



City Budget Office

Portland Water Bureau

Analysis by Yung Ouyang

INTRODUCTION

The Portland Water Bureau (PWB) does not have any significant adjustments during the FY 2019-20 Fall Supplemental Budget. Minor adjustments include the carryover of \$755,862 of General Fund resources for two projects, adjustments to interagency agreements with the Office of Management & Finance, and the transfer to the General Fund of permit and fee revenues from Dodge Park. None of the bureau's adjustments involve any significant draws from contingency.

KEY DECISIONS

- Adjust interagency agreements with Debt Management and the Bureau of Human Resources (BHR).
 - \$9,108 with BHR for unexpended professional development training; (Recommended)
 - \$25,000 with BHR for Leadership training; (Recommended)
 - \$17,712 with Debt Management for staff succession planning. (Recommended)
- Carry over \$755,862 of General Fund resources for the Solar at Groundwater Pump Station and the Mount Tabor Preservation projects. (Recommended)
- Transfer \$24,481 to the General Fund for revenues collected from Dodge Park permits and fees in FY 2018-19. (Recommended)
- True-up transfers between the Water (Operating) Fund and the Water Construction Fund for transactions from the prior year, including \$104,694 in capital expenditures and \$2,235,029 of capital revenue. (Recommended)

DISCUSSION

PWB submitted seven requests for budget adjustments in the FY 2019-20 Fall Supplemental Budget. Nearly all of these requests are technical adjustments and include updates to interagency agreements and cash transfers. Requests for fund carryovers are also included.

CBO recommends all the bureau's requests. A discussion on some of the requested items is provided below.

Interagency agreements with the Bureau of Human Resources and Debt Management

The Water Bureau is adjusting four interagency agreements (IA) with two City programs. None of these adjustments involve draws on contingency; the bureau is funding them with savings from other areas. The largest adjustment is \$25,000 for a mandatory training developed through a partnership with Human Resources to establish a leadership development program. The \$17,712 IA with Debt Management is part of an agreement between that program and several infrastructure bureaus to temporarily double-fill a position in order to train up a staff person.

Carryover of General Fund resources for two projects

- Solar at Groundwater Pump Station

The bureau is requesting \$88,000 in carryover to install solar at the Groundwater Pump Station. As part of the 2016-17 Adopted Budget, \$335,000 in one-time General Fund resources was included to support solar installations at three City facilities owned by the Parks Bureau, Water Bureau, and the Fire Bureau. Designing and installing solar panels at the Water Bureau's Ground Water Pump Station is estimated to cost \$93,000 and generate 45,000 kilowatt hours of electricity per year. The Water Bureau already carried over the \$88,000 in this request over two years, from FY 2016-17 to FY 2018-19, and is requesting to again carry over the funds into FY 2019-20. PWB stated that the amount was unspent in prior years due to the roof replacement that must be completed prior to the installation of the solar panels. The roof replacement was not considered part of the City's solar installation initiative but is a new major project initiated in July 2018. The timing is being coordinated with the City's solar array installation. In July 2019, the roof installation project was fully released to be worked on, but actual construction will not begin until spring or summer of 2020. CBO recommends this request.

- Mount Tabor Historic Preservation Project

On July 15, 2015, City Council approved [Resolution No. 37146](#) making financial obligations and other commitments for work at Mount Tabor. The resolution included a provision that the City shall allocate at least \$4 million over four years to the maintenance, repair, and preservation work identified in the 2009 Mount Tabor Reservoirs Historic Structures Report (the Report). Because the reservoirs are no longer part of the water system that is used to provide water service, these funds are from the General Fund and not the Water Fund. The

Water Bureau received \$750,000 in FY 2016-17, \$1,020,000 in FY 2017-18, and \$1,115,000 in FY 2018-19 from the General Fund for the maintenance, repair, and preservation work identified in the Report. Of the \$2.9 million allocated in prior fiscal years, \$2.2 million has been spent. PWB requests the balance, \$667,862, to be carried over to FY 2019-20. Work accomplished in FY 2018-19 include the beginning of basin repairs at Reservoir 1, the completion of the FY 2017-18 work to do concrete restoration on the structures at all three reservoirs, and window restoration and re-roofing at the Reservoir 1 Weir Building. In addition, planning and design work was also done for the Reservoir 1 basin repairs and the FY 2019-20 preservation work. PWB expects the remaining amount of \$667,862 requested to be carried over to be spent this fiscal year on Reservoir 1 liner repair and parapet wall repairs at Reservoirs 5 and 6. The funds are to be used on the Pioneer Waterproofing contract that was entered into last year for \$820,000, since only \$153,000 of the contract work was completed in FY 2018-19. It should also be noted that the bureau received an additional \$1,115,000 in General Fund one-time resources for the project in FY 2019-20, and with this appropriation, the City has fulfilled its financial obligation of a total of \$4.0 million devoted to the project.

Transfer to the General Fund for Dodge Park

The Dodge Park request transfers \$24,481 to the General Fund for revenues collected from park permits and fees in FY 2018-19. This request follows Council's FY 2015-16 Spring BMP appropriation of \$35,000 for the bureau's operations and maintenance of park-like amenities at Dodge Park and Water Hydroparks. The FY 2017-18 Adopted Budget made this an ongoing versus a one-time allocation from the General Fund. The \$35,000 of ongoing funding from the General Fund ensures that maintenance of park-like amenities at Dodge Park and Hydroparks, for which use of ratepayer funds are prohibited, gets done each year, while the transfer of \$24,481 back means that some of the costs are recuperated by the General Fund. There will be no reservations at Dodge Park effective July 1, 2019, so this is the final transfer of revenues collected from park permits and fees.

SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

The Portland Water Bureau's budget is contained in the following five funds: The Water Fund, the Water Construction Fund, the Water Bond Sinking Fund, the Hydroelectric Power Operating Fund, and the Hydroelectric Power Renewal and Replacement Fund.

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
Budgeted Beginning Fund Balance	\$ 165,434,285	\$ -	\$ -	\$ 165,434,285
Charges for Services	207,077,493	-	-	207,077,493
Intergovernmental Revenues	526,000	-	-	526,000
Interagency Revenue	3,840,560	-	-	3,840,560
Fund Transfers - Revenue	302,340,295	2,339,723	-	304,680,018
Bond and Note	144,185,000	-	-	144,185,000
Miscellaneous	7,967,146	-	-	7,967,146
Total Resources	\$ 831,370,779	\$2,339,723	\$0	\$ 833,710,502
Requirements				
Personnel Services	\$ 82,748,172	\$ -	\$ -	\$ 82,748,172
External Materials and Services	42,532,984	704,042	-	43,237,026
Internal Materials and Services	22,253,600	51,820	-	22,305,420
Capital Outlay	145,693,803	-	-	145,693,803
Bond Expenses	66,826,344	-	-	66,826,344
Fund Transfers - Expense	301,323,720	2,364,204	-	303,687,924
Debt Service Reserves	39,943,010	-	-	39,943,010
Contingency	108,856,449	(2,910,678)	-	105,945,771
Unappropriated Fund Balance	21,192,697	2,130,335	-	23,323,032
Total Requirements	\$ 831,370,779	\$2,339,723	\$0	\$ 833,710,502

SUPPLEMENTAL BUDGET CHANGES TO THE WATER FUND

The Water Fund is PWB's primary operating fund.

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
Budgeted Beginning Fund Balance	\$ 97,597,314	\$ -	\$ -	\$ 97,597,314
Charges for Services	203,577,493	-	-	203,577,493
Intergovernmental Revenues	526,000	-	-	526,000
Interagency Revenue	3,765,560	-	-	3,765,560
Fund Transfers - Revenue	201,021,880	104,694	-	201,126,574
Miscellaneous	3,021,074	-	-	3,021,074
Total Resources	\$509,509,321	\$104,694	\$0	\$509,614,015
Requirements				
Personnel Services	\$ 82,380,478	\$ -	\$ -	\$ 82,380,478
External Materials and Services	40,444,392	704,048	-	41,148,440
Internal Materials and Services	22,042,209	51,814	-	22,094,023
Capital Outlay	145,693,803	-	-	145,693,803
Bond Expenses	5,017,731	-	-	5,017,731
Fund Transfers - Expense	106,737,913	2,259,510	-	108,997,423
Contingency	107,192,795	(2,910,678)	-	104,282,117
Total Requirements	\$509,509,321	\$104,694	\$0	\$509,614,015