



# CITY OF PORTLAND ENVIRONMENTAL SERVICES



1120 SW Fifth Avenue, Room 1000, Portland, Oregon 97204 ■ Nick Fish, Commissioner ■ James Hagerman, Interim Director

Date March 30, 2015

TO: Andrew Scott, Director  
City Budget Office

FROM: James Hagerman, Interim Director  
Bureau of Environmental Services

SUBJECT: FY 2014-15 Spring Budget Monitoring Report

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

Changes to the Bureau's operating programs include \$428,000 in Business Services for surplus property-related expenses such as repairs for Terminal One, well removal, survey of easements, consulting fees related to Swan Island properties, utilities and storage for surplus furniture and equipment. Another \$129,650 is added for licenses for E-Builder software that cannot be capitalized, unexpected loo expenses for American Disabilities Act modifications, front desk support in the Portland Building and bond sale and facilitation expenses. Within the Director's Office, \$60,000 for attorney's fees related to a newly built facility and within Engineering Services an additional \$80,000 for visa processing fees. All of the above are funded with Contingency.

Within Pollution Prevention Services, a shift in appropriation of \$89,000 to properly reflect the purchase of HYDRA equipment. Within Watershed Services a \$5,993 interagency with Parks for data input related to trees plantings. Within Wastewater, \$6,400 to purchase equipment that was budgeted in capital outlay and \$250,000 of internal reallocation with a PBOT interagency, shifting resources from inspection and cleaning to priority sewer repair projects. All of the above is funded with internal reallocations.

We are also recognizing additional net revenues of \$480,290 consisting of \$75,500 for work performed by Bureau staff for other agencies, pass-through funding of \$100,000 for Zenger Farms, \$246,000 from lease income from two properties, \$83,790 for the sale of additional loo and a reduction of planned income from methane gas sales.

Within the capital program, we're requesting a transfer of \$1,950,000 from construction to external materials and services for Terminal One project management from Facility Services, repair and maintenance supplies for treatment plant projects and miscellaneous services for rehab projects.

Fund transfers include \$6,300,000 of balance in the SDC Sewer System Operating Subfund to be appropriated for transfer to the Sewer Debt Redemption Fund, additional debt service of \$2,598,043, to be funded from Contingency. The bureau is also recognizing \$1,450,000 of revenue from the Oregon Department of Transportation as reimbursement on the I-5/SW 26<sup>th</sup> Water Quality Facility project that

was moved from CIP funding to Operating funding, This Spring BMP also removes \$4,000,000 of appropriation from the Rate Stabilization Fund to the Sewer Operating Fund as the transfer is not required. Funds are returned to Contingency. Conversely, transfers from Sewer Operating to the Rate Stabilization Fund are increased by an additional \$9,000,000 to smooth and reduce future rate increases.

Personnel -related changes include an increase of \$1,585,000 for Cost Of Living Adjustment increases that occurred in July 2014, \$164,647 severance payout, and an interagency of \$31,551 with the Bureau of Human Resources for extension of benefits of former employees, all funded by Contingency. An internal realignment of \$119,161 between the Director's Office and Business Services for interim staffing is also included.

Technical adjustments that require internal shifts to the budget within Watershed Services total \$343,807 for final ecoroof incentive payments, watershed sediment analysis and contractual obligations related to land title verification and required map revisions. Within Wastewater Services \$386,000 internal shifts for additional supplies for operational needs and maintenance repairs. Within Pollution Prevention Services \$25,000 for MS4 permit renewal, a cost share with the Port of Portland.

The bureau will receive two Innovation Fund micro-grants for a total of \$35,000 from the General Fund for grease trap cleaning coupons and multilingual videos for food service best management.

Finally, there are adjustments to grants that net to \$185,767 and reduce those grants in the operating programs by \$186,465 because the grants ended. An increase of \$372,232 was included in the CIP for Lower Slough Refugia and PBOT's Milwaukie Light Rail due to project acceleration and additional refinements.

**CBO Discussion and Recommendations  
FY 2014-15 Spring Supplemental Budget**

**Bureau:** Bureau of Environmental Services

**Type:** New Request

**Request:** ES\_008 - Grants

|                                 | <b>Spring BMP<br/>Requested<br/>Adjustments</b> | <b>Spring BMP<br/>CBO/Council<br/>Changes</b> | <b>Spring BMP<br/>Total<br/>Adjustments</b> |
|---------------------------------|-------------------------------------------------|-----------------------------------------------|---------------------------------------------|
| <b>EXPENDITURES</b>             |                                                 |                                               |                                             |
| Personnel Services              | 15,024                                          | 0                                             | 15,024                                      |
| External Materials and Services | (88,649)                                        | 0                                             | (88,649)                                    |
| Internal Materials and Services | 3,500                                           | 0                                             | 3,500                                       |
| Capital Outlay                  | 251,356                                         | 0                                             | 251,356                                     |
| Contingency                     | 4,536                                           | 0                                             | 4,536                                       |
| <b>TOTAL EXPENDITURES</b>       | <b>185,767</b>                                  | <b>0</b>                                      | <b>185,767</b>                              |
| <b>REVENUES</b>                 |                                                 |                                               |                                             |
| Intergovernmental Revenues      | 185,767                                         | 0                                             | 185,767                                     |
| <b>TOTAL REVENUES</b>           | <b>185,767</b>                                  | <b>0</b>                                      | <b>185,767</b>                              |

**Bureau Description:**

The following adjustments to Grants totaling \$185,767 are required by project managers. The CIP grant adjustments total \$372,232 and the Operating grant adjustments total <\$186,465>.

**\$24,383 EPA Innovative Wet Weather Program (ES000000)**

This grant relies on partners willing to construct unique stormwater features on their properties. This grant ended December 31, 2014 and is currently undergoing final closeout and procurement audit by the Environmental Protection Agency (EPA). This adjustment trues up grant fund allocations with final expenses. Grant funds were increased to offset capital construction costs for SE 9th and Sandy Green Street (E10179) and grant funds were reduced for a PSU (sub-award) stormwater project due to scheduling delays. The grant was expended in its entirety.

**<\$154,716> EPA Brownfields: Petroleum & Hazardous Waste Assessments (ES000036)**

This grant relies on partners willing to undergo brownfield assessments on their properties. This grant ended December 31, 2014 and is currently undergoing final closeout. This adjustment trues up grant fund allocations with final expenses. The grant was expended in its entirety.

**\$200,000 DEQ Lower Slough Refugia (ES000044)**

This Watershed Investment Program (E08782) project schedule was accelerated and additional capital outlay was required to complete large wood installation at the Lower Slough Refugia.

**\$116,100 PBOT's Milwaukie Light Rail (TR000094)**

BES charges directly to this PBOT grant. Additional personal services, interagency and miscellaneous services are required.

**CBO Discussion and Recommendation**

**CBO Discussion and Recommendations  
 FY 2014-15 Spring Supplemental Budget**

**Bureau:** Bureau of Environmental Services

**Type:** New Request

**Request:** ES\_009 - Operating Program Adjustments

|                                 | <b>Spring BMP<br/>Requested<br/>Adjustments</b> | <b>Spring BMP<br/>CBO/Council<br/>Changes</b> | <b>Spring BMP<br/>Total<br/>Adjustments</b> |
|---------------------------------|-------------------------------------------------|-----------------------------------------------|---------------------------------------------|
| <b>EXPENDITURES</b>             |                                                 |                                               |                                             |
| External Materials and Services | 487,057                                         | 0                                             | 487,057                                     |
| Internal Materials and Services | 305,993                                         | 0                                             | 305,993                                     |
| Capital Outlay                  | (95,400)                                        | 0                                             | (95,400)                                    |
| Contingency                     | (697,650)                                       | 0                                             | (697,650)                                   |
| <b>TOTAL EXPENDITURES</b>       | <b>0</b>                                        | <b>0</b>                                      | <b>0</b>                                    |

**CBO Discussion and Recommendations  
FY 2014-15 Spring Supplemental Budget**

**Bureau:** Bureau of Environmental Services

**Type:** New Request

**Request:** ES\_009 - Operating Program Adjustments

| Spring BMP<br>Requested<br>Adjustments | Spring BMP<br>CBO/Council<br>Changes | Spring BMP<br>Total<br>Adjustments |
|----------------------------------------|--------------------------------------|------------------------------------|
|----------------------------------------|--------------------------------------|------------------------------------|

**Bureau Description:**

**Business Services**

\$300,000 for an increase in the interagency with Facilities for operations and maintenance on Terminal One repairs. The bureau will get reimbursed for this expense when the sale of T-1 occurs in FY 2015-16. Resources are from contingency.

\$67,650 for E-Builder licenses and support that cannot be capitalized. The E-Builder software project is to replace PIPER, the CIP project tracking system of the bureau. Resources are from contingency.

\$8,000 for unanticipated costs related to design/American Disabilities Act modifications for the Portland Loo sold to San Diego. This sale was in process in the last part of FY 2013-14. Resources are from contingency.

\$8,000 for utilities that are running higher than expected due to a lower budget figured on data that included prior year credits. Resources are from contingency.

\$40,000 in unanticipated costs related to surplus property sale. The bureau will recognize income from the sale in FY 2015-16. Expenses included well removal and surveys of the Pope (in NW Portland used for CSO staging) and Swan Island properties. Resources are from contingency.

\$30,000 for storage fees for furniture and equipment. Furniture and equipment is from other facility offices (such as the CSO office at the Opera Building). Due to more stringent guidelines on reselling surplus city furniture and equipment, it results in offsite fees to store the items. It is very difficult to rid of office furniture within the city processes. The bureau looks to the stored items for use by other staff if possible. Resources are from contingency.

\$35,000 for temporary services for front desk of the bureau in the Portland Building. A FTE was requested in the FY 2015-16 budget. Resources are from contingency.

\$50,000 for the final year of a contract to get a (NFA) No Further Action from DEQ. This is consulting related to the Swan Island property sale. This effort is budgeted in the Environmental Remediation Fund. Resources are from contingency.

\$19,000 for bond sale and facilitation services for the Bureau's Budget Advisory Committee. Resources are from contingency.

**Director's Office**

\$60,000 for attorney fees related to investigations into the Columbia Building. Resources are from contingency.

**Engineering Services**

\$80,000 for visa processing fees incurred when the bureau takes a credit card payment for development fees. Five years ago the fees were less than \$25,000; in this year and last the fees are about \$100,000. This same adjustment was made for the FY 2015-16 budget. Resources are from contingency.

**Pollution Prevention**

\$89,000 shift of capital outlay funds to external materials and services. This is a technical adjustment as purchases for HYDRA equipment are booked to materials and services since the value of individual pieces were under \$5,000.

**Watershed Services**

\$5,993 for services from Parks' Urban Forestry to input data in TRACS on trees planted. This is a Parks requirement. Resources are from internal watershed sources.

**Wastewater Services**

\$6,400 to reflect the purchase of equipment that was budgeted in capital outlay. The equipment was able to be purchased with an unexpected discount, bringing the cost down to less than \$5,000 so it was charged to minor equipment and tools. This is a technical adjustment. Resources are from capital outlay.

\$250,000 from Sewer Inspection and Cleaning to Sewer Repair (\$220,000) and Stormwater Repair (\$30,000). Additional resources are needed to address priority sewer repairs so overtime (at PBOT-MO) is being reallocated.

**CBO Discussion and Recommendation**

**CBO Discussion and Recommendations  
FY 2014-15 Spring Supplemental Budget**

**Bureau:** Bureau of Environmental Services

**Type:** New Request

**Request:** ES\_010 - New Revenue

|                                 | <b>Spring BMP<br/>Requested<br/>Adjustments</b> | <b>Spring BMP<br/>CBO/Council<br/>Changes</b> | <b>Spring BMP<br/>Total<br/>Adjustments</b> |
|---------------------------------|-------------------------------------------------|-----------------------------------------------|---------------------------------------------|
| <b>EXPENDITURES</b>             |                                                 |                                               |                                             |
| External Materials and Services | 250,376                                         | 0                                             | 250,376                                     |
| Contingency                     | 229,914                                         | 0                                             | 229,914                                     |
| <b>TOTAL EXPENDITURES</b>       | <b>480,290</b>                                  | <b>0</b>                                      | <b>480,290</b>                              |
| <b>REVENUES</b>                 |                                                 |                                               |                                             |
| Charges for Services            | 246,000                                         | 0                                             | 246,000                                     |
| Interagency Revenue             | 75,500                                          | 0                                             | 75,500                                      |
| Fund Transfers - Revenue        | 100,000                                         | 0                                             | 100,000                                     |
| Miscellaneous                   | 58,790                                          | 0                                             | 58,790                                      |
| <b>TOTAL REVENUES</b>           | <b>480,290</b>                                  | <b>0</b>                                      | <b>480,290</b>                              |

**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.

**Business Services**

\$196,000 revenue in Business Services for lease income from UPS at the Swan Island property. UPS started leasing in October and will be leasing it month to month until it is sold in about a year. Lease per month is about \$21,000 – 9 months = \$196,000. Balance in contingency.

\$50,000 revenue in Business services for lease income from Sulzer Pumps USA, Inc. for a portion of the Terminal One property. Sulzer Pumps will lease T-1 property on a month to month lease it is sold, that may be by calendar year's end. Revenue is computed on 8 months of rental. Balance in contingency.

\$83,790 revenue in Business Services to recognize the sale of one Portland Loo. Two loo sales from Salt Lake City have been realized with one budgeted for FY 2014-15. Additionally, budget for the expense of building both loos (\$142,376) are in this request package as this revenue will assist in offsetting the cost and this program within BES is sunsetting. Net balance in contingency of <\$58,586>.

**Engineering Services**

\$10,000 revenue from BTS for miscellaneous services from Engineering Systems Development to relocate telecomm networks impacted by the Sewer Extension Program. Balance in contingency.

\$7,500 revenue from the Bureau of Transportation for Outer Powell Transportation Safety Project. Balance in contingency.

\$50,000 revenue from the Water Bureau for materials testing services for Kelly Butte Reservoir. Balance in contingency.

**Watershed Services**

\$100,000 revenue of General Fund pass-through funding to contribute to the construction of a new building for Zenger Farms. Resources are from a cash transfer from the General Fund.

\$8,000 revenue in interagency revenue from Development Services for cost sharing on CRS (Community Rating System) Reverification, which is the regulatory update to maintain participation in CRS program, bringing lower flood insurance rates and data for land and water management. Resources are from Bureaus of Development Services.

**Wastewater Services**

<\$25,000> revenue reduction in Wastewater received from Methane sales to Malarkey Roofing. Balance in contingency.

**CBO Discussion and Recommendation**

**CBO Discussion and Recommendations  
FY 2014-15 Spring Supplemental Budget**

**Bureau:** Bureau of Environmental Services

**Type:** Technical Adjustment

**Request:** ES\_011 - Capital Improvement Program

|                                 | <b>Spring BMP<br/>Requested<br/>Adjustments</b> | <b>Spring BMP<br/>CBO/Council<br/>Changes</b> | <b>Spring BMP<br/>Total<br/>Adjustments</b> |
|---------------------------------|-------------------------------------------------|-----------------------------------------------|---------------------------------------------|
| <b>EXPENDITURES</b>             |                                                 |                                               |                                             |
| External Materials and Services | 2,500,000                                       | 0                                             | 2,500,000                                   |
| Internal Materials and Services | 450,000                                         | 0                                             | 450,000                                     |
| Capital Outlay                  | (2,950,000)                                     | 0                                             | (2,950,000)                                 |
| <b>TOTAL EXPENDITURES</b>       | <b>0</b>                                        | <b>0</b>                                      | <b>0</b>                                    |

**Bureau Description:**

\$1,950,000 of adjustments to provide budget for line items that may be overspent or not budgeted. These adjustments move Capital Outlay resources to External and Internal Materials and Services. The adjustments and projects are:

\$450,000 facility services for Terminal One project management.

\$1,000,000 repair and maintenance supplies for Columbia Blvd and Tryon Creek Wastewater Treatment Plant projects.

\$1,500,000 miscellaneous services for rehab projects.

Appropriations are within the Maintenance and Reliability CIP Program and the Sewage Treatment CIP Program.

**CBO Discussion and Recommendation**

**CBO Discussion and Recommendations  
FY 2014-15 Spring Supplemental Budget**

**Bureau:** Bureau of Environmental Services

**Type:** Compensation Set Aside Request

**Request:** ES\_012 - Personnel Adjustments

|                                 | Spring BMP<br>Requested<br>Adjustments | Spring BMP<br>CBO/Council<br>Changes | Spring BMP<br>Total<br>Adjustments |
|---------------------------------|----------------------------------------|--------------------------------------|------------------------------------|
| <b>EXPENDITURES</b>             |                                        |                                      |                                    |
| Personnel Services              | 1,749,647                              | 0                                    | 1,749,647                          |
| Internal Materials and Services | 31,551                                 | 0                                    | 31,551                             |
| Contingency                     | (1,781,198)                            | 0                                    | (1,781,198)                        |
| <b>TOTAL EXPENDITURES</b>       | <b>0</b>                               | <b>0</b>                             | <b>0</b>                           |

**Bureau Description:**

\$1,500,000 of Cost of Living Adjustments (COLA) within the Sewer Operating Fund is requested from contingency to assure compliance with local budget law. The COLA was 2.7% on July 1, 2014.

\$85,000 of personal services increase for Cost of Living Adjustments (COLA), higher than planned benefits (\$28,000) and discrete adjustments reflecting staff from the Sewer Operating Fund charging to the Environmental Remediation Fund for unbudgeted facility work related to Guilds Lake and Portland Harbor remediation project management (\$57,000). The COLA was 2.7% on July 1, 2014. Resources are from contingency.

\$164,647 of personal services increases for (1) \$119,161 realignment between the Director's Office and Business Services for interim staffing, and (2) \$164,647 reflecting a severance payout within the Director's Office. Resources are from contingency.

\$31,551 interagency with the Bureau of Human Resources for the extension of benefits for four ex-Environmental Services employees (targeted severance). Resources are from contingency.

**CBO Discussion and Recommendation**



**CBO Discussion and Recommendations  
FY 2014-15 Spring Supplemental Budget**

**Bureau:** Bureau of Environmental Services

**Type:** Technical Adjustment

**Request:** ES\_013 - Internal Budget Adjustments

|                                 | <b>Spring BMP<br/>Requested<br/>Adjustments</b> | <b>Spring BMP<br/>CBO/Council<br/>Changes</b> | <b>Spring BMP<br/>Total<br/>Adjustments</b> |
|---------------------------------|-------------------------------------------------|-----------------------------------------------|---------------------------------------------|
| <b>EXPENDITURES</b>             |                                                 |                                               |                                             |
| Personnel Services              | 0                                               | 0                                             | 0                                           |
| External Materials and Services | 0                                               | 0                                             | 0                                           |
| Capital Outlay                  | 0                                               | 0                                             | 0                                           |
| <b>TOTAL EXPENDITURES</b>       | <b>0</b>                                        | <b>0</b>                                      | <b>0</b>                                    |

**Bureau Description:**

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

**Watershed Services**

\$186,935 shift from miscellaneous services to non-capital improvement for the final ecoroof incentive payments on outstanding contracts.

\$64,700 shift from professional services to miscellaneous services for Columbia Slough Watershed accelerated sediment data analysis and reporting.

\$10,000 shift from Watershed professional services to Johnson Creek professional services for CRS (Community Rating System) program land title verification.

\$21,000 shift from professional services to miscellaneous services from the general watershed division to Science, Fish and Wildlife for USGS CLOMR (Conditional Letter of Map Revision) and OSU Genetics contracts.

\$35,172 internal adjustment within Science, Fish and Wildlife to reflect use of public professionals.

\$26,000 internal adjustment within Watershed administration to separate acquisition costs from other PTE billings.

**Wastewater Services**

\$225,000 from miscellaneous services to operating supplies for increased use of hypochlorite. Troubles with implementation of secondary process improvements caused a six-week upset to the treatment process resulting in additional chemical usage. Have also had some hits of bad 'stuff' coming into the plant resulting in increased use of hypo. Resources are from the biosolids program and have been freed up due to unexpected decrease in fuel costs (to 2008 levels) and cancellation of over 80 trucks.

\$145,000 from repair and maintenance services (primarily from the Collection System Program) to repair and maintenance supplies (Treatment Program) as more maintenance repairs are needed. Collection System Program is experiencing less than expected repairs to the Operating budget, which frees up resources.

\$16,000 from overtime within the Treatment Program to more effectively realign resources within that program and the Collection System Program.

**Pollution Prevention**

\$25,000 from professional services to miscellaneous services for the MS4 permit renewal. This will be a cost share with the Port of Portland.

\$100,000 from personal services and external materials into another functional area. Same fund (Environmental Remediation), cost center and accounts. This corrects a budgeting error in the FY 2014-15 Fall BMP.

**Engineering Services**

\$47,509 from System Development Program to CIP Program to correct a budgeting error (negative appropriation) in the FY 2014-15 Fall BMP.

**CBO Discussion and Recommendation**

**CBO Discussion and Recommendations  
FY 2014-15 Spring Supplemental Budget**

**Bureau:** Bureau of Environmental Services

**Type:** New Request

**Request:** ES\_014 - Fund Transfers

|                            | Spring BMP<br>Requested<br>Adjustments | Spring BMP<br>CBO/Council<br>Changes | Spring BMP<br>Total<br>Adjustments |
|----------------------------|----------------------------------------|--------------------------------------|------------------------------------|
| <b>EXPENDITURES</b>        |                                        |                                      |                                    |
| Capital Outlay             | 1,450,000                              | 0                                    | 1,450,000                          |
| Bond Expenses              | 150,930                                | 0                                    | 150,930                            |
| Fund Transfers - Expense   | 7,598,043                              | 0                                    | 7,598,043                          |
| Contingency                | 6,149,070                              | 0                                    | 6,149,070                          |
| <b>TOTAL EXPENDITURES</b>  | <b>15,348,043</b>                      | <b>0</b>                             | <b>15,348,043</b>                  |
| <b>REVENUES</b>            |                                        |                                      |                                    |
| Charges for Services       | 6,300,000                              | 0                                    | 6,300,000                          |
| Intergovernmental Revenues | 1,450,000                              | 0                                    | 1,450,000                          |
| Fund Transfers - Revenue   | 7,598,043                              | 0                                    | 7,598,043                          |
| <b>TOTAL REVENUES</b>      | <b>15,348,043</b>                      | <b>0</b>                             | <b>15,348,043</b>                  |

**Bureau Description:**

**Sewer Operating Fund -**

Recognize \$1,450,000 of revenue from the Oregon Department of Transportation as reimbursement on the I-5/SW 26th Water Quality Facility (WQF) project that was moved from CIP to Operating.

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

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

This adjustment recognizes \$300,000 of additional residential SDCs and \$6,000,000 of additional commercial SDCs 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 \$6,300,000 to reflect the reduction of rate cash to fund the debt service payments.

**Sewer Operating Fund and Debt Redemption Fund -**

**Sewer Operating Fund to Debt Service**

This \$150,930 adjustment reflects paying off a state loan for Brookside Wetlands three years early for interest savings of \$15,643. The debt service is \$150,930 with funding coming from contingency.

**Sewer Operating Fund to Debt Service**

This \$2,447,113 adjustment reflects cash contributed to the Refund of 2004A bonds for non-budgetary interest payment, but the transfer of cash requires appropriation within SAP. This is a correction of the Fall BMP, where adjustments were made for the August bond sale but which did not include this piece. Resources are from Sewer Operating Fund contingency and are placed into Debt Service Reserves in the Debt Redemption Fund.

**Sewer Operating Fund and Rate Stabilization Fund -**

**Rate Stabilization Fund to Sewer Operating Fund**

Remove <\$4,000,000> of appropriation from the Rate Stabilization Fund to the Sewer Operating Fund. This appropriation is not needed as an infusion of cash to meet bond coverage. Funds are returned to Rate Stabilization Fund contingency.

**Sewer Operating Fund to Rate Stabilization Fund**

Increase transfers to the Rate Stabilization Fund from Sewer Operating by an additional \$9,000,000 and place in contingency to smooth and reduce future rate increases.

**CBO Discussion and Recommendation**

**CBO Discussion and Recommendations  
FY 2014-15 Spring Supplemental Budget**

**Bureau:** Bureau of Environmental Services

**Type:** Technical Adjustment

**Request:** ES\_015 - Innovation Fund: BES

|                                 | <b>Spring BMP<br/>Requested<br/>Adjustments</b> | <b>Spring BMP<br/>CBO/Council<br/>Changes</b> | <b>Spring BMP<br/>Total<br/>Adjustments</b> |
|---------------------------------|-------------------------------------------------|-----------------------------------------------|---------------------------------------------|
| <b>EXPENDITURES</b>             |                                                 |                                               |                                             |
| External Materials and Services | 35,000                                          | 0                                             | 35,000                                      |
| <b>TOTAL EXPENDITURES</b>       | <b>35,000</b>                                   | <b>0</b>                                      | <b>35,000</b>                               |
| <b>REVENUES</b>                 |                                                 |                                               |                                             |
| Fund Transfers - Revenue        | 35,000                                          | 0                                             | 35,000                                      |
| <b>TOTAL REVENUES</b>           | <b>35,000</b>                                   | <b>0</b>                                      | <b>35,000</b>                               |

**Bureau Description:**

Pollution Prevention

\$35,000 revenue from the General Fund for two Innovation Fund Micro-Grants:

\$15,000 Cut Through the FOG (Fats, Oils and Grease) Grease Trap Cleaning Coupons

This proposal focuses on food service establishments with requirements for grease trap maintenance and reporting. Many small businesses are "self-cleaners" who, while trying to save money, are unable to keep up with the cleaning, miss regulatory reporting and also frequently suffer from grease related backups. There are vendors who participate in the regional Preferred Pumper Program who provide not only high quality maintenance of these facilities but also the required regulatory reporting. The proposed strategy uses the grant funds to pay for grease cleaning coupons for these food service establishments to be redeemed for one preferred pumper cleaning. The Preferred Pumper vendor properly cleans the facility, observes and notes the condition and provides the report to the City. It also aids in coordinating the City inspection. Finally, the coupon covers the cost of a grease trap cleaning, usually between \$80 and \$120 per event, something of value to the food service establishment.

\$20,000 Multilingual Videos for Food Service Best Management.

As part of the 'Cut Through the FOG' program, BES staff provide a significant amount of outreach to the owners and operators of food service establishments (FSE). When English is not the primary language in a FSE, it has, at times, been difficult to convey technical information about the program and provide demonstrations of appropriate techniques in the management of FOG. In the past, BES has used brochures and other written material which has had little review by the recipients. This proposal will allow BES to produce multilingual videos for the owners, staff and landlords of food service establishments. The videos will be used by staff during visits to these businesses and may also be accessed through the Cut the FOG webpage. The City and the FSEs benefit from a more equitable approach to outreach and education and the use of more effective tools to explain best management practices and obtain compliance.

**CBO Discussion and Recommendation**

**\*\* EXTRA INFORMATION \*\*****Bureau of Environmental Services –****Fall 2014-15 BMP Requests – Updated Results Spring BMP:****Grants (ES\_001)**

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 47<sup>th</sup> & 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.

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

This grant relies on partners willing to construct unique stormwater features on their properties.

Fall BMP grant funds were used on the following projects:

- NE 47<sup>th</sup> & Halsey (E10613, secondary to E10002) (\$136,639)- design and construction of a green street performed under a PBOT interagency, also included were BES Revegetation Program services
- Metro subaward (\$100,000) - construction of a green wall at the Expo Center performed under management by Metro
- PSU subaward (\$0) – the planned stormwater project did not materialize in time to meet the grant end date of 12/31/2014, so this project was not completed with grant funds. These funds will be reallocated in the Spring BMP.
- Signage (\$3,000) – Clay Street project (E10007) interpretive signage highlighting Green Street features
- Ecoroof cost incentive evaluation (\$21,466) – a study performed under direct contract with Ecometrix
- Innovative Wet Weather Program Video (\$9,800) – a documentation video performed under direct contract with Tom11 Films

Since this EPA Innovative Wet Weather Grant ended 12/31/14, there will be a Spring BMP submittal that includes truing up grant fund allocations with final expenses. The grant is currently undergoing final closeout and procurement audit by the Environmental Protection Agency (EPA).

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

Grant funds (\$32,015) were used for professional services assessment work performed by Amec, Geodesign and Shannon & Wilson on Brownfield properties.

Since this EPA Brownfields grant ended 12/31/14, there will be a Spring BMP submittal that includes truing up grant fund allocations with final expenses. The grant is currently undergoing final closeout by the Environmental Protection Agency (EPA).

**Personnel (Position) Adjustments (ES\_006)****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.

**UPDATE:**

Hiring for this position is "in process." Materials Testing Lab is finding itself constrained by the lack of a full staff.

\$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.

**UPDATE:**

Both of the System Development positions are filled. Without them, they would not have been able to keep up with the increased permit processing demand.

**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.

**UPDATE:**

The position was transferred to BTS and has remained unfilled. The bureau is reviewing the need for services provided by this position (when filled).

# Capital Program Status Report

## Environmental Services

| CIP Program                 | FY 2013-14<br>Adopted<br>Budget | FY 2013-14<br>Revised<br>Budget | FY 2013-14<br>Year-End<br>Actuals | Variance<br>\$        | Variance<br>% | FY 2014-15<br>Adopted<br>Budget | Spring BMP<br>Revised<br>Budget | FY 2014-15<br>Year to Date<br>Actuals | Variance<br>\$     | Variance<br>% |
|-----------------------------|---------------------------------|---------------------------------|-----------------------------------|-----------------------|---------------|---------------------------------|---------------------------------|---------------------------------------|--------------------|---------------|
|                             | \$0                             | \$0                             | \$3,359                           | \$3,359               |               | \$0                             | \$0                             | \$0                                   | \$0                |               |
| Accounting                  | \$0                             | \$0                             | \$0                               | \$0                   |               | \$0                             | \$0                             | \$45,960                              | \$0                |               |
| Buildings                   | \$0                             | \$0                             | \$267,164                         | \$267,164             |               | \$0                             | \$0                             | \$37,629                              | \$0                |               |
| Facilities                  | \$0                             | \$0                             | \$240,412                         | \$240,412             |               | \$0                             | \$0                             | \$188,219                             | \$0                |               |
| Maintenance and Reliability | \$75,883,000                    | \$74,558,000                    | \$61,331,215                      | (\$13,226,785)        | (18%)         | \$75,432,000                    | \$75,483,356                    | \$31,736,378                          | \$51,356           | 0%            |
| Sewage Treatment Systems    | \$17,766,000                    | \$18,071,000                    | \$19,334,256                      | \$1,263,256           | 7%            | \$12,370,000                    | \$12,370,000                    | \$9,585,444                           | \$0                | 0%            |
| Support                     | \$0                             | \$0                             | \$425,173                         | \$425,173             |               | \$0                             | \$0                             | \$160,098                             | \$0                |               |
| Surface Water Management    | \$17,004,000                    | \$17,613,000                    | \$11,368,191                      | (\$6,244,809)         | (35%)         | \$17,347,000                    | \$19,176,776                    | \$9,664,472                           | \$1,829,776        | 11%           |
| Systems Development         | \$8,359,570                     | \$8,743,000                     | \$5,104,463                       | (\$3,638,537)         | (42%)         | \$6,759,000                     | \$6,865,300                     | \$3,157,951                           | \$106,300          | 2%            |
| <b>Total</b>                | <b>\$119,012,570</b>            | <b>\$118,985,000</b>            | <b>\$98,074,233</b>               | <b>(\$20,910,767)</b> | <b>(18%)</b>  | <b>\$111,908,000</b>            | <b>\$113,895,432</b>            | <b>\$54,576,151</b>                   | <b>\$1,987,432</b> | <b>2%</b>     |

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

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

### Prior Year Variance Description

#### Maintenance 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

#### Surface Water Management

Recognize \$1,450,000 of revenue from the Oregon Department of Transportation as reimbursement on the I-5/SW 26th Water Quality Facility (WQF) project that was moved from CIP funding to Operating funding.

Added \$204,776 in grant funds for Watershed Investment projects to complete large wood installation at the Lower Slough Refugia.

In the Fall BMP, added \$175,000 of grant funding for innovative wet weather projects within the CIP.

**FY 2014-15 SPRING BMP UPDATES TO  
FY 2014-15 REQUESTED DECISION PACKAGES**

**ES-01 (Priority 12) <\$179,550>**

**Eliminate Street Sweeping Contribution**

Street Cleaning - Street Cleaning is a common and expensive practice undertaken by most urban municipalities. Street sweeping, essentially the operation of large trucks for cleaning street surfaces, is primarily performed for aesthetic purposes. It is often perceived to lead to improvements in the environmental conditions of urban waterways by preventing pollutants deposited on street surfaces from reaching the stormwater system, and subsequent to that, urban streets. There is, however, little available evidence to quantify the extent to which street sweeping can improve stormwater quality. Portland also has a few key features that make the questionable benefit of street sweeping even more marginalized. Portland's street runoff in most of the City is captured in another treatment facility; either the combined sanitary and stormwater pipes that flow to the wastewater treatment plant, or to stormwater facilities that capture sediments and allow for their mechanical removal in a more efficient manner. An ongoing cut of \$425,000 equals approximately 100% of Environmental Services's contribution and an estimated 20% reduction of total city street cleaning budget.

ER

Eliminating Environmental Services's contribution to the Bureau of Transportation's provision of street sweeping services would have a negligible and/or immeasurable effect on the water quality of urban streams and pose a lower risk reduction to the budget than other programs of its size.

**UPDATE:**

No evidence of negative impact to stormwater quality or conveyance and treatment systems.

**ES-02 (Priority 1) <\$411,354>**

**Eliminate Tryon Creek Facilities Plan Update**

Plan is complete.

ER

The Tryon Creek Wastewater Treatment Plant Facilities Plan will guide future capital construction at the plant, which must serve growing populations in both Lake Oswego and Portland.

**UPDATE:**

Plan was completed. No impact to the reduction as the work was finished.

**ES-03 (Priority 7) <\$345,538>**

**Reduce Electricity Needed for Pump Stations**

This reduction in budget is based on historical and projected usage and rates, and represents about 16% of the current FY 2013-14 pump station adopted budget of \$2,129,538.

ER

No impact on level of service, based on historical usage and projected rates.

**UPDATE:**

Budget to actuals indicate this reduction was projected accurately. We are currently approximately \$50,000 under spent as of AP-8. Continuing to remain within budget for the fiscal year is dependent on rainfall and sustained efforts of the Pump Station O&M crews to operate the pumping stations as efficiently as possible.

**ES-04 (Priority 6) <\$150,000>**

**Replacement of MS Office Pro - Training**

FY 2013-14 expenses are one-time. Updated schedule for implementation makes it more likely that software installation will be complete this fiscal year. Eliminating this partial carryover of a one-time expense will leave no budget for staff training.

ER

Minimal impact on service delivery.

**UPDATE:**

Training resources were not required at the level budgeted. The bureau has survived this reduction.

**ES-05 (Priority 8) <\$119,000>**

**Transfer of Portland Loos to the General Fund (Parks)**

Although they serve a public purpose, maintenance and repair of the loos is not core to the bureau's mission. If this cut is taken further maintenance of the loos would require alternate funding, which could be partially offset by royalty revenues from loo sales to other agencies.

ER

No impacts to level of service.

**UPDATE:**

While the Portland Loo program was transferred to the General Fund, BES has incurred expenses related to sales prior to the transfer in the amount of \$7,600 for design modifications related to American Disabilities Act requirements on the sale of two Loos to the City of San Diego. In addition, sales negotiations for two Loos to Salt Lake City



that began in FY 2013-14 came through in March of 2015, resulting in expenses of \$143,000 and revenue of \$179,000.

**ES-06 (Priority 5) <\$101,748>**

**Replacement of MS Office Pro**

A required upgrade of the bureau's MS Office software from Office 2003 to Office 365, plus training, is budgeted at \$251,748 for the current year. Given the one-time nature of the expense, next year's budget would ordinarily show a reduction by that amount. This reduction would leave \$150,000 of (one-time) upgrade and training expenses for any potential upgrade and training costs that would occur next fiscal year.

ER

Minimal impact on service delivery.

**UPDATE:**

The bureau was informed in August 2014 that subscriptions were an ongoing expense and is charged in the following fiscal year. This budget reduction, taken before that information was known, was restored in the Fall BMP, as the bureau had been charged for the subscriptions.

**ES-07 (Priority 17) <\$100,000>**

**Reduction of Portland Harbor Technical Contract Support**

The technical assistance contracts provide support for the City's participation in the ongoing Portland Harbor Superfund liability allocation process. This process will ultimately determine the amount of financial liability the City is assigned in the cleanup of Portland Harbor. This reduction will limit the City's ability to review information developed by other parties and respond to statements about City properties or operations, thus affecting the ability to defend City positions in the allocation process. This reduction represents approximately 13% of the technical assistance contract budget.

ER

There may be an increase in risk that Environmental Services may not be able to provide the technical support for preparation of the necessary information, which may affect the City's ability to meet its obligations under the agreed settlement procedure.

*For UPDATE, see below ES\_09*

**ES-08 (Priority 18) <\$100,000>**

**Reduction of Portland Harbor Legal Support**

Legal support for the City's participation in the Portland Harbor Superfund site is critical. The ongoing allocation process will determine the ultimate financial liability for the cleanup. This reduction represents about 10% of the legal services budget.

ER

There is some risk in reducing our legal support as it will impact the City's ability to participate in the liability allocation process - from both a strategic positioning and on the ground review of questions and statements from other parties regarding City liability. Again, the reduction may affect the City's ability to meet its obligations under the agreed to settlement process.

*For UPDATE, see below ES\_09*

**ES-09 (Priority 16) <\$100,000>**

**Reduction of Portland Harbor Natural Resource Trustees Support**

The Natural Resource Trustees (Native American Tribes, National Oceanic and Atmospheric Administration/National Marine Fisheries Service, US Fish and Wildlife Service, Oregon Department of Fish and Wildlife) are tasked with determining the damage to natural resource caused by the contamination at the Portland Harbor Superfund site. The City, as are other parties, is involved, and helps fund, the trustees as they determine the extent of the damage and identify options to correct or mitigate for the damage. The City expects that involvement with the Trustees will require more of their expertise as the extent of the City's liability for natural resource damages is determined, and an approach for correcting those damages is agreed upon. The City will be expected to fund the efforts of the trustees as they work with the City on these issues. This represents approximately 35% of our budget item for funding natural resource trustees.

ER

There is some risk in reducing the funds available for supporting the Trustees as it could impact the City's ability to efficiently come to an agreed upon resolution to its liability, thus potentially creating significant financial uncertainty.

**UPDATE to the above three decision packages (ES\_07, 08, 09):**

The reductions have had little or no impact to the project –

A significant deliverable, a report to DEQ that encompasses 10 years work in source investigation of the City's outfalls in Portland Harbor has been completed, and we currently expect that any follow-up work will be smaller in scale. Both the contaminated sediment investigation and the natural resources work are now, for the time being, less resource intensive phases and the City Attorney's Office is using fewer outside legal resources than anticipated.

**ES-10 (Priority 15) <\$100,000>**

**Reduction of Ecoroof Engineering Support**

This reduces City support for engineering assistance for ecoroof design since the City no longer has an incentive program to facilitate ecoroof development for stormwater management purposes.

ER

Minimal impact to service delivery, since the existing budget is historically under spent.

**UPDATE:**

Had the resources stayed within the budget, no technical assistance would have been provided for ecoroof installations.

Four ecoroof incentive contracts have been completed or will be completed by year end, bringing the total expense for incentive contracts to \$186,935 for the year and adding 37,387 square feet of ecoroofs. This will close all contracts opened during the incentive program, which allowed participants two years to complete their roof. These contracts had no budget in FY15 and funding for them will be in the spring budget adjustment proposal.

**ES-11 (Priority 4) <\$75,000>**

**Reduction of Stormwater Manual Support**

Stormwater Management Manual update complete.

ER

The Stormwater Manual provides policy and design requirements for stormwater management throughout the City of Portland for all development, redevelopment, and improvement projects within the City of Portland on private and public property and in the public right-of-way.

**UPDATE:**

Stormwater Manual update completed. Resources not required.

**ES-12 (Priority 11) <\$73,000> - THIS DP NOT IMPLEMENTED-REPLACED BY DP\_19: Watershed Division Reduction <\$73,000>**

*This reduction would end support that Environmental Services provides to South West Neighborhood Inc. (SWNI) for staffing the Watershed Resource Center (WRC). There are a number of challenging water quality and watershed health issues that impact southwest Portland, but there is no watershed council for the area to address them. Environmental Services's Municipal Separate Storm Sewer System Discharge Permit (MS4) includes these types of outreach as best management practices which are included in the bureau's compliance report.*

ER

*Continuing the WRC staff position would require that SWNI backfill the loss of funding from other sources. There is potential for reduced community engagement in activities to protect and enhance watershed health (i.e., invasive plant removal, native plant landscaping, habitat restoration projects, water quality protection), reduced ability to get work accomplished on private property, and lost opportunities to leverage resources (i.e. get grants) to develop cost-effective watershed restoration projects.*

**ES-13 (Priority 3) (Realignment) THIS DP NOT IMPLEMENTED**

*The City and Multnomah County reached an agreement dated May 9, 1968 that, among other stipulations, allows the county to occupy and beneficially use City of Portland property and structures on the Columbia Boulevard Wastewater Treatment Plant campus without compensation. The agreement does allow for modification or amendment, but not termination of the agreement. Environmental Services proposes to modify the agreement such that Environmental Services becomes the landlord and the County becomes the tenant of property and structures mentioned herein, and Environmental Services provides security, sewer, garbage, janitorial and other typical services in return for the County as tenant to pay a \$5,000 per month lease to the bureau for beneficial use.*

*The Revenue "Charges for Services," above, reflects \$0 as an increase in lease income will be offset by a decrease in sewer and stormwater utility charges.*

*ER*

*Revenues would be reflective of the value of the lease to the Multnomah County. No impact to service delivery.*

**ES-14 (Priority 9) <\$60,000>**

**Reduce Lab equipment**

This one-time purchase of gas chromatography mass spectrometry equipment equipped with a flame ionization detector at the Water Pollution Control Laboratory was completed in FY 2013-14, so additional funding is not needed.

ER

Increased internal process efficiencies and lower outside lab costs.

**UPDATE:**

Equipment was purchased and the resource was no longer required.

**ES-15 (Priority 15) <\$60,000>**

**Reduce Janitorial-Maintenance Services at WPCL**

The Water Pollution Control Laboratory (WPCL), in North Portland includes both office and industrial space with a full service laboratory. Additionally, the facility has two meeting rooms for bureau staff that have also been made available for after-hours use by neighborhood associations, community groups and other non-profit organizations. The building is seventeen years old with increased maintenance needs for floors, furniture and restroom facilities. This proposal reduces the interagency agreement for maintenance and janitorial services from \$276,000 to \$200,000. These reductions will include specialized and preventative maintenance and repair services provided by a facilities technician as well as reductions in daily janitorial services necessary to meet the needs of the workforce and the expectations of the public using the facilities evenings and weekends.

ER

This proposal reduces the level of service provided for a depreciating building. Cuts to the maintenance and cleaning schedules will require either a reduction in public usage of the building or the institution of charges for the use of the facility.

**UPDATE:**

The reduction in janitorial and maintenance services has not posed a significant impact on public usage of the WPCL as anticipated. The staff continues to work with the custodial and maintenance providers on scheduling and scope of services to maximize efficiency and minimize any impact of the reduction in these services. In addition, staff is evaluating the current meeting room policy and fee schedule which clarifies the responsibility of all parties and provides guidelines for appropriate collection of fees for community usage.

**ES-16 (Priority 10) THIS DP NOT IMPLEMENTED**

*The Intergovernmental Agreement with Multnomah County for services (#52771, June 2006) provides that Vector Control performs Rat Abatement and Control and Mosquito Abatement and Control and related services. This proposal reduces the \$237,000 intergovernmental agreement by 20% or \$47,400. The primary focus of the reduction should be in mosquito control, monitoring and mitigation and related activities with specific areas of reduction to be negotiated between the parties.*

*ER*

*Some reduction in mosquito control activities.*

**ES-17 (Priority 2) <\$10,000>**

**Reduce A/V Equipment Upgrades at WPCL**

New Audio Visual equipment in Smith-Bybee conference rooms at the Water Pollution Control Laboratory was purchased in FY 2013-14 to replace old and outdated equipment. Funding for this equipment is no longer needed.

ER

Audio Visual equipment was purchased and installed.

**UPDATE:**

Equipment was purchased and the resource was no longer required.

**ES-18 (Priority 14) <\$8,000>**

**Reduce Electronics Records Management**

This reduction reflects the FY 2013-14 purchase of electronic records management software licenses. The licenses are required if bureau staff are to access the City Auditor's Records Management Services.

ER

Access to City electronic records. Funding not required in FY 2014-15.

**UPDATE:**

Licenses were purchased and the resources was no longer required.

**ES\_19 (Priority N/A) <\$73,000>**

**Alternative cut to SWNI cut (ES\_12)**

General Watershed Division cut.

**UPDATE:**

SWNI contract was maintained and is on target for completing its work plan. Neighborhood tree planting was cut. Street tree planting has moved beyond the “low hanging fruit” phase of the program, and it is more difficult to match willing residents and appropriate locations for planting, so remaining funds have been sufficient.

**ES-20 (Priority N/A) +\$50,000**

Zenger Farms special appropriation

**UPDATE:**

Contract was approved by Council and funds paid according to invoice for Nutrition Education and Food Access grant. This was Commissioner Fish’s project, with minimal BES staff involvement. Another contract for \$100,000 is in progress at the moment, also at Commissioner Fish’s initiative. Because of this support, the Division did not contract for the planned \$2,000 in services in its original budget. The Bureau continues to provide Zenger Farms rent-free use of its property for their valuable environmental programming.

**ES-21 (Priority N/A) <\$179,550>**

**Street Sweeping Alternative Reduction**

Taken against RDII in Engineering

**UPDATE:**

Resources earmarked for Rain Derived Inflow and Infiltration (RDII) were later determined to be CIP funded. No impact to this reduction.

**ES\_22 Limited Term Conversions to Regular**

+279,972 - Convert 2 LT FTEs to Full time city employees for the FOG program.

Funding by savings in personnel.

+116,508 - Convert 1 LT FTE to Full time city employee for 1900 Bldg – staffing the Development Services Center and tech assistance – offset by land use fees of \$102,644.

**UPDATE:**

Extra Strength SC program reflected a consistent need for permanent personnel resources. The conversion to regular status did not present a notable impact on services, as the positions were already included in the budget, and performing the work.

# Fund Projection Report

|                                    | Spring BMP<br>Revised<br>Budget | FY 2014-15<br>YTD Actuals<br>Thru AP8 | Spring BMP<br>Year-End<br>Projection | % of Projected<br>Actuals to<br>Revised Bud |
|------------------------------------|---------------------------------|---------------------------------------|--------------------------------------|---------------------------------------------|
| <b>Sewer System Operating Fund</b> |                                 |                                       |                                      |                                             |
| <b>EXPENDITURES</b>                |                                 |                                       |                                      |                                             |
| Unappropriated Fund Balance        | \$180,000                       | \$0                                   | \$0                                  | 0%                                          |
| Personnel Services                 | \$60,974,099                    | \$40,499,835                          | \$60,520,000                         | 99%                                         |
| External Materials and Services    | \$52,770,538                    | \$27,064,763                          | \$51,120,000                         | 97%                                         |
| Internal Materials and Services    | \$41,404,062                    | \$24,831,535                          | \$39,475,000                         | 95%                                         |
| Capital Outlay                     | \$81,014,647                    | \$35,472,875                          | \$62,800,000                         | 78%                                         |
| Bond Expenses                      | \$2,757,169                     | \$476,699                             | \$2,700,000                          | 98%                                         |
| Fund Transfers - Expense           | \$207,580,269                   | \$84,636,459                          | \$203,700,000                        | 98%                                         |
| Contingency                        | \$53,238,178                    | \$0                                   | \$63,047,684                         | 118%                                        |
| <b>TOTAL EXPENDITURES</b>          | <b>\$499,918,962</b>            | <b>\$212,982,166</b>                  | <b>\$483,362,684</b>                 | <b>97%</b>                                  |
| <b>REVENUES</b>                    |                                 |                                       |                                      |                                             |
| Budgeted Beginning Fund Balance    | \$61,565,000                    | \$0                                   | \$57,842,684                         | 94%                                         |
| Licenses & Permits                 | \$1,692,159                     | \$1,457,130                           | \$2,020,000                          | 119%                                        |
| Charges for Services               | \$311,621,800                   | \$181,977,198                         | \$318,900,000                        | 102%                                        |
| Intergovernmental Revenues         | \$1,677,200                     | \$1,459,064                           | \$1,600,000                          | 95%                                         |
| Interagency Revenue                | \$1,602,116                     | \$764,633                             | \$1,600,000                          | 100%                                        |
| Fund Transfers - Revenue           | \$120,761,897                   | \$58,509,585                          | \$100,900,000                        | 84%                                         |
| Bond and Note                      | \$190,000                       | \$0                                   | \$0                                  | 0%                                          |
| Miscellaneous                      | \$808,790                       | \$259,992                             | \$500,000                            | 62%                                         |
| <b>TOTAL REVENUES</b>              | <b>\$499,918,962</b>            | <b>\$244,427,603</b>                  | <b>\$483,362,684</b>                 | <b>97%</b>                                  |

## **Fund Projection Narrative**

Expenses are forecasted to be on plan, with the exception of Capital Outlay projected to be only 78% of Revised Budget due to delays in CIP projects. Total CIP expenditures are projected to be 82% of Revised Budget. The follow projects account for the majority of under budget spending:

E08401 – Far North Nicolai and E09017 – BCC Support: both are headed to bids before the end of current fiscal year, but were supposed to have been in construction this fiscal year – impact is about \$3.0 million. E10031 – Phase 2 Rehab: about \$9.0 million under as various projects are not getting to construction as quickly as planned. E09045 – Fanno Basin System Improvements: under about \$3.0 million that’s attributable to cash flow on current construction projects.

Contingency is forecast to be 118% of Revised Budget resulting from the projection of revenues and expenses.

Licenses and Permits are projected to be 19% over expected levels, a reflection of the robust construction permit activity in the metro region.

Interagency Revenues are for work performed for other City bureaus, which are projected to be on plan for FY 2014-15. Services from the bureau include brownfield remediation, engineering services, construction material testing, and revegetation services.

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.

Finally, Miscellaneous Revenues are projected to be 62% of Revised Budget, due to an accounting adjustment for a prior year SAIF refund of \$610k being reversed and credited against the CIP projects the original premiums were expensed against.



## Business Area Projection Report

|                                         | Spring BMP<br>Revised<br>Budget | FY 2014-15<br>YTD Actuals<br>Thru AP8 | Spring BMP<br>Year-End<br>Projection | % of Projected<br>Actuals to<br>Revised Bud |
|-----------------------------------------|---------------------------------|---------------------------------------|--------------------------------------|---------------------------------------------|
| <b>Bureau of Environmental Services</b> |                                 |                                       |                                      |                                             |
| <b>EXPENDITURES</b>                     |                                 |                                       |                                      |                                             |
| Personnel Services                      | \$15,024                        | \$11,597                              | \$15,000                             | 100%                                        |
| External Materials and Services         | \$529,387                       | \$264,934                             | \$514,000                            | 97%                                         |
| Internal Materials and Services         | \$183,036                       | \$180,644                             | \$183,000                            | 100%                                        |
| Capital Outlay                          | \$509,356                       | \$309,355                             | \$509,356                            | 100%                                        |
| <b>TOTAL EXPENDITURES</b>               | <b>\$1,236,803</b>              | <b>\$766,530</b>                      | <b>\$1,221,356</b>                   | <b>99%</b>                                  |
| <b>REVENUES</b>                         |                                 |                                       |                                      |                                             |
| Intergovernmental Revenues              | \$1,236,803                     | \$748,401                             | \$1,220,356                          | 99%                                         |
| Miscellaneous                           | \$0                             | (\$44)                                | \$0                                  | 0%                                          |
| <b>TOTAL REVENUES</b>                   | <b>\$1,236,803</b>              | <b>\$748,357</b>                      | <b>\$1,220,356</b>                   | <b>99%</b>                                  |

### Bureau Projection Narrative

External Materials and Services forecast mirrors budget adjustments made in the spring bump. Additional charges for the Portland Brownfield Revolving Loan Fund (RLF) grant subrecipients are expected by year's end however, this grant program relies on willing partners who may not materialize by the end of the fiscal year.

Capital Outlay forecast mirrors budget adjustments made in the spring bump. Charges for the Lower Slough Refugia (Watershed Investment Program E08782) have not yet hit the grant but work has been performed and charges will hit by year's end.

Miscellaneous revenues from loan interest appear as a credit to the grants fund, but these charges will net zero by year's end.

# Fund Projection Report

|                                       | Spring BMP<br>Revised<br>Budget | FY 2014-15<br>YTD Actuals<br>Thru AP8 | Spring BMP<br>Year-End<br>Projection | % of Projected<br>Actuals to<br>Revised Bud |
|---------------------------------------|---------------------------------|---------------------------------------|--------------------------------------|---------------------------------------------|
| <b>Environmental Remediation Fund</b> |                                 |                                       |                                      |                                             |
| <b>EXPENDITURES</b>                   |                                 |                                       |                                      |                                             |
| Personnel Services                    | \$464,538                       | \$292,530                             | \$427,000                            | 92%                                         |
| External Materials and Services       | \$3,244,859                     | (\$232,496)                           | \$2,700,000                          | 83%                                         |
| Internal Materials and Services       | \$920,762                       | \$560,822                             | \$780,000                            | 85%                                         |
| Bond Expenses                         | \$1,208                         | \$188                                 | \$1,200                              | 99%                                         |
| Fund Transfers - Expense              | \$151,746                       | \$101,162                             | \$151,746                            | 100%                                        |
| Contingency                           | \$1,835,887                     | \$0                                   | \$2,602,907                          | 142%                                        |
| <b>TOTAL EXPENDITURES</b>             | <b>\$6,619,000</b>              | <b>\$722,206</b>                      | <b>\$6,662,853</b>                   | <b>101%</b>                                 |
| <b>REVENUES</b>                       |                                 |                                       |                                      |                                             |
| Budgeted Beginning Fund Balance       | \$3,367,000                     | \$0                                   | \$3,250,853                          | 97%                                         |
| Charges for Services                  | \$2,317,000                     | \$1,712,566                           | \$2,475,000                          | 107%                                        |
| Intergovernmental Revenues            | \$100,000                       | \$0                                   | \$100,000                            | 100%                                        |
| Interagency Revenue                   | \$415,000                       | \$270,594                             | \$410,000                            | 99%                                         |
| Fund Transfers - Revenue              | \$400,000                       | \$400,000                             | \$400,000                            | 100%                                        |
| Miscellaneous                         | \$20,000                        | \$18,607                              | \$27,000                             | 135%                                        |
| <b>TOTAL REVENUES</b>                 | <b>\$6,619,000</b>              | <b>\$2,401,767</b>                    | <b>\$6,662,853</b>                   | <b>101%</b>                                 |

## Fund Projection Narrative

Expenditures were within reporting levels except for External and Internal Materials Services that were under plan by 83% and 85%, respectively. Under expenditures in external services are primarily related to lower consulting costs; Laboratory and Sampling/Monitoring services are minimal as the Portland Harbor investigation phase winds down.

Contingency, or ending fund balance, is projected to be 142% of plan due to the lower rate of expenditures discussed above.

Revenues were within the reporting levels except for Miscellaneous Revenues that are projected to be 35% over budget (+\$8,393) due to other miscellaneous income related to higher interest earnings and public information requests that are charged a fee for records generation.

# Fund Projection Report

|                                          | Spring BMP<br>Revised<br>Budget | FY 2014-15<br>YTD Actuals<br>Thru AP8 | Spring BMP<br>Year-End<br>Projection | % of Projected<br>Actuals to<br>Revised Bud |
|------------------------------------------|---------------------------------|---------------------------------------|--------------------------------------|---------------------------------------------|
| <b>Sewer System Debt Redemption Fund</b> |                                 |                                       |                                      |                                             |
| <b>EXPENDITURES</b>                      |                                 |                                       |                                      |                                             |
| Unappropriated Fund Balance              | \$63,700,000                    | \$0                                   | \$58,848,696                         | 92%                                         |
| Bond Expenses                            | \$163,960,895                   | \$182,873,987                         | \$267,686,750                        | 163%                                        |
| Fund Transfers - Expense                 | \$0                             | \$0                                   | \$0                                  | 0%                                          |
| Contingency                              | \$2,447,113                     | \$0                                   | \$2,940,517                          | 120%                                        |
| <b>TOTAL EXPENDITURES</b>                | <b>\$230,108,008</b>            | <b>\$182,873,987</b>                  | <b>\$329,475,963</b>                 | <b>143%</b>                                 |
| <b>REVENUES</b>                          |                                 |                                       |                                      |                                             |
| Budgeted Beginning Fund Balance          | \$48,700,000                    | \$0                                   | \$48,702,888                         | 100%                                        |
| Fund Transfers - Revenue                 | \$166,133,008                   | \$81,671,612                          | \$166,115,000                        | 100%                                        |
| Bond and Note                            | \$15,000,000                    | \$114,351,686                         | \$114,352,075                        | 762%                                        |
| Miscellaneous                            | \$275,000                       | \$203,524                             | \$306,000                            | 111%                                        |
| <b>TOTAL REVENUES</b>                    | <b>\$230,108,008</b>            | <b>\$196,226,823</b>                  | <b>\$329,475,963</b>                 | <b>143%</b>                                 |

## Fund Projection Narrative

Bond Expenses are projected as being 163% of Revised Budget, but these expenses include \$103.7 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 are 100% of the Revised Budget.

Similarly, Bond and Note Revenues are projected to be 762% of Revised Budget and includes the \$101.3 million of bond proceeds to refund the prior debt. Excluding these budget-exempt revenues results in this revenues class being 87% of Revised Budget, reflecting the smaller Debt Service Reserve requirement than originally budgeted.

Miscellaneous revenue is forecast to be 11% over plan because of interest earnings that are budgeted conservatively.

# Fund Projection Report

|                                       | Spring BMP<br>Revised<br>Budget | FY 2014-15<br>YTD Actuals<br>Thru AP8 | Spring BMP<br>Year-End<br>Projection | % of Projected<br>Actuals to<br>Revised Bud |
|---------------------------------------|---------------------------------|---------------------------------------|--------------------------------------|---------------------------------------------|
| <b>Sewer System Construction Fund</b> |                                 |                                       |                                      |                                             |
| <b>EXPENDITURES</b>                   |                                 |                                       |                                      |                                             |
| Bond Expenses                         | \$800,000                       | \$926,455                             | \$926,455                            | 116%                                        |
| Fund Transfers - Expense              | \$119,500,000                   | \$57,382,688                          | \$99,800,000                         | 84%                                         |
| Contingency                           | \$129,500,000                   | \$0                                   | \$139,772,234                        | 108%                                        |
| <b>TOTAL EXPENDITURES</b>             | <b>\$249,800,000</b>            | <b>\$58,309,144</b>                   | <b>\$240,498,689</b>                 | <b>96%</b>                                  |
| <b>REVENUES</b>                       |                                 |                                       |                                      |                                             |
| Budgeted Beginning Fund Balance       | \$8,000,000                     | \$0                                   | \$13,803,689                         | 173%                                        |
| Charges for Services                  | \$700,000                       | \$408,273                             | \$1,120,000                          | 160%                                        |
| Fund Transfers - Revenue              | \$20,700,000                    | \$0                                   | \$16,500,000                         | 80%                                         |
| Bond and Note                         | \$220,000,000                   | \$208,240,067                         | \$208,240,000                        | 95%                                         |
| Miscellaneous                         | \$400,000                       | \$588,653                             | \$835,000                            | 209%                                        |
| <b>TOTAL REVENUES</b>                 | <b>\$249,800,000</b>            | <b>\$209,236,993</b>                  | <b>\$240,498,689</b>                 | <b>96%</b>                                  |

## Fund Projection Narrative

Fund Transfers - Expense are forecasted to be 16% below budget due to lower projected CIP expenditures requiring reimbursement.

Bond Expenses are forecasted to be 116% of Revised Budget that includes budget-exempt costs of \$288,000 related to the refunding of the 2004A bonds. Excluding these budget-exempt expenditures results in an expenditures percentage of 80%.

Charges for Services Revenues are projected to be 60% above budget due to higher Line and Branch revenues, a reflection of the robust construction permit activity in the metro region.

Fund Transfers Revenues are forecast at 80% of the budget, based on reduced projections of available funds within the Sewer Operating Fund from rate and other revenues.

Miscellaneous Revenues are forecasted to be 109% over budget due increased interest earnings resulting from the bond sale resulting in higher cash balances and thus higher interest earnings.

## Fund Projection Report

|                                             | Spring BMP<br>Revised<br>Budget | FY 2014-15<br>YTD Actuals<br>Thru AP8 | Spring BMP<br>Year-End<br>Projection | % of Projected<br>Actuals to<br>Revised Bud |
|---------------------------------------------|---------------------------------|---------------------------------------|--------------------------------------|---------------------------------------------|
| <b>Sewer System Rate Stabilization Fund</b> |                                 |                                       |                                      |                                             |
| <b>EXPENDITURES</b>                         |                                 |                                       |                                      |                                             |
| Fund Transfers - Expense                    | \$0                             | \$0                                   | \$0                                  | 0%                                          |
| Contingency                                 | \$39,050,000                    | \$0                                   | \$43,054,690                         | 110%                                        |
| <b>TOTAL EXPENDITURES</b>                   | <b>\$39,050,000</b>             | <b>\$0</b>                            | <b>\$43,054,690</b>                  | <b>110%</b>                                 |
| <b>REVENUES</b>                             |                                 |                                       |                                      |                                             |
| Budgeted Beginning Fund Balance             | \$22,000,000                    | \$0                                   | \$26,266,690                         | 119%                                        |
| Fund Transfers - Revenue                    | \$17,000,000                    | \$0                                   | \$16,650,000                         | 98%                                         |
| Miscellaneous                               | \$50,000                        | \$90,167                              | \$138,000                            | 276%                                        |
| <b>TOTAL REVENUES</b>                       | <b>\$39,050,000</b>             | <b>\$90,167</b>                       | <b>\$43,054,690</b>                  | <b>110%</b>                                 |

### Fund Projection Narrative

Fund Transfers – With the Spring BMP adjustments, the cash transfer to the Sewer Operating Fund was eliminated. As such, Contingency is forecast to be 110% of the Revised Budget.

Beginning Fund Balance is 119% over original plan due to higher transfers into the fund in the prior fiscal year.

Miscellaneous Revenues are projected to be 176% over plan (\$88,000) because of anticipated higher interest earnings on higher fund balances in the fund.