



CITY OF PORTLAND ENVIRONMENTAL SERVICES



1120 SW Fifth Avenue, Room 1000, Portland, Oregon 97204 ■ Nick Fish, Commissioner ■ Michael Jordan, Director

Date March 27, 2017

TO: Andrew Scott, Director
City Budget Office

FROM: Michael Jordan, Director
Bureau of Environmental Services

SUBJECT: FY 2016-17 Spring Budget Monitoring Report

Enclosed is the Bureau of Environmental Services Budget Monitoring Report for the Spring of FY 2016-17. This submittal includes the following:

- The Budget Amendment Request Report
- Current Year Projections for each of the five funds under BES's management.
- Current Year Decision Package Update
- Current Year Capital Reporting

The Budget Amendment Request Report is divided into seven separate packages. The following provides a brief summary of each package. More detailed information is contained within the enclosed documents.

Grants - Adjustments totaling \$175,170 are requested to true-up to current expectations.

New Revenue Program Related - Reflects \$246,873 of additional interagency revenues from partner bureaus for Coordinated Site Assessment and lab services. The additional revenue is offset by a corresponding increase to contingency.

Operating Program Adjustments - Represents changes to various operating programs across the bureau. Includes adjustments for maintenance and unforeseen repair at Guilds Lake, internal adjustments to manage impacts of adverse weather conditions, reduction in rental revenues from Portland Housing Bureau for lease of Terminal 1, and other adjustments to bring estimates current.

CIP Adjustments - Moves appropriation of \$800,000 from capital outlay to the external materials and services line items that support the capital expenditures.

Fund-Level Transfers - These adjustments reflect the movement of resources within BES's group of funds and are primarily driven by conservative estimates, growth in the system, robust development, and slower than expected CIP expenditures. The \$7.5 million of additional user charge and rate revenue and \$11.3 million of additional SDC revenues, combined with a reduction in debt service of \$8.8 million due to a delayed bond sale (\$157 million) and refunding

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savings, culminate in additional transfers to the Rate Stabilization Fund and the Sewer Construction Fund. These transfers will ultimately reduce the amount of increased revenues to be collected in future years.

Internal Budget Adjustments – These adjustments align existing internal appropriation with expected activity, have no net increase or decrease to any of the funds, and require no Council action.

New FTE Request – Two positions, requested by BES in the FY 2017-18 Requested Budget and supported by the CBO, PUB, and CUB, are being moved to this request in order to address current operating pressures.

If you have any questions about this submittal, please contact Jonas Biery at (503) 823-7196.

CC: Dawn Uchiyama, BES Assistant Director
Jonas Biery, BES Business Services Manager
Ken Bartocci, BES Financial Planning Manager
Shannon Fairchild, CBO Analyst
Melissa Merrell, Portland Utility Board

**BUDGET AMENDMENT
REQUEST REPORT**

**CBO Discussion and Recommendations
FY 2016-17 Spring BMP**

Bureau: Bureau of Environmental Services

Type: _____

Request: ES_006 - BES Grants

	Spring BMP Requested Adjustments	Spring BMP CBO/Council Changes	Spring BMP Total Adjustments
EXPENDITURES			
Personnel Services	10,220	0	10,220
External Materials and Services	236,900	0	236,900
Internal Materials and Services	7,350	0	7,350
Capital Outlay	(85,000)	0	(85,000)
Contingency	5,700	0	5,700
TOTAL EXPENDITURES	175,170	0	175,170
REVENUES			
Intergovernmental Revenues	175,170	0	175,170
TOTAL REVENUES	175,170	0	175,170

Bureau Description:

Grants (ES_006)

The following adjustments to Grants totaling \$175,170 are requested by project managers. The CIP grant adjustments total \$10,670 and the Operating grant adjustments total \$164,500.

\$70,000 EPA Portland Brownfield Revolving Loan Fund Program(PBRLF) - ES000037

This grant relies on partners willing to conduct Brownfield Clean Up actions. Additional funds are needed to reimburse loan recipients who are participating in the PBRLF.

\$8,070 FEMA Winter Storm 2015 – ES000042

Additional budget is needed to cover allowable interagency expenses related to winter storm emergency costs incurred under BES emergency project E10832.

(\$48,700) Metro Lower Errol Wetland Grant – ES000046

This capital project E10685 was recently completed as a BES self-directed construction project and as such there was a significant savings realized.

\$44,500 Metro Willamette River Restoration Partnership – ES000048

This grant reimburses revegetation and volunteer stewardship activities. Additional grant funds are needed to cover those services.

\$50,000 EPA Brownfield Petroleum & Hazardous Waste Assessment – ES000049

This grant relies on partners willing to undergo brownfield assessments on their properties. Professional services are required to conduct this work.

\$51,300 PBOT'S Milwaukie Light Rail – TR000094

BES charges directly to this grant managed by PBOT. Additional personal, external and interagency services were required under capital project E09163.

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2016-17 Spring BMP**

Bureau: Bureau of Environmental Services

Type: New Request

Request: ES_007 - New Revenue - Program Related

	Spring BMP Requested Adjustments	Spring BMP CBO/Council Changes	Spring BMP Total Adjustments
EXPENDITURES			
External Materials and Services	0	0	0
Contingency	246,873	0	246,873
TOTAL EXPENDITURES	246,873	0	246,873
REVENUES			
Interagency Revenue	245,000	0	245,000
Fund Transfers - Revenue	1,873	0	1,873
TOTAL REVENUES	246,873	0	246,873

Bureau Description:

The following adjustments reflect new revenues. When revenue inter-agencies are supported by BES personnel costs, those amounts are being returned to Contingency, as BES personnel are already budgeted.

Business Services

Recognizing \$1,873 cash transfer revenue from Bureau of Technology Services reflecting residual radio and video replacement account balance. Funds are deposited to contingency.

Pollution Prevention

\$20,000 for Coordinated Site Assessments services for PBOT projects. \$20,000 will be returned to Contingency.

\$45,000 for Coordinated Site Assessments services for Portland Housing Bureau projects. \$45,000 will be returned to Contingency.

\$10,000 for Coordinated Site Assessments services for Fire Bureau projects. \$10,000 will be returned to Contingency.

\$120,000 for Coordinated Site Assessments services for Water Bureau projects. \$120,000 will be returned to Contingency.

\$50,000 for laboratory services for Water Bureau projects. \$50,000 will be returned to Contingency.

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2016-17 Spring BMP**

Bureau: Bureau of Environmental Services

Type: Technical Adjustment

Request: ES_008 - Operating Program Adjustments

	Spring BMP Requested Adjustments	Spring BMP CBO/Council Changes	Spring BMP Total Adjustments
EXPENDITURES			
Personnel Services	136,000	0	136,000
External Materials and Services	(221,050)	0	(221,050)
Internal Materials and Services	569,050	0	569,050
Capital Outlay	61,000	0	61,000
Contingency	(460,000)	0	(460,000)
TOTAL EXPENDITURES	85,000	0	85,000
REVENUES			
Budgeted Beginning Fund Balance	420,000	0	420,000
Intergovernmental Revenues	100,000	0	100,000
Interagency Revenue	(435,000)	0	(435,000)
TOTAL REVENUES	85,000	0	85,000

**CBO Discussion and Recommendations
FY 2016-17 Spring BMP**

Bureau: Bureau of Environmental Services

Type: Technical Adjustment

Request: ES_008 - Operating Program Adjustments

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

Operating Program Adjustments (ES_008)

Business Services

\$20,000 for common area maintenance increase in the Pioneer Tower. Pioneer Tower was acquired by a new owner in July 2016. BES was informed of the increase in January 2017.

\$315,000 reduction to space rental revenue originally budgeted to be received from Portland Housing Bureau for rental of the Terminal 1 property for a homeless shelter. Removing this budgeted revenue will reduce contingency.

\$100,000 increase to the OMF Facilities interagency for operations and maintenance at Guilds Lake. The original interagency agreement understated taxes and operating and maintenance costs. The increase will be funded from contingency of the Environmental Remediation Fund ("ERF").

\$420,000 increase to the OMF Facilities interagency to make unanticipated repairs to a leaking roof and skylights at Guilds Lake. The repairs will be funded from beginning fund balance of the ERF.

Director's Office

\$100,000 revenue increase in the ERF. The revenue was originally budgeted to be received in FY 2015-16 to reimburse BES for the Oaks Bottom Landfill project. The reimbursement occurred after the end of the fiscal year. This adjustment reflects the receipt of the funds in FY 2016-17 and the corresponding increase to contingency.

\$120,000 reduction to the Water Bureau interagency which supported the River Mile 11 Group work authorized under Ordinance 186868. BES has collected the authorized amount to date and as a result is reducing this interagency with a corresponding decrease to contingency.

Engineering Services

\$11,000 for Civil Engineering Cooperative Program ("CECOP") of which \$9,000 is funded from CIP and \$2,000 is funded from operating vacancy savings. The CECOP program was requested for FY 2017-18 and supported by the CBO. Since the program begins in April, this request funds April to June.

\$22,650 for Systems Development plan review staff who have been participating in the Mayor's Government Accountability Transparency Results ("GATR") process improvement effort and staffing the residential permit night counter beginning in April. Funded from staff vacancy savings.

\$35,000 for a new vehicle to support the Sr. Public Works inspector position approved in the Fall BMP. The nature of the position requires a vehicle to travel from site to site. It was an oversight not including the vehicle request with the position request. Funded from contingency.

Pollution Prevention

\$35,000 for a new vehicle to support the Duty Officer program (required by the NPDES Permits) which has expanded over the past year. Officers located downtown don't have access to a designated vehicle, or one that allows them to perform their duties as essential employees in inclement weather. While 50% of the duty office pool are now located in the downtown area, the current designated vehicle for the Duty Officer program is located in St. Johns at the Water Pollution Control Laboratory. It is also expected this additional vehicle would be used on a daily basis by Pollution Prevention employees in the Pioneer Tower during regular business hours for travel between BES locations and field work, but will be reserved for Duty Officers from 4:30 pm each weekday evening and on weekends. The vehicle is to be funded from contingency.

Watershed Services

\$15,000 interagency with OMF representing BES's share of the total cost for a part-time, limited term position within OMF for work on implementation of the FEMA Biological Opinion. BES is one of 7 bureaus responding to a federal change in the management of floodplains and their development in Oregon. This request reflects a partial year of the OMF position. The interagency is supported by a corresponding reduction to professional services within the Watershed Services group.

\$34,050 interagency with PBOT for surveying services supported by a corresponding reduction to professional services. The Bureau of Planning & Sustainability has calculated a top of bank survey line on the mainstem of the Willamette River which will serve as the boundary from which green setback will be determined in proposed code in the Central City 2035 plan. PBOT and BES are collaborating and sharing costs to provide ground-truthing of some sites/reaches where significant discrepancies between actual conditions and the calculated lines are suspected. Because of the proposed code being prepared, the work is time-sensitive.

**CBO Discussion and Recommendations
FY 2016-17 Spring BMP**

Bureau: Bureau of Environmental Services

Type: Technical Adjustment

Request: ES_008 - Operating Program Adjustments

Spring BMP Requested Adjustments	Spring BMP CBO/Council Changes	Spring BMP Total Adjustments
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are suspended. Because of the proposed code being prepared, the work is time sensitive.

Bureau Description:

\$50,000 reduction to miscellaneous services for damage assessment from homeless camping. The division was able to reallocate staff resources to accomplish the work in-house, within existing resources, so the funds were not needed. As a result, the funds are being returned to contingency.

\$30,000 reduction to professional services to support intra-agency work with BES's Field Operations (\$5,000) and Laboratory Services (\$25,000) for one-time additional sediment sampling and analysis identified through regulatory negotiations with DEQ. The balancing side of this transaction in Pollution Prevention and increase to miscellaneous services of \$15,000 to support related outside contract work and a \$15,000 increase to contingency as staffing is already budgeted.

Wastewater Services

\$722,000 reduction to bio-solids hauling (\$610,000 hauling and \$112,000 land application). The reduction is a result of inclement weather, a driver shortage with Gresham Transfer, and low fuel costs. This request allocates the reduction in bio-solids hauling to the following inclement weather cost increases:

\$130,000 increase to unplanned sewer pipe repairs and sewer diversions to prevent sewer releases while line service is being restored.

\$270,000 increase to electricity costs resulting from higher flows being treated and more pumping at pump stations.

\$120,000 increase for chemical expenditures being significantly higher due to higher flows being treated.

\$120,000 increase in overtime to adequately operate the treatment plant, maintain equipment, and respond to failures during high risk conditions.

\$7,000 increase to premium pay for more standby time necessary to adequately respond to emergency conditions.

Also offset by the reduction to the bio-solids hauling reduction is an increase to repair and maintenance services and supplies of \$50,000 for unplanned pump repair at Sellwood Pump Station (\$20,000) and asset failures due to aging infrastructure at the Tryon Creek plant (\$30,000)

The final offset to the bio-solids hauling reduction is a \$25,000 increase to miscellaneous services for funding short-term (April – June) service under the Wetlands Conservancy Contract while the vacant Botanic Specialist (Position #40003382) is being evaluated as part of a larger Revegetation service delivery strategy analysis.

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2016-17 Spring BMP**

Bureau: Bureau of Environmental Services

Type: Technical Adjustment

Request: ES_009 - CIP Adjustments

	Spring BMP Requested Adjustments	Spring BMP CBO/Council Changes	Spring BMP Total Adjustments
EXPENDITURES			
External Materials and Services	800,000	0	800,000
Capital Outlay	(800,000)	0	(800,000)
TOTAL EXPENDITURES	0	0	0

Bureau Description:

\$800,000 of adjustments to provide budget for various line items that may be overspent or not budgeted. These adjustments move Capital Outlay resources to External Internal Materials and Services.

The adjustments are all within the project Phase II Pipe Rehab (E10031). Appropriations are within the Maintenance and Reliability CIP Program.

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2016-17 Spring BMP**

Bureau: Bureau of Environmental Services

Type: New Request

Request: ES_010 - Fund Level Transfers

	Spring BMP Requested Adjustments	Spring BMP CBO/Council Changes	Spring BMP Total Adjustments
EXPENDITURES			
Unappropriated Fund Balance	2,000,000	0	2,000,000
Bond Expenses	(8,800,000)	0	(8,800,000)
Fund Transfers - Expense	24,500,000	0	24,500,000
Contingency	(128,400,000)	0	(128,400,000)
TOTAL EXPENDITURES	(110,700,000)	0	(110,700,000)
REVENUES			
Charges for Services	22,050,000	0	22,050,000
Fund Transfers - Revenue	23,800,000	0	23,800,000
Bond and Note	(157,000,000)	0	(157,000,000)
Miscellaneous	450,000	0	450,000
TOTAL REVENUES	(110,700,000)	0	(110,700,000)

**CBO Discussion and Recommendations
FY 2016-17 Spring BMP**

Bureau: Bureau of Environmental Services

Type: New Request

Request: ES_010 - Fund Level Transfers

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

Fund Transfers and Others (ES_010)

Sewer Operating Fund and Rate Stabilization Fund

The Sewer Operating Fund (600000) recognizes \$7,500,000 of additional sewer and stormwater rate revenues, \$11,300,000 of additional cash Systems Development Charges (SDCs, discussed in more detail below), and a portion of the \$450,000 of additional interest earnings, and increases transfers to the Rate Stabilization Fund (617000) by \$19,000,000 as a result. The Rate Stabilization Fund is adding \$19,000,000 from increased transfers from the Sewer Operating Fund to meet debt service coverage requirements, resulting in an increase in the Rate Stabilization Fund contingency, which will be used for reducing bill increases in future years.

SDC Sewer System Operating sub-fund, Sewer System Operating Fund, and Debt Redemption Fund

This adjustment recognizes a total of \$14,550,000 of SDC revenues from within the SDC Sewer System Operating Sub-fund (600001), which consists of \$10,500,000 of additional cash commercial SDCs, \$800,000 of additional cash residential SDCs, and \$3,250,000 of liens receivable SDCs (contracts with the City to pay SDCs over time.) The cash amounts are available to fund debt service payments, as proscribed under ORS 227.307, via cash transfer to the Sewer Debt Redemption Fund (609000), while the non-cash liens receivable SDCs are not available to be transferred. A portion of this additional SDC revenue was already reflected in an internal FMBB adjustment in January to increase the SDC transfer to the Debt Redemption Fund by \$10 million. On top of this, there was no "new-money" revenue bond sale this year as budgeted, only a refunding of the Series 2008 bonds, which overall results in reduced debt service appropriation of \$8,800,000 in this request. Combining all of these events, the cash transfer from the SDC sub-fund to the Sewer Debt Redemption Fund is increased by \$4,200,000, the cash transfer from the Sewer Operating Fund (600000) to the Sewer Debt Redemption Fund is reduced by \$11,000,000, a net decrease of \$6,800,000 overall, offset by a reduction in debt payments in the Sewer Debt Redemption Fund of \$8,800,000. After which, the contingency within the Sewer Operating Fund decreases by \$2,000,000, while within the Sewer Debt Redemption Fund, ending balance/debt service reserves appropriation will increase by \$2,000,000.

Sewer Operating Fund and Sewer Construction Fund

The savings in the required transfer from the Sewer Operating Fund to the Sewer Debt Redemption Fund mentioned above, along with projected expense savings, allows an additional \$12.3 million to be sent to the Sewer Construction Fund (614000) to fund future capital improvements. This cash contribution delays the issuance of future bonds, which has a beneficial impact on future sewer and stormwater bill increases by delaying debt service expenses. The additional cash transfer revenue is appropriated in contingency.

Special Assessment Bond Proceeds within the Sewer System Construction Fund

This adjustment reduces cash transfers of \$700,000 from the LID Construction Fund (401000) to the Sewer System Construction Fund due to a delay in the sale of special assessment bonds into next fiscal year. The City offers financing of SDCs and Line and Branch charges to permittees, and those loan contracts are converted to cash via a bond sale with the contracts as collateral. The City Auditor's Office, Lien Accounting division, deemed that there would be no bond sale this fiscal year, and so requested removing the current appropriation. This request also reduces contingency by an equal amount.

Bond and Note Proceeds in Sewer Construction Fund

Because the need for a new-money bond issue is delayed into next year, this request removes the \$157 million of Bond Proceeds in the Sewer Construction Fund, reducing contingency within the fund by an equal amount. The net decrease in the Construction Fund for this and the prior two requests is \$145.4 million.

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2016-17 Spring BMP**

Bureau: Bureau of Environmental Services

Type: Technical Adjustment

Request: ES_011 - Internal Budget Adjustments - No Council Action

	Spring BMP Requested Adjustments	Spring BMP CBO/Council Changes	Spring BMP Total Adjustments
EXPENDITURES			
External Materials and Services	0	0	0
TOTAL EXPENDITURES	0	0	0

Bureau Description:

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

Engineering Services

Shift a total of \$243,000 for the following reasons:

- \$176,000 increase in professional service within Wastewater Engineering cost center (EN-9) for the CBWTP Facilities Plan due to a recent amendment increasing the contract.
- \$28,000 increase in professional services within Project Management and Controls cost center (EN-14) for contract/temp staff to support implementation of the Heron software system during a period of significant vacancies.
- \$20,000 increase in professional services within Project Management and Controls cost center for process mapping consultant support during the CIP Process Review & Improvement project.
- \$19,000 increase in professional services within the Engineering Support Services cost center (EN-16) for contract/temp staff to cover current vacancy and meet peak administrative workload going into the construction season, and to provide support during the bureau's move out of the Portland Building for reconstruction.

These increases are offset by the following decreases:

- (\$189,000) of professional services within Asset Systems Management due to delays in both the Pump Station Master Plan and the Resiliency Plan.
- (\$39,000) of computer supplies for unexpected savings on purchase of large monitors within three cost centers: Systems Development (EN-2), Design Administration (EN-6) and Construction Administration (EN-11.)
- (\$15,000) of office supplies within Engineering Support Services (EN-16) trending under budget.

Pollution Prevention Services

Moving \$23,880 from various external materials and services to minor equipment and tools within the Field Operations cost center (PP-10) for purchase of flow monitor sensors and composite stormwater samplers.

Watershed Services

\$51,163 shift from professional services to miscellaneous services accounts within Biological Sciences cost center for a correction of a budget error.

Wastewater Services

\$5,998 shift within external materials and services to correct both account and functional area where actual charges regarding the CBWTP Outfall 1.0 Bathymetric Survey are occurring.

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2016-17 Spring BMP**

Bureau: Bureau of Environmental Services

Type: New Request

Request: ES_012 - BES - New FTE Request

	Spring BMP Requested Adjustments	Spring BMP CBO/Council Changes	Spring BMP Total Adjustments
EXPENDITURES			
Personnel Services	10,142	0	10,142
External Materials and Services	(10,142)	0	(10,142)
TOTAL EXPENDITURES	0	0	0
FTE			
Full-Time Positions	0.33	0.00	0.33
TOTAL FTE	0.33	0.00	0.33

Bureau Description:

Pollution Prevention Services

\$10,142 for acceleration of an Environmental Technician I hiring (pro-rated for two months) for Pollution Prevention Plan Review due to already maximum workloads for existing staff in concert with a recent influx of permit requests related to inclusionary housing. Plan Review staff are already working beyond capacity and missing critical deadlines. This position was included in the FY 2017-18 Requested Budget and recommended by CBO. The CBO recommendation was supported by the Portland Utility Board and Citizen's Utility Board. The funding for the two months of this position is from a reduction to personal services due to other vacancies.

\$10,142 for acceleration of an Environmental Technician I hiring (pro-rated for two months) for Spill Protection and Citizen Response. The accelerated hiring and training of this position is critical to prepare for the anticipated seasonal increase in the number of complaints and investigations during Spring and Summer. This position was included in the FY 2017-18 Requested Budget and recommended by CBO. The CBO recommendation was supported by the Portland Utility Board and Citizen's Utility Board. The funding for the two months of this position is from a reduction to miscellaneous services.

CBO Discussion and Recommendation

CURRENT YEAR PROJECTIONS

Fund Projection Report

	Spring BMP Revised Budget	FY 2016-17 YTD Actuals Thru AP8	Spring BMP Year-End Projection	% of Projected Actuals to Revised Bud
Sewer System Operating Fund				
EXPENDITURES				
Unappropriated Fund Balance	\$180,000	\$0	\$0	0%
Personnel Services	\$66,735,051	\$42,035,096	\$63,000,000	94%
External Materials and Services	\$58,012,845	\$26,625,088	\$56,025,000	97%
Internal Materials and Services	\$42,781,170	\$24,011,050	\$40,225,000	94%
Capital Outlay	\$77,700,265	\$28,746,527	\$46,200,000	59%
Bond Expenses	\$3,261,971	\$504,522	\$3,235,000	99%
Fund Transfers - Expense	\$243,233,398	\$81,363,980	\$241,130,000	99%
Contingency	\$71,385,184	\$0	\$71,936,982	101%
TOTAL EXPENDITURES	\$563,289,884	\$203,286,262	\$521,751,982	93%
REVENUES				
Budgeted Beginning Fund Balance	\$69,180,000	\$0	\$65,201,982	94%
Licenses & Permits	\$2,295,000	\$1,697,312	\$2,200,000	96%
Charges for Services	\$366,785,000	\$212,538,844	\$366,750,000	100%
Intergovernmental Revenues	\$140,755	\$202,635	\$265,000	188%
Interagency Revenue	\$2,047,621	\$764,672	\$1,650,000	81%
Fund Transfers - Revenue	\$121,436,508	\$50,629,443	\$84,000,000	69%

Fund Projection Report

	Spring BMP Revised Budget	FY 2016-17 YTD Actuals Thru AP8	Spring BMP Year-End Projection	% of Projected Actuals to Revised Bud
Sewer System Operating Fund				
REVENUES				
Miscellaneous	\$1,405,000	\$1,020,684	\$1,685,000	120%
TOTAL REVENUES	\$563,289,884	\$266,853,590	\$521,751,982	93%

Fund Projection Narrative

Expenses are forecasted to be within 10% of plan, with the exception of Capital Outlay projected to be only 59% of Revised Budget due to delays in CIP projects. Total CIP expenditures are projected to be 68% of Revised Budget. The following projects account for the majority of under budget spending:

E106072 – Columbia Wastewater Treatment Plant Lagoon Reconstruction, \$2.4 million under plan: This project had a large contractor change request that turned into a many-month negotiation. Terms have been agreed and work has resumed.

E08401, E10663, and E10696 – Collectively the Northwest Neighborhoods Projects, \$9 million under plan: Projects have been delayed to incorporate the Conway Master Plan redevelopment efforts which has delayed contract award and work start.

E10031 – Phase 2 Pipe Rehab, \$20.3 million under plan: Adverse and inclement weather conditions during the winter created unforeseen field conditions and affected the delivery schedules for multiple projects in Construction.

Intergovernmental Revenue is projected to be 188% of Revised Budget due to higher State Shared Revenue than originally budgeted.

Interagency Revenues are for work performed for other City bureaus, which are projected to be 81% of plan for FY 2016-17. Services from the bureau include brownfield remediation, engineering services, construction material testing, revegetation services, environmental sampling and monitoring services, and the ubiquitous miscellaneous services, all of which are trending under budget at this time. Other services trending above budget include laboratory services, project/construction management, and green streets project services.

Fund Transfer Revenues are forecasted to be 69% of Revised Budget because of reduced reimbursement from the Construction Fund resulting from lower projected CIP expenditures.

Finally, Miscellaneous Revenues are projected to be 120% of Revised Budget, due to higher than expected sales of surplus capital equipment.

Fund Projection Report

	Spring BMP Revised Budget	FY 2016-17 YTD Actuals Thru AP8	Spring BMP Year-End Projection	% of Projected Actuals to Revised Bud
Environmental Remediation Fund				
EXPENDITURES				
Personnel Services	\$609,898	\$264,578	\$410,000	67%
External Materials and Services	\$2,639,346	(\$459,167)	\$1,225,000	46%
Internal Materials and Services	\$1,427,325	\$678,565	\$1,375,000	96%
Capital Outlay	\$1,030,000	\$0	\$0	0%
Bond Expenses	\$1,432	\$200	\$1,420	99%
Fund Transfers - Expense	\$117,686	\$78,456	\$118,000	100%
Contingency	\$1,866,813	\$0	\$5,235,219	280%
TOTAL EXPENDITURES	\$7,692,500	\$562,631	\$8,364,639	109%
REVENUES				
Budgeted Beginning Fund Balance	\$3,250,000	\$0	\$3,706,639	114%
Charges for Services	\$3,860,000	\$2,742,373	\$4,085,000	106%
Intergovernmental Revenues	\$100,000	\$100,000	\$100,000	100%
Interagency Revenue	\$452,500	\$275,140	\$418,000	92%
Miscellaneous	\$30,000	\$35,268	\$55,000	183%
TOTAL REVENUES	\$7,692,500	\$3,152,781	\$8,364,639	109%

Fund Projection Narrative

Personnel Services is projected to be 67% of the Revised Budget, due to two positions being reassigned out of this fund as the Portland Harbor Superfund program transitions into the "post-Record-of-Decision" phase.

Similarly, External Materials and Services is projected to be only 46% of the Revised Budget, as payments to various consultants, the Lower Willamette Group, and the River Mile 11 project have slowed.

Capital Outlay is expected to be 0% of budget as no joint BES-ODOT projects have been brought forward for implementation. The bureau is holding \$1.035 million of funds provided by ODOT for any eligible projects that are mutually approved upon.

Contingency, or ending fund balance, is projected to be 228% of plan due to Beginning Fund Balance coming in 114% of budget, and the lower rate of expenditures discussed above. Of the \$5.2 million projected, \$1.55 million represents restricted balances for the ODOT joint projects and future Brownfield Revolving loans.

Revenues were within the reporting levels except for the Beginning Balance mentioned above, and Miscellaneous Revenues that are projected to be 83% over budget (+\$25,000) due to higher interest earnings on higher balances.

Fund Projection Report

	Spring BMP Revised Budget	FY 2016-17 YTD Actuals Thru AP8	Spring BMP Year-End Projection	% of Projected Actuals to Revised Bud
Sewer System Debt Redemption Fund				
EXPENDITURES				
Unappropriated Fund Balance	\$78,125,000	\$0	\$61,900,335	79%
Bond Expenses	\$168,960,284	\$450,959,723	\$542,815,295	321%
Fund Transfers - Expense	\$0	\$0	\$0	0%
TOTAL EXPENDITURES	\$247,085,284	\$450,959,723	\$604,715,630	245%
REVENUES				
Budgeted Beginning Fund Balance	\$61,825,000	\$0	\$61,874,477	100%
Fund Transfers - Revenue	\$170,310,284	\$76,948,570	\$168,200,000	99%
Bond and Note	\$14,300,000	\$374,011,153	\$374,011,153	2615%
Miscellaneous	\$650,000	\$416,866	\$630,000	97%
TOTAL REVENUES	\$247,085,284	\$451,376,588	\$604,715,630	245%

Fund Projection Narrative

Unappropriated Fund Balance are forecast at \$61.9 million, or 79% of Revised Budget due to the delay in a new-money bond issue this fiscal year for which a new cash reserve was anticipated.

Bond Expenses are projected as being 321% of Revised Budget, but these expenses include \$374.0 million of "budget-exempt" line items resulting from the refunding of the Series 2008 bonds, requiring no budget appropriation. Excluding these budget-exempt expenses, debt service expenses are 99.9% of the Revised Budget.

Similarly, Bond and Note Revenues the \$374.0 million of bond proceeds from the Series 2016 bonds to refund the Series 2008 bonds.

Fund Projection Report

	Spring BMP Revised Budget	FY 2016-17 YTD Actuals Thru AP8	Spring BMP Year-End Projection	% of Projected Actuals to Revised Bud
Sewer System Construction Fund				
EXPENDITURES				
Bond Expenses	\$0	\$1,212,648	\$1,212,648	
Fund Transfers - Expense	\$110,303,000	\$50,466,674	\$82,800,000	75%
Contingency	\$13,647,000	\$0	\$43,989,140	322%
TOTAL EXPENDITURES	\$123,950,000	\$51,679,323	\$128,001,788	103%
REVENUES				
Budgeted Beginning Fund Balance	\$85,000,000	\$0	\$88,334,508	104%
Charges for Services	\$650,000	\$309,981	\$615,000	95%
Fund Transfers - Revenue	\$37,300,000	\$0	\$37,300,000	100%
Bond and Note	\$0	\$1,217,280	\$1,217,280	
Miscellaneous	\$1,000,000	\$429,923	\$535,000	54%
TOTAL REVENUES	\$123,950,000	\$1,957,184	\$128,001,788	103%

Fund Projection Narrative

Bond Expenses includes budget-exempt costs of \$1.2 million related to issuance of the 2016 Refunding bonds.

Fund Transfers - Expense are forecasted to be 25% below budget due to lower projected CIP expenditures requiring reimbursement.

Contingency, or estimated Ending Fund Balance, is estimated to be 322% of Revised Budget as a result of the lower transfers for CIP reimbursement, and will fund the bureau's CIP into next fiscal year until the next issuance of bonds.

Bond and Note revenues of \$1.2 million reflect budget-exempt proceeds from 2016 Refunding bonds to pay for issuance costs.

Miscellaneous revenues are forecast to be only 54% of Revised Budget since delay of the bond sale into next fiscal year reduced Interest on Investments.

Fund Projection Report

	Spring BMP Revised Budget	FY 2016-17 YTD Actuals Thru AP8	Spring BMP Year-End Projection	% of Projected Actuals to Revised Bud
Sewer System Rate Stabilization Fund				
EXPENDITURES				
Fund Transfers - Expense	\$10,000,000	\$0	\$0	0%
Contingency	\$93,125,000	\$0	\$105,416,584	113%
TOTAL EXPENDITURES	\$103,125,000	\$0	\$105,416,584	102%
REVENUES				
Budgeted Beginning Fund Balance	\$73,500,000	\$0	\$75,666,584	103%
Fund Transfers - Revenue	\$29,000,000	\$0	\$29,000,000	100%
Miscellaneous	\$625,000	\$495,180	\$750,000	120%
TOTAL REVENUES	\$103,125,000	\$495,180	\$105,416,584	102%

Fund Projection Narrative

There are no Fund Transfers expense to be made this year, and Contingency is forecast to be 113% of the Revised Budget as a result.

Miscellaneous Revenues are projected to be 20% over plan because of anticipated higher interest rates on higher balances within the fund.

CURRENT YEAR CAPITAL REPORTING

Capital Program Status Report

Environmental Services

CIP Program	FY 2015-16 Adopted Budget	FY 2015-16 Revised Budget	FY 2015-16 Year-End Actuals	Variance \$	Variance %	FY 2016-17 Adopted Budget	Spring BMP Revised Budget	FY 2016-17 Year to Date Actuals	Variance \$	Variance %
	\$0	\$0	(\$3)	(\$3)		\$0	\$0	\$19,720	\$0	
Buildings	\$0	\$0	\$9,740	\$9,740		\$0	\$0	\$35,860	\$0	
Facilities	\$0	\$0	\$439	\$439		\$0	\$0	\$0	\$0	
Maintenance and Reliability	\$73,461,000	\$73,707,189	\$52,642,463	(\$21,064,726)	(29%)	\$72,084,000	\$72,070,847	\$30,646,431	(\$13,153)	(0%)
Sewage Treatment Systems	\$18,300,000	\$18,300,000	\$11,526,126	(\$6,773,874)	(37%)	\$17,336,000	\$17,336,000	\$5,738,386	\$0	0%
Support	\$0	\$0	\$755,167	\$755,167		\$0	\$0	\$219,753	\$0	
Surface Water Management	\$9,076,000	\$9,104,345	\$8,180,333	(\$924,012)	(10%)	\$13,628,000	\$13,579,300	\$6,584,783	(\$48,700)	(0%)
Systems Development	\$3,765,000	\$3,876,600	\$3,131,653	(\$744,947)	(19%)	\$6,095,000	\$6,140,600	\$2,672,488	\$45,600	1%
Total	\$104,602,000	\$104,988,134	\$76,245,917	(\$28,742,217)	(27%)	\$109,143,000	\$109,126,747	\$45,917,420	(\$16,253)	(0%)

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

** Current Year variances compare Revised Budget to Adopted Budget

Prior Year Variance Description

Main drivers of variance include:

Maintenance and Reliability

E10031—Phase 2 Pipe Rehab—Several projects have slower than anticipated construction start dates (\$14.5M)

E08401—Far North Nicolai—Redesign in response to neighborhood concerns resulted in slower than anticipated construction start (\$3.7M)

Treatment

E10033—CBWTP Biogas Utilization—Negotiations with NW Natural Gas have delayed project implementation (\$6.1M)

Surface Water Management

E10372—Culvert Replacement Phase 2—Bybee/Glenwood culvert delayed due to coordinating of construction by other agencies within the area (\$1.8M)

Systems Development

Various small projects are slightly under budget.

Current Year Variance Description

The CIP Programs have no budget variances over/under 10%. All budget changes were internal transfers or adjustments to grant activity.