

Bureau of Environmental Services

Analyst: Claudio Campuzano

All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 303,975,000	\$ 14,800,000	\$ -	\$ 318,775,000
Licenses & Permits	1,980,000	-	-	1,980,000
Charges for Services	329,343,227	-	-	329,343,227
Intergovernmental Revenues	298,000	346,600	-	644,600
Interagency Revenue	1,779,526	12,513	-	1,792,039
Fund Transfers - Revenue	321,473,024	(26,053)	-	321,446,971
Miscellaneous	1,935,000	(50,000)	-	1,885,000
Total Resources	\$960,783,777	\$15,083,060	\$0	\$975,866,837
Requirements				
Personnel Services	\$ 64,184,724	\$ 411,621	\$ -	\$ 64,596,345
External Materials and Services	59,440,799	2,036,696	(40,000)	61,437,495
Internal Materials and Services	42,722,658	42,153	-	42,764,811
Capital Outlay	71,803,651	1,088,711	-	72,892,362
Bond Expenses	176,942,228	-	-	176,942,228
Fund Transfers - Expense	325,763,117	-	-	325,763,117
Contingency	157,971,600	11,503,879	40,000	169,515,479
Unappropriated Fund Balance	61,955,000	-	-	61,955,000
Total Requirements	\$960,783,777	\$15,083,060	\$0	\$975,866,837

Sewer System Operating Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 60,180,000	\$ 5,000,000	\$ -	\$ 65,180,000
Licenses & Permits	1,980,000	-	-	1,980,000
Charges for Services	325,228,227	-	-	325,228,227
Intergovernmental Revenues	128,000	-	-	128,000
Interagency Revenue	1,356,526	12,513	-	1,369,039
Fund Transfers - Revenue	117,746,296	(26,053)	-	117,720,243
Miscellaneous	730,000	(50,000)	-	680,000
Total Resources	\$507,349,049	\$4,936,460	\$0	\$512,285,509
Requirements				
Personnel Services	\$ 63,708,188	\$ 298,782	\$ -	\$ 64,006,970
External Materials and Services	55,253,718	1,921,486	(40,000)	57,135,204
Internal Materials and Services	41,688,893	18,563	-	41,707,456
Capital Outlay	71,633,651	1,068,711	-	72,702,362
Bond Expenses	3,049,167	-	-	3,049,167
Fund Transfers - Expense	209,077,835	-	-	209,077,835
Contingency	62,757,597	1,628,918	40,000	64,426,515
Unappropriated Fund Balance	180,000	-	-	180,000
Total Requirements	\$507,349,049	\$4,936,460	\$0	\$512,285,509

Key Decisions

- Request 4.5 FTE including one limited term, one conversion of a contracted position, and one part-time to full-time conversion.
- Request \$0.5 million in new spending for various projects and programs. (CBO recommends all but \$40,000 for emergency kits.)
- Request to revise the SDC budget to refund \$1.5 million to a development that provides on-site treatment.
- Request to receive and allocate a \$14,989 Innovation Fund grant

Discussion

Increases in beginning balances in the Sewer System Operating Fund (\$5.0 million) and the Sewer System Rate Stabilization Fund (\$9.8 million) bring those balances to \$65.2 million and \$49.8 million, respectively. The operating fund increase consists of roughly \$2 million in cash and non-billing receivables and \$3 million in non-cash assets including unbilled services and liens receivable.

The Sewer System Rate Stabilization Fund is used to smooth the impacts of very large capital projects (e.g. the CSO/'Big Pipe' and the Mid-County Sewer Program), to smooth the impacts of alternate year debt service changes, and

to serve as an operating reserve. Due to a number of factors, the balance is higher than planned in previous budget cycles and is greater than all but the three peak years of CSO work. This stabilization balance is not associated with attenuating a specific project, and is considerably higher than the reserve target. As such, it provides the bureau and Council with flexibility during upcoming budget processes to address – among other possibilities – additional priorities, emergent risks, or ratepayer relief.

The non-balance changes are primarily associated with several newly requested positions, carryover of a number of operating expenses (funded out of the resulting balance), and several new costs which are mostly of a one-time nature. In addition, as noted in Key Decisions above, the bureau is budgeting a \$1.5 million SDC refund to a developer for including on-site treatment as part of the project. These changes are discussed in more detail below.

Position Changes

The supplemental budget includes an increase of 4.5 FTE including the following:

- A limited term Senior Program Manager in the Portland Harbor program, funded by a reduction in materials and services. This position has already been created administratively; this action addresses the budget implications of that position creation. This position is included to plan, organize, and manage work related to the bureau's response and work related to the remediation plan.
- Two Engineering Tech IIs in Construction Management, funded by an offset in the temporary services budget for the same services. The bureau has experienced a baseline workload for several years that is more appropriately performed with in-house staff.
- One Botanical Specialist II to reflect the increasing ongoing and increasing workload of the reveg group as the City develops additional greenstreets. This position is funded through a reduction in contracts performing the same service.

Carryover and New Expenses

In addition to a number of planned operating expenses that carry over from FY 2014-15, the bureau is requesting an additional operating expense increase of \$453,818. These newly budgeted expenses include:

- \$140,000 for replacement equipment at the water pollution control lab,

- \$90,000 for additional costs on the storm water abatement project at Laurelhurst School,
- \$28,563 in increased costs associated with Fair Wage,
- \$75,000 to close out a monitoring requirement with state DEQ,
- \$40,000 to provide all employees with 72-hour emergency kits,
- \$30,000 for a joint analysis with the Multnomah County Drainage District,
- \$21,265 for rent, utilities, and training increases, and
- \$20,100 for application support for the new eBuilder CIP management solution.

CBO recommends all of these adjustments with the exception of the emergency kits. While CBO understands the desire to prepare City employees so that they might be more available to perform work in the case of an emergency, these kits seem to be intended for at-home preparation. The composition of these kits appears more in line with personal emergency preparation rather than increasing the bureau's ability to respond in an emergency. CBO does not recommend these expenses.

SDC Refund for On-Site Treatment

The supplemental budget includes appropriation to refund up to \$1.5 million (61%) of SDCs paid by the developer of the Hassalo on Eighth for completion of their "living system" on-site treatment facility. The SDCs were originally paid in May 2014. CBO notes that there is currently no established policy on SDC refunds for on-site treatment; the refund calculation is based on the discharge limit on the project. The proposed agreement contains a clawback provision in the event of any system failure or sustained excess discharges. CBO recommends that, should this facility prove successful and/or other developers seek to include similar features, the bureau work to develop a consistent policy to address this type of development going forward to ensure an equitable distribution of the costs of existing and future public infrastructure.

**CBO Discussion and Recommendations
FY 2015-16 Fall Supplemental Budget**

Bureau: Bureau of Environmental Services

Type: New Request

Request: ES_001 - Grant Adjustments

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
Personnel Services	19,100	0	19,100
External Materials and Services	185,500	0	185,500
Internal Materials and Services	5,000	0	5,000
Capital Outlay	20,000	0	20,000
Contingency	17,000	0	17,000
TOTAL EXPENDITURES	246,600	0	246,600
REVENUES			
Intergovernmental Revenues	246,600	0	246,600
TOTAL REVENUES	246,600	0	246,600

Bureau Description:

The following adjustments to Grants totaling \$246,600 are required by project managers. The CIP grant adjustments total \$148,600 and the Operating grant adjustments total \$98,000.

\$98,000 EPA Brownfields: Revolving Loan Fund (ES000037)

This grant relies on partners willing to perform Brownfield cleanup activities on their properties. Funds are being added for Dharma Rain Zen Center and 3300 N Williams LLC, two sub-recipients.

\$20,000 DEQ Lower Slough Refugia (ES000044)

This Watershed Investment Program (E08782) project requires the remaining balance of the grant budget for capital outlay to complete large wood installation at the Lower Slough Refugia. The project is nearly complete and the grant will be fully expended this FY

\$128,600 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

Recommended as requested.

**CBO Discussion and Recommendations
FY 2015-16 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	19,000	0	19,000
External Materials and Services	392,815	(40,000)	352,815
Internal Materials and Services	37,153	0	37,153
Capital Outlay	1,136,775	0	1,136,775
Contingency	(1,585,743)	40,000	(1,545,743)
TOTAL EXPENDITURES	0	0	0

**CBO Discussion and Recommendations
FY 2015-16 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:

Business Services

\$25,000 carryover funding for a vehicle within Risk Services. Funding was available in FY 2014-15 for a Colorado Truck, however, the vendor canceled the entire City Fleet order due to production issues. Resources from Contingency.

\$21,265 to correct budgeting errors. Increases to Pioneer Tower rent (\$15,000) along with minor increases for utilities (\$3,000) and staff education and travel (\$3,265). Resources from Contingency.

\$87,750 for vendor invoice carryover plus an additional \$20,100 for training and license support. \$67,650 in carryover for eBuilder/Heron license costs planned for last year, billed in FY 2015-16, \$3,900 in eBuilder/Heron training and \$16,200 for 45 MS Project licenses as eBuilder/Heron users in Engineering Services are required to be on the v.2013 of MS Project. Resources from Contingency.

\$11,954 for an increase in the interagency with Facilities affecting the Portland Building and \$1,590 for Guilds Lake reflecting the Fair Wage Increase. Resources from Contingency.

Engineering Services

\$1,473 for an increase in the interagency with Facilities reflecting the Fair Wage Increase affecting the Materials Testing Lab. Resources from Contingency.

\$37,500 of carryover for the continuation of Microsoft Project training under a PSU IGA. Over 50 professional staff will be taking the training in October. The training is tied to performance measures for pipe enhancement and internal goals for CIP accomplishment rates. The balance of education budget already in Engineering Services will be spent to address safety, as the State has developed new confined space entry rules. Resources from Contingency.

\$150,000 carryover funding for six vehicles within Engineering Services. Funding was available in FY 2014-15 for six Colorado Trucks, however, the vendor canceled the entire City Fleet order due to production issues. Resources from Contingency.

Pollution Prevention

\$35,000 of carryover for the continuation of two Innovation Fund Micro-Grants that were awarded in spring of FY 2014-15, but funds were unspent:

\$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. 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.

\$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). This proposal will allow BES to produce multilingual videos for the owners, staff and landlords of food service establishments. 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.

\$55,000 shift of appropriation from Professional Services to Capital Equipment to purchase a microwave digestion system (\$45,000) for the metals section and a large volume injector (\$10,000) for the organics section.

The use of microwave digestion reduces the time spent on this preparation step from three hours to twenty minutes. Thus, it is an essential work flow element that has enabled the metals section to increase the annual metals analyses and revenue over the past ten fiscal years by over 30% without adding an FTE. The current unit is over 15 years old with a five-year capital plan replacement scheduled for FY 2016-17. However, it experienced a catastrophic electronic failure this past spring (which contaminated a portion of the metals lab with low-level mercury). The unit was repaired, however the service technician recommended replacing the unit as soon as practicable, noting that the temperature control system is no longer supported and could not be replaced if it failed. It is thus prudent to replace the unit at the first opportunity.

The electron capture gas chromatograph (ECD-GC) is the last instrument in the Organics Section without a large volume injector (LVI). The use of an LVI allows micro extraction to be used in the preparation step. Micro extraction reduces the size of samples, greatly reduces the volume of extraction solvent, and greatly speeds up overall analysis times, all while maintaining low, regulatory-required detection limits. The implementation of LVI plus micro extraction for our two semi-volatiles GC/MS has reduced toxic & hazardous solvent use by 95% and reduced overall analysis times by 75%. These same results will be realized for the analysis of PCBs on the ECD-GC. In FY 2014-15, the laboratory analyzed over 170 samples for PCBs, generating over \$20,000 in revenue. The addition of the LVI will allow the laboratory to increase the work flow for this important analysis without having to add additional staff.

\$140,000 to purchase an ICP (inductively coupled plasma spectrometry) machine. The current Perkin-Elmer instrument is nearing the end of

**CBO Discussion and Recommendations
FY 2015-16 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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Budget Description: The software does not work well with the new Laboratory Information Management System (LIMS), leading to bottlenecks in data and report production and taking valuable staff time away from other work. In addition, its detection limits cannot be decreased to stay current with regulations, such as the state's new water quality criteria. Budgeted resources are from Contingency.

\$25,000 shift of appropriation to fund project specific work study (\$19,000) and temporary assistance (\$6,000) in the Industrial Projects section. Funded by resources within Pollution Prevention.

\$4,000 shift of appropriation from minor equipment and tools for additional ground maintenance horticultural services at the Water Pollution Control Lab (WPCL).

\$8,097 for an increase in the interagency with Facilities affecting the Water Pollution Control Lab (WPCL) reflecting the Fair Wage Increase. Resources from Contingency.

Watershed Services

\$7,300 to correct a budgeting error regarding Baltimore Woods post-stabilization maintenance. Resources are from Contingency.

\$90,000 for an increase to cover additional construction costs related to a stormwater abatement project at Laurelhurst School. The previous costing of the project was based on estimates for construction under a Goods and Services Contract. At the request of the bureau's Chief Engineer, and a subsequent review of the scope with Procurement, the bureau shifted the contract to the approach used by CIP projects: a Standard Construction Contract. The project is almost complete. The project is to help area homeowners who are at risk of sewer backups from a once-a-generation rainstorm. Resources are from Contingency.

\$35,000 carryover funding for a Watershed Services vehicle budgeted in FY 2014-15 but will be received in FY 15-16. Resources from Contingency.

\$30,000 for a Columbia Slough Property Data Analysis, a cost-share effort with the Multnomah County Drainage District and the Port of Portland. The data analysis is to determine ownership of the property. Resources are from Contingency.

\$3,000 to support the second annual Salmon Celebration. First year event coincided with Westmoreland Park grand re-opening after restoration project (BES project E10392). Overall goal of event is to galvanize the community around significant restoration in Crystal Springs Creek and celebrate salmon in the city. Parks and BES committed to financially supporting the event for three years and in that time, gradually hand off to the community as a self-sustaining event.

Wastewater Services

\$7,039 for an increase in the interagency with Facilities affecting the Columbia Boulevard Wastewater Treatment Plant reflecting the Fair Wage Increase. Resources from Contingency.

\$40,000 to provide a 72-hour emergency kit to every bureau employee to encourage emergency preparedness and continuity of operations in the event of a disaster. This is part of a new ongoing effort to plan for emergency preparedness and supports the FY 2015-16 Decision Package ES_08 "Emergency Preparedness." Resources from Contingency.

\$731,775 of carryover for vehicles budgeted in FY 2014-15 but expected to be received in FY 2015-16. \$68,500 of the carryover are for two vehicles for general operations of the CBWTP. The balance of \$663,275 are for vehicles related to the Collection System work done by PBOT-MO. There is some timing risk associated with the PBOT-MO vehicles as the vendor for the large vector trucks indicates it will take four months to deliver those orders. Coupled with CityFleet procurement and vehicle prep time, the total purchase effort could be nine months, making the June 30th deadline date questionable. Resources from Contingency.

\$50,000 of carryover for Facilities Condition Assessment for this work that did not get completed because of processes involved in working with OMF Facilities and an outside consultant. Wastewater Services are using a City-wide contract, managed by OMF Facilities to complete this work. There are pending questions about cost breakdowns by facility/location as the original contact was more geared toward office settings. Wastewater is also attempting to work with OMF Facilities to amend the contract to add our additional scope of work. Best current estimate for Facilities Condition Assessment is about \$115,000. The additional \$65,000 is being added through an internal budget reallocation (discussed in Request Number #6) to complete this work. Resources from Contingency.

\$75,000 of additional funding for the final DEQ close out for monitoring wells at the Larsen property (N. Portland Rd, expansion property). This monitoring project has been going on for over 15 years with monthly payments to DEQ for oversight. Now, DEQ is committed to close out this process and give the bureau a "No Further Action Required" letter for the groundwater contamination. This program has been managed by BES' Coordinated Site Assessment section of Pollution Prevention Services. This effort is expected to be completed by fiscal year end. Resources are from Contingency.

**CBO Discussion and Recommendations
FY 2015-16 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:

\$12,500 of a reallocation of Parks-funded services from horticultural services to forestry as tree maintenance services are increasing. Funds are from the current Parks interagency.

\$0 of internal reallocation of funding within the Collection System interagency with PBOT-MO to better align with program activities and priorities.

\$0 – The addition of two city positions within the PBOT-MO Collection System interagency. This request mirrors a PBOT-MO Fall BMP request to add positions. PBOT-MO intends to add two FTEs (one Construction Equipment Operator and one crew leader) in the Fall BMP for the purpose of creating a new dig crew and accomplishing more sewer repair work. PBOT-MO assures they add additional services within the current interagency funding level. Details on the internal budget adjustments to cover the additional labor costs and overhead impacts have not been made available to the customer.

CBO Discussion and Recommendation

Recommended with adjustments. The majority of the items in this request are funded internally or are carried over projects funded with previously projected balance. Carryover projects drawing on that contingency total \$1,131,925. The remainder of the contingency draws - \$453,818 - fund new spending as described in the items above. The majority of these new items are one-time in nature and thus have essentially no rate impacts. Those items that are ongoing (which make up less than \$100,000 of the new requests) will have a minimal rate impact if not offset with other expense reductions in future budget processes.

Among those new items, CBO requested additional information on the 72-hour emergency kits and was provided with the following information: "While 72 hour emergency kits can vary greatly, and can be customized to better suit the needs of the individual or family, the basic components the bureau is planning to provide in the kits are listed below. BES is also looking to maximize the funding by finding a kit with the appropriate cross-section of quality and cost-effectiveness. Items include: first aid kit (bandages, antibiotic ointment, gauze, tape, compresses, antiseptic wipes, and hand sanitizer), radio (either crank or battery operated), batteries, flashlight with batteries, emergency blanket, snacks or food packets, water and water container, rain poncho, duct tape, whistle, and basic hygiene items (toothbrush, toothpaste, shampoo, soap, lotion, deodorant, washcloth, comb)."

While we understand the desire to prepare employees so that they might be more available to perform work in the case of an emergency, these kits are intended for at-home preparation and the composition of these kits seems to be more in line with personal emergency preparation rather than increasing the bureau's ability to respond. In that light CBO does not recommend these expenses.

With regard to the DEQ close out on the monitoring of the Larsen property, the bureau has spent nearly \$96,000 in monitoring costs over the last seven years. These ongoing costs will no longer be budgeted after the close-out.

With regard to the internal reallocation with the collection system interagency, this shift, while net zero, does reflect a significant realignment of resources from primarily inspections to repair, increasing the latter by \$1.45 million. According to the bureau during follow-up conversations: "The increase in repair is to address our continued aging infrastructure and our need to rapidly respond to customer service problems. Sewer repair also includes the repair of storm pipes/mains, which benefit the stormwater system. In addition, a portion of the reallocation is associated with how overtime is distributed amongst the various programs. The majority of overtime is associated with sewer repair so this adjustment better reflects that."

**CBO Discussion and Recommendations
FY 2015-16 Fall Supplemental Budget**

Bureau: Bureau of Environmental Services

Type: _____

Request: ES_003 - Revenue Adjustments - Program Related

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
Personnel Services	2,449	0	2,449
External Materials and Services	21,000	0	21,000
Contingency	39,064	0	39,064
TOTAL EXPENDITURES	62,513	0	62,513
REVENUES			
Intergovernmental Revenues	100,000	0	100,000
Interagency Revenue	12,513	0	12,513
Miscellaneous	(50,000)	0	(50,000)
TOTAL REVENUES	62,513	0	62,513

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.

Pollution Prevention

\$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. The initial request for this work was in the FY 2014-15 Fall BMP and the work has spanned two fiscal years. In FY 2014-15, \$76,551 of the project was spent, however no reimbursement from DEQ was initiated. The balance of the budgeted effort, \$23,449, will be spent on professional and personal services in FY 2015-16, with the amount spent in FY 2014-15 (\$76,551) going to Contingency

Wastewater Services

<\$50,000> revenue reduction in Wastewater received from Methane sales to Malarkey Roofing. Malarkey revenue projection is \$320,000. The reduction to \$270,000 is based on current usage pattern, projected winter shutdown and the Inverness Force Main repair project that will force shut down of the line for approximately 30 days. Balance in contingency.

Engineering Services

\$12,513 revenue from the Bureau of Transportation for engineering services for the Outer Powell Transportation Safety Project. Balance in contingency.

CBO Discussion and Recommendation

Recommended as requested.

**CBO Discussion and Recommendations
FY 2015-16 Fall Supplemental Budget**

Bureau: Bureau of Environmental Services

Type: New Request

Request: ES_004 - Personnel (Position) Adjustments

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
Personnel Services	371,072	0	371,072
External Materials and Services	(277,608)	0	(277,608)
Capital Outlay	(68,064)	0	(68,064)
Contingency	(25,400)	0	(25,400)
TOTAL EXPENDITURES	0	0	0
FTE			
Full-Time Positions	2.92	0.00	2.92
Limited Term Positions	0.83	0.00	0.83
TOTAL FTE	3.75	0.00	3.75

Bureau Description:

Portland Harbor

\$91,290 – 1.0 Limited Term Senior Program Manager (Non-Represented classification 30000466) to plan, organize and manage work related to Portland Harbor and the bureau's response and work related to the Portland Harbor remediation plan. Resources are from reductions in Miscellaneous Services.

Wastewater Services

\$69,840 – 1.0 FTE Botanical Specialist II (COPPEA classification 30000320) to reflect increasing and ongoing work. This action moves funding for an ongoing contract employee to permanent full-time city employee. The temporary service contract has been in place for three years and the work is ongoing. Resources are from eliminating funding for a temporary services contract with the Wetlands Conservancy. Resources are from reductions in Miscellaneous Services.

Engineering Services

\$93,464 – Increase Permanent Part Time .50 FTE to 1.0 FTE Senior Engineering Associate - Civil (COPPEA classification 30000358) to further realign internal personnel resources to better achieve the goals of the Capital Improvement Program. This position is currently filled and charges primarily to capital projects. The net increase in cost for the current year is estimated at \$27,164. Resources are from the CIP Program.

\$116,478 – 2.0 FTEs Engineering Technicians IIs (COPPEA classification 30000325)

Engineering Services Construction Management currently has five City Engineering Technician IIs and seven Contract Engineering Technician IIs. In this area of the bureau, there has not, in the last decade, been fewer than ten city technicians. The number of contract technicians is creating instability in Construction Management. The construction manager has lost five contract technicians to permanent, promotional opportunities elsewhere in the last year. Engineering Technicians take nine months to train and the positions do most of the heavy lifting in CIP design review and the administration of construction contracts. They are directly tied to delivery of the CIP and support internal goals for measuring CIP success. This is in line with other personnel changes that have been made and have been approved in the budget. For the last several years, the unions have desired for these positions to be City employees and we have made requests, but in recent years requests for new FTEs were frequently rejected. Resources are from the CIP Program.

Business Services

This is not a budget request but rather a technical request to acknowledge the movement of a position in FY 2015-16 from Permanent Part Time to Full Time. The bureau has a filled Program Coordinator position that increased work hours by eight hours per week. Due to the mechanics of position budgeting, the conversion to a Full Time position (at 72 hours) was missed and not called out in a decision package. There is no funding request as the cost for additional hours was included in the FY 2015-16 Adopted Budget.

CBO Discussion and Recommendation

Recommended as requested. CBO notes that these costs are all, with the exception of the limited term Portland Harbor position, ongoing in nature. The limited term position is also likely to continue for several years as that effort is likely to continue for some time. Moreover, the ongoing full-year costs will be greater by roughly 33% since the request reflects only nine months of costs. The bureau has indicated that these full-year costs would also be offset by expense reductions.

The limited term position in the Portland Harbor program has already been classified through BHR, the recruitment has been completed, and the employee began in September. This request is a budgetary true up to reflect that decision.

**CBO Discussion and Recommendations
FY 2015-16 Fall Supplemental Budget**

Bureau: Bureau of Environmental Services

Type: New Request

Request: ES_005 - Fund-Level Transfers

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
External Materials and Services	1,700,000	0	1,700,000
Fund Transfers - Expense	0	0	0
Contingency	13,058,958	0	13,058,958
TOTAL EXPENDITURES	14,758,958	0	14,758,958
REVENUES			
Budgeted Beginning Fund Balance	14,800,000	0	14,800,000
Fund Transfers - Revenue	(41,042)	0	(41,042)
TOTAL REVENUES	14,758,958	0	14,758,958

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 <\$49,043> in transfers from the Water Bureau reflecting One-Percent for Green contributions. This is a 33% reduction from the Adopted Budget of \$150,000.

An increase of \$8,001 in transfers from PBOT reflecting One-Percent for Green contributions. This is a 16% 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 provides appropriation to refund up to 60% [update on 10/20: 61%] of SDCs paid by the developer of the Hassalo on Eighth for completion of their "living system" on-site treatment facility. The SDCs were originally paid in May 2014. The adjustment increases Refunds expense by \$1,500,000, concurrently increases transfers from the Rate Stabilization Fund to the SDC Fund and decreases transfers from the Rate Stabilization Fund to the Sewer Operating Fund.

Sewer Operating Fund and Rate Stabilization Fund -

Both funds are recognizing additional Beginning Fund Balance. The Sewer Operating Fund is adding \$5,000,000 to beginning fund balance due to the FY 2014-15 year-end financial position. The Rate Stabilization Fund is adding \$9,800,000 in beginning fund balance resulting from FY 2014-15 year-end transfers from the Sewer Operating Fund.

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. Creating this appropriation allows for correctly funding SDC refunds expense from its original revenue source, resulting in less SDC cash available to transfer to the Debt Redemption Fund to pay debt service.

CBO Discussion and Recommendation

Recommended as requested. Note that the increase in the Sewer System Rate Stabilization Fund beginning balance brings this fund's balance to \$49.8 million. This fund is used to smooth the impacts of very large capital projects (e.g. the CSO/Big Pipe' and the Mid-County Sewer Program), to smooth the impacts of alternate year debt service changes, and to serve as an operating reserve. Due to a number of factors, this balance is higher than planned in previous budget cycles, is not associated with attenuating a specific project, and is considerably higher than the reserve target. As such, it provides the bureau and Council with flexibility during upcoming budget processes to address additional needs, emergent risks, or ratepayer relief, among other possibilities.

Regarding the SDC refund related to the 'living system' on-site treatment facility, there is currently no established policy on SDC refunds for on-site treatment; the refund calculation is based on the 'discharge limit' on the project. The proposed agreement contains a clawback provision in the event of any system failure or sustained excess discharges. CBO recommends that, should this facility prove successful, the bureau work to develop a consistent policy to address this type of development going forward to ensure an equitable distribution of the costs of existing and future public infrastructure.

**CBO Discussion and Recommendations
FY 2015-16 Fall Supplemental Budget**

Bureau: Bureau of Environmental Services

Type: Technical Adjustment

Request: ES_006 - Internal Budget Adjustments: No Council Action

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

Bureau Description:

Business Services

Moving \$2,526 of external materials and services within functional areas of Revenue Program Administration to correct a budget entry error.

\$14,210 of Repair and Maintenance Services is reallocated to a different functional area within the Mapping, Data and Applications Program.

\$15,000 is reallocated from Repair and Maintenance Services to Computer Supplies-Software to coincide with other resources for the same purpose.

Watershed Services

\$134,690 shift from professional services and non-capital improvement within the group to professional services within Stormwater System Division for projects, such as Errol Heights Design Concept and Capital Highway Design Concept, managed through that division. In FY 2014-15, Watershed Services implemented a reorganization to consolidate stormwater system planning and implementation within one division. This is a continuation of that realignment.

\$5,000 shift from professional services to miscellaneous services for a contractual increase with the Columbia Slough Watershed Council for the continuation of resident and business outreach to reduce pollutants reaching the Slough and to provide outreach to stakeholders for BES projects.

\$348,798 shift from the Watershed Division to the Columbia Slough Watershed to realign resources specifically related to the Columbia Slough Sediment Program.

Wastewater Services

\$65,000 reallocation of funding within the Biosolids Program to CBWTP Facilities Management for Facilities Condition Assessment. This internal adjustment is related to Fall BMP Request #2, requesting carryover of \$50,000 for the condition assessment, resulting in a total funded effort of \$115,000.

\$10,000 shift within Capital Outlay to fund the purchase of a camera winch. Pump Station staff currently performs a monthly preventive maintenance procedure at the Swan Island CSO Pump Station to utilize an existing camera to video inspect the wet well to ensure there are no sand bars, debris, etc. The current procedure for lowering the camera requires two millwrights and an electrician to hook up a separate communication cable and assist in lowering the cable down with the camera system. Due to the cumbersome method for lowering this camera, the communications cable has been damaged several times requiring repairs. A more efficient way to do this is to utilize a camera winch with a communications cable built into the winch system. This would reduce the need to have an electrician on site each month for four hours to perform this preventive maintenance (costs savings estimated at \$2,000 per year) and reduce damage to the communication cable, minimizing system repairs for improved reliability. The estimated payback for this winch system would be under five years and it is expected to last 15 to 20 years.

\$104,052 is a currently funded position (new in FY 2015-16) moving to a new Functional Area called Emergency Management to better describe the work activity in which the position will be involved.

CBO Discussion and Recommendation

Recommended as requested.

**CBO Discussion and Recommendations
FY 2015-16 Fall Supplemental Budget**

Bureau: Bureau of Environmental Services

Type: Technical Adjustment

Request: ES_007 - Innovation Fund: BES

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
External Materials and Services	14,989	0	14,989
Contingency	0	0	0
TOTAL EXPENDITURES	14,989	0	14,989
REVENUES			
Fund Transfers - Revenue	14,989	0	14,989
TOTAL REVENUES	14,989	0	14,989

Bureau Description:

Watershed Services

\$14,989 revenue from the General Fund for an Innovation Fund Micro-Grant, a \$2,998 internal adjustment to fund administrative and overhead costs for a total effort of \$17,897:

As the economy of Portland picks back up, the bureau expects to see more development along the Willamette River, particularly in the Portland Harbor. Private developers typically propose projects that impact the Willamette River, riverbank and upland areas with large docks and loading, unloading, staging and storage areas, and private recreation. Developers are required to get multiple permits from different agencies including the City of Portland, Department of State Land and US Army Corps of Engineers among other federal and state agencies.

Over the years City staff have heard from numerous property owners that the permit application processes are cumbersome, confusing and sometimes result in bureaus and agencies requiring differing and conflicting outcomes. This adds time and money to the projects and discourages investment along the Willamette River and also results in missed opportunities to improve fish and wildlife habitat and water quality.

Currently, the Bureau of Environmental Services leads the Streamlining Team, which includes local, state and federal permitting agencies. The Streamlining Team coordinates permit review of City projects and joint public projects such as the new Tillikum Crossing. Streamlining has been successful at reducing the amount of time and money spent during the permitting process. Streamlining is not available to private applicants. On June 17, 2014, the Hatfield School of Government's Center for Public Service (CPS) completed an independent assessment of the City's Streamlining process. CPS recommended that the City explore exporting this successful model where appropriate. This Innovation Grant will partner with CPS to explore the development of a coordinated permit review process for private applicants that builds on the successful attributes of the City's Streamlining Team process while ensuring the current team process remains successful.

The CPS will create a coordinated permit review process for private applicants. The desired outcomes of the process will be: 1) Development of a "one-stop-shop" process for applicants to understand all the permitting needs for projects; 2) Reduced time and money spent during the permitting process, and 3) Meeting multiple objectives for protecting and enhancing the environment while supporting redevelopment along the river.

In the City's reaches of the Willamette River, a coordinated permit review will support and foster investment in living-wage jobs, which is an important part of meeting the City's equity goals and the Comprehensive Plan policies. It will also assist small property owners and single family residences with navigating the permits process; while ensuring fish and wildlife enhancements are encouraged and protected.

The Bureau of Environmental Services is the lead bureau and leads the Streamlining Team. The Bureau of Planning and Sustainability is a co-partner and will take the results of this study to request formal adoption of the new coordinated permitting process through the River Plan. The Streamlining Team will implement the results: Bureau of Development Services, Department of State Lands, Army Corps, NOAA Fisheries, US Fish and Wildlife Service, Oregon Department of Fish and Wildlife and Department of Environmental Quality.

CBO Discussion and Recommendation

Recommended as requested.