



# CITY OF PORTLAND ENVIRONMENTAL SERVICES



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

Date September 9, 2019

TO: Jessica Kinard, Director  
City Budget Office

FROM: Michael Jordan, Director  
Bureau of Environmental Services

SUBJECT: FY 2019-20 Fall Budget Monitoring Report

Attached please find the Bureau of Environmental Services Budget Monitoring Report for the Fall of FY 2019-20. A high-level summary of changes is included below.

Overall changes to the Bureau's operating programs require a reduction in operating contingency of \$5,431,223 with 78% (\$4.2 million) related to carryover of funds from the prior year and 22% (\$1.2 million) related to new unforeseen items that have arisen since budget adoption. Those are highlighted below.

Of the \$4.2 million requested for carryover, approximately \$3.9 million (93%) is related to fleet vehicles that were not delivered on the expected timelines; \$283K (7%) is for items previously approved and were at varying levels of completion at the end of the previous fiscal year.

New items supported by draws from contingency total about \$1.2 million and include:

- The Guilds Lake parking lot paving project originally approved in FY 2017-18 but delayed due to a variety of factors.
- One new permanent staffing request for an Analyst III to serve as one of the bureau's two Equity Managers with a focus on workforce development (Note: hired using temporary vacancy in March 2019).
- Safety equipment to address employee safety and meet OSHA requirements.
- Pay the Bureau's share of a citywide effort to train managers and supervisors to develop a talent management strategy for career development and succession planning.
- A package of vehicle items, including three new vehicles and upgrades to existing equipment, to bring our fleet in line with our current service needs.

In addition, this request includes technical adjustments to move existing resources to support the newly created Project Management Office, shift existing CIP appropriation for the Boones Ferry Road Culvert Replacement Project, align beginning fund balances across the BES family of funds to citywide financial reports, and to provide adjustments that more appropriately align existing budgeted resources with requirements to allow for better internal tracking.

Please don't hesitate to contact me or BES Financial Planning staff with questions.

# **BUDGET AMENDMENT REQUEST REPORT**

**ES - Bureau of Environmental Services      DP Type      Technical Adjustments**

**Request Name:** 9348 -Technical Adjustments

**Package Description**

This package makes adjustments to realign existing budget to current expectations.

**Service Impacts**

The changes in this package reflect internal adjustments and realignments. All increases are offset by a corresponding reduction such that there is no fund level change in appropriation nor draws from contingency. Highlights of the technical changes include:

- Realignment of various interagency agreements to reflect current allocations and changes requested by other bureaus.
- Movement of existing appropriation and personnel costs to stand-up the newly created Project Management Office.
- Movement of CIP dollars to support re-initiation of the Boones Ferry Culvert Replacement Project.
- Various other technical adjustments to realign budget to where expenditures are or are expected to occur.

**Equity Impacts**

The equity impacts associated with this package are consistent with those that developed the adopted budget.

**CBO Analysis**

	2019-20 FALL Requested Adj	2019-20 FALL CBO Adj	2019-20 FALL Recom Total
Capital Outlay	699,500	0	0
External Materials and Services	-536,927	0	0
Internal Materials and Services	-220,317	0	0
Personnel	58,000	0	0
External Materials and Services	-223,000	0	0
Internal Materials and Services	203,000	0	0
Personnel	20,000	0	0

	2019-20 FALL Requested Adj	2019-20 FALL CBO Adj	2019-20 FALL Recom Total
Interagency Revenue	256	0	0

**ES - Bureau of Environmental Services                      DP Type                      Contingency**

**Request Name:** 9361 -Carryover

**Package Description**

This package reflects carryover of previously approved items that were at varying stages of completion at the end of the prior fiscal year.

**Service Impacts**

Of the total \$4.2 million of carryover requested, approximately \$3.9 million reflects life-cycle replacement or previously approved vehicles that have been ordered in prior fiscal years but have not been received. This is an adjustment done every year in the Fall BMP due to delays in the OMF Fleet acquisition process and reflects our current expectations.

The remaining \$300K of carryover requests are for the following items:

**Business Services Group:**

\$15,025 – Emergency radios were ordered in the prior fiscal year but will be received in the current fiscal year.

\$7,426 – Carry over of BES’s share of union (DCTU and PTE-17) professional development training dollars managed by OMF.

\$25,000 – Engineering Group’s office trailer siding replacement began in the prior year and will continue into the current FY.

**Wastewater Group:**

\$36,500 – Asset runtime interface consultant services were delayed getting started due to long timeline with the procurement contracting process.

\$131,000 – Condition assessment work for Ankeny and Guilds Lake Force Mains was delayed due to an unexpected valve failure at Ankeny pump station. The work was able to begin in FY 2018-19 but not get completed. Carryover funding is necessary for the contractor who performed the work in FY 2018-19 to continue and complete the work.

**Watershed Group:**

\$8,402 – Construction delay on the 4th and Montgomery monitoring vault.

\$10,000 – Contract delay by City process on FY2018-19 Community Watershed Stewardship Program grant delayed work into FY2019-20.

\$50,000 – The Stormwater Management Manual’s (SWMM) presumptive approach calculator which supports Bureau of Technology Services internal services to support updates to the SWMM was funded in Spring BMP; delays pushed the schedule beyond the fiscal year.

**Equity Impacts**

There is no change to the equity impacts associated with these carryover items.

**CBO Analysis**

	2019-20 FALL Requested Adj	2019-20 FALL CBO Adj	2019-20 FALL Recom Total
Capital Outlay	3,915,953	0	0
Contingency	-4,199,306	0	0
External Materials and Services	217,525	0	0
Internal Materials and Services	65,828	0	0

**ES - Bureau of Environmental Services**

**DP Type**

**Contingency**

**Request Name:** 9362 -New Requests

**Package Description**

The items in this package reflects new items that are urgent and were unforeseen when developing the Adopted Budget.

**Service Impacts**

The following new requests in this package reflect items that were unforeseen when the BES budget was developed (about a year ago):

**Business Services Group:**

\$550,000 – Guilds Lake parking lot paving. This project was approved by Council in the FY 2017-18 budget and has been delayed pending identification of which City bureau will do the work. It has been determined that PBOT will perform the work and it will be done in the current fiscal year. Resources necessary to complete the work have already been collected and reside in the Environmental Remediation Fund contingency, so this will not affect current rates.

\$25,000 – Training for Management and Supervisors. This request reflects the Bureau's share of citywide manager and supervisor training. In the past because of this lack of training, it has created risk for the City and stress and trauma for employees. Making this investment in employees demonstrates the commitment to develop and implement a talent management strategy for both career development and succession planning.

**Director's Office:**

\$166,366 – Analyst III position (Equity Manager). In FY2017-18, an FTE for Equity and Inclusion manager (Principal Management Analyst), was hired to do BES Equity Culture, Education and Outreach. This request is to add an additional FTE Analyst III to do Equity Workforce development, professional pipeline, recruitment practices, hiring and on boarding practices, retention strategies, social equity networking and contracting, professional development plans and mentoring, coordination with BES HR, coordination with BHR (including ADA Title I), performance evaluations and reporting. Both employees will serve as change agents, working together collaboratively with the Bureau Leadership team, the Committee for Equity and Diversity, and all employees to implement, evaluate and refine the BES Equity Plan and related diversity, equity, and inclusion activities.

**Wastewater Group:**

\$47,050 – Safety equipment (field safety fall protection/retrieval and gas monitors) to meet OSHA requirements for confined space entries at pump stations must be purchased. This change was recently identified and is urgent to meet compliance and address employee safety. The Pump Station Program has consulted with BES Risk Management to determine needs and equipment.

\$42,000 - Safety equipment (gas monitors) to meet OSHA requirements for confined space entries at the treatment plants must be purchased. This change was recently identified and is urgent to meet compliance and address employee safety. The Maintenance Division has consulted with BES Risk Management to determine needs and equipment.

\$30,000 – Facilities maintenance. Additional resources are needed to address long-standing deferred facilities maintenance in the Wastewater Group (WG). This resource will help manage rehabilitation and maintenance projects for existing assets. A contract employee was hired by the bureau for a demolition property project unrelated to WG needs. With that project wrapping up, the resource is available for WG to use. This resource has been utilized by the WG since May 2019 and is providing great value in starting to address "catch-up" work. The work being accomplished supports both operating programs and Capital Improvement Projects and is deferred work that is urgent to complete. This available resource was brought to our attention a few months ago so it was not known at the time the budget was submitted last year.

\$17,300 – Lagoon boat. A new boat is necessary for lagoon operations. The boat is specifically designed to perform lagoon surveys and allow Operators to safely navigate the lagoon cells and obtain samples used to determine accumulation rates of sludge. This sampling regimen is required to provide timely feedback to Treatment Operations and will guide decisions for overall management of the lagoon. With the current configuration of the lagoon (approximately 50% of design) it is crucial for us to understand how quickly solids accumulate and base operational decisions on that data. It is urgent this boat be acquired to perform this function; this need was recently realized with the change of the lagoon reconstruction project.

\$35,000 – Vehicle. WG Facilities Management Program needs a designated vehicle for their use since they service WG facilities and properties that are located throughout the City of Portland (TCWTP, CBWTP, pump stations, properties, etc.). The Facilities Manager and Facilities Coordinator have both been using their personal vehicles daily. This vehicle was going to be requested in the FY 2020-21 budget but the urgency has changed. A temporary contract employee being shared by WG and the Business Services Group is now supporting the program and a vehicle is necessary (use of a private vehicle is not a viable option). As of June 2019 a vehicle is being rented until a new vehicle can be purchased.

\$30,000 – Vehicle upgrades. Two BES/PBOT 3/4 ton pickups are budgeted to be replaced in the current fiscal year. These will be bi-fuel (gas & compressed natural gas (CNG)) vehicles which increases the cost \$15,000 each. The introduction of CNG vehicles for BES/PBOT vehicles was unknown last year at the time funding was requested for these due to lack of CNG fuel availability at the PBOT Maintenance Operations location. City Fleet has since committed CNG fuel will be available at the Kerby fuel station by the end of the 2019 calendar year.

\$270,000 – Vehicles. Two (2) new Pump Station vehicles need to be purchased to take the place of two existing vehicles that have gross vehicle weight (GVR) overweight issues. Alternative analysis to resolve the issues was done in coordination with City Fleet. These vehicles will be removed from the Pump Station Program and repurposed within the bureau.

\$19,200 – Vehicle alterations. Four Pump Station vehicles need alternations to address vehicle overweight (GVW) issues. Alternative analysis to resolve the issues was done in coordination with City Fleet.

## Equity Impacts

The Equity Manager (Analyst III) position requested in this package is a critical step in the bureau achieving workforce equity. The position will focus equity on recruitment practices, retention strategies, social equity, networking and contracting, professional development and mentoring. The position coordinate with Human Resources in these areas and work collaboratively with Bureau Leadership, the Committee for Equity and Diversity, and all employees to implement, evaluate and advance diversity, equity, and inclusion within the bureau.

Additionally, the training for managers and supervisors organized by the Bureau of Human Resources will have emphasis on creating a welcoming and supportive environment for people from all culture backgrounds.

**CBO Analysis**

	2019-20 FALL Requested Adj	2019-20 FALL CBO Adj	2019-20 FALL Recom Total
Capital Outlay	352,300	0	0
Contingency	-681,916	0	0
External Materials and Services	119,050	0	0
Internal Materials and Services	44,200	0	0
Personnel	166,366	0	0
Contingency	-550,000	0	0
Internal Materials and Services	550,000	0	0

**ES - Bureau of Environmental Services                      DP Type                      New Revenue**

**Request Name:** 9363 -Grant Adjustments

**Package Description**

Align grant amounts to current expectations.

**Service Impacts**

The following adjustments reflect changes to BES grants and align the budget to current estimates. The associated expenses are offset with the same amount of grant revenues in the Grants Fund. For CIP projects that were already budgeted within BES (approximately \$1.8 million) pending receipt of grant revenues, an offset is made to increase contingency:

- \$101,000 – Environmental Protection Agency brownfields grant.
- \$206,000 – Environmental Protection Agency brownfields Revolving Loan Fund grant.
- \$1,775,293 – Luther Road project funded by Federal Emergency Management Agency emergency grant.
- \$67,857 – Meyer Memorial Trust grant.

**Equity Impacts**

There are no equity impacts as a result of these changes.

**CBO Analysis**

	2019-20 FALL Requested Adj	2019-20 FALL CBO Adj	2019-20 FALL Recom Total
Capital Outlay	1,091,938	0	0
External Materials and Services	287,000	0	0
Internal Materials and Services	495,293	0	0
Personnel	208,062	0	0
External Materials and Services	60,000	0	0
Personnel	7,857	0	0
Capital Outlay	-1,091,938	0	0
Contingency	1,795,293	0	0
Internal Materials and Services	-495,293	0	0
Personnel	-208,062	0	0

	2019-20 FALL Requested Adj	2019-20 FALL CBO Adj	2019-20 FALL Recom Total
Intergovernmental	2,082,293	0	0
Intergovernmental	67,857	0	0



**ES - Bureau of Environmental Services      DP Type      Contingency**

**Request Name:** 9445 -Fund Level Adjustments

**Package Description**

True up of fund balances from prior year actual.

**Service Impacts**

The adjustments contained in this package align current year beginning fund balances to actual for the BES family of funds. Offsetting adjustments are made to the contingency of each fund impacted:

(\$9,547,986) – Sewer System Operating Fund. Reduction is primarily as a result of lower SDC revenues in FY 2018-19 resulting from construction activity slowing in the last half of the fiscal year.

\$2,518,081 – Environmental Remediation Fund. The higher balance is due to underspending in FY 2018-19 as a result of delays related to Portland Harbor Superfund.

(\$9,888,788) – Sewer Construction Fund. Higher CIP expenditures in FY 2018-19 resulted in lower fund balance than expected.

(\$11,307,225) – Sewer Rate Stabilization Fund. The lower fund balance was as a result of lower than projected SDC and sewer rate revenues.

**Equity Impacts**

These are budget adjustments to align the current fiscal year estimated balances in line with prior year actual. There is no direct equity impact.

**CBO Analysis**

	2019-20 FALL Requested Adj	2019-20 FALL CBO Adj	2019-20 FALL Recom Total
Contingency	-9,547,986	0	0
Contingency	2,518,081	0	0
Contingency	-9,888,788	0	0
Contingency	-11,307,225	0	0

	2019-20 FALL Requested Adj	2019-20 FALL CBO Adj	2019-20 FALL Recom Total
Beginning Fund Balance	-9,547,986	0	0
Beginning Fund Balance	2,518,081	0	0
Beginning Fund Balance	-9,888,788	0	0
Beginning Fund Balance	-11,307,225	0	0

## **PRIOR YEAR FUND RECONCILIATIONS**

## Prior Year Fund Reconciliation Report

Bureau of Environmental Services

### 600 - Sewer System Operating Fund

<b>EXPENDITURES</b>	<b>2018-19 Revised Budget</b>	<b>2018-19 Actuals</b>	<b>Percent of Actuals to Revised</b>
Personnel	74,501,307	74,235,237	99.64%
External Materials and Services	81,020,005	76,189,359	94.04%
Internal Materials and Services	45,361,196	42,783,367	94.32%
Capital Outlay	93,188,650	80,294,942	86.16%
Debt Service	3,782,788	3,761,444	99.44%
Contingency	60,688,142	0	0%
Fund Transfers - Expense	259,681,544	251,262,254	96.76%
Debt Service Reserves	180,000	0	0%
<b>TOTAL EXPENDITURES</b>	<b>618,403,632</b>	<b>528,526,604</b>	<b>85.47%</b>

<b>REVENUES</b>	<b>2018-19 Revised Budget</b>	<b>2018-19 Actuals</b>	<b>Percent of Actuals to Revised</b>
Licenses & Permits	2,152,000	2,320,655	107.84%
Charges for Services	387,937,008	373,937,327	96.39%
Intergovernmental	195,000	181,530	93.09%
Bond & Note Proceeds	0	0	
Miscellaneous	4,469,000	4,721,489	105.65%
Fund Transfers - Revenue	130,716,248	132,097,695	101.06%
Interagency Revenue	3,032,376	3,014,754	99.42%
Beginning Fund Balance	89,902,000	0	0%
<b>TOTAL REVENUES</b>	<b>618,403,632</b>	<b>516,273,449</b>	<b>83.48%</b>

### Expenditure Discussion

## Prior Year Fund Reconciliation Report

### Bureau of Environmental Services

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All expenditure major object codes except Capital Outlay were within the 10% variance threshold.

Capital Outlay expenditures were 86% of budget due to under-expenditure in capital improvement projects by approximately \$8.8 million (90% of CIP budget) and operating vehicle replacements of \$4.1 million (50% of vehicle budget). It is often that the specialized vehicles which BES orders take longer than 12 months to build and deliver. Appropriation is established in the year ordered, but charged the next year upon receipt by the City, which results in required carryover of prior year budget. For example, FY 2018-2019 Adopted Budget included \$5.0 million of vehicle purchases, \$3.1 million was carried over in the Fall BMP, and slightly less than half (\$4.0 million) of the revised total budget was spent.

On the CIP side of Capital Outlay, some of the projects that make up the \$8.8 million include:

- E06072 CBWTP Lagoon (under budget \$2.1million): initial assumptions about the on-site conditions have changed and required a significantly altered project approach, which has delayed work.
- E10805 CBWTP Headworks Screenings Improvements (under budget \$2.1 million): Delays in the procurement process and additional approval required for an increase in construction cost have delayed work.
- E10807 Inverness PS Force Main System Improvements (under budget \$1.2 million): Delays in getting design consultant under contract.
- E10976 Tryon Creek Interceptor Replacement (under budget \$1.9 million): Tryon Creek projects placed on hold while City of Lake Oswego determines direction of treatment plant.
- E10694 TCWTP Secondary Process Improvements (under budget \$1.1M): Tryon Creek projects placed on hold while City of Lake Oswego determines direction of treatment plant.

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### Revenue Discussion

Charges for Services revenues were below budget by about \$10 million (96% of budget). The largest portion of this was in System Development Charge (SDC) revenues, which were down \$4.1 million in cash receipts (86% of budget), and \$4.2 million below budgeted Liens Receivable revenues (anticipated value of SDC payments paid via a City loan option.) SDC revenues slowed dramatically in the second half of the year, as the construction economy slowed after record amounts the prior few years. Also, Utility Charge billings revenues were down \$5.6 million (98.4% of budget) as a result of a softening in billings in January and February, although billings were still slightly better (100.9%) than were previously anticipated in FY 2018-19.

## Prior Year Fund Reconciliation Report

Bureau of Environmental Services

### 608 - Environmental Remediation Fund

EXPENDITURES	2018-19 Revised Budget	2018-19 Actuals	Percent of Actuals to Revised
Personnel	609,764	596,550	97.83%
External Materials and Services	4,955,893	1,370,509	27.65%
Internal Materials and Services	1,073,551	1,005,981	93.71%
Debt Service	1,672	1,662	99.41%
Contingency	7,919,443	0	0%
Fund Transfers - Expense	103,077	103,077	100%
<b>TOTAL EXPENDITURES</b>	<b>14,663,400</b>	<b>3,077,779</b>	<b>20.99%</b>

REVENUES	2018-19 Revised Budget	2018-19 Actuals	Percent of Actuals to Revised
Charges for Services	4,541,600	5,212,649	114.78%
Miscellaneous	144,000	574,030	398.63%
Interagency Revenue	431,800	407,028	94.26%
Beginning Fund Balance	9,546,000	0	0%
<b>TOTAL REVENUES</b>	<b>14,663,400</b>	<b>6,193,707</b>	<b>42.24%</b>

#### Expenditure Discussion

Expenditures were generally within the reporting threshold for all categories except External Materials and Services. Early remediation work on Portland Harbor Superfund, largely driven by Environmental Protection Agency timelines, did not proceed as anticipated.

This fund also includes costs for management of the Guilds Lake property, the former site of a municipal incinerator which was purchased and remediated in the 1990's.

External Materials and Services were underspent by approximately \$2.1 million (28% of budget) primarily due to delayed Portland Harbor Superfund work. Other Portland Harbor legal and community outreach costs were underspent by \$476,000 (68% of budget) largely due to the same delays. An additional \$1.07 million was budgeted for potential joint City/ODOT remediation projects within the Portland Harbor Superfund area, but no potential projects were identified.

Contingency (or ending fund balance), is estimated to be 160% of Revised Budget due to the lower rate of expenditures discussed above.

#### Revenue Discussion

## Prior Year Fund Reconciliation Report

### Bureau of Environmental Services

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Charges for Services revenues were \$671,000 higher than estimated (115% of budget). Approximately \$593,000 of which was due to a misalignment of the budget to the planned rate collections. The remaining \$88,000 was Guilds Lake lease revenues exceeding budget by 11%.

Miscellaneous Revenues exceeded budget by about \$412,000 (399% of budget) due to a \$327,000 refund from the Lower Willamette Group that closed out the consortium's balances from prior year payments into the group. Interest earnings were \$85,000 higher (168% of budget) as a result of both higher interest rates and higher balances.

## Prior Year Fund Reconciliation Report

Bureau of Environmental Services

### 609 - Sewer System Debt Redemption Fund

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<b>EXPENDITURES</b>	<b>2018-19 Revised Budget</b>	<b>2018-19 Actuals</b>	<b>Percent of Actuals to Revised</b>
Debt Service	182,624,675	181,624,675	99.45%
Debt Service Reserves	62,050,325	0	0%
<b>TOTAL EXPENDITURES</b>	<b>244,675,000</b>	<b>181,624,675</b>	<b>74.23%</b>

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<b>REVENUES</b>	<b>2018-19 Revised Budget</b>	<b>2018-19 Actuals</b>	<b>Percent of Actuals to Revised</b>
Miscellaneous	1,100,000	1,459,849	132.71%
Fund Transfers - Revenue	181,625,000	180,330,710	99.29%
Beginning Fund Balance	61,950,000	0	0%
<b>TOTAL REVENUES</b>	<b>244,675,000</b>	<b>181,790,559</b>	<b>74.30%</b>

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#### Expenditure Discussion

Debt Service payments on Sewer revenue bonds, were 99.5% of budget.

Debt Service Reserves, required by various bond issues, ended the year at 100.1%.

#### Revenue Discussion

Miscellaneous revenue was 133% over plan due to higher than estimated interest earnings rates.

## Prior Year Fund Reconciliation Report

Bureau of Environmental Services

### 614 - Sewer System Construction Fund

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<b>EXPENDITURES</b>	<b>2018-19 Revised Budget</b>	<b>2018-19 Actuals</b>	<b>Percent of Actuals to Revised</b>
Contingency	121,146,911	0	0%
Fund Transfers - Expense	130,500,000	131,919,321	101.09%
<b>TOTAL EXPENDITURES</b>	<b>251,646,911</b>	<b>131,919,321</b>	<b>52.42%</b>

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<b>REVENUES</b>	<b>2018-19 Revised Budget</b>	<b>2018-19 Actuals</b>	<b>Percent of Actuals to Revised</b>
Charges for Services	850,000	650,661	76.55%
Miscellaneous	2,000,000	3,207,320	160.37%
Fund Transfers - Revenue	49,568,911	42,443,910	85.63%
Beginning Fund Balance	199,228,000	0	0%
<b>TOTAL REVENUES</b>	<b>251,646,911</b>	<b>46,301,892</b>	<b>18.40%</b>

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#### Expenditure Discussion

Fund Transfers - Expense was 101% of budget due to higher than expected CIP expenditures requiring reimbursement.

FY 2018-19 numbers have not been finalized yet, but contingency (or ending fund balance) is estimated to be approximately \$7.5 million lower than planned (94% of budget), due to the increased CIP reimbursements.

#### Revenue Discussion

Charges for Services Revenues were approximately \$299,000 lower than budget (77% of budget) due to lower Line and Branch revenues dependent upon new connections to the City's sewer system.

Miscellaneous Revenues were 160% of budget due to higher interest earnings on remaining bond proceeds and cash balances within the fund.

Fund Transfers - Revenue were \$7.1 million lower than estimated (86% of budget) due to reduced available year-end balances in the Sewer System Operating Fund, largely due to \$8.1 million of cash payments made for the Bureau's share of the Portland Building Renovation project.



## Prior Year Fund Reconciliation Report

Bureau of Environmental Services

### 617 - Sewer System Rate Stabilization Fund

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<b>EXPENDITURES</b>	<b>2018-19 Revised Budget</b>	<b>2018-19 Actuals</b>	<b>Percent of Actuals to Revised</b>
Contingency	164,550,000	0	0%
Fund Transfers - Expense	0	0	
<b>TOTAL EXPENDITURES</b>	<b>164,550,000</b>	<b>0</b>	<b>0.00%</b>

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<b>REVENUES</b>	<b>2018-19 Revised Budget</b>	<b>2018-19 Actuals</b>	<b>Percent of Actuals to Revised</b>
Miscellaneous	2,400,000	2,971,632	123.82%
Fund Transfers - Revenue	24,000,000	24,000,000	100%
Beginning Fund Balance	138,150,000	0	0%
<b>TOTAL REVENUES</b>	<b>164,550,000</b>	<b>26,971,632</b>	<b>16.39%</b>

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#### Expenditure Discussion

FY 2018-19 numbers have not been finalized yet, but contingency (or ending fund balance) is estimated to be 100% of plan.

#### Revenue Discussion

Beginning Fund Balance was approximately \$296,000 higher than estimated (less than 1% of budget), and Miscellaneous Revenues were approximately \$572,000 above budget due to more interest earnings from higher interest rates on City funds.

## Prior Year Fund Reconciliation Report

Bureau of Environmental Services

### 217 - Grants Fund

EXPENDITURES	2018-19 Revised Budget	2018-19 Actuals	Percent of Actuals to Revised
Personnel	81,241	98,433	121.16%
External Materials and Services	389,039	227,219	58.41%
Internal Materials and Services	139,300	159,580	114.56%
<b>TOTAL EXPENDITURES</b>	<b>609,580</b>	<b>485,232</b>	<b>79.60%</b>

REVENUES	2018-19 Revised Budget	2018-19 Actuals	Percent of Actuals to Revised
Intergovernmental	609,580	92,557	15.18%
Miscellaneous	0	-339	
<b>TOTAL REVENUES</b>	<b>609,580</b>	<b>92,219</b>	<b>15.13%</b>

#### Expenditure Discussion

Personnel expenses in Grants projects were \$17,000 higher than budget due to higher than expected work on the FEMA Winter Storm 2015 Emergency grant.

External Materials and Services charges were approximately \$172,000 lower than budget due to schedule delays on projects funded by the Meyer Memorial Trust (MMT) and Environmental Protection Agency (EPA) Brownfield Revolving Loan Fund (RLF) grant subrecipient Bridge Housing. Charges under these grants will occur in FY 2019-20 and will be budgeted accordingly.

Internal Materials and Services charges were higher than expected due to additional work performed under FEMA Winter Storm 2015 Emergency grant and EPA Brownfield Assessment grant. The FEMA grant had higher personal services charges and related bureau overhead which hits IM&S. The EPA Brownfields Assessment grant utilized bureau lab services billed through a bureau-to-bureau interagency instead of direct charges for lab services. This billing process is different from prior years and was not anticipated.

#### Revenue Discussion

Bureau of Environmental Services

Grant Revenues were \$517,000 (15% of budget) and reflect the delay in processing grant reimbursements due to the long review process by the granting agencies (especially the FEMA Winter Storm 2015 Emergency grant) and subsequent submission by the City Grants Office. FY 2018-19 year-end accruals yet to be completed may impact the amounts.

Miscellaneous Revenues reflect negative interest earnings on the Brownfield Loan grant as work is performed to remediate brownfields but grant proceeds are not received until after a project is deemed complete, thus the sub-fund runs a small negative cash balance in any fiscal year.

# **PRIOR YEAR PERFORMANCE MEASURES**

**Bureau Performance Narrative**

Key Performance Measures	Measure Type Name	FY 2016-17 Actuals	FY 2017-18 Actuals	FY 2018-19 Target	FY 2018-19 Actuals	FY 2019-20 Target	Strategic Target	Details	
ES_0028	Number of sanitary sewer overflows	OUTPUT	180	168	131	187	135	0	<p>According to the CMOM, the number of SSOs has increased due primarily to blockages associated with debris and roots in the line. Debris related blockages are often associated with illicit discharges or vandalism. BES aggressively investigates and holds responsible parties accountable for debris related blockages. As to root related blockages, BES is evaluating ways to improve the overall effectiveness of the sewer main line cleaning program, focusing on ways to reduce sewer releases related to operational problems such as roots. As part of this work BES will reassess the thresholds for placing pipes into the chemical root treatment program and the mid-cycle cleaning program.</p> <p>New final figures on this index will be released this fall. It is on a 4-year reporting schedule, so the next update will be in 2023. The index no longer reports a City-wide average as this calls for. Six watersheds have more meaningful individual results ranging from 4.9 to 6.8.</p>
ES_0030	Watershed Health Index for water quality	OUTCOME	5.90	5.50	5.90	5.60	5.90	0	

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ES_0031	Number of combined sewer overflow events	OUTPUT	7	3	4	1	4	0	The number of CSOs permitted per year is a CBWTP NPDES permit driven maximum. We achieved the PM during FY19, primarily because the City experienced fewer heavy rainstorms that could generate a CSO.
ES_0032	Average single family household bill as a percent of median income	EFFICIENCY	1.00%	1.43%	1.42%	1.39%	1.42%	0	MHI grew at a greater pace than than the typical average SF bill.
ES_0033	Percentage of urgent public health and safety related service requests responded to within two-hour timeframe	OUTPUT	94%	96%	90%	95%	90%	0	Actual result trends with previous year results.

Other Performance Measures	Measure Type Name	FY 2016-17 Actuals	FY 2017-18 Actuals	FY 2018-19 Target	FY 2018-19 Actuals	FY 2019-20 Target	Strategic Target	Details
ES_0001	Maintain the bureaus first lien debt service coverage ratio at 1.5 or greater	2.51	2.63	2.68	2.77	2.85	0	SDC revenues declined from projected after record-setting prior years as construction economy slowed, with interest revenues down 17% from projected.
ES_0002	Amount of time loss, in hours per employee, due to injury	2.80	2.40	2.75	2.20	2.00	0	Cumulative hearing loss claim in deferred status actual estimate subject to change.
ES_0005	Construction management costs as a percentage of total construction costs	9%	14%	10%	10%	12%	0	The reason the actual construction management costs percentage was so close to the projected percentage was that construction management inspection teams did an exceptional job at watching their costs on projects.
ES_0010	Number of lab analyses performed each year	61,243	53,340	55,000	59,577	60,000	0	99.3% accurate prediction.
ES_0011	Percentage of industrial enforcement tests in full compliance	99%	99%	100%	99%	99%	0	In 2019 the compliance rate metric met the performance target.

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Other Performance Measures	Measure Type Name	FY 2016-17 Actuals	FY 2017-18 Actuals	FY 2018-19 Target	FY 2018-19 Actuals	FY 2019-20 Target	Strategic Target	Details
ES_0012	Average resources spent in site investigations and cleanup, per site investigated or remediated	\$9,386	\$10,629	\$9,500	\$10,965	\$10,000	0	
ES_0013	Amount of wastewater processed annually (in million gallons)	36,242	28,901	29,400	25,807	29,400	0	It was a dry year.
ES_0014	Percentage of biochemical oxygen demand removed	96%	96%	85%	96%	85%	0	Economy of scale allows us to routinely exceed the 85% regulated by the NPDES permit.
ES_0021	Maintain bureaus combined first and second lien debt service coverage ratio at 1.3 or greater	1.43	1.51	1.30	1.35	1.40	0	SDC revenues declined from projected after record-setting prior years as construction economy slowed, with interest revenues down 17% from projected.
ES_0022	Cost to operate and maintain the treatment plants per million gallons treated	\$529	\$677	\$770	\$1,071	\$900	0	The reason the \$/MG of wastewater treated is so high is mostly due to the BIRP efforts which weren't included in the original target (not known until after the start of the FY), as well as being a dry year.

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Other Performance Measures	Measure Type Name	FY 2016-17 Actuals	FY 2017-18 Actuals	FY 2018-19 Target	FY 2018-19 Actuals	FY 2019-20 Target	Strategic Target	Details	
ES_0024	Number of trees planted	WORKLOAD	10,483	22,795	12,000	10,073	12,600	0	<p>Numbers planted by the Reveg team vary based on the type of capital projects scheduled each year. FY19 projects supplied fewer opportunities than FY18 for tree planting, a difference of about 12,000 trees. [The ESTP team, which plants street trees, was impacted by new regulations from Urban Forestry which no longer permits tree planting in A strips (2.5' to 3' wide), reducing opportunities by about 10%. Restrictions beginning in FY18 from utilities (including BES) have required plantings to be farther from underground pipes or service lines, also reducing opportunities. With the tree program well established, eager early adopters and their neighbors have their trees already. More outreach effort now stands behind each street tree planted.]</p>
ES_0027	Feet of streambank restored (not cumulative)	WORKLOAD	20,274	22,311	12,000	22,340	12,000	0	<p>This metric varies based on the type of capital projects scheduled each year. Some years, like FY19, have many projects along streams.</p>

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Other Performance Measures	Measure Type Name	FY 2016-17 Actuals	FY 2017-18 Actuals	FY 2018-19 Target	FY 2018-19 Actuals	FY 2019-20 Target	Strategic Target	Details
ES_0029	Number of stormwater flooding events due to system capacity	111	60	100	49	100	0	The reason the number of flooding events is 49, which is much lower than the estimated 100, is because it was very dry weather during FY18-19 (only about 80% of average rainfall fell in FY19 – about 30 inches versus the average of about 37-38 inches).
ES_0035	Number of participants in community events, workshops, stewardship, and restoration events	12,595	19,140	10,000	27,238	10,000	0	This tallies volunteers and event participants, as reported for MS4 permit compliance, which mandates the target figure.
ES_0036	Number of bureau education programs delivered	508	431	425	498	400	0	Actual was higher than estimate because education staff were able to accommodate ongoing requests from teachers/organizations.
ES_0037	Linear feet of sanitary and combined sewer pipe repaired or replaced to improve condition and capacity	109,745	93,006	145,000	107,751	57,000	0	The actual linear feet of sanitary and combined sewer pipe repaired or replaced was less than the projected numbers this fiscal year due the the slow down in horizontal pipe projects and a focus on pump stations and treatment plant work.



# **CAPITAL PROGRAM STATUS REPORT**

## Capital Program Status Report

### Bureau of Environmental Services

CIP Program Name	2018-19 Adopted Budget	2018-19 Revised Budget	2018-19 Actuals	PY Variance	PY Percent of Actuals to Revised	2019-20 Adopted Budget	2019-20 FALL Requested Total	2019-20 Actuals	Fall Req. to Adopted Variance	Fall Req. to Adopted % Variance
Maintenance and Reliability	68,768,346	69,843,346	71,033,971	1,190,625	101.7%	61,590,000	61,590,000	-2,034,937.07	0	0%
Preservation & Rehabilitation	0	0	0	0		37,000,000	37,000,000	0	0	0%
Sewage Treatment Systems	47,892,000	45,812,000	33,417,835	-12,394,165	72.95%	57,314,000	54,314,000	-2,257,361.44	-3,000,000	-5.52%
Surface Water Management Systems	12,743,000	13,443,000	9,542,662	-3,900,338	70.99%	16,341,000	19,341,000	283,468.75	3,000,000	15.51%
Development	3,947,654	4,252,654	4,365,014	112,360	102.64%	5,352,980	5,352,980	380,501.08	0	0%
<b>Sum:</b>	<b>133,351,000</b>	<b>133,351,000</b>	<b>118,359,482</b>	<b>-14,991,518</b>	<b>-11.24%</b>	<b>177,597,980</b>	<b>177,597,980</b>	<b>-3,628,328.68</b>	<b>0</b>	<b>0%</b>

### Prior Year Variance Description

Bureau of Environmental Services

The program explanations below are based on the Bureau's FY 2018-19 expenditure data and describe the primary variances impacting BES CIP spending.

Maintenance & Reliability:

This program resulted in year-end total expenditures of \$72.4 million, 104% of revised budget (+\$3.0 million.)

## Capital Program Status Report

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### Sewage Treatment:

Year-end results for this program were \$34.0 million, or 26% under revised budget. Main drivers of this include:

E10582 Tryon Creek Wastewater Treatment Plant (TCWTP) Headworks Improvements (under budget \$4.0M): Tryon Creek projects were placed on hold while Bureau and City of Lake Oswego jointly determine direction of treatment plant improvements.

E10694 TCWTP Secondary Process Improvements (under budget \$1.4M): Tryon Creek projects were placed on hold while Bureau and City of Lake Oswego jointly determine direction of treatment plant improvements.

E10976 Tryon Creek Interceptor Replacement (under budget \$2.1M): Tryon Creek projects were placed on hold while Bureau and City of Lake Oswego jointly determine direction of treatment plant improvements.

E06072 CBWTP Lagoon (under budget \$1.8M): Initial assumptions about the on-site conditions have changed and required a significantly altered project approach, which has delayed work.

E10567 CBWTP Washwater & Hypochlorite Tunnel Piping Replacement (under budget \$1.8M): Delays in the procurement process; this was the group's first usage of the design-build format.

E10805 CBWTP Headworks Screenings Improvements (under budget \$1.8M): Delays in the procurement process and additional approval required for an increase in construction cost have delayed work.

E10807 Inverness Pump Station Force Main System Improvements (under budget \$1.4M): Delays in getting design consultant under contract.

### Surface Water Management:

Year-end results for this program were \$9.5 million, or 29% under revised budget. Main drivers of this include:

E08782 Watershed Investment Program (Under budget \$1.0M): Delays in the negotiation of anticipated property acquisitions.

E10486 Watershed Land Acquisition Program (Under budget \$2.0M): Delays in the negotiation of anticipated property acquisitions.

### Systems Development:

Year-end results for this program were \$4.3 million, or 100% of revised budget.

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## Capital Program Status Report

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### Current Year Variance Description

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The CIP Programs have no budget variances over/under 10%. We expect to have a better sense of project status in the Spring.

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