



CITY OF PORTLAND ENVIRONMENTAL SERVICES



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

Date March 23, 2018

TO: Andrew Scott, Director
City Budget Office

FROM: Michael Jordan, Director
Bureau of Environmental Services

SUBJECT: FY 2017-18 Spring Budget Monitoring Report

Enclosed is the Bureau of Environmental Services Budget Monitoring Report for the Spring of FY 2017-18. 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 six separate packages. The following provides a brief summary of each package. More detailed information is contained within the enclosed documents.

Grant Adjustments - Adjustments totaling \$228,300 are requested to true-up to current expectations.

Operating Program Adjustments - Represents changes to various operating programs across the bureau. Includes adjustments for the biogas utilization project, additional security and assessment, new labor agreements, and other adjustments to bring estimates current.

New Revenue - Program Related - Reflects \$545,000 of additional interagency revenues from partner bureaus for Coordinated Site Assessment and lab services. The additional revenue is offset by additional costs to provide those services with the balance going to increase contingency.

CIP Adjustments - Removes \$1.3 million of the biogas utilization project out of the CIP and moves appropriation of \$1.9 million 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 family of funds and are primarily driven by conservative estimates, growth in the system, robust development, and slower than expected CIP expenditures. The \$15 million of additional SDC revenues, combined with a reduction in debt service of \$8.0 million due to a delayed bond

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sale (\$213 million) and a \$3 million reduction in operating expenses, 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.

If you have any questions about this submittal, please contact Ken Bartocci at (503) 823-6022.

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 2017-18 Spring Supplemental Budget Ordinance**

Bureau: Bureau of Environmental Services

Type: Technical Adjustment

Request: ES_009 - Grant Adjustments

	Spring BMP Requested Adjustments	Spring BMP CBO/Council Changes	Spring BMP Total Adjustments
EXPENDITURES			
Personnel Services	64,910	0	64,910
External Materials and Services	55,760	0	55,760
Internal Materials and Services	21,630	0	21,630
Capital Outlay	(165,580)	0	(165,580)
Contingency	251,580	0	251,580
TOTAL EXPENDITURES	228,300	0	228,300
REVENUES			
Intergovernmental Revenues	228,300	0	228,300
TOTAL REVENUES	228,300	0	228,300

Bureau Description:

Grants:

The following adjustments to Grants totaling \$228,300 are requested by project managers. The CIP grant adjustments total \$251,580 and the Operating grant adjustments total a reduction of (\$23,280).

\$630 EPA Brownfield Assessment Grant - ES000049

This grant relies on partners willing to conduct Brownfield Clean Up actions. Additional funds are needed to cover unexpected P&D interagency charges.

\$26,580 Metro Lower Errol Wetland Grant – ES000046

This capital project E10685 was re-opened to allow additional revegetation charges funded by a Metro grant. Additional grant funds will be budgeted by PP&R to cover community volunteer revegetation events.

(\$28,360) Meyer Memorial Fish Habitat Grant – ES000050

Fewer expenses than anticipated will be charged in the current fiscal year and instead will be charged in FY18-19 due to invoicing terms for work conducted under an IGA.

\$225,000 FEMA Winter Storm – ES000042

Additional budget is needed to cover allowable expenses related to winter storm emergency costs incurred under BES emergency project E10854 FEMA Luther Road Restoration.

\$4,450 Metro Willamette River Restoration Partnership – ES000048

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

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2017-18 Spring Supplemental Budget Ordinance**

Bureau: Bureau of Environmental Services

Type: Technical Adjustment

Request: ES_010 - Operating Program Adjustments

	Spring BMP Requested Adjustments	Spring BMP CBO/Council Changes	Spring BMP Total Adjustments
EXPENDITURES			
Personnel Services	12,500	0	12,500
External Materials and Services	1,179,957	0	1,179,957
Internal Materials and Services	138,143	0	138,143
Contingency	(1,330,600)	0	(1,330,600)
TOTAL EXPENDITURES	0	0	0

Bureau Description:

Business Services:

\$72,824 interagency increase to Human Resources for professional development costs from new labor contracts. The increase will be funded from contingency.

\$20,000 to fund new security requirements at the 400 Building serving as the temporary location for BES staff during the Portland Building remodel. The increase will be funded from contingency.

\$1,559 interagency increase to OMF for storage of items related to the Housing and Urban Camping Impact Reduction Program.

\$11,217 interagency increase to OMF for share of security assessment on BES properties.

Watershed:

\$75,000 reduction of external materials and services to support intra-agency work with BES's Laboratory Services for additional analysis required for outfalls to Columbia Slough, monitoring of stormwater facilities, to meet DEQ requirements for the Columbia Slough, and to assist with negotiations with DEQ on revisions to the Long-Term Monitoring Plan and Watershed Action Plan. The balance will be an increase to contingency as sufficient staffing exists at the Lab to do the work.

\$12,500 increase for seasonal staff to support Wetland Inventory work. The increase is supported by a decrease in professional services.

\$4,800 increase to Fleet interagency for vehicle rental to support Wetland Inventory work.

\$27,743 increase to PBOT interagency for survey work related to Lents Collaborative project, Crystal Springs Cross Sections supporting FEMA floodplain map revision application to manage floodplain, and for top-of-bank surveys for Central City Plan work. This increase is supported by a decrease in professional services.

Wastewater:

\$1,300,000 increase in external materials and services to support the Receipt Point Facility portion of the Biogas project at the Columbia Wastewater Treatment Plant (the Plant). The Receipt Point Facility is where the gas generated at the Plant enters the Northwest Natural (NWN) system and will be designed, built, owned, and maintained by NWN. As a result, it is not eligible for CIP funding and will be removed from the CIP and paid for from operating resources. The increase will be supported from a draw on contingency.

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2017-18 Spring Supplemental Budget Ordinance**

Bureau: Bureau of Environmental Services

Type: New Request

Request: ES_011 - New Revenue - Program Related

	Spring BMP Requested Adjustments	Spring BMP CBO/Council Changes	Spring BMP Total Adjustments
EXPENDITURES			
External Materials and Services	77,500	0	77,500
Contingency	467,500	0	467,500
TOTAL EXPENDITURES	545,000	0	545,000
REVENUES			
Interagency Revenue	545,000	0	545,000
TOTAL REVENUES	545,000	0	545,000

Bureau Description:

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

Pollution Prevention:

\$40,000 increase in interagency revenue from Parks to fund additional coordinated site assessment services. To provide the additional service efforts External Materials and Services will increase \$32,500 with the balance going to contingency.

\$105,000 increase in interagency revenue from PBOT to fund coordinated site assessment and laboratory services. To provide the additional service efforts External Materials and Services will increase \$45,000 with the balance going to contingency.

Engineering:

\$400,000 increase in interagency revenue from Water to fund materials testing laboratory services for Water's Washington Park project. The estimated additional revenues will be deposited to contingency.

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2017-18 Spring Supplemental Budget Ordinance**

Bureau: Bureau of Environmental Services

Type: Technical Adjustment

Request: ES_012 - CIP Adjustments

	Spring BMP Requested Adjustments	Spring BMP CBO/Council Changes	Spring BMP Total Adjustments
EXPENDITURES			
External Materials and Services	3,200,000	0	3,200,000
Capital Outlay	(3,200,000)	0	(3,200,000)
Contingency	57,000	0	57,000
TOTAL EXPENDITURES	57,000	0	57,000
REVENUES			
Fund Transfers - Revenue	57,000	0	57,000
TOTAL REVENUES	57,000	0	57,000

Bureau Description:

\$1,300,000 reduction to the Columbia Boulevard Wastewater Treatments Plant Biogas project (E10033) due to the Receipt Point Facility being designed, owned, operated and maintained by Northwest Natural and not eligible for CIP funding. The balance of the adjustments move Capital Outlay resources to External Materials and Services to provide budget for various line items that may be overspent or not budgeted. The adjustments are within the NWN: Slabtown (E10663), SE Interceptor Rehabilitation (E10030), and Phase 3 Pipe Rehabilitation (E10500) projects.

\$57,000 interagency revenue from Parks for the Willamette Park Centennial Oaks project (E10153). The amount reflects Parks' contribution to the project and will result in a deposit to contingency.

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2017-18 Spring Supplemental Budget Ordinance**

Bureau: Bureau of Environmental Services

Type: New Request

Request: ES_013 - Fund Level Transfers

	Spring BMP Requested Adjustments	Spring BMP CBO/Council Changes	Spring BMP Total Adjustments
EXPENDITURES			
External Materials and Services	(3,000,000)	0	(3,000,000)
Bond Expenses	(8,000,000)	0	(8,000,000)
Fund Transfers - Expense	18,000,000	0	18,000,000
Contingency	26,000,000	0	26,000,000
TOTAL EXPENDITURES	33,000,000	0	33,000,000
REVENUES			
Charges for Services	15,000,000	0	15,000,000
Fund Transfers - Revenue	18,000,000	0	18,000,000
TOTAL REVENUES	33,000,000	0	33,000,000

Bureau Description:

This request includes additional Operating Fund transfers of \$16,000,000 to the Rate Stabilization Fund (RSF) and \$10,000,000 to the Sewer System Construction Fund. The transfers are supported by: a \$3,000,000 reduction in External Materials and Services due to underspending; \$8,000,000 reduction of required transfers to the Debt Redemption Fund due to unanticipated delay of the 2018 revenue bonds which removes the new debt service payment from FY 2017-18; and \$15,000,000 reduction in transfers to the debt redemption fund resulting from required FY 2017-18 debt service being paid by higher-than-projected System Development Charge collections. The resources deposited into the RSF will be placed in contingency and support the Bureau's overall strategy to keep rates low and stable over the long-term. The resources deposited into the construction fund will be placed in contingency and serve to delay future bond sales, which can ultimately reduce or delay future debt service expenses.

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2017-18 Spring Supplemental Budget Ordinance**

Bureau: Bureau of Environmental Services

Type: Technical Adjustment

Request: ES_014 - 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:

Engineering Services:

\$22,716 increase in professional services to assist with the move to the temporary location. This is offset by a corresponding reduction in professional services due to the delay in the Resiliency Master Plan.

\$42,000 of professional services was originally placed into a single cost center for the Sewer Design Manual (\$20,000) and Inspection Manual (\$22,000) updates and is being distributed to the sections managing the plan updates.

\$70,000 increase in Professional Services to cover the cost of the contract employee replaced by the Environmental Technician II approved in the Fall BMP for the Project Management and Controls Division. The increase is offset by reductions in Professional Services due to delays in the Sewer Design Manual update (\$50,000) and lower cost for large computer monitor acquisition and delayed implementation (\$20,000).

Wastewater:

\$201,600 reallocation of budget for the Condition Assessment Program. The budget for significant condition assessment efforts are being centralized to cost center ESWW-27.

Watershed:

\$20,000 reduction in Professional Services to support increased planting and pruning opportunities.

CBO Discussion and Recommendation

CURRENT YEAR PROJECTIONS

Fund Projection Report

	Spring BMP Revised Budget	FY 2017-18 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	\$180,000	100%
Personnel Services	\$70,018,811	\$44,993,950	\$66,361,502	95%
External Materials and Services	\$70,884,373	\$28,264,248	\$63,948,385	90%
Internal Materials and Services	\$44,701,473	\$25,015,869	\$42,383,221	95%
Capital Outlay	\$76,883,370	\$23,356,246	\$49,276,463	64%
Bond Expenses	\$3,544,030	\$518,198	\$3,524,428	99%
Fund Transfers - Expense	\$256,825,390	\$142,187,586	\$255,187,646	99%
Contingency	\$67,268,500	\$0	\$81,588,872	121%
TOTAL EXPENDITURES	\$590,305,947	\$264,336,098	\$562,450,517	95%
REVENUES				
Budgeted Beginning Fund Balance	\$71,180,000	\$0	\$66,553,045	93%
Licenses & Permits	\$2,420,000	\$1,562,167	\$2,088,766	86%
Charges for Services	\$381,936,172	\$223,398,956	\$385,528,901	101%
Intergovernmental Revenues	\$195,000	\$204,170	\$277,228	142%
Interagency Revenue	\$2,723,132	\$920,563	\$1,763,396	65%
Fund Transfers - Revenue	\$119,209,143	\$40,972,067	\$94,098,167	79%

Fund Projection Report

	Spring BMP Revised Budget	FY 2017-18 YTD Actuals Thru AP8	Spring BMP Year-End Projection	% of Projected Actuals to Revised Bud
Sewer System Operating Fund				
REVENUES				
Miscellaneous	\$12,642,500	\$11,525,992	\$12,141,014	96%
TOTAL REVENUES	\$590,305,947	\$278,583,915	\$562,450,517	95%

Fund Projection Narrative

Total Expenditures are forecasted to be within 10% of plan, except for Capital Outlay projected to be only 64% of Revised Budget due to delays in CIP projects. Total CIP expenditures are projected to be 70% of Revised Budget. The following projects account for the majority of under budget spending:

E07947 – Columbia Blvd Secondary Treatment, \$2 million under plan: Procurement and council ordinance processes have taken longer than anticipated, delaying opportunity to begin construction.

E10300 – SE Interceptor Rehabilitation, \$6 million under plan: Work has been suspended due to winter weather and is set to resume in Spring 2018; final completion now anticipated to be in late 2018.

E10500 – Phase 3 Pipe Rehab and E10663 Slabtown Sewer, \$18 million under plan: These pipe rehab and replacement projects have experienced delays in construction notice-to-proceed, as well as weather and holiday delays, which have affected the delivery schedules for multiple projects in Construction.

E10582 – TCWTP Headworks, \$5 million under plan: Delays have occurred due to staff changes with the consultant engineers, preparation of construction easement condemnation ordinance, and negotiations with the City of Lake Oswego in design and site approvals.

License and Permit Revenues are projected to be 86% of Revised Budget due to apparent cooling in development review permits and lower industrial pretreatment permits.

Intergovernmental Revenue is projected to be 142% of Revised Budget due to higher Local Cost Sharing Revenue than originally budgeted.

Interagency Revenues are for work performed for other City bureaus, which are projected to be 65% of plan for FY 2017-18. The largest service offered from the bureau is for engineering services, which is currently trending only a third of budget. Other services currently trending below budget includes planning services, revegetation services, environmental sampling and monitoring services, and space rent. Other services trending above budget include construction services, coordinated site analysis (i.e., contaminated soils), laboratory services, material testing services, project/construction management, and green streets project services.

Fund Transfer Revenues are forecasted to be 79% of Revised Budget because of reduced reimbursement from the Construction Fund resulting from lower projected CIP expenditures.

Finally, Contingency / estimated ending fund balance is projected to finish the year at about 121% of Revised Budget.

Fund Projection Report

	Spring BMP Revised Budget	FY 2017-18 YTD Actuals Thru AP8	Spring BMP Year-End Projection	% of Projected Actuals to Revised Bud
Environmental Remediation Fund				
EXPENDITURES				
Personnel Services	\$556,332	\$299,919	\$453,854	82%
External Materials and Services	\$4,816,346	(\$491,971)	\$961,711	20%
Internal Materials and Services	\$1,736,890	\$795,658	\$1,163,123	67%
Bond Expenses	\$1,562	\$208	\$1,528	98%
Fund Transfers - Expense	\$123,371	\$82,253	\$123,382	100%
Contingency	\$2,800,210	\$0	\$8,768,329	313%
TOTAL EXPENDITURES	\$10,034,711	\$686,067	\$11,471,927	114%
REVENUES				
Budgeted Beginning Fund Balance	\$4,690,600	\$0	\$5,972,386	127%
Charges for Services	\$4,874,899	\$3,273,111	\$4,975,827	102%
Interagency Revenue	\$420,612	\$271,352	\$407,028	97%
Miscellaneous	\$48,600	\$66,565	\$116,686	240%
TOTAL REVENUES	\$10,034,711	\$3,611,028	\$11,471,927	114%

Fund Projection Narrative

Personnel Services is projected to be 82% 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 20% of the Revised Budget, as payments to various consultants, the River Mile 11 project, and the Lower Willamette Group have slowed with the new federal administration, as all parties await EPA and DEQ guidance to move forward with the next phase. Also included is \$1.05 million of ODOT funds for joint restoration projects for which no expenditures are projected this fiscal year.

Internal Materials and Services, projected to be 67% of Revised Budget, mostly all due to the delay in the \$900,000 project to repave the parking lot at the Guilds Lake property. Because this pavement covers contaminated soils from when the property was a municipal incinerator site, work must be completed when it is dry to prevent migration of the contamination.

Contingency, or estimated ending fund balance, is projected to be 313% of plan due to Beginning Fund Balance that is 127% of budget, and the lower rate of expenditures discussed above. Of the \$8.8 million projected, \$1.1 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 140% over budget (+\$68,000) due to higher interest earnings on higher balances.

Fund Projection Report

	Spring BMP Revised Budget	FY 2017-18 YTD Actuals Thru AP8	Spring BMP Year-End Projection	% of Projected Actuals to Revised Bud
Sewer System Debt Redemption Fund				
EXPENDITURES				
Unappropriated Fund Balance	\$70,930,000	\$0	\$61,921,261	87%
Bond Expenses	\$171,557,265	\$137,673,922	\$170,401,869	99%
Fund Transfers - Expense	\$0	\$0	\$0	0%
TOTAL EXPENDITURES	\$242,487,265	\$137,673,922	\$232,323,130	96%
REVENUES				
Budgeted Beginning Fund Balance	\$61,900,000	\$0	\$61,897,115	100%
Fund Transfers - Revenue	\$170,872,265	\$137,673,922	\$169,567,154	99%
Bond and Note	\$9,000,000	\$0	\$0	0%
Miscellaneous	\$715,000	\$546,059	\$858,861	120%
TOTAL REVENUES	\$242,487,265	\$138,219,982	\$232,323,130	96%

Fund Projection Narrative

Unappropriated Fund Balance are forecast at \$61.9 million, or 87% of Revised Budget due to unanticipated structure changes in the new-money bond issue anticipated in May for which a cash funded reserve will no longer be required.

Similarly, Bond and Note Revenues show that the original budget assumption of that cash reserve not occurring.

Finally, Miscellaneous Revenues are projected to be 120% of Revised Budget due to the rise in interest earnings rates this fiscal year.

Fund Projection Report

	Spring BMP Revised Budget	FY 2017-18 YTD Actuals Thru AP8	Spring BMP Year-End Projection	% of Projected Actuals to Revised Bud
Sewer System Construction Fund				
EXPENDITURES				
Bond Expenses	\$1,500,000	\$0	\$1,300,000	87%
Fund Transfers - Expense	\$114,000,000	\$35,972,067	\$88,946,025	78%
Contingency	\$166,932,637	\$0	\$206,932,270	124%
TOTAL EXPENDITURES	\$282,432,637	\$35,972,067	\$297,178,295	105%
REVENUES				
Budgeted Beginning Fund Balance	\$15,000,000	\$0	\$37,940,730	253%
Charges for Services	\$550,000	\$412,791	\$619,186	113%
Fund Transfers - Revenue	\$45,882,637	\$0	\$45,000,000	98%
Bond and Note	\$220,000,000	\$0	\$213,300,000	97%
Miscellaneous	\$1,000,000	\$84,303	\$318,379	32%
TOTAL REVENUES	\$282,432,637	\$497,094	\$297,178,295	105%

Fund Projection Narrative

Bond Expenses are projected to be 87% of Revised Budget, based on revised issuance cost estimates of \$1.3 million to issue the 2018 bonds in May (as projected by OMF Debt Management).

Fund Transfers - Expense are forecasted to be 22% below budget due to lower projected CIP expenditures requiring reimbursement.

Contingency, or estimated ending fund balance, is estimated to be 124% of Revised Budget because of the lower transfers for CIP reimbursement, and will fund the bureau's CIP until the next issuance of bonds anticipated in FY 2019-20.

Beginning Fund Balance came in at 253% of Revised Budget as a result of the prior year's lower than anticipated CIP expenditures.

Charges for Services are projected to be 13% (\$69,000) above Revised Budget as Line and Branch Charges are following the overall strong development trend in the city.

Miscellaneous revenues are forecast to be only 32% of Revised Budget since delay of the bond sale from last fall to this spring greatly reduced cash balance and thus Interest on Investments.

Fund Projection Report

	Spring BMP Revised Budget	FY 2017-18 YTD Actuals Thru AP8	Spring BMP Year-End Projection	% of Projected Actuals to Revised Bud
Sewer System Rate Stabilization Fund				
EXPENDITURES				
Fund Transfers - Expense	\$5,000,000	\$5,000,000	\$5,000,000	100%
Contingency	\$138,400,000	\$0	\$138,187,149	100%
TOTAL EXPENDITURES	\$143,400,000	\$5,000,000	\$143,187,149	100%
REVENUES				
Budgeted Beginning Fund Balance	\$108,000,000	\$0	\$107,968,317	100%
Fund Transfers - Revenue	\$34,000,000	\$0	\$33,850,000	100%
Miscellaneous	\$1,400,000	\$897,145	\$1,368,832	98%
TOTAL REVENUES	\$143,400,000	\$897,145	\$143,187,149	100%

Fund Projection Narrative

All revenues and expenditures are projected to be in alignment with the revised budget.

Business Area Projection Report

	Spring BMP Revised Budget	FY 2017-18 YTD Actuals Thru AP8	Spring BMP Year-End Projection	% of Projected Actuals to Revised Bud
Bureau of Environmental Services				
EXPENDITURES				
Personnel Services	\$84,735	\$69,843	\$84,735	100%
External Materials and Services	\$275,521	\$99,189	\$275,521	100%
Internal Materials and Services	\$117,080	\$81,550	\$117,080	100%
Contingency	\$0	\$0	\$0	0%
TOTAL EXPENDITURES	\$477,336	\$250,582	\$477,336	100%
REVENUES				
Intergovernmental Revenues	\$477,336	\$97,586	\$477,336	100%
Miscellaneous	\$0	(\$33)	\$0	0%
TOTAL REVENUES	\$477,336	\$97,553	\$477,336	100%

Bureau Projection Narrative

Grants

Personnel Services forecast mirrors budget adjustments made in the spring BMP. Charges for staff time are expected to hit project E10854 Luther Road, funded by a FEMA Emergency grant, by year's end.

External Materials & Services forecast mirrors budget adjustments made in the spring BMP. Additional charges for the Brownfield Assessment grant are expected by year's end, however the grant program relies on willing partners who may not materialize by the end of the fiscal year. Budget was added to cover unexpected EXM&S expenses on project E10854 Luther Road, funded by a FEMA Emergency grant.

Internal Materials & Services forecast mirrors budget adjustments made in the spring BMP. Overhead expenses on project E10854 Luther Road, funded by a FEMA Emergency grant, are expected to hit the grant 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.

CURRENT YEAR CAPITAL REPORTING

Capital Program Status Report

Environmental Services

CIP Program	FY 2016-17 Adopted Budget	FY 2016-17 Revised Budget	FY 2016-17 Year-End Actuals	Variance \$	Variance %	FY 2017-18 Adopted Budget	Spring BMP Revised Budget	FY 2017-18 Year to Date Actuals	Variance \$	Variance %
	\$0	\$0	\$0	\$0		\$0	\$0	\$32,345	\$0	
Maintenance and Reliability	\$72,084,000	\$72,070,847	\$54,515,943	(\$17,554,904)	(24%)	\$66,450,000	\$67,750,000	\$26,746,141	\$1,300,000	2%
Sewage Treatment Systems	\$17,336,000	\$17,336,000	\$13,894,153	(\$3,441,847)	(20%)	\$33,876,000	\$32,576,000	\$9,324,950	(\$1,300,000)	(4%)
Surface Water Management	\$13,628,000	\$13,579,300	\$10,695,498	(\$2,883,802)	(21%)	\$10,685,000	\$10,685,000	\$3,899,280	\$0	0%
Systems Development	\$6,095,000	\$6,140,600	\$9,430,777	\$3,290,177	54%	\$3,350,000	\$3,360,700	\$496,343	\$10,700	0%
Total	\$109,143,000	\$109,126,747	\$88,536,371	(\$20,590,376)	(19%)	\$114,361,000	\$114,371,700	\$40,499,060	\$10,700	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:

E10663—Slabtown Sewer Replacement - Delays in the review comment phase and procurement (\$7M)

E10031—Phase 2 Pipe Rehab—Several projects are behind schedule and have had slower than anticipated construction start dates (\$9.4M)

E10038 - Alder Basin - Pending issues with utility protection and implementation of new PBOT restoration requirements have been more difficult than anticipated (\$2.1M)

Sewage Treatment Systems:

E10359—Alder Pumpstation Update—Schedule delays in procurement and bid/award phases (\$1.5M)

E04891 - RRM (Rehab/Repair/Modification Program) - Multiple projects delayed in procurement and behind schedule (\$2M)

Surface Water Management:

Various - Several projects under budget and behind schedule

Systems Development:

E10413 - Southwest Terwilliger - Variances are as a result of additional work, primarily in the form of ground improvements.

Capital Program Status Report

Current Year Variance Description

While the CIP Programs have no budget variances over/under 10%, the Bureau is removing from the CIP a portion of the Biogas Utilization project (E10033) in the amount of \$1.3 million which represents the Bureau's obligation towards the Receipt Point Facility (RPF). The RPF serves as the point where the gas generated at the Plant enters the Northwest Natural (NWN) system. It has been determined the RPF will be designed, built, owned, and maintained by NWN and is therefore ineligible for CIP funding. The adjustments above show the removal of the \$1.3 million for the RPF from the Sewage Treatment Systems Program and a corresponding increase in the Maintenance and Reliability Program to support the NWN: Slabtown (E10663), SE Interceptor Rehabilitation (E10030), and Phase 3 Pipe Rehabilitation (E10500) projects.

Total CIP expenditures are projected to be 70% of Revised Budget. The following projects account for the majority of the projected under budget spending:

E07947 – Columbia Blvd Secondary Treatment, \$2 million under plan: Procurement and council ordinance processes have taken longer than anticipated, delaying opportunity to begin construction.

E10300 – SE Interceptor Rehabilitation, \$6 million under plan: Work has been suspended due to winter weather and is set to resume in Spring 2018; final completion now anticipated to be in late 2018.

E10500 – Phase 3 Pipe Rehab and E10663 Slabtown Sewer, \$18 million under plan: These pipe rehab and replacement projects have experienced delays in construction notice-to-proceed, as well as weather and holiday delays, which have affected the delivery schedules for multiple projects in Construction.

E10582 – TCWTP Headworks, \$5 million under plan: Delays have occurred due to staff changes with the consultant engineers, preparation of construction easement condemnation ordinance, and negotiations with the City of Lake Oswego in design and site approvals.