



CITY OF PORTLAND ENVIRONMENTAL SERVICES



1120 SW Fifth Avenue, Room 1000, Portland, Oregon 97204 ■ Nick Fish, Commissioner ■ Dean Marriott, Director

Date September 29, 2014

TO: Andrew Scott, Director
City Budget Office

FROM: Dean Marriott, Director **DM**
Bureau of Environmental Services

SUBJECT: FY 2014-15 Fall Budget Monitoring Report

Attached please find the Bureau of Environmental Services Budget Monitoring Report for the Fall of FY 2014-15.

Changes to the Bureau's operating programs include \$102,000 in Business Services for Office 365 subscriptions billed in July 2014 for the previous fiscal year, funded from Contingency. Within Pollution Prevention Services, a shift in appropriation of \$54,700 to fund project specific work study and potential seasonal position for peak workloads in Coordinated Site Assessment and Brownfields, and a work study position to be shared between three work areas. Within Watershed Services, a \$90,000 carryover of funding for three vehicles within the Watershed Revegetation Program, funded from Contingency. Within Wastewater, \$74,087 to purchase a liner trailer for sewer repair work, and \$110,000 carryover for the replacement of bureau radios, funded from Contingency.

We are also recognizing additional net revenues of \$175,340 for work performed by Bureau staff for other agencies.

Within the capital program, we're requesting a transfer of \$560,000 from construction to external materials and services for additional Watershed Revegetation services for CIP projects for five capital project:

- \$100,000 Taggart: SE Powell Reconstruction & Green Streets
- \$50,000 Watershed Investment Fund
- \$80,000 Grey to Green Land Acquisition
- \$250,000 Johnson Creek: Luther Road Habitat Restoration
- \$80,000 Fanno-Tryon: I-5 / SW 26 Water Quality Facility

Fund transfers include a net adjustment of -\$52,491 to reflect lower than budgeted net Percent for Green transfers from Water and Transportation, \$65,000 of balance in the SDC Sewer System Operating Subfund to be appropriated for transfer to the Sewer Debt Redemption Fund, additional net debt service of \$3,321,315, to be funded from Contingency.

Position-related changes include an increase of \$62,400 and 0.5 FTE for increasing a Part-time Geo-Technical Engineer position at the Materials Test Lab to a Full-time position,

\$95,018 and 1.0 FTE for an Engineering Associate position in Systems Development, necessary in order to provide immediate support to increasing activity in public works permits and longer term broader support for the Development Engineering section, \$83,749 and 1.0 FTE for an Engineering Technician II in Systems Development to accommodate an increase in building permit review and inspection workload as well as expansion of the customer service hours at the Development Service Center, and a reduction of \$110,561 and <1.0> FTE for transfer of a Mapping Data and Applications Services one Principal Information System Analyst (GIS, Vertical) position to the Bureau of Technology Services. BTS will then provide the same services back to BES. The amount in this transaction is prorated for the current fiscal year.

**Supplemental Budget Request
FY 2014-15 Fall Supplemental Budget**

Bureau: Bureau of Environmental Services

Type: New Request

Request: ES_001 - BES Grants Fall BMP

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
Personnel Services	(22,716)	0	(22,716)
External Materials and Services	187,716	0	187,716
Internal Materials and Services	125,038	0	125,038
TOTAL EXPENDITURES	290,038	0	290,038
REVENUES			
Intergovernmental Revenues	290,038	0	290,038
TOTAL REVENUES	290,038	0	290,038

Bureau Description:

The following adjustments to Grants totaling \$290,038 are required by project managers. The CIP grant adjustments total \$175,000 and the Operating grant adjustments total \$115,038.

\$290,038 EPA Innovative Wet Weather Program (ES000000)

This grant relies on partners willing to construct unique stormwater features on their properties. Grant funds will be used to design and construct a green street at NE 47th & Halsey (E10613, secondary to E10002); two sub-awards to Metro and PSU for stormwater projects; and project signage and evaluation.

\$0 EPA Brownfields: Petroleum & Hazardous Waste Assessments (ES000036)

Fewer personal services are needed on this grant than originally anticipated. Funds were shifted to professional services for additional assessment work on Brownfield properties.

CBO Discussion and Recommendation

**Supplemental Budget Request
FY 2014-15 Fall Supplemental Budget**

Bureau: Bureau of Environmental Services

Type: New Request

Request: ES_002 - Operating Program Adjustments

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
Personnel Services	64,700	0	64,700
External Materials and Services	133,005	0	133,005
Internal Materials and Services	39,510	0	39,510
Capital Outlay	178,395	0	178,395
Contingency	(415,610)	0	(415,610)
TOTAL EXPENDITURES	0	0	0

**Supplemental Budget Request
FY 2014-15 Fall Supplemental Budget**

Bureau: Bureau of Environmental Services

Type: New Request

Request: ES_002 - Operating Program Adjustments

Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
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Bureau Description:

Director's Office

\$10,000 to fill an environmental education position with two part time Community Service Aides. Resources come from Portland Harbor, \$10,000. Because these programs are in different funds, Portland Harbor returns \$10,000 to Contingency within the Environmental Remediation Fund and Communications draws \$10,000 from Contingency within the Sewer Operating Fund.

Business Services

\$102,000 for ongoing Office 365 annual subscriptions. This is a restoration of a cut taken for the FY 2014-15 budget. In July, the bureau received information that the subscriptions were ongoing and billed for in July 2014 for FY 2013-14. Resources are from Contingency.

\$11,636 for an increase in the interagency with OMF-Debt Management for new bond structuring software to replace the current software. One-time and ongoing costs will be shared by all bureaus per existing Debt Management I/A allocations. Resources are from Contingency.

\$2,636 for additional code hearings through the Auditor's Office. BES has recently seen an uptick in appeal and code cases. This will add resources for two additional cases to be settled and closed in this fiscal year. Resources are from Contingency.

Engineering Services

\$276 for additional parking costs for the 1900 Building. The Portland State University agreement was increased for these costs. Resources are from Contingency.

Pollution Prevention

\$7,105 shift of funds remaining from a vehicle purchase to Minor Equipment and Tools for the Environmental Investigation: Field Operations program needs. Funded by resources within Pollution Prevention.

\$15,000 shift of appropriation from Professional Services to Equipment to purchase a bench top laminar flow hood for filtering aqueous metals back in the sample receiving area for the Water Pollution Control Lab. Funded by resources within Pollution Prevention.

\$54,700 shift of appropriation to fund project specific work study and potential seasonal position for peak workloads in Coordinated Site Assessment (\$20,000) and Brownfields (\$22,700) and a work study position to be shared between three work areas (\$12,000). Funded by resources within Pollution Prevention.

Watershed Services

\$90,000 carryover of funding for three vehicles within the Watershed Revegetation Program. Two FY 2013-14 budgeted vehicles were recorded in July and August and another vehicle will soon be purchased. Resources are from Contingency.

Several adjustments within ES_004 CIP and ES_007 Internal Adjustments Needing No Council Approval impact the Watershed Revegetation Program. The changes in services provided by that program will be discussed under those request numbers.

Wastewater Services

\$74,087 to purchase a liner trailer. This trailer replacement has been upgraded from a PUP trailer used by sewer repair for hauling rock and other material to a liner trailer. This allows us to better meet the needs of sewer repair by providing the capability to operate an additional liner crew. This capability will increase our lining capacity and improve our repair efficiency and cost effectiveness as the use of lining as an alternative to digging can be used more frequently. \$49,613 of carryover funding along with \$24,474 of additional resources is being used to purchase the liner trailer. Resources are from Contingency.

\$6,400 to purchase a portable fuel polishing unit. This is funding a new fixed asset. Funded by resources within Wastewater Services.

\$110,000 carryover for the replacement of bureau radios. This request will purchase 55 radios instead of the 88 proposed last year by the Public Safety Systems Revitalization Program (PSSRP). In the FY 2013-14 Fall BMP, a \$221,000 cash transfer to the PSSRP Radio Project was budgeted for the replacement of all radios. The purchase was never made. This request now funds a reduced amount of radios as the original estimate included radios the bureau was not going to replace. Resources are from Contingency.

<\$24,962> from Contingency to balancing internal bureau charge-backs for services done by internal BES programs. The bureau must balance internal charge-back services for double budgeting that may occur. The adjustments to Grants for lab (+\$22,608), field monitoring (+\$27,354) and revegetation services <\$25,000> necessitated balancing in Contingency a net amount of <\$24,962>.

CBO Discussion and Recommendation

**Supplemental Budget Request
FY 2014-15 Fall Supplemental Budget**

Bureau: Bureau of Environmental Services

Type: New Request

Request: ES_003 - New Revenues

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
Personnel Services	22,750	0	22,750
External Materials and Services	138,090	0	138,090
Contingency	14,500	0	14,500
TOTAL EXPENDITURES	175,340	0	175,340
REVENUES			
Licenses & Permits	(5,000)	0	(5,000)
Charges for Services	(2,000)	0	(2,000)
Intergovernmental Revenues	100,000	0	100,000
Interagency Revenue	82,340	0	82,340
TOTAL REVENUES	175,340	0	175,340

Bureau Description:

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.

<\$2,000> reduction in revenue received within the Wastewater Pumping and Treatment O&M reflecting better projections. Balancing in Contingency.

\$10,000 in Wastewater Services for sewer repair for Rose Garden Store at Washington Park. Balance in Contingency.

<\$5,000> reduction in revenue received within Pollution Prevention: Environmental Compliance (Spill Control/Citizen Response). This is a revenue the program is no longer receiving as it is not relevant to the program. Balancing in Contingency.

\$27,340 from the Portland Bureau of Transportation (PBOT) to Watershed Services Willamette Watershed for tree planting and establishment as part of the Division Streetscape Project (PBOT) and Tabor to the River Project (BES).

\$15,000 in additional Pollution Prevention: Environmental Compliance Program (Coordinated Site Assessment) services for the Water Bureau's Well 35 Tank when an unanticipated tank was located. Resources are for additional professional services and BES staff services.

\$30,000 in additional Pollution Prevention: Environmental Compliance Program (Coordinated Site Assessment) services for the Fire Bureau's Linnton Fire Training Grounds. CSA will abandon 12 monitoring well at the fire site. Resources are for additional professional services and BES staff services.

\$5,000 in additional Pollution Prevention: Environmental Compliance Program (Coordinated Site Assessment) services for the Water Bureau's Union Pacific Railroad project in east Portland. This adjustment is offset by a <\$5,000> reduction in services performed for Water Bureau's Distribution Mains shell projects.

\$35,000 in additional Engineering Services: Materials Test Laboratory services for the Water Bureau's Cornell Road project. This adjustment is offset by a <\$35,000> reduction in services performed for Water Bureau's Distribution Mains shell projects.

\$100,000 in additional Pollution Prevention: Environmental Compliance Program (Coordinated Site Assessment) services from DEQ as a cost share with BES and Parks to clean up the Oaks Bottom Landfill site. DEQ is requiring the city investigate the seep water and the sediment flowing from the landfill to determine if it is the source of contaminants in the adjacent wildlife refuge. DEQ is contributing \$100,000 from their landfill remediation fund to pay for most of the investigation. BES and Parks will be responsible for an estimated additional \$50,000, if required. Resources are for additional professional services (\$77,250) and BES staff services (\$22,750). In this case, staff services are funded by this transaction as staff will be charging to the Environmental Remediation Fund. The investigations staff is budgeted in the Sewer Operating Fund.

CBO Discussion and Recommendation

**Supplemental Budget Request
FY 2014-15 Fall Supplemental Budget**

Bureau: Bureau of Environmental Services

Type: Technical Adjustment

Request: ES_004 - CIP Adjustments

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
External Materials and Services	560,000	0	560,000
Internal Materials and Services	0	0	0
Capital Outlay	(560,000)	0	(560,000)
TOTAL EXPENDITURES	0	0	0

Bureau Description:

\$560,000 of additional Watershed Revegetation services for CIP projects. In reviewing the services needed for the annual CIP plan, it was discovered that revegetation services were under budgeted based on needs and historical trends. The adjustments over five projects seeks to remedy that issue. The projects are:

\$100,000 Taggart: SE Powell Reconstruction & Green Streets

\$50,000 Watershed Investment Fund

\$80,000 Grey to Green Land Acquisition

\$250,000 Johnson Creek: Luther Road Habitat Restoration

\$80,000 Fanno-Tryon: I-5 / SW 26 Water Quality Facility

All appropriation will be transferred from construction to external materials and services.

CBO Discussion and Recommendation

**Supplemental Budget Request
FY 2014-15 Fall Supplemental Budget**

Bureau: Bureau of Environmental Services

Type: New Request

Request: ES_005 - Fund Transfers

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
External Materials and Services	200,000	0	200,000
Bond Expenses	3,321,315	0	3,321,315
Fund Transfers - Expense	3,321,315	0	3,321,315
Contingency	(3,508,806)	0	(3,508,806)
TOTAL EXPENDITURES	3,333,824	0	3,333,824
REVENUES			
Budgeted Beginning Fund Balance	65,000	0	65,000
Fund Transfers - Revenue	3,268,824	0	3,268,824
TOTAL REVENUES	3,333,824	0	3,333,824

Bureau Description:

Sewer Operating Fund -

Water Bureau and PBOT 'true-up' One-Percent for Green cash transfers is implemented in each Fall BMP. Both bureaus put in a placeholder in the annual budget, then 'true-up' the amount when actual CIP project expenses that are subject to One-Percent for Green are available.

A reduction of <\$55,314> in transfers from the Water Bureau reflecting One-Percent for Green contributions. This is a 37% reduction from the Adopted Budget of \$150,000.

An increase of \$2,823 in transfers from PBOT reflecting One-Percent for Green contributions. This is a 6% increase from the Adopted Budget of \$50,000.

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 \$65,000 of beginning fund balance 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 \$65,000 to reflect the reduction of rate cash to fund the debt service payments.

Sewer Operating Fund and Debt Redemption Fund -

Sewer Operating Fund and Debt Service

This adjustment establishes the debt service for the 2014 bond sale early in the fiscal year. The additional debt service is net of Refunding savings. The net debt service is \$3,321,315 with funding coming from Contingency.

Sewer Operating Fund, SDC Sewer System Operating Subfund and Debt Redemption Fund -

Sewer Operating Fund, System Development Charges (SDCs) and Debt Service

This adjustment provides \$200,000 in appropriation to the SDC Sewer System Operating Subfund of 600001. SDC Refunds were incorrectly charged to the Sewer Operating Fund (600000) instead of the SDC Subfund. Creating this appropriation allows for correctly funding an expense from its revenue source, resulting in less SDC cash to transfer to the Debt Redemption Fund to pay debt service. This in turn equally increases the need for cash transfers from the Sewer Operating Fund to the Debt Redemption Fund.

CBO Discussion and Recommendation

**Supplemental Budget Request
FY 2014-15 Fall Supplemental Budget**

Bureau: Bureau of Environmental Services

Type: New Request

Request: ES_006 - Position Changes

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
Personnel Services	131,499	0	131,499
External Materials and Services	0	0	0
Internal Materials and Services	110,561	0	110,561
Capital Outlay	(109,909)	0	(109,909)
Contingency	(48,950)	0	(48,950)
TOTAL EXPENDITURES	83,201	0	83,201
REVENUES			
Licenses & Permits	83,201	0	83,201
TOTAL REVENUES	83,201	0	83,201

Bureau Description:

Engineering Services

\$62,400 - 0.5 FTE - Materials Test Lab is increasing a Part-time Geo-Technical Engineer (30000367) position to a Full-time position. The position primarily works on CIP projects.

\$95,018 – 1.0 FTE - Systems Development requires an Engineering Associate (30000353) to provide immediate support to increasing activity in public works permits and longer term broader support for the Development Engineering section. Due to the increased activity, current staff has difficulty maintaining services and meeting turnaround times. This position is funded 50% CIP permit projects, 20% permit fees and 30% operating, drawing \$38,007 from Contingency.

\$83,749 – 1.0 FTE - Systems Development requires an Engineering Technician II to accommodate an increase in building permit review and inspection workload as well as expansion of the customer service hours at the Development Service Center. This position is funded 88% review fees and 12% operating, drawing \$10,050 from Contingency.

Business Services

\$110,561 - <1.0> FTE – Mapping Data and Applications Services transferred one Principal Information System Analyst (GIS, Vertical) to the Bureau of Technology Services. BTS will then provide the same services back to BES. The amount in this transaction is prorated for the current fiscal year. Shift in Personnel Services of \$109,668 with a draw from Contingency of \$893.

CBO Discussion and Recommendation

**Supplemental Budget Request
FY 2014-15 Fall Supplemental Budget**

Bureau: Bureau of Environmental Services

Type: Technical Adjustment

Request: ES_007 - Internal Adjustments Needing No Council Action

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
External Materials and Services	0	0	0
Internal Materials and Services	0	0	0
Contingency	0	0	0
TOTAL EXPENDITURES	0	0	0

Bureau Description:

The following adjustments have been included in the Fall BMP but are only technical shifts of budget that needs no council action.

Watershed Services

\$15,000 shift from miscellaneous services to professional services for Columbia Slough Watershed Sediment program technical services.

\$20,000 shift from miscellaneous services to professional services for Columbia Slough Watershed subwatershed planning and assessment.

\$30,000 shift from Willamette Watershed tree planting resources to have Watershed Revegetation program perform the same services in high priority Willamette watershed areas.

\$50,000 shift from miscellaneous services from the Columbia Slough Sediment program to Watershed Revegetation for tree planting for stormwater removal in high priority areas. The revegetation program will partner with property owners in the Columbia Slough Watershed to further attain goals.

\$0 net adjustment reversing the Watershed Revegetation charge-back services reflecting a minor personnel reorganization between Watershed Services and Watershed Revegetation Program. Activities impacted are Invasives <\$125,808> and Trees <\$474,320>. This is an accounting adjustment balancing internal bureau services within the Revegetation Program (+\$600,128).

Wastewater Services

\$5,088 and \$8,724 of lab and field monitoring services are moved from the Collection System O&M to Pumping and Treatment O&M, correcting a budget entry error.

Business Services

Moving \$1,022,000 of contingency from one cost center to another correcting a budget entry error.

CBO Discussion and Recommendation

Prior Year Fund Reconciliation Report

	FY 2013-14 Revised Budget	FY 2013-14 Year-End Actuals	Percent of Actuals to Revised
600 - Sewer System Operating Fund			
EXPENDITURES			
Unappropriated Fund Balance	200,000	0	0.00
Personnel Services	59,154,266	57,893,449	97.87
External Materials and Services	55,260,218	55,163,725	99.83
Internal Materials and Services	44,682,935	42,105,561	94.23
Capital Outlay	78,582,734	58,256,959	74.13
Bond Expenses	2,733,236	2,408,331	88.11
Fund Transfers - Expense	194,859,120	192,179,817	98.63
Contingency	48,739,730	0	0.00
TOTAL EXPENDITURES	484,212,239	408,007,843	84.26
REVENUES			
Budgeted Beginning Fund Balance	58,067,054	0	0.00
Licenses & Permits	1,506,314	1,739,676	115.49
Charges for Services	298,639,820	300,268,052	100.55
Intergovernmental Revenues	316,570	211,348	66.76
Interagency Revenue	3,099,497	1,959,226	63.21
Fund Transfers - Revenue	121,632,984	107,207,833	88.14
Miscellaneous	950,000	1,509,476	158.89
TOTAL REVENUES	484,212,239	412,895,611	85.27

Fund Reconciliation Narrative

Expenses were on plan, with the exception of Capital Outlay that was 74% of Revised Budget due to delays in CIP projects.

Bond Expenses were 12% under plan because of an Internal Loan Remittance budgeted at \$190,000 has not yet been booked, and because of Interest charges on the POB variable-rate bonds coming in about \$125,000 lower than budgeted.

Contingency/Ending Fund Balance is forecast (pre-CAFR) to be 120% of Revised Budget resulting from the projection of revenues and expenses.

Licenses and Permits were nearly 16% over plan, reflective of the increase of commercial construction activities.

Intergovernmental Revenues were 67% of plan due to indirect cost reimbursement for grants coming in only 6% of budget. Other intergovernmental revenues were 100% of budget.

Interagency Revenues are for work performed for other City bureaus, which were only 67% of the Revised Budget, reflecting perhaps budget or funding issues in other bureaus in areas of brownfield remediation, engineering services, construction material testing, and revegetation services.

Fund Transfer Revenues were 88% of Revised Budget because of reduced reimbursement from the Construction Fund resulting from lower projected CIP expenditures.

Finally, Miscellaneous Revenues were 159% of Revised Budget, in large part because of the sale of bureau equipment, for which there was no budget, and higher interest on investments and interest payments on liens.

Prior Year Business Area Reconciliation Report

	FY 2013-14 Revised Budget	FY 2013-14 Year-End Actuals	Percent of Actuals to Revised
Bureau of Environmental Services			
EXPENDITURES			
Personnel Services	\$111,975	\$74,163	66%
External Materials and Services	\$645,000	\$586,410	91%
Internal Materials and Services	\$203,000	\$149,787	74%
Capital Outlay	\$640,000	\$640,000	100%
TOTAL EXPENDITURES	\$1,599,975	\$1,450,360	91%
REVENUES			
Intergovernmental Revenues	\$1,599,975	\$1,624,927	102%
Miscellaneous	\$0	(\$237)	0%
TOTAL REVENUES	\$1,599,975	\$1,624,690	102%

Bureau Reconciliation Narrative

Personnel Services costs were lower than expected due to a reduced need for BES direct services on grant TR000094 (PBOT's Milwaukie to Portland Light Rail Grant).

Internal Materials & Services costs were lower than expected due to delays in project schedule on grant ES000000 (Innovative Wet Weather Grant) and reduced overhead related to lower personal services charges on grant TR000094.

Prior Year Fund Reconciliation Report

	FY 2013-14 Revised Budget	FY 2013-14 Year-End Actuals	Percent of Actuals to Revised
608 - Environmental Remediation Fund			
EXPENDITURES			
Personnel Services	381,700	376,932	98.75
External Materials and Services	3,042,609	2,912,381	95.72
Internal Materials and Services	956,264	842,957	88.15
Bond Expenses	1,120	1,063	94.94
Fund Transfers - Expense	172,112	167,112	97.09
Contingency	2,889,018	0	0.00
TOTAL EXPENDITURES	7,442,823	4,300,446	57.78
REVENUES			
Budgeted Beginning Fund Balance	3,371,000	0	0.00
Charges for Services	3,326,000	3,265,919	98.19
Interagency Revenue	407,000	418,313	102.78
Fund Transfers - Revenue	323,823	323,823	100.00
Miscellaneous	15,000	24,888	165.92
TOTAL REVENUES	7,442,823	4,032,943	54.19

Fund Reconciliation Narrative

Expenditures were within reporting levels, with the exception of Internal Materials and Services that were under plan by nearly 12% due to lower Laboratory and Sampling/Monitoring services required as the Portland Harbor investigation phase winds down.

Revenues were within the reporting levels except for Miscellaneous Revenues.

Miscellaneous Revenues were nearly 66% over budget (+\$9,888) due to interest earnings within the fund. The higher interest earnings were a result of a higher beginning fund balance.

Prior Year Fund Reconciliation Report

	FY 2013-14 Revised Budget	FY 2013-14 Year-End Actuals	Percent of Actuals to Revised
614 - Sewer System Construction Fund			
EXPENDITURES			
Bond Expenses	625,000	466,137	74.58
Fund Transfers - Expense	120,000,000	105,579,849	87.98
Contingency	7,045,000	0	0.00
TOTAL EXPENDITURES	127,670,000	106,045,986	83.06
REVENUES			
Budgeted Beginning Fund Balance	7,000,000	0	0.00
Charges for Services	750,000	643,602	85.81
Fund Transfers - Revenue	14,420,000	18,547,260	128.62
Bond and Note	105,000,000	96,893,084	92.28
Miscellaneous	500,000	182,847	36.57
TOTAL REVENUES	127,670,000	116,266,793	91.07

Fund Reconciliation Narrative

Fund Transfers - Expense were 12% below budget due to lower CIP expenditures requiring reimbursement.

Bond Expenses were 75% of Revised Budget due to lower bond issuance costs incurred in the September 2013 bond sale.

Charges for Services Revenues were 12% below budget due to lower Line and Branch revenues.

Fund Transfers - Revenues were 29% over plan, based on available funds within the Sewer Operating Fund from rate and other revenues.

Bond and Note Proceeds, having been adjusted for the delay in the bond sale into early FY 2014-15, is on plan.

Miscellaneous Revenues were 37% of budget due to reduced interest earnings resulting from the delay of the planned bond sale resulting in lower cash balances and thus lower interest earnings.

Prior Year Fund Reconciliation Report

	FY 2013-14 Revised Budget	FY 2013-14 Year-End Actuals	Percent of Actuals to Revised
609 - Sewer System Debt Redemption Fund			
EXPENDITURES			
Unappropriated Fund Balance	51,499,677	0	0.00
Bond Expenses	153,390,323	268,293,666	174.91
TOTAL EXPENDITURES	204,890,000	268,293,666	130.95
REVENUES			
Budgeted Beginning Fund Balance	30,850,000	0	0.00
Fund Transfers - Revenue	153,190,000	148,231,697	96.76
Bond and Note	20,650,000	137,766,135	667.15
Miscellaneous	200,000	233,356	116.68
TOTAL REVENUES	204,890,000	286,231,187	139.70

Fund Reconciliation Narrative

Bond Expenses were 175% of Revised Budget, however these expenses include \$119.9 million to refund prior debt which is included in "budget-exempt" line items requiring no budget adjustment. Excluding these budget-exempt expenses, debt service expenses were only 97% of the Revised Budget.

Similarly, Bond and Note Revenues were 667% of Revised Budget that includes the deposit of \$121.3 million to refund the prior debt. Excluding these budget-exempt revenues results in this revenues class being 80% of Revised Budget, reflecting the smaller Debt Service Reserve requirement than originally budgeted.

Miscellaneous Revenues were almost 17% (+\$33,356) over plan due to interest earnings within the fund due to a conservative budget estimate.

Prior Year Fund Reconciliation Report

	FY 2013-14 Revised Budget	FY 2013-14 Year-End Actuals	Percent of Actuals to Revised
617 - Sewer System Rate Stabilization Fund			
EXPENDITURES			
Contingency	23,015,000	0	0.00
TOTAL EXPENDITURES	23,015,000	0	0.00
REVENUES			
Budgeted Beginning Fund Balance	2,000,000	0	0.00
Fund Transfers - Revenue	21,000,000	19,050,000	90.71
Miscellaneous	15,000	27,230	181.53
TOTAL REVENUES	23,015,000	19,077,230	82.89

Fund Reconciliation Narrative

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.

Beginning Fund Balance is 143% over original plan due to lower transfers out of the fund in the prior fiscal year.

Miscellaneous Revenues were 82% over plan (\$12,230) because of higher interest earnings.

FY 2013-14 BUDGET NOTES FINAL UPDATE
FY 2014-15 Fall BMP

Capital Improvement Plans

Prior to developing the FY 2014-15 requested budgets, the Portland Water Bureau and Bureau of Environmental Services are directed to provide Council with a report and presentation of their five-year capital plans. The report should identify and explain any changes from prior year capital plans and the impacts of deferring or eliminating projects. The bureaus will issue the report and present to Council no later than August 30, 2013.

Update:

A joint Water-BES work session was held on September 24. Written materials were provided to all Council offices in advance of the work session.

Portland Loos

Council confirms its direction in last year's budget that the Bureau of Environmental Services (BES) shall continue to manage the Portland Loo project, including Loo maintenance and marketing. The Council rescinds its direction to transfer Loo assets from the Portland Water Bureau to BES. BES shall report to Council by December 31, 2013 on the progress of Loo marketing to determine whether this function should be continued.

Update:

The Portland Loo Program was transferred to the Bureau of Environmental Services (BES) effective July 1, 2012 through the implementation of a budget note contained in the FY 13 Adopted Budget. A budget note contained in the FY 14 Adopted Budget clarified that the operation, maintenance, and sales/marketing functions were the responsibility of BES, but that the existing six units being maintained were to remain assets of the Water Bureau.

Maintenance cost for the six units under our management for FY13 was \$107,273.71 and costs for FY14 was \$107,502.14. The Program continues to require the equivalent of a full time employee to cover efforts associated to the coordination of maintenance activities, managing related contracts, fielding public inquires about the product and potential sales, and other business related activities.

On the revenue side, since assuming program management in FY13, BES has sold and delivered a total of three (3) units to the cities of Ketchikan Alaska and Nanaimo and Esquimalt British Columbia for total net revenue of \$60,744.98. In addition to the completed sales, BES has a signed contract for two (2) units for the City of San Diego and final arrangements for production and delivery will be handled by BES until the units are delivered. BES is also continuing contract negotiations for the production and sale of two units to Salt Lake City. These transactions should result in additional revenue of \$72,774.54.

Street Sweeping Review

The Portland Bureau of Transportation (PBOT) and the Bureau of Environmental Services are directed to cooperatively evaluate the current street sweeping program, which is housed in PBOT, and implement changes that will increase water quality/stormwater benefit. The bureaus will issue a joint recommendation, in the form of a report to Council, not later than September 30, 2013.

Update:

An extension of the deadline date was given in the fall budget review process. A joint BES and PBOT report was issued to Tess Jordan, CBO analyst Feb 21, 2014.

A City Council decision was made in March 2014 to split the \$359,100 that BES paid for street sweeping 50/50 between BES and PBOT. As of July 1, 2014 BES funds \$179,550 for street sweeping. Operationally PBOT is pursuing the joint recommendations cited in the February 21, 2014 report related to creating Sweeper/Garbage map books and exploring the feasibility of an Onsite Recycling and Recovery Facility.

Tree Planting

For the Fiscal Year 2013-2014, Council will direct \$900,552 of General Fund to the Bureau of Environmental Services to continue implementation of the contract with Friends of Trees for street tree planting in accord with the City's stormwater and watershed management goals.

The transfer of management of the Friends of Trees contract from Bureau of Environmental Services rate funding to General Fund signifies Council's desire to reduce sewer rates, while continuing to use tree plantings as an effective and legitimate stormwater and watershed management tool.

Update:

Complete. The General fund transferred \$900,522 to BES for the Friends of Trees contract in January 2014.

In FY 2013-14, General Fund funding for the Friends of Trees (FOT) contract resulted in planting 2,322 street trees and 906 yard trees. In addition to the community building around tree planting, FOT also pruned 750 young trees through their new Community Tree Care program, which is partially supported through this contract. Through complementary efforts, the bureau directly planted or supported planting an additional 1,877 street trees and 269 yard trees to manage stormwater and meet other community goals, for a total of 4,199 street trees and 1,175 yard trees planted in 60 neighborhoods through the BES Tree Program in FY 2013-14.

FY 2013-14 (Prior Year) BMP Budget Decisions Final Update
FY 2014-15 Fall BMP

Capital Improvement Program (ES_004)

\$65,736 to add 1.0 Senior Engineer Associate-Electrical. Funded 100% within the CIP by reduction of capital outlay. This is a Two-Year Limited Term position to provide resources for a backlog of instrumentation and control implementation and improvements tasks on CIP projects. This position would also provide staffing support on instrumentation and control projects at the Columbia Blvd. Wastewater Treatment Plant.

Update:

A recruitment was conducted earlier this year and the employee started in May 2014.

Bureau of Environmental Services

Performance Measures

Performance Measure	Type	FY 2012-13 Year-End Actuals	FY 2013-14 Adopted Budget	FY 2013-14 Revised Budget	FY 2013-14 Year-End Actuals	
ES_0001 - Maintain the bureau's first lien debt service coverage ratio at 1.5 or greater	EFFECTIVE	1.94	2.00	1.95	1.95	0.00
ES_0002 - Amount of time loss, in hours, due to injury	EFFICIENCY	2.96	3.80	2.20	1.42	0.00
ES_0005 - Construction management costs as a percentage of total construction costs	EFFICIENCY	12%	12%	12%	9%	0%
ES_0006 - Number of students provided with bureau education programs	WORKLOAD	14,793	6,000	8,000	11,271	0
ES_0008 - Number of individual participants in projects catalyzed or hosted by the Stewardship Program	WORKLOAD	10,634	9,000	9,000	13,170	0
ES_0010 - Number of lab analyses performed each year	WORKLOAD	53,300	48,000	46,000	52,915	0
ES_0011 - Percentage of industrial enforcement tests in full compliance	EFFECTIVE	99.5%	99.0%	99.0%	99.6%	0.0%
ES_0012 - Average resources spent in site investigations and cleanup, per site investigated or remediated	EFFICIENCY	\$11,212	\$13,000	\$13,594	\$11,820	\$0
ES_0013 - Amount of wastewater processed in million gallons annually	WORKLOAD	28,569	30,600	28,000	28,433	0
ES_0014 - Percentage of biochemical oxygen demand removed	EFFECTIVE	97.0%	85.0%	85.0%	96.6%	0.0%
ES_0021 - Maintain bureau's combined first and second lien debt service coverage ratio at 1.3 or greater	EFFECTIVE	1.30	1.30	1.30	1.30	0.00
ES_0022 - Cost to operate and maintain the treatment plants in million gallons per day	EFFICIENCY	\$582	\$595	\$650	\$618	\$0
ES_0023 - Percentage of pipe identified as highest priority for repair or replacement incorporated into funded Capital Improvement Plan or Op. proj.	EFFECTIVE	99%	99%	99%	99%	0%
ES_0024 - Number of trees planted	WORKLOAD	41,223	33,000	33,000	43,784	0
ES_0027 - Feet of streambank restored (not cumulative)	WORKLOAD	29,587	0	25,000	27,397	0

Bureau of Environmental Services

Performance Measures

Performance Measure	Type	FY 2012-13 Year-End Actuals	FY 2013-14 Adopted Budget	FY 2013-14 Revised Budget	FY 2013-14 Year-End Actuals
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Performance Measure Variance Descriptions

ES_0002

Another good year through sound risk and safety management practices. Actuals were 35% under goal.

ES_0005

Construction management costs as a percentage of total construction costs were 76% under the goal. The decrease is due to reduced construction management costs through improvements in technology, project packaging and teamwork. This is somewhat offset by project administrative costs that are higher on smaller projects and on treatment plant projects.

ES_0006

Number of students provided with bureau education programs rose 41% from 8,000 (goal) to 11,271 (actual).

The increase is due to (1) a lower goal as 50% of the Clean Rivers Educators positions were eliminated in the FY 2013-14 budget and (2) the work groups pooled resources to hire two part time educators to provide classroom and field science experiences to Portland students. In the prior year, nearly 14,800 students were provided educational programs.

ES_0008

Number of individual participants in projects catalyzed or hosted by the Stewardship Program. A 46% increase over budgeted goal of 9,000 with actuals of 13,170.

The number of participants varies each year depending on the nature and size of the projects that receive grant funding within that year.

ES_0010

Number of lab analyses performed each year increased to 52,915 or +15%

More work across the board: we now have six outside municipalities sending us work; the work from Coordinated Site Assessment is unpredictable but was up over the past fiscal year; PAWMAP; etc. The only work that has decreased has been for the Underground Injection Control Program due to reductions in the scope of work allowed by DEQ.

ES_0012

Average resources spent in site investigations and cleanup, per site investigated or remediated was down 13%: goal of \$13,594 versus actuals of \$11,820.

The Coordinated Site Assessment staff completed more work in-house at a lower cost to rate payers compared to using outside consultants. In addition, the bureau's PTE Contracts Manager worked with on-call consultants to keep the costs as low as possible.

ES_0014

Percent of biochemical oxygen demand (BOD) removed was 14% higher than the goal. The goal was 85% with actuals of 96.6%.

The target for the percent of biochemical oxygen demand (BOD) removed is determined by the NPDES permit. The NPDES permit regulates that a minimum of 85% BOD be removed during the treatment process. That being said, it is the bureau's goal to utilize resources as effectively as possible to remove as much BOD as possible causing less strain on the receiving streams (Columbia and Willamette Rivers), without increasing the cost to the rate payers.

ES_0024

Number of trees planted, 43,784, was up 33% over the goal of 33,000.

43,784 = 5,394 street and yard trees + 38,200 natural area trees (Revegetation Program) + 190 trees Willamette Stewardship Program
The original target submitted included 5,200 street and yard trees through the BES Tree Program. That target was then revised to an "expected year end" target of 3,000 because of increased uncertainty around the budget and implementation for the BES Tree Program. There was also significant uncertainty about the impact of root barrier requirements from Portland Parks & Recreation. So, our estimates were very conservative for street and yard trees. Ultimately the program staff and contractors were able to build off of partnerships and momentum around the tree campaign from the last few years to plant just over the original target.

The natural area trees component of the measure is the Watershed Revegetation Program's plantings (target 30,000), which come from CIP projects and other non-CIP sources. The target is set based on a rough average of past years' work. The amount of trees actually planted each year varies depending on the type and size of projects that come online during the year. These are very small seedlings, so +/- 8,000 trees is not an unusual fluctuation in numbers.

ES_0027

Feet of streambank restored, 27,397, was up 10% over the g

Bureau of Environmental Services

Performance Measures

Performance Measure	Type	FY 2012-13 Year-End Actuals	FY 2013-14 Adopted Budget	FY 2013-14 Revised Budget	FY 2013-14 Year-End Actuals
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Capital Program Status Report

Environmental Services

CIP Program	FY 2013-14 Adopted Budget	FY 2013-14 Revised Budget	FY 2013-14 Year-End Actuals	Variance \$	Variance %	FY 2014-15 Adopted Budget	Fall BMP Revised Budget	FY 2014-15 Year to Date Actuals	Variance \$	Variance %
Buildings	\$0	\$0	\$267,164	\$267,164		\$0	\$0	\$21,995	\$0	
Facilities	\$0	\$0	\$240,411	\$240,411		\$0	\$0	\$79,558	\$0	
Maintenance and Reliability	\$75,883,000	\$74,558,000	\$61,331,177	(\$13,226,823)	(18%)	\$75,432,000	\$75,432,000	\$4,153,918	\$0	0%
Sewage Treatment Systems	\$17,766,000	\$18,071,000	\$19,334,248	\$1,263,248	7%	\$12,370,000	\$12,370,000	\$769,329	\$0	0%
Support	\$0	\$0	\$425,174	\$425,174		\$0	\$0	\$27,031	\$0	
Surface Water Management	\$17,004,000	\$17,613,000	\$11,371,525	(\$6,241,475)	(35%)	\$17,347,000	\$17,522,000	\$2,010,420	\$175,000	1%
Systems Development	\$8,359,570	\$8,743,000	\$5,104,458	(\$3,638,542)	(42%)	\$6,759,000	\$6,759,000	\$566,880	\$0	0%
Total	\$119,012,570	\$118,985,000	\$98,074,157	(\$20,910,843)	(18%)	\$111,908,000	\$112,083,000	\$7,629,130	\$175,000	0%

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

Prior Year Variance Description

Maintenance and Reliability

E10031 – Phase 2 Pipe Rehab – several projects lagging by a few months – slower than anticipated start of construction phase
 E10179 – Bike Boulevard Green Street – delay in construction of SW Multnomah (with PBOT) and SE 9th & Sandy
 E09017 – BCC Support – design taking longer than anticipated primarily due to need to coordinate with railroad
 E08665 – SE Division – slower than anticipated billings from PBOT

Surface Water Management

E10372 – Culvert Replacement Phase 2 – construction delayed for better coordination with TriMet work
 E08679 – I-5/SW 26th WQF – design phase took longer than anticipated due to coordination with ODOT, requirement for additional modelling, and permitting.

Systems Development

E08748 – Party Sewer – projects moving at a slower pace than anticipated

Current Year Variance Description