136	\$41,982,000	100%
Capital Outlay	\$67,635,008	\$27,076,485	\$52,987,000	78%
Bond Expenses	\$2,342,082	\$486,511	\$2,293,000	98%
Fund Transfers - Expense	\$168,803,282	\$73,719,489	\$157,798,000	93%
Contingency	\$58,242,718	\$0	\$55,342,215	95%
TOTAL EXPENDITURES	\$459,894,196	\$203,123,490	\$427,461,215	93%
REVENUES				
Budgeted Beginning Fund Balance	\$52,200,000	\$0	\$42,132,215	81%
Licenses & Permits	\$1,155,000	\$1,116,988	\$1,346,000	117%
Charges for Services	\$271,695,319	\$152,328,029	\$269,822,000	99%
Intergovernmental Revenues	\$837,500	\$442,457	\$648,000	77%
Interagency Revenue	\$3,192,247	\$1,665,840	\$2,821,000	88%
Fund Transfers - Revenue	\$130,164,130	\$55,590,141	\$109,772,000	84%
Miscellaneous	\$650,000	\$671,791	\$920,000	142%
TOTAL REVENUES	\$459,894,196	\$211,815,247	\$427,461,215	93%

Fund Projection Narrative

Expenses are forecasted to be on plan, with the exception of Capital Outlay projected to be on 78% of revised budget due to delays in CIP projects. Total CIP expenditures are projected to be 85% of Revised Budget, and 97% of the Adopted Budget.

Beginning Fund Balance was only 81% of revised budget due mostly to a FY 2011-12 year-end audit adjustment in the amount of -\$7.4 million for prior years' accounting treatment of bad debt expense. Licenses and Permits Revenues are forecast to be 117% of budget, showing signs of an improving economy through greater permit activity.

Intergovernmental Revenues are forecasted to be only 77% of plan due to sporadic nature of many state, local and federal cost sharing situations. Most of the revenue received to date are for more routine purposes such as DEQ Water Quality Permit Fees, Workers Comp claims reimbursement, Tri-Met Milwaukie Light Rail reimbursements, ODOT Stormwater Retrofit projects, and Regional Coalition for Clean Rivers.

Interagency Revenues are for work performed for other City bureaus, which are projected to be only 88% of the Revised Budget, reflecting perhaps budget or funding issues in other bureaus.

Fund Transfer Revenues are forecasted to be 84% of Revised Budget because of reduced reimbursement from the Construction Fund resulting from lower projected CIP expenditures, but also from slightly lower transfers from the Rate Stabilization Fund (RSF), 87% of revised budget. Budget for RSF transfers is being increased to the maximum amount that is available in the Rate Stabilization Fund in case additional transfers are yet needed, but at this time are projected to fall about halfway between the amounts in the Adopted and the Revised Budgets.

Finally, Miscellaneous Revenues are projected to be 142% of Revised Budget, because of \$238,000 received from the sale of bureau equipment, for which there was no budget. (Due to the unpredictability of the timing and sale prices of the auction process, BES does not routinely budget for sale of equipment.) In this instance, it was the sale of eight vehicles, including two cargo vans, two vactor trucks, two excavators, and two dump trucks, ranging in ages from ten to eighteen years young.

Fund Projection Report
Environmental Remediation Fund 608000

	Spring BuMP Revised Budget	FY 2012-13 YTD Actuals Thru AP8	Spring BuMP Year-End Projection	% of Projected Actuals to Revised Bud
Environmental Remediation Fund				
EXPENDITURES				
Unappropriated Fund Balance	\$0	\$0	\$0	0%
Personnel Services	\$434,250	\$230,169	\$375,000	86%
External Materials and Services	\$2,867,609	\$275,242	\$1,895,000	66%
Internal Materials and Services	\$878,461	\$541,631	\$876,000	100%
Bond Expenses	\$1,006	\$191	\$1,000	99%
Fund Transfers - Expense	\$1,074,968	\$122,647	\$1,060,000	99%
Contingency	\$3,874,030	\$0	\$4,348,650	112%
TOTAL EXPENDITURES	\$9,130,324	\$1,169,879	\$8,555,650	94%
REVENUES				
Budgeted Beginning Fund Balance	\$4,107,500	\$0	\$4,040,948	98%
Charges for Services	\$4,304,622	\$2,388,073	\$3,793,000	88%
Interagency Revenue	\$388,500	\$263,218	\$396,000	102%
Fund Transfers - Revenue	\$702	\$0	\$702	100%
Bond and Note	\$295,000	\$0	\$295,000	100%
Miscellaneous	\$34,000	\$19,545	\$30,000	88%
TOTAL REVENUES	\$9,130,324	\$2,670,836	\$8,555,650	94%

Fund Projection Narrative

Personnel Services are forecasted to be 14% under plan due a vacancy within the Portland Harbor Program.

External Materials and Services are forecasted to be only 66% of the Revised Budget, primarily due to a \$695,000 reversal of a FY 2011-12 accrual for estimated liabilities related to future costs of the Portland Harbor Remedial Investigation and Feasibility Study (RI/FS). As this program moves into the close-out phase, these accruals are decreasing as future costs decrease.

Contingency is forecasted to be 12% over plan the result of the reduced expenditures discussed above.

Charges for Services are projected to be 88% of the Revised Budget, due to reduced economic conditions and a budget that was set at a higher level prior to rate development.

Miscellaneous Revenues is forecasted to be 12% under budget (-\$4,000) due to lower interest earnings within the fund.

Fund Projection Report
Sewer System Debt Redemption Fund 609000

	Spring BuMP Revised Budget	FY 2012-13 YTD Actuals Thru AP8	Spring BuMP Year-End Projection	% of Projected Actuals to Revised Bud
Sewer System Debt Redemption Fund				
EXPENDITURES				
Unappropriated Fund Balance	\$30,876,866	\$0	\$30,768,851	100%
Bond Expenses	\$148,473,134	\$68,531,615	\$148,451,250	100%
TOTAL EXPENDITURES	\$179,350,000	\$68,531,615	\$179,220,101	100%
REVENUES				
Budgeted Beginning Fund Balance	\$30,850,000	\$0	\$30,808,101	100%
Fund Transfers - Revenue	\$148,350,000	\$68,415,959	\$148,269,000	100%
Bond and Note	\$0	\$0	\$0	0%
Miscellaneous	\$150,000	\$101,172	\$143,000	95%
TOTAL REVENUES	\$179,350,000	\$68,517,131	\$179,220,101	100%

Fund Projection Narrative

All Expenses and Revenues are forecasted to be on plan, after the changes incorporated in this Spring BMP. Bond and Note Proceeds reflect the delay of a planned bond sale, moving to August 2013. This delay reduces the forecast for interest income and reserves that would have flowed to Unappropriated Ending Fund Balance.

Fund Projection Report
Sewer System Construction Fund 614000

	Spring BuMP Revised Budget	FY 2012-13 YTD Actuals Thru AP8	Spring BuMP Year-End Projection	% of Projected Actuals to Revised Bud
Sewer System Construction Fund				
EXPENDITURES				
Unappropriated Fund Balance	\$0	\$0	\$0	0%
Bond Expenses	\$170,000	\$95,832	\$170,000	100%
Fund Transfers - Expense	\$117,000,000	\$55,434,077	\$97,536,000	83%
Contingency	\$4,221,749	\$0	\$1,468,981	35%
TOTAL EXPENDITURES	\$121,391,749	\$55,529,910	\$99,174,981	82%
REVENUES				
Budgeted Beginning Fund Balance	\$12,500,000	\$0	\$15,286,981	122%
Charges for Services	\$550,000	\$490,607	\$751,000	137%
Fund Transfers - Revenue	\$12,841,749	\$341,749	\$1,917,000	15%
Bond and Note	\$95,000,000	\$35,860,471	\$80,585,000	85%
Miscellaneous	\$500,000	\$637,233	\$635,000	127%
TOTAL REVENUES	\$121,391,749	\$37,330,060	\$99,174,981	82%

Fund Projection Narrative

Fund Transfers - Expense are forecasted to be 17% below budget due to lower projected CIP expenditures requiring reimbursement.

Contingency is projected to be only 35% of plan due to the delay of a planned bond sale to August 2013.

Beginning Fund Balance was 122% of budget based on the prior year's actual reimbursements for CIP expenditures.

Charges for Services Revenues are projected to be 37% above budget due to stronger Line and Branch revenues due in part to the recent completion of the Lents Sewer Extension project.

Fund Transfers Revenues are forecast at only 15% of the budget, based on reduced projections of available funds within the Sewer Operating Fund from reduced rate revenues.

Bond and Note Proceeds, having been adjusted for the delay in the bond sale into early next fiscal year, still reflect receipt of 85% of the remaining budget from a \$95 million line of credit taken out last October. The final 15% of the line of credit will be taken in July and August of next fiscal year.

Miscellaneous Revenues are forecasted to be 127% of budget due to the unexpected receipt of a refund on insurance premiums paid in prior years for the Bureau's Owner Controlled Insurance Program on the bureau's CIP projects. Partially offsetting this unforeseen good news was reduced interest earnings resulting from the delay of the planned bond sale resulting in lower cash balances and thus lower interest earnings.

Fund Projection Report
Sewer System Rate Stabilization Fund 617000

	Spring BuMP Revised Budget	FY 2012-13 YTD Actuals Thru AP8	Spring BuMP Year-End Projection	% of Projected Actuals to Revised Bud
Sewer System Rate Stabilization Fund				
EXPENDITURES				
Unappropriated Fund Balance	\$0	\$0	\$0	0%
Fund Transfers - Expense	\$12,000,000	\$0	\$10,450,000	87%
Contingency	\$350,000	\$0	\$1,962,845	561%
TOTAL EXPENDITURES	\$12,350,000	\$0	\$12,412,845	101%
REVENUES				
Budgeted Beginning Fund Balance	\$12,300,000	\$0	\$12,356,845	100%
Fund Transfers - Revenue	\$0	\$0	\$0	0%
Miscellaneous	\$50,000	\$39,530	\$56,000	112%
TOTAL REVENUES	\$12,350,000	\$39,530	\$12,412,845	101%

Fund Projection Narrative

Fund Transfers - Expense is projected to be only 87% of the Revised Budget, which was adjusted for transfers at maximum amount available in the Fund, in case its needed to meet year-end bond coverage calculation. At this time, the projection is to not to draw down the full amount but leave almost \$2 million in Contingency as ending fund balance. As such, Contingency is forecast to be 561% of the Revised Budget amount of \$350,000.

The purpose of the Rate Stabilization Fund is to smooth rate increases over many years by building fund balances in prior years, and drawing upon those balance at times of increased expenditures, usually resulting from increased debt service. As part of the Combined Sewer Overflow program, it was anticipated that the large increases in debt required to complete the Eastside Big Pipe project would be mitigated in rates by building balances in the fiscal years 2003 through 2008, to be drawn down in the fiscal years 2009 through 2013. This resulted in smoother single-digit annual rate increases than the double-digit rate increases that would have been the situation without the Rate Stabilization Fund.

Miscellaneous Revenues are projected to be 12% over plan because of anticipated higher interest earnings.

**Business Area Projection Report
Environmental Services Grants Fund 217000**

	Spring BuMP Revised Budget	FY 2012-13 YTD Actuals Thru AP8	Spring BuMP Year-End Projection	% of Projected Actuals to Revised Bud
Bureau of Environmental Services				
EXPENDITURES				
Personnel Services	\$478,487	\$307,626	\$475,000	99%
External Materials and Services	\$954,974	\$426,455	\$950,000	99%
Internal Materials and Services	\$142,828	\$41,023	\$143,000	100%
Capital Outlay	\$532,269	\$300,031	\$530,000	100%
TOTAL EXPENDITURES	\$2,108,558	\$1,075,135	\$2,098,000	99%
REVENUES				
Intergovernmental Revenues	\$2,108,558	\$1,016,159	\$0	0%
Miscellaneous	\$0	(\$0)	\$0	0%
TOTAL REVENUES	\$2,108,558	\$1,016,159	\$0	0%

Bureau Projection Narrative

A reduction to personal services impacts two grants; project E10007 Clay Street Green Street, funded by the EPA Innovative Wet Weather Program (IWWP) grant, is being delayed until FY 2013-14 and project E09163, funded by PBOT's Tri-Met Milwaukie to Portland Light Rail grant, is on schedule but will require fewer personal services than originally budgeted.

An increase to internal services reflects the addition of BES Water Pollution Control Laboratory services needed on EPA Brownfield grant funded projects.

A reduction to capital outlay reflects the delay of project E10007 Clay Street Green Street to FY 2013-14 funded by the EPA Innovative Wet Weather Program (IWWP) grant.

FY 2012-13 Adopted Budget Notes Update (FY 2012-13 Spring BMP)

Public Utilities

Portland Loos

The Portland Water Bureau will transfer all Portland Loos' assets and maintenance responsibilities to the Bureau of Environmental Services effective July 1, 2012.

Update: The Portland Loo Program was transferred to the Bureau of Environmental Services (BES) effective July 1, 2012. At that point, five Loo units had already been installed and placed in service with a sixth up and running at the end of July. A seventh unit is currently being installed by the Parks Bureau in their new Fields Park in NW Portland and will be managed and maintained by them. Maintenance cost for the six units under our management for FY13 has been \$64,250 through AP 8 which suggests the annual expense will be near \$100,000. In addition, the Program has now reached the point that it has required the dedication of the equivalent of a full time employee to cover efforts associated to the coordination of maintenance activities, managing related contracts, and fielding public inquires about the product, potential sales, and other business related activities.

On the revenue side, BES has recently inked an inter-governmental agreement for the sale of a single unit to the Ketchikan Gateway Borough, Alaska in the amount of \$104,590 covering the base unit, custom modifications, and delivery. With fabrication and delivery running 45 days, this revenue should be realized within FY 2012-13.

Utility Liabilities

The Council directs that \$200,000 of General Fund revenue shall be set aside to be used for payment of potential Bureau of Environmental Services and Portland Water Bureau legal liabilities currently in dispute and for the funding of measures to address remediation of Willamette Harbor contamination. The Office of Management and Finance is directed to provide Council with a financial plan for use of these funds for these purposes.

Update: Resolution 36976 was passed November 7, 2012 authorizing interfund loans to provide resources for the above effort. BES is unaware of any financial plan report developed that would address the subsequent use of the funds.

FY 2012-13 Adopted Budget Decision Package Update (FY 2012-13 Spring BMP)

Reductions

The FY 2012-13 Adopted Budget, including the following decision package, will require a 5.4% average rate increase.

Reductions for 5.4% Rate Increase

This package comprises identified reductions that represent removal of one-time expenditures from the current budget, savings from past projects and completed programs or program expenditures, savings on new contracts, or other reductions that pose acceptable risks to service delivery.

The budget in Healthy Working Rivers was reduced by \$35,000 for outside consultant assistance and eliminate a vacant Office Support Specialist III position for \$75,564.

Update: The position was eliminated. HWR absorbed the reduction by leveraging within other BES programs.

Eliminate a Principal Financial Analyst (\$139,932) due to retirement within the Environmental Policy program.

Update: The position was eliminated and work load distributed to other staff.

Eliminate agreement with the Tribal Institute at Portland State University (\$35,000) within the Portland Harbor Program.

Update: The agreement was eliminated because the service provided, outreach to the Tribal governments working on Portland Harbor, was no longer needed. There has been no fall out or consequences with the agreement termination. We continue to use staff to work with the Tribes directly as needed.

Within the Finance Program, eliminate one-year consultant funding (\$21,000) for rate approval process, remove (\$35,615) contribution for the COPPEA Professional Development Fund for one year, eliminate consultant support (\$23,315) for auditing bureau contracts, and hold vacant an Accountant I position (\$59,430) for one year.

Update: As the consultant contracts were one-time, there was no effect on services delivery. The Account I position remains unfunded and vacant.

Within the Asset Management Program, eliminate funding for legal expenses (\$35,000) that were associated with the possibility of an EPA consent order. Within Watershed Revegetation Program reduce support for private property stormwater retrofits (\$75,500).

Update: Both expenditures not required as programs completed those portions that required those resources.

Within the Construction Services Program eliminate a vacant Chief Engineer (\$138,342) position and within all Engineering Services programs eliminate 25% of training and travel (\$37,500) for 180 employees within Engineering Services.

Update: The position was eliminated and Engineering Services is adjusting to the lower levels of training and travel resources.

Additionally, the program is eliminating a Senior Administrative Specialist (\$51,540) at mid-year, a position that is on loan for community outreach purposes related to the FOG program.

Update: This position was eliminated December 31, 2012. The FOG program has used internal program resources to continue any additional outreach required.

Within Pollution Prevention Services, reduce maintenance of grounds at the Water Pollution Control Lab (WPCL) and changes in scheduled services from Parks (\$27,398), reduce office support, travel and outside laboratory services (\$100,150), reduce maintenance inspection program for privately owned stormwater facilities (\$10,000), eliminate agreement with DEQ for Underground Injection Control permits as this is being done in-house (\$19,000) and hold vacant an Environmental Program Manager within the Environmental Compliance Program for one year (\$115,356).

Update: Reduce maintenance of grounds at WPCL and changes in scheduled services from Parks (\$27,398) has resulted in reduced grounds maintenance, sightline issues in parking lot and vector issues at WPCL (rats outside).

Reduce office support, travel and outside laboratory services (\$100,150)

Update: There has been limited impact in reducing office supplies and travel. With regard to the outside laboratory contract reduction of \$83,200, there has been no impact however there could be potential exposure in the event of an emergency condition.

Reduce maintenance inspection program for privately owned stormwater facilities (\$10,000):

Update: Minor impacts, however it did decrease our ability to sample and monitor to determine Best Management Practices (BMP) effectiveness.

Eliminate agreement with DEQ for Underground Injection Control permits as this is being done in-house (\$19,000):

Update: No significant program impacts. This agreement had been cyclical in nature.

Hold vacant an Environmental Program Manager within the Environmental Compliance Program for one year (\$115,356):

Update: Position remains vacant throughout FY 2012-13. The position is a proposed cut in the FY 2013-14 Requested Budget. Loss of this position has had a significant impact in terms of additional workloads on Division Manager and plan review team lead and staff. Current staff have no direct management on site.

Within Watershed Services, reduce outside support to continue the implementation of the Portland Watershed Management Plan (\$65,000), eliminate an interagency agreement with Parks as the cost was added to BES budget as a result of past Parks budget cuts - the IGA with Multnomah County for dog rule enforcement (\$69,000). Additionally, the Grey

to Green program is deferring funding for ecoroof grant program to reflect lower than forecast expenditures due to current economic conditions (\$637,512).

Update: The Spring BMP includes a request for \$204,000 to meet payments beyond adopted budget, but within life budget, for approved ecoroof incentive recipients who have or are expected to complete their roof projects this fiscal year. Early program years had lower expenditures compared to budget for agreements due to slowed economic growth; that trend now is shifting. Program interest has grown this year with a renewed strength of the economy.

The Parks and Recreation pass-through for dog rules was not a program BES initiated or managed, so we have no information about the effects of that cut.

Within Wastewater Services, reduces overtime (\$50,000) within the Treatment program by budgeting for historical trends, reduce operating budget funding for emergency repairs (\$250,000) as they are more appropriately recorded within the CIP, eliminate funding for a forklift (\$20,938), and hold vacant an Electrician/Instrument Technician (\$93,972) for one year, and there is a reduction in security services (\$62,500) as the new Support Facility, operational January 2013, will have security card access, thus eliminating the need for onsite security guards. There are no reductions within the Collections System Program.

Overtime: <\$50,000>

Reduce overtime funding within the Treatment program.

Update: WG overtime spending is trending very tight to budget. There is risk of over spending within Treatment Operations. Operations overtime is influenced by wet weather. During wet weather events minimum staffing levels on off shifts are increased to accomplish wet weather treatment requirements per permit.

Repair and Maintenance Services: <\$250,000>

Reduce funding for emergency repairs.

Update: Spending is trending under budget since repairs are significant enough to be covered by capital funding as suspected when the reduction was taken. Expect to be within lowered budget amount at the end of the fiscal year.

Forklift: <\$20,938>

Eliminate funding for forklift replacement.

Update: Replacement of forklift continues to be deferred.

Electrician/Instrument Technician: <\$93,972>

Hold vacant an Electrician/Instrument Technician for one year.

Update: Filling of position continues to be deferred.

Security Services: <\$62,500>

Reduce funding in security services as the new Support Facility, operational January 2013, will have security card access, thus eliminating the need for onsite security guards.

Update: Termination of security guard services has been delayed since the Support Facility and implementation of security card access is now scheduled to be completed June 2013. Expenditures are being covered by capital funding since security is necessary to mitigate construction/operational risks and facilitate construction logistics for the numerous CIP projects occurring on the plant site.

Adds

Portland Loos

The Portland Water Bureau will transfer all Portland Loos' assets and maintenance responsibilities to BES effective July 1, 2012. The maintenance responsibilities on seven facilities is estimated at \$105,000 to maintain and \$14,000 for annual repairs. Bureau budget reductions to absorb this additional cost were funding decreases for interns and services from central facilities regarding security and project management.

Update: The Portland Loo Program was transferred to the Bureau of Environmental Services (BES) effective July 1, 2012. At that point, five Loo units had already been installed and placed in service with a sixth up and running at the end of July. A seventh unit is currently being installed by the Parks Bureau in their new Fields Park in NW Portland and will be managed and maintained by them. Maintenance cost for the six units under our management for FY 2012-13 has been \$64,250 through AP 8 which suggests the annual expense will be near \$100,000. In addition, the Program has now reached the point that it has required the dedication of the equivalent of a full time employee to cover efforts associated to the coordination of maintenance activities, managing related contracts, and fielding public inquires about the product, potential sales, and other business related activities.

On the revenue side, BES has recently inked an inter-governmental agreement for the sale of a single unit to the Ketchikan Gateway Borough, Alaska in the amount of \$104,590 covering the base unit, custom modifications, and delivery. With fabrication and delivery running 45 days, this revenue should be realized within FY 2012-13.

FY 2012-13 Fall BMP Request Update (FY 2012-13 Spring BMP)

Vehicles and Equipment (ES_002)

\$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.

Update: To-date the following has been received in the current fiscal year:

- two of the two replacements remaining from FY 2010-11 totaling \$281,468
- six of the six replacements remaining from FY 2011-12 totaling \$892,606
- six of the twelve replacements for FY 2012-13 totaling \$414,977

Two more replacements budgeted in FY 2012-13 should be received by fiscal year end at an estimated cost of \$244,110. This will leave four replacements that will not be received and need to be carried over to FY 2013-14. Estimated cost is \$984,179.

\$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.

Update: The three vehicles have been acquired, outfitted and placed into service. Total after market outfitting for all three vehicle was completed for \$23,300; \$16,700 less then the original CityFleet estimate of \$40,000.

Operating Program Adjustments (ES_003)

Business Services (Administration-Facilities)

\$90,000 for the Portland Loo. BES has implemented its part of 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” by taking our maintenance responsibilities.

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.

Update: The Portland Loo Program was transferred to the Bureau of Environmental Services (BES) effective July 1, 2012. At that point, five Loo units had already been installed and placed in service with a sixth up and running at the end of July. A seventh unit is currently being installed by the Parks Bureau in their new Fields Park in NW Portland and will be managed and maintained by them. Maintenance cost for the six units under our management for FY13 has been \$64,250 through AP 8 which suggests the annual expense will be near \$100,000. In addition, the Program has now reached the point that it has required the dedication of the equivalent of a full time employee to cover efforts associated to the coordination of maintenance activities, managing related contracts, and fielding public inquires about the product, potential sales, and other business related activities.

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<\$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.

Update: Work is being done as planned.

Wastewater Services

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

Update: To-date \$13,095 revenue has been received. No more revenue is expected until FY 2013-14.

\$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.

Update: The study for the Columbia River has been completed and a draft of the results will be available in April 2013. Several bioassays on the plant's effluent have to be completed across seasons, spaced over several years. Three of them have been completed so far this fiscal year, two dry weather and one wet weather. Four are left to complete, two dry weather and two wet weather. These will be completed, one dry and one wet weather, in FY 2013-14 and FY 2014-15.

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.

Update: An AmeriCorps volunteer was secured for outreach recruitment and stewardship training. The program now has 66 stewards (6 fold increase) who have adopted 148 green street facilities (double the number before Americorps involvement). Not only have new green street stewards been enlisted but education has occurred for those community members who did not understand what these

facilities were and had interfered with or harmed their functionality. Outreach materials have been developed and used in training, events, advertising and targeted mailings. Web traffic at the Green Street Stewards site has seen a significant increase.

\$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.

Update: Expiration of the group on-call contracts in November slowed project commencement somewhat; one contract of \$25,000 for long term effectiveness monitoring and modeling for biological improvements was completed. New contracts were established in early February and several task orders now are underway to carry out work as planned. No data on effects within Parks or Transportation Bureaus.

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.)

Update: Revenues are currently at \$80,600, or 58% of budget. The budget amount was established by using a four-year average with a one-year low of \$79,000 and a one-year high of \$180,000. For the same period last year the revenue was \$41,100.

\$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.

Update: These permanent positions have provided for the continuation and growth of the FOG and Extra Strength programs.

Capital Improvement Program (ES_005)

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

The Combined Sewer Overflow (CSO) Program was increased by \$1,000,000. \$1,000,000 – E08107 Eastside System Startup - 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.

Update: There are no changes since the Fall BMP. This program area is likely to overspend in the fiscal year. The major contribution to the overspending are a claim on the Portsmouth project and lagging billings on the ESCSO.

The Maintenance and Reliability Program was 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. **Update:** E09045 is likely to overspend in the fiscal year. Two primary contributors are outstanding claims from prior work (the force main projects) and timing of billings for the PS project. E08662 continues to be behind schedule, but is now in construction. Expenditures are dependent on the contractor and PBOT billings. Expect to underspend, based on passed experience. Rehab programs, both phase 1 & 2 will be close to budget, but slightly under. Most of the actual expenditures for the balance of the fiscal year will depend on contractor work schedules and billings.

The Surface Water Management Program was 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. **Update:** E09113 will be under budget even though several projects have moved into construction. E10040 – The \$400,000 purchase did occur, however any additional property closings are difficult to predict. Expect to be slightly under budget.

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	Spring BuMP Revised Budget	FY 2012-13 Year to Date Actuals	Variance \$	Variance %
	\$0	\$0	\$194,475	\$194,475		\$0	\$0	\$399	\$0	
Combined Sewer Overflow	\$26,470,000	\$33,070,000	\$32,008,735	(\$1,061,265)	(3%)	\$3,404,000	\$4,404,000	\$3,479,306	\$1,000,000	29%
Facilities	\$0	\$0	\$343,333	\$343,333		\$0	\$0	(\$199,638)	\$0	
Maintenance and Reliability	\$29,683,000	\$29,683,000	\$26,712,399	(\$2,970,601)	(10%)	\$36,789,000	\$48,199,000	\$20,554,858	\$11,410,000	31%
Sewage Treatment Systems	\$27,953,000	\$21,353,000	\$19,868,067	(\$1,484,933)	(7%)	\$35,009,000	\$35,009,000	\$19,648,478	\$0	0%
Support	\$0	\$0	\$495,616	\$495,616		\$0	\$0	\$42,097	\$0	
Surface Water Management	\$24,477,000	\$24,083,047	\$20,055,204	(\$4,027,843)	(17%)	\$16,327,000	\$17,588,967	\$9,038,695	\$1,261,967	8%
Systems Development	\$3,567,000	\$4,012,000	\$5,378,702	\$1,366,702	34%	\$3,898,000	\$4,798,000	\$2,304,884	\$900,000	23%
Total	\$112,150,000	\$112,201,047	\$105,056,531	(\$7,144,516)	(6%)	\$95,427,000	\$109,998,967	\$54,869,079	\$14,571,967	15%

* 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 was 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 was increased by \$11,410,000.

\$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. Grant funded reduction of \$590,000 due to the delay of Clay Street project (E10007) in FY 2013-14.

The Surface Water Management Program was increased by \$1,261,967.

\$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 \$187,412 – E08967 – Grey to Green Culverts and \$74,555 - E08905 - Grey to Green Land Acquisition.

The System Development Program was increased by \$900,000.

Grant funded increase of \$900,000 for PBOT Portland to Milwaukie Light Rail extension project (E09163).