



CITY OF PORTLAND ENVIRONMENTAL SERVICES



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

Date March 27, 2019

TO: Jessica Kinard, Interim Director
City Budget Office

FROM: Michael Jordan, Director
Bureau of Environmental Services

SUBJECT: FY 2018-19 Spring Budget Monitoring Report

Enclosed is the Bureau of Environmental Services Budget Monitoring Report for the Spring of FY 2018-19. 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 Budget Note
- Current Year Decision Package Update
- Current Year Capital Reporting

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

Grant Adjustments - Adjustments totaling \$236,700 are requested to true-up to current grant delivery expectations.

Operating Program Adjustments - Adjusts the operating budget to reflect current expectations regarding the timing of payments for the Biosolids Inventory Reduction Program and corrects appropriation for staffing costs in the Environmental Remediation Fund for site assessment and investigatory work related to the Portland Harbor Superfund project.

New Revenue - Program Related - Reflects \$860,000 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. The Bureau is also recognizing an additional \$1 million for the sale of the Pope Property and \$500,000 for additional offsite stormwater fees, both of which will increase Contingency.

Fund-Level Transfers - These adjustments reflect the movement of resources within BES's family of funds and are primarily driven by revenue estimates that exceed projections, continued (though cooling) development activity, lower than expected expenditures, and adjustments from the prior year. An approximately \$9 million true-up from the prior year, \$5.7 million of additional SDC collections, underspending of \$2.9 million, additional revenues of

\$2.6 million, and other reductions culminate in an estimated \$22 million transfer to the Construction Fund. The transfer will ultimately reduce the amount and/or delay the timing of future bond issuance for capital projects.

Technical Adjustments - Includes CIP adjustments moving \$4,930,000 from capital outlay to the internal and external materials and services line items supporting the capital expenditures and an additional \$1,700,000 of internal and external materials and services realignments. This adjustment also includes operating adjustments to realign existing appropriation with current expectations.

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
Elizabeth Gallagher, CBO Analyst
Amy Archer-Masters, Portland Utility Board

**BUDGET AMENDMENT
REQUEST REPORT**



ES - Bureau of Environmental Services

DP Type Other Adjustments

Request Name: 8050 -Grant Adjustments

Package Description

This package of adjustments aligns all bureau grants to current expectations.

Service Impacts

The adjustments align with the requirements of each grant and include:

- \$200,000 EPA Brownfield Revolving Loan Fund Grant - ES000037
This grant relies on partners willing to conduct Brownfield Clean Up actions. Additional funds are needed to cover new sub-recipient expenses. Sub-recipient, Bridge Housing, plans to clean up hazardous substance contamination remaining from the site's historical use, including as a battery facility, and develop the site for approximately 60 units of affordable housing.
- \$220,700 FEMA Winter Storm – ES000042
Additional budget is needed to cover allowable expenses related to 2015 Winter Storm Emergency costs incurred under BES emergency project E10854 FEMA Luther Road Restoration.
- \$6,000 Metro Lower Errol Heights - ES000046
This Watershed Investment Program (E08782) project was completed in FY17/18. Budget is needed to cover final charges posted to this grant early in the fiscal year.
- (\$13,736) Metro Willamette River Restoration Partnership – ES000048
This grant reimburses revegetation and volunteer stewardship coordination activities performed by Portland Parks & Recreation and Bureau of Environmental Services. Adjustments are needed to this grant for final closeout. Work will shift from BES to PP&R management for this final phase and PP&R will budget their work directly to this grant.
- \$10,000 PBOT's Milwaukie Light Rail - TR000094
BES charges directly to this PBOT grant that covers expenses related to Milwaukie Light Rail project E09163. Personal services and capital overhead expense budgets are required.

Equity Impacts

The adjustment for the EPA Brownfield grant provides a grant to the Bridge Housing sub-recipient which will be used to clean up hazardous substance contamination to provide approximately 60 units of affordable housing. The remaining adjustments contained within this decision package do not change equity considerations that may have been originally established with the grants.

CBO Analysis

Budget Detail					
Fund	Major Object Name	Expense	2018-19 SPRING Adjust - DP Only	2018-19 SPRING CBO/ Council Adj	2018-19 SPRING Requested Total
217001	External Materials and Services		211,000	0	211,000
217001	Internal Materials and Services		139,300	0	139,300
217001	Personnel		80,400	0	80,400
217007	External Materials and Services		-7,736	0	-7,736
217007	Personnel		841	0	841
600000	Capital Outlay		-155,900	0	-155,900
600000	Contingency		238,200	0	238,200
600000	Internal Materials and Services		-82,300	0	-82,300
	Sum:		423,805	0	423,805

F4 - BMP Amendment Request Report

Run Date: 3/27/19

Details

Run Time: 8:59:16 AM

Budget Detail

Fund			2018-19 SPRING Adjust - DP Only	2018-19 SPRING CBO/ Council Adj	2018-19 SPRING Requested Total
Major Object Name	Revenue				
217001	Intergovernmental		430,700	0	430,700
217007	Intergovernmental		-6,895	0	-6,895
	Sum:		423,805	0	423,805

ES - Bureau of Environmental Services

DP Type New Revenue

Request Name: 8076 -New Revenue - Program Related

Package Description

This decision package reflects additional revenues including interagency revenues, charges for services and sale of property.

Service Impacts

\$860,000 reflects additional Coordinated Site Assessment and Pollution Control Laboratory services to support the Portland Bureau of Transportation and Fire Bureau.

\$1,000,000 is for the sale of the Pope Property.

\$500,000 is for additional Offsite Stormwater Fees expected to be received from the Portland Bureau of Transportation.

Equity Impacts

Coordinated Site Assessment and laboratory services provided on behalf of other bureaus will lower environmental exposure in the City.

CBO Analysis

Budget Detail				
Fund				
Major Object Name	Expense	2018-19 SPRING Adjust - DP Only	2018-19 SPRING CBO/ Council Adj	2018-19 SPRING Requested Total
600000	Contingency	1,500,000	0	1,500,000
600000	External Materials and Services	860,000	0	860,000
	Sum:	2,360,000	0	2,360,000

Major Object Name	Revenue	2018-19 SPRING Adjust - DP Only	2018-19 SPRING CBO/ Council Adj	2018-19 SPRING Requested Total
600000	Interagency Revenue	860,000	0	860,000
600000	Miscellaneous	1,500,000	0	1,500,000
	Sum:	2,360,000	0	2,360,000

ES - Bureau of Environmental Services

DP Type Contingency

Request Name: 8092 -Program Adjustments

Package Description

This decision package reflects the changes to program budgets requiring use of contingency.

Service Impacts

When the Biosolids Inventory Reduction Program (BIRP) was added in the FY 2019-20 Fall Budget Monitoring Process, it was estimated that half of the total \$7 million project would be spent in the current fiscal year and the other half in FY 2019-20. Work is progressing faster than expected resulting in the need to move \$1 million of appropriation from FY 2019-20 to the current fiscal year.

The Environmental Policy Manager has been working exclusively on the Portland Harbor Superfund project which is being funded in the Environmental Remediation Fund (ERF). As a result, the budget is being adjusted to reflect where the time is being charged. Going forward, the position will be budgeted 100 percent in the ERF. This adjustment also includes approximately \$60K of additional personnel appropriation for investigation work being done by other bureau staff ad hoc to support the Portland Harbor Superfund project.

Equity Impacts

This decision package keeps the BIRP contract on pace to complete the work and help to meet the service delivery goals. The equity considerations remain unchanged.

CBO Analysis

Budget Detail					
Fund	Major Object Name	Expense	2018-19 SPRING Adjust - DP Only	2018-19 SPRING CBO/ Council Adj	2018-19 SPRING Requested Total
600000	Contingency		-1,000,000	0	-1,000,000
600000	External Materials and Services		1,000,000	0	1,000,000
608000	Contingency		-210,000	0	-210,000
608000	Personnel		210,000	0	210,000
		Sum:	0	0	0

ES - Bureau of Environmental Services

DP Type Other Adjustments

Request Name: 8097 -Fund Level Transfers and Adjustments

Package Description

This decision package updates transfers among the BES family of funds to match current expectations.

Service Impacts

This request includes the following adjustments to the BES family of funds:

- Removal of the \$5 million transfer from the Rate Stabilization Fund to the Operating Fund. The Bureau has assessed the current year balances and determined this transfer will not be necessary.
- Increases the SDC transfer to the Sewer System Debt Redemption by \$5.7 million as a result of additional SDC revenues collected over estimates and cash received from contract payments from current and prior year accruals. By increasing the SDC transfer for debt service, the Operating Fund will reduce the transfer by the same amount less an allowance to cover for timing of interest earnings collected.
- Reduces the cash transfer from the Operating Fund to the Rate Stabilization Fund by \$6 million as it is not necessary to meet coverage targets. The balance will instead be transferred to the construction fund to cash fund CIP.
- Increases the cash transfer to the Construction Fund from the Operating fund by \$22 million supported by approximately \$5.7 million of additional SDC collections, \$1 million net reduction to the Rate Stabilization Fund, Bureau operating underspending of \$2.9 million, additional revenues of \$2.6 million, and approximately \$9 million reduction of unrestricted fund balance from the prior fiscal year. The resources deposited into the construction fund will be placed in contingency and serve to delay future bond sales, which may ultimately reduce or delay future debt service expenses.

Equity Impacts

Equity considerations remain unchanged as a result of these adjustments.

CBO Analysis

Budget Detail					
Fund	Major Object Name	Expense	2018-19 SPRING Adjust - DP Only	2018-19 SPRING CBO/ Council Adj	2018-19 SPRING Requested Total
600000	Contingency		-15,300,000	0	-15,300,000
600000	Fund Transfers - Expense		11,300,000	0	11,300,000
600001	Contingency		-2,900,000	0	-2,900,000
600001	Fund Transfers - Expense		5,700,000	0	5,700,000
609000	Debt Service Reserves		1,000,000	0	1,000,000
614000	Contingency		22,000,000	0	22,000,000
617000	Contingency		-1,000,000	0	-1,000,000
617000	Fund Transfers - Expense		-5,000,000	0	-5,000,000
		Sum:	15,800,000	0	15,800,000

	Major Object Name	Revenue	2018-19 SPRING Adjust - DP Only	2018-19 SPRING CBO/ Council Adj	2018-19 SPRING Requested Total
600000	Fund Transfers - Revenue		-5,000,000	0	-5,000,000
600000	Miscellaneous		1,000,000	0	1,000,000

F4 - BMP Amendment Request Report

Run Date: 3/27/19

Details

Run Time: 8:59:16 AM

Budget Detail

Fund		2018-19 SPRING Adjust - DP Only	2018-19 SPRING CBO/ Council Adj	2018-19 SPRING Requested Total
Major Object Name	Revenue			
600001	Charges for Services	2,800,000	0	2,800,000
609000	Fund Transfers - Revenue	1,000,000	0	1,000,000
614000	Fund Transfers - Revenue	22,000,000	0	22,000,000
617000	Fund Transfers - Revenue	-6,000,000	0	-6,000,000
	Sum:	15,800,000	0	15,800,000

CURRENT YEAR PROJECTIONS



Business Area Projection Report

217

Major Object	2018-19 SPRING Requested Total	2019 February Actuals YTD	2018-19 SPRING Projection	% of Projected Actuals to Revised Budget
Ending Fund Balance	0	0	0	
External Materials and Services	389,039	43,246.51	389,039	100.00%
Internal Materials and Services	139,300	93,565.06	139,300	100.00%
Personnel	81,241	64,753.93	81,241	100.00%
Sum:	609,580	201,565.5	609,580	

Major Object	2018-19 SPRING Requested Total	2019 February Actuals YTD	2018-19 SPRING Projection	% of Projected Actuals to Revised Budget
Beginning Fund Balance	0	0	0	
Intergovernmental	609,580	139,182.98	609,580	100.00%
Miscellaneous	0	-153.24	0	
Sum:	609,580	139,029.74	609,580	

FY 2018-19 Spring BMP Projection Notes
Fund 217 – Grants

Personal Services forecast is in alignment with adjustments being made in the Spring BMP. Additional charges for the FEMA Winter Storm grant are expected by year's end.

External Materials and Services forecast is in alignment with adjustments being made in the spring bump. Additional charges for the Meyer Memorial Trust, Environmental Protection Agency (EPA) Brownfield Assessment and EPA Brownfield Revolving Loan Fund (RLF) grant subrecipients are expected by year's end however, the EPA grant programs rely on willing partners who may not materialize by the end of the fiscal year.

Internal Materials and Services forecast is in alignment with adjustments being made in the Spring BMP. Additional charges for the FEMA Winter Storm grant are expected by year's end.

Grant Revenues forecast is in alignment with adjustments being made in the Spring BMP. Grant revenues net zero with external materials & services, internal materials & services and personal services expenses budgeted on grants.

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

Business Area Projection Report

600

Major Object	2018-19 SPRING Requested Total	2019 February Actuals YTD	2018-19 SPRING Projection	% of Projected Actuals to Revised Budget
Capital Outlay	93,188,650	44,039,825.34	72,350,000	77.64%
Contingency	60,688,142	0	84,752,831	139.65%
Debt Service	3,782,788	508,588.45	3,782,000	99.98%
Debt Service Reserves	180,000	0	180,000	100.00%
Ending Fund Balance	0	0	0	
External Materials and Services	81,020,005	37,456,610.96	77,000,000	95.04%
Fund Transfers - Expense	259,681,544	86,428,304.94	255,400,000	98.35%
Internal Materials and Services	45,361,196	27,581,633.95	43,950,000	96.89%
Personnel	74,501,307	48,963,286.39	71,850,000	96.44%
Sum:	618,403,632	244,978,250.03	609,264,831	

Major Object	2018-19 SPRING Requested Total	2019 February Actuals YTD	2018-19 SPRING Projection	% of Projected Actuals to Revised Budget
Beginning Fund Balance	89,902,000	0	89,902,831	100.00%
Charges for Services	387,937,008	217,101,453.22	382,450,000	98.59%
Fund Transfers - Revenue	130,701,248	69,642,565.96	126,900,000	97.09%
Interagency Revenue	3,042,376	1,614,542.42	3,200,000	105.18%
Intergovernmental	195,000	135,686.75	162,000	83.08%
Licenses & Permits	2,157,000	1,450,544.37	2,000,000	92.72%
Miscellaneous	4,469,000	3,378,172.63	4,650,000	104.05%
Sum:	618,403,632	293,322,965.35	609,264,831	

FY 2018-19 Spring BMP Projection Notes
Fund 600000 – Sewer System Operating

Total Expenditures are forecasted to be within 10% of plan, except for Capital Outlay projected to be about 78% of Revised Budget due to delays in CIP projects. Total CIP expenditures are projected to be approximately 80% of Revised Budget. The following projects account for the majority of under budget spending:

Sewage Treatment:

E07947 – CBWTP Secondary Treatment Expansion (under budget approximately \$2 million): Availability of staff resources have slowed progress. Procurement delays have also moved consultant start time back.

E10567 – CBWTP Wash & Hypo TNL Piping Replacement (under budget approximately \$3 million): procurement duration was under-estimated and delayed construction notice-to-proceed.

E10805 – CBWTP Headworks Screening Improvements (under budget approximately \$2 million): consultant has uncovered changing site conditions, causing delays to construction.

E10657 – Pump Station Improvement Program FY 2015-2019 (under budget approximately \$2 million): availability of staff resources have limited focus on this program. Efforts have been allocated to higher urgency projects.

E10976 – Tryon Creek Interceptor Replacement (under budget approximately \$2 million): project on hold as Lake Oswego pursues alternatives.

E10694 – Tryon Creek Wastewater Treatment Plant Secondary Process Improvements (under budget approximately \$1 million): project on hold as Lake Oswego pursues alternatives.

E10582 – Tryon Creek Wastewater Treatment Plant Headworks Improvements (under budget approximately \$3 million): project on hold as Lake Oswego pursues alternatives.

Maintenance and Reliability:

E10367 – Sunnyside North Recon/GRST (under budget approximately \$5 million): project delayed while new pavement restorations standards are clarified.

E10220 – Structural Rehabilitation Taggart Outfall 30 (under budget approximately \$2 million): project delayed due to changing conditions within the asset requiring further investigation and design.

E10941 – Hillsdale Crest RDII (under budget approximately \$3 million): permanent easement acquisition delays with property owners as well as re-design due to existing site conditions have slowed the project.

Surface Water:

E10486 – Watershed Land Acquisition Program (under budget approximately \$1 million): acquisition efforts are contingent on property owner negotiations. Expenditure this year has been lower than anticipated.

E10939 – SW Capital Hwy Stormwater Improvements (under budget approximately \$1 million): decision to move from low-bid to CMGC has delayed construction. Team is addressing added processes including an ordinance for exemption as well extensive inter-bureau coordination.

Total Revenues of \$609.3 million are projected to be 98.5% of the Spring BMP Revised Budget, with the largest funding category, Charges for Services, projected to be \$382.5 million. The major source of funding within this category are residential and commercial retail rates with projected year-end total of \$347.3 million, or 99.2% of budget, based on a projection of existing revenues through February using historical daily billing trends. The next largest source within Charges for Services is Systems Development Charges (SDCs), with a projected total of \$29.1 million, which is made up of \$30.3 million of cash receipts and -\$1.2 million of non-cash liens receivables. The remaining \$8.1 million is split evenly between Wholesale Contract revenues for service provided to adjacent jurisdictions whose flow is treated by Portland, and other various fees, rents, inspections, etc.

The next largest funding source in our projection is Fund Transfers – Revenues of \$126.9 million, of which \$126.7 million is from the Sewer Construction Fund to reimburse for direct CIP expenditures (\$104.7 million), bureau overhead allocated to CIP projects (\$12.1 million), and an estimate of \$10 million to fund BES’ share of the Portland Building Renovation Project which are being booked as a Prepaid Expense liability until the final project completion in June 2020. This prepaid expense sends cash to the City’s Facilities Fund and requires a cash reimbursement from the Sewer Construction Fund to restore transferred cash balances in the Sewer Operating Fund. In June of 2020, the project will book BES’ full \$37 million portion of the project as a CIP expense, and reverse the accumulated \$37 million within Prepaid Expense liability.

All other projected revenue sources, excluding the actual Beginning Fund Balance of \$89.9 million, total \$10.0 million, and include billings to other bureaus for services provided, development-related permit fees, interest earnings, surplus land and vehicle sales, and state and local revenue sharing.

The Expenditures projection is based on February year-to-date line-item actuals by fund using various methods of forecasting. Expenditures within the Sewer Operating Fund are

projected separately for operating and CIP expenses and combined for BFM entry by major object code.

Based on current expenditure patterns, Personal Services are projected to be \$71.9 million, reflecting approximately 4% average vacancy (on a dollar basis, rather than a position basis) throughout the year.

External Materials and Services are projected to be \$77.0 million, which exceeded current budget, resulting in additional appropriation of \$6.0 million added, \$4.1 million of which was within the CIP via reductions in other projects (usually capital outlay), and \$1.9 million within operating programs.

Internal Materials and Services are projected to be \$44.0 million, with half (\$22.1 million) from operating charges from PBOT for sewer and storm maintenance services.

Capital Outlay is projected to be \$72.4 million, of which \$64.5 million is for CIP projects, and \$7.9 mil within the operating program, which is predominantly replacement of vehicles, with a small amount (\$429,000) for equipment purchases.

Fund Transfers – Expense is projected to be \$255.4 million from the Sewer Operating Fund, which consists of \$180.3 million transferred to the Debt Redemption Fund to pay debt service on the bureau's approximately \$1.6 billion of outstanding revenue bonds, \$45.4 million to the Construction Fund which will fund future CIP projects reducing the need for bond financing, \$22.6 million to the Rate Stabilization Fund which is planned for rate relief in future years, according to the bureau's long-term financial plan. Another \$6.6 million goes to the General Fund for city overhead services, and the remaining \$450,000 pays a portion of the bureau's debt service on Pension Obligation Bonds (POBs). Debt Service expenditures in the Operating Fund represent direct principal and interest payments on the bureau's remaining portion of Pension Obligation Bonds.

Finally, the result of all the projected revenues and expenditures equals fund Contingency (i.e. estimated ending fund balance), which is projected to finish the year at \$84.8 million. This amount consists primarily of accumulated receivables and year-end billing accruals totaling \$68.4 million, as well as the \$10 million Portland Building prepaid expense asset waiting to be fully expensed budgetarily next fiscal year. This leaves only \$6.4 million available for actual use in the next fiscal year.

Business Area Projection Report

608

Major Object	2018-19 SPRING Requested Total	2019 February Actuals YTD	2018-19 SPRING Projection	% of Projected Actuals to Revised Budget
Contingency	7,919,443	0	11,646,904	147.07%
Debt Service	1,672	206.48	1,672	100.00%
Ending Fund Balance	0	0	0	
External Materials and Services	4,955,893	582,052.36	2,100,000	42.37%
Fund Transfers - Expense	103,077	68,723	103,077	100.00%
Internal Materials and Services	1,073,551	661,614.02	1,000,000	93.15%
Personnel	609,764	395,625.1	607,000	99.55%
Sum:	14,663,400	1,708,220.96	15,458,653	

Major Object	2018-19 SPRING Requested Total	2019 February Actuals YTD	2018-19 SPRING Projection	% of Projected Actuals to Revised Budget
Beginning Fund Balance	9,546,000	0	9,546,653	100.01%
Charges for Services	4,541,600	3,496,447.65	5,285,000	116.37%
Interagency Revenue	431,800	271,352	407,000	94.26%
Miscellaneous	144,000	141,489.17	220,000	152.78%
Sum:	14,663,400	3,909,288.82	15,458,653	

FY 2018-19 Spring BMP Projection Notes
Fund 608000 – Environmental Remediation

Most expenditure object codes are projected to be within 10% of the revised budget, except for External Materials and Services projected to be 42% of the Revised Budget. Payments to various technical and legal consultants and the River Mile 11 project 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 \$1.073 million of ODOT funds for joint restoration projects for which no expenditures are projected this fiscal year.

Contingency, or estimated ending fund balance, is projected to be 147% of plan due to the lower rate of expenditures discussed above. Of the \$11.6 million projected, \$1.15 million represents restricted balances for the ODOT joint projects and future Brownfield Revolving loans.

Revenues were within 10% except for the Charges for Services (116%) due to strong Portland Harbor Superfund utility charges, Guilds Lake lease revenue, and Miscellaneous Revenues that are projected to be 153% over budget (+\$76,000) due to higher interest earnings on higher balances.

Business Area Projection Report

609

Major Object	2018-19 SPRING Requested Total	2019 February Actuals YTD	2018-19 SPRING Projection	% of Projected Actuals to Revised Budget
Debt Service	181,624,675	81,723,939.92	181,624,675	100.00%
Debt Service Reserves	63,050,325	0	62,177,817	98.62%
Ending Fund Balance	0	0	0	#DIV/0
Sum:	244,675,000	81,723,939.92	243,802,492	

Major Object	2018-19 SPRING Requested Total	2019 February Actuals YTD	2018-19 SPRING Projection	% of Projected Actuals to Revised Budget
Beginning Fund Balance	61,950,000	0	61,952,492	100.00%
Fund Transfers - Revenue	181,625,000	81,723,939.94	180,350,000	99.30%
Miscellaneous	1,100,000	879,926.88	1,500,000	136.36%
Sum:	244,675,000	82,603,866.82	243,802,492	

FY 2018-19 Spring BMP Projection Notes
Fund 609000 – Sewer System Debt Redemption

All revenue and expenditure object codes are projected to be within 10% of Revised Budget, except for Miscellaneous Revenues projected to be 136% of Revised Budget due to the rise in interest earnings rates this fiscal year.

Debt Service expenditures of \$181.6 million are funded from cash transfers from the Operating Fund totaling \$180.4 million, and interest on investments of \$1.5 million. The fund also holds required debt reserves of \$58.8 million, and general ending fund balance of \$3.4 million.

Business Area Projection Report

614

Major Object	2018-19 SPRING Requested Total	2019 February Actuals YTD	2018-19 SPRING Projection	% of Projected Actuals to Revised Budget
Contingency	121,146,911	0	124,078,642	102.42%
Debt Service	0	0	0	
Ending Fund Balance	0	0	0	
Fund Transfers - Expense	130,500,000	69,642,565.96	126,750,000	97.13%
Sum:	251,646,911	69,642,565.96	250,828,642	

Major Object	2018-19 SPRING Requested Total	2019 February Actuals YTD	2018-19 SPRING Projection	% of Projected Actuals to Revised Budget
Beginning Fund Balance	199,228,000	0	199,228,642	100.00%
Bond & Note Proceeds	0	0	0	
Charges for Services	850,000	388,161.39	550,000	64.71%
Fund Transfers - Revenue	49,568,911	2,568,910.36	48,000,000	96.83%
Miscellaneous	2,000,000	2,308,878.23	3,050,000	152.50%
Sum:	251,646,911	5,265,949.98	250,828,642	

FY 2018-19 Spring BMP Projection Notes
Fund 614000 – Sewer System Construction

Both Fund Transfers - Expense and Contingency are forecast to be within 10% of Revised Budget.

The major revenue source within the Sewer Construction Fund is Beginning Fund Balance from the Spring of 2018 revenue bond sale (\$158.1 million) and accumulated non-bond sources (\$41.2). The largest current revenue is Fund Transfer Revenue, which are cash contributions from the Operating Fund (\$45.4 million) to reduce the future need for debt financing, and a \$2.6 million transfer of bond proceeds from the conversion of SDC liens receivables contracts into cash through the Auditor's Office sale of Limited Tax Improvement Bonds.

Charges for Services are projected to be \$550,000, or 65% (-\$300,000) of the Revised Budget as Line and Branch Charges have dropped from the prior year, reflecting fewer sewer extension projects whose three-year connection deadline fell within the current fiscal year.

Miscellaneous revenues (\$3.1 million) are forecast to be only 153% of Revised Budget as a result of higher Interest on Investments rates.

Fund Transfers – Expense are the main expenditure of the fund, which funds CIP reimbursement (\$104.7 million), allocated project overheads (\$12.1 million), and includes the bureau's portion of the Portland Building project (\$10.0 million), all as discussed above.

Of the remaining \$124.1 million in Contingency, only about \$10 million will be the remains of the 2018 bond proceeds, and the other \$114 million will be accumulated non-bond sources that will fund the next year's CIP until the next bond sale in Spring of FY 2019-20.

Business Area Projection Report

617

Major Object	2018-19 SPRING Requested Total	2019 February Actuals YTD	2018-19 SPRING Projection	% of Projected Actuals to Revised Budget
Contingency	164,550,000	0	163,896,143	99.60%
Ending Fund Balance	0	0	0	
External Materials and Services			0	
Fund Transfers - Expense	0	0	0	
Sum:	164,550,000	0	163,896,143	

Major Object	2018-19 SPRING Requested Total	2019 February Actuals YTD	2018-19 SPRING Projection	% of Projected Actuals to Revised Budget
Beginning Fund Balance	138,150,000	0	138,446,143	100.21%
Fund Transfers - Revenue	24,000,000	0	22,600,000	94.17%
Miscellaneous	2,400,000	1,874,001.49	2,850,000	118.75%
Sum:	164,550,000	1,874,001.49	163,896,143	

FY 2018-19 Spring BMP Projection Notes
Fund 617000 – Sewer System Rate Stabilization

All expenditures, and most revenues, are projected to be in alignment with the revised budget, with the exception of Miscellaneous revenues forecast at 119% of revised budget due to higher Interest on Investments.

CURRENT YEAR BUDGET NOTE



Budget Note Update

Bureau

Date of Budget Note: July 1, 2018 in Current FY 2018-19 Adopted Budget

Budget Note Title: Street Sweeping

Budget Note Language: During FY 2018-19, BES and PBOT shall work together to define PBOT's total cost of systemwide street cleaning services under the interagency and detail the cost of street cleaning arterial streets for BES to remain compliant with MS4 permits. BES and PBOT shall also define the quantifiable benefits of street sweeping to the stormwater system overall. Based upon the results of this analysis, BES shall propose appropriate realignments to the PBOT-BES interagency in its Requested Budget for FY2019-20.

Summary Status: Complete

Budget Note Update: March 19, 2019

The Bureau of Environmental Services and Portland Bureau of Transportation worked together to estimate the appropriate amount both Bureaus collectively believe aligns with related permit requirements and stormwater system benefits. Lane miles were established in the Municipal Separate Storm Sewer System (MS4) permit areas and the Underground Injection Control (UIC) areas and a cost per lane mile of street sweeping and debris disposal was calculated. Sweeping arterial streets within the UIC and MS4 permit areas 6 times per year meets the permit requirement. It was further estimated that residential street sweeping provides some benefits for water quality within the separated stormwater system. The bureaus agreed that the appropriate amount for street sweeping paid by BES in FY 2019-20 is \$411,141, as will be reflected in the interagency agreement.



CURRENT YEAR CAPITAL REPORTING



City of Portland
Capital Program Status Narrative

Run Date: 3/25/19
Run Time: 11:23:50 AM

Bureau of Environmental Services

Prior Year Variance Desc

Maintenance and Reliability:

E10663 – Slabtown Sewer Replacement (under budget \$4.5 million): attributable to delays resulting from alignment conflicts with other utilities not previously known, additional contractor requests, and delays in temporary street use permits, which resulting in delayed construction work.

E10030 – SE Interceptor Rehab (under budget \$4.4 million): unexpected site and weather conditions required changes in construction methods which caused construction delays.

E10370 – Sunnyside East Reconstruction and Green Street (under budget \$3.4 million): due to water line relocation delays, as well as changes in project staff contributed to schedule delay.

Sewage Treatment Systems:

E10033 – CBWTP Biogas Utilization (under budget \$1.2 million): delays in permitting, execution of NW Natural Gas agreement, and contractor requests resulted in this project coming in under budget.

E10582 – TCWTP Headworks Improvements (under budget \$3.0 million): land acquisition delayed pending ongoing negotiations with the City of Lake Oswego where the plant is located.

E06072 – CBWTP Lagoon Reconstruction (under budget \$2.3 million): Contractor progress was slower than anticipated due to staffing issues.

E07947 – CBWTP Secondary Treatment (under budget \$2.0 million): Procurement delays resulting in consultant not under contract during the fiscal year.

E10805 – CBWTP Headworks Screening (under budget \$0.5 million): Procurement delays and estimated time to get contracts executed was optimistic.

E10694 – TCWTP Secondary Process Improvements (under budget \$0.5 million): Work held up due to potential change in plant location.

System Development:

E08748 – Party Sewers (under budget \$1.5 million): Procurement delays during renegotiations of construction contracts delayed start of construction.

City of Portland
Capital Program Status Narrative

Run Date: 3/25/19
Run Time: 11:23:50 AM

Bureau of Environmental Services

Current Year Variance Desc

Sewage Treatment:

E07947 – CBWTP Secondary Treatment Expansion (under budget approximately \$2 million): Availability of staff resources have slowed progress. Procurement delays have also moved consultant start time back.

E10567 – CBWTP Wash & Hypo TNL Piping Replacement (under budget approximately \$3 million): procurement duration was underestimated and delayed construction notice-to-proceed.

E10805 – CBWTP Headworks Screening Improvements (under budget approximately \$2 million): consultant has uncovered changing site conditions, causing delays to construction.

E10657 – Pump Station Improvement Program FY 2015-2019 (under budget approximately \$2 million): availability of staff resources have limited focus on this program. Efforts have been allocated to higher urgency projects.

E10976 – Tryon Creek Interceptor Replacement (under budget approximately \$2 million): project on hold as Lake Oswego pursues alternatives.

E10694 – Tryon Creek Wastewater Treatment Plant Secondary Process Improvements (under budget approximately \$1 million): project on hold as Lake Oswego pursues alternatives.

E10582 – Tryon Creek Wastewater Treatment Plant Headworks Improvements (under budget approximately \$3 million): project on hold as Lake Oswego pursues alternatives.

Maintenance and Reliability:

E10367 – Sunnyside North Recon/GRST (under budget approximately \$5 million): project delayed while new pavement restorations standards are clarified.

E10220 – Structural Rehabilitation Taggart Outfall 30 (under budget approximately \$2 million): project delayed due to changing conditions within the asset requiring further investigation and design.

E10941 – Hillsdale Crest RDII (under budget approximately \$3 million): permanent easement acquisition delays with property owners as well as re-design due to existing site conditions have slowed the project.

Surface Water:

E10486 – Watershed Land Acquisition Program (under budget approximately \$1 million): acquisition efforts are contingent on property owner negotiations. Expenditure this year has been lower than anticipated.

E10939 – SW Capital Hwy Stormwater Improvements (under budget approximately \$1 million): decision to move from low-bid to CMGC has delayed construction. Team is addressing added processes including an ordinance for exemption as well extensive inter-bureau coordination.