



CITY OF PORTLAND ENVIRONMENTAL SERVICES



1120 SW Fifth Avenue, Suite 613, Portland, Oregon 97204 ■ Ted Wheeler, Mayor ■ Michael Jordan, Director

Date April 20, 2020

TO: Jessica Kinard, Director
City Budget Office

FROM: Michael Jordan, Director
Bureau of Environmental Services

SUBJECT: FY 2019-20 Spring Budget Monitoring Report

Since announcement of the COVID-19 emergency, BES has focused on limiting non-essential spending in favor of supporting the Mayor's defined Priority Service Areas (which include nearly all BES services and programs). While quantifiable information remains somewhat unknown as of April 2020, cost increases related to the bureau's COVID-19 response (i.e., overtime, equipment and supplies) are expected to be offset in FY 2019-20 by cost reductions within the Sewer Operating Fund. While we anticipate a reduction of ratepayer revenues in the remainder of FY 2019-20 (currently estimated at a reduction of between \$10 million and \$15 million), cash balances in the Sewer Operating Fund and Rate Stabilization Fund will provide flexibility to manage this revenue decline without making major, unanticipated reductions to FY 2019-20 expenditures.

We have halted non-essential external recruiting efforts and have begun to assess potential delays to projects (both capital and operating), however, the impacts of such delays are unlikely to have a significant impact to FY 2019-20 expenditures, with any "savings" from pausing or ceasing those efforts materializing in FY 2020-21. Capturing those savings, in addition to expense reductions resulting from mandatory furloughs and reductions to merit/COLA increases, in FY 2020-21 will offset some of the impact of utilizing additional cash balances to manage revenue declines in the current fiscal year.

Enclosed is the Bureau of Environmental Services Budget Monitoring Report for the Spring of FY 2019-20. This submittal includes the following:

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

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

Grant Adjustments - Adjustments totaling \$904,271 are requested to true-up current grant delivery expectations and are supported by additional grant revenues.

Fund-Level Transfers – These adjustments reflect the movement of resources within BES’s family of funds and are primarily driven by more current revenue estimates and the decision by the bureau, prior to COVID-19, to begin lowering balances in the Rate Stabilization Fund (RSF) to a level that balances industry expectations with ratepayer affordability. These changes position the bureau to manage the impacts of COVID-19 in the short-term and over the course of the long-term forecast, providing the bureau with flexibility to manage the yet unknown expense and revenue impacts of COVID-19, while maintaining basic levels of core service and critical capital investment.

Adjustments include a \$50 million transfer from the Operating Fund to the Construction Fund supporting the decision to delay the bond sale originally planned for Spring this fiscal year. The Construction Fund transfer is supported by a \$30 million increase in the transfer from the Rate Stabilization Fund and re-directing a \$20 million transfer originally planned to the RSF. An additional \$9 million transfer from the RSF to the Operating Fund is being requested to balance projected revenue declines as a result of the COVID-19 emergency.

The bureau is projecting System Development Charge revenues will be lower than planned by about \$8 million. As a result, we are requesting to increase the transfer from the Operating Fund to the Debt Service Fund to make up the difference to ensure payment of debt service on outstanding bonds.

Prior to the COVID-19 emergency, the bureau was projecting personal services costs could possibly exceed available budget due to lower-than-projected vacancy rates and higher-than-projected cost of living adjustments. To ensure sufficient authority for FY2019-20, the bureau is requesting an approximately \$1 million draw from the salary set-aside contingency.

Technical Adjustments – Includes CIP adjustments moving \$6.1 million from Capital Outlay to External Materials and Services line items to align capital expenditures with current expectations. This adjustment also includes net zero alignments of other operating adjustments to current expectations.

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

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**BUDGET AMENDMENT
REQUEST REPORT**



ES - Bureau of Environmental Services DP Type Technical Adjustments

Request Name: 9824 -Technical Adjustments

Package Description

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.

Service Impacts

Highlights of the technical changes include:

- Realignment of various interagency agreements to reflect current allocations and changes requested by other bureaus.
- Movement of CIP dollars (\$6.1 million) from the Capital Outlay account to External Materials and Services to support the current expectations of spending categories for capital projects. This is an annual true-up of appropriation done in the Spring BMP each year.
- A correction to an error made in the Adopted Budget that did not appropriate for planned premium pay for treatment plant staff.
- 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 identified for the adopted budget.

| Account Name | 2019-20 SPRING Requested Adj |
|---------------------------------|------------------------------|
| Expense | |
| Capital Outlay | -6,315,928 |
| External Materials and Services | 6,038,985 |
| Internal Materials and Services | 38,752 |
| Personnel | 288,191 |
| Expense | Sum: 50,000 |

| Account Name | 2019-20 SPRING Requested Adj |
|---------------------|------------------------------|
| Revenue | |
| Interagency Revenue | 50,000 |
| Revenue | Sum: 50,000 |

ES - Bureau of Environmental Services

DP Type

New Revenue

Request Name: 9825 -Grant Adjustments

Package Description

The following adjustments reflect changes to BES grants and align the budget to current estimates. The associated expenses totaling \$904,271 are offset with the same amount of grant revenues in the Grants Fund. For CIP projects that were already budgeted within BES pending receipt of grant revenues, an offset is made to increase contingency.

Service Impacts

\$900,000 FEMA Winter Storm – ES000042 Additional budget is needed to cover allowable capital expenses related to 2015 Winter Storm Emergency costs incurred under BES emergency project E10854 FEMA Luther Road Restoration. A portion of those expenses are offset by reduced personnel allocations. The additional grant revenues will be balanced with an increase to contingency for future expenditures.

\$4,271 PBOT's Milwaukie Light Rail - TR000094 BES charges directly to this PBOT grant that covers expenses related to Milwaukie Light Rail project E09163. Additional personal services and capital overhead expense are anticipated, and the budget is adjusted accordingly. The additional grant revenues will be balanced with an increase to contingency for future expenditures.

Equity Impacts

The adjustments contained within this decision package do not change equity considerations originally identified with the grants.

| Account Name | 2019-20 SPRING Requested Adj |
|---------------------------------|------------------------------|
| Expense | |
| Capital Outlay | 97,755 |
| Contingency | 904,271 |
| Internal Materials and Services | 0 |
| Personnel | -97,755 |
| Expense | Sum: 904,271 |

| Account Name | 2019-20 SPRING Requested Adj |
|-------------------|------------------------------|
| Revenue | |
| Intergovernmental | 904,271 |
| Revenue | Sum: 904,271 |

ES - Bureau of Environmental Services DP Type Contingency

Request Name: 9826 -Fund Level Adjustments

Package Description

The adjustments contained in this package align the budget to current fiscal year-end projections for the BES family of funds. Offsetting adjustments are made to the contingency of each fund impacted.

Service Impacts

\$59,000,000 – Sewer System Operating Fund. Increased revenues from the Rate Stabilization Fund (RSF) of \$30 million and reduced transfers to the RSF of \$20 million net to a \$50,000,000 transfer to the Sewer Construction Fund for payment of capital projects. This transfer will reduce or delay future borrowings for capital projects and ultimately borrowing costs and associated annual debt service payments. With the uncertainty of COVID-19 impacts to revenue collections and unexpected expenses in FY2020-21, it is important for the bureau to maintain flexibility to respond to the changing environment. Should revenue reductions from COVID-19 be larger than currently anticipated, the cash balance resulting from this transfer can be modulated to maintain core services and critical capital improvements.

An additional \$9 million transfer from the RSF and \$7.5 million draw from Contingency are being requested. Of the combined \$16.5 million, \$8 million will be transferred to the Debt Service fund to support lower than expected SDC collections, \$7.5 million will support possible rate revenue losses from COVID-19, and \$1 million will fund additional personnel costs expected before the COVID-19 emergency.

\$8,000,000 – Sewer System Debt Redemption Fund. As a result of lower than anticipated SDC revenues, the bureau is increasing transfers from the Operating Fund to pay debt service. To provide flexibility if SDC revenues vary from projections, this adjustment assumes any excess will be deposited into contingency.

\$50,000,000 – Sewer Construction Fund. As described in the Operating Fund and Rate Stabilization Fund (RSF) adjustments, the associated draw-down of Sewer RSF will be used to pay cash for CIP projects and delay or reduce the next bond sale reducing borrowing costs and annual debt service payments for ratepayers, while maintaining flexibility to respond to any unforeseen COVID-19 impacts.

(\$59,000,000) – Sewer Rate Stabilization Fund (RSF). In accordance with the planned draw-down of the RSF balances and details described in the Sewer System Operating Fund above, this adjustment reflects an increase of \$39 million to the transfers out of the RSF. When combined with the originally projected deposit of \$20 million to the RSF, it results in a reduction of \$59 million from the originally planned contingency balance in the RSF.

Equity Impacts

The adjustments contained within this decision package maintain core programs and equity considerations, including continued support of existing low-income programs and any expanded utilization of those programs as a result of COVID-19.

| Account Name | | 2019-20 SPRING Requested Adj |
|----------------|---------------------------------|------------------------------|
| Expense | Contingency | -66,523,700 |
| | Fund Transfers - Expense | 77,000,000 |
| | Internal Materials and Services | 0 |
| | Personnel | 1,023,700 |
| Expense | Sum: | 11,500,000 |

| Account Name | | 2019-20 SPRING Requested Adj |
|----------------|--------------------------|------------------------------|
| Revenue | Bond & Note Proceeds | -58,000,000 |
| | Charges for Services | -7,500,000 |
| | Fund Transfers - Revenue | 77,000,000 |
| Revenue | Sum: | 11,500,000 |



CURRENT YEAR PROJECTIONS



Business Area Projection Report

Bureau of Environmental Services - Fund 600

| Major Object | 2019-20 SPRING Requested Total | 2019-20 March Actuals YTD | 2019-20 SPRING Projection | % Projected Actuals to Requested Total |
|---------------------------------|--------------------------------|---------------------------|---------------------------|--|
| Capital Outlay | 128,639,812 | 35,219,984 | 95,284,000 | 74% |
| Contingency | 57,555,163 | 0 | 98,332,014 | 171% |
| Debt Service | 4,001,940 | 454,002 | 3,991,000 | 100% |
| Debt Service Reserves | 180,000 | 0 | 0 | |
| External Materials and Services | 82,752,431 | 43,612,221 | 78,041,000 | 94% |
| Fund Transfers - Expense | 273,770,331 | 89,928,319 | 244,974,000 | 89% |
| Internal Materials and Services | 49,042,914 | 35,305,423 | 48,968,000 | 100% |
| Personnel | 86,174,736 | 61,847,941 | 83,167,000 | 97% |
| Sum: | 682,117,327 | 266,367,890 | 652,757,014 | 96% |

| Major Object | 2019-20 SPRING Requested Total | 2019-20 March Actuals YTD | 2019-20 SPRING Projection | % Projected Actuals to Requested Total |
|--------------------------|--------------------------------|---------------------------|---------------------------|--|
| Beginning Fund Balance | 77,632,014 | 0 | 77,632,014 | 100% |
| Charges for Services | 388,808,600 | 258,362,241 | 378,611,000 | 97% |
| Fund Transfers - Revenue | 206,657,886 | 69,527,761 | 190,831,000 | 92% |
| Interagency Revenue | 2,105,827 | 987,993 | 1,541,000 | 73% |
| Intergovernmental | 180,000 | 175,256 | 200,000 | 111% |
| Licenses & Permits | 1,995,000 | 1,677,060 | 1,903,000 | 95% |
| Miscellaneous | 4,738,000 | 1,449,247 | 2,039,000 | 43% |
| Sum: | 682,117,327 | 332,179,558 | 652,757,014 | 96% |

Revenue Discussion

Bureau of Environmental Services

Total Revenues of \$652.8 million are projected to be 95.7% of the Spring BMP Revised Budget, with the largest funding category, Charges for Services, projected to be \$378.6 million. The major source of funding within this category are residential and commercial retail rates with projected year-end total of \$350.7 million, or 97.4% of budget, based on a projection of existing revenues through March using historical daily billing trends and adjustments for the impacts of the COVID shutdowns. The next largest source within Charges for Services is Systems Development Charges (SDCs), with a projected total of \$21.8 million, which is made up of \$18.2 million of cash receipts and \$3.6 million of non-cash liens receivables. The remaining \$6.1 million is split between Wholesale Contract revenues (\$3.3 million) 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 \$190.8 million, of which \$146.2 million is from the Sewer Construction Fund to reimburse for direct CIP expenditures (\$97.0 million), bureau overhead allocated to CIP projects (\$12.8 million), and an estimate of \$36.5 million to fund BES' share of the Portland Building Renovation Project. Finally, the Spring BMP is adjusting appropriations to transfer \$44 million from the Rate Stabilization Fund, to be used to fund CIP expenditures until the next bond sale in early Fall 2020 and offset rate revenue reductions due to the COVID shutdowns.

All other projected revenue sources, excluding the actual Beginning Fund Balance of \$77.6 million, total \$5.7 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.

Revenue Risks

Expenditure Discussion

Business Area Projection Report

Total Expenditures are forecasted to be within 10% of plan, except for Capital Outlay projected to be about 71% of Revised Budget due to delays in CIP projects. Total CIP expenditures are projected to be approximately 78% of Revised Budget. The following projects account for the majority of under budget spending:

Sewage Treatment:

E07947 – CBWTP Secondary Treatment Expansion Program (STEP) (under budget approximately \$8 million): equipment and permanent materials purchases have pushed groundbreaking back to FY 2020-21.

E10582 – Tryon Creek Wastewater Treatment Plant Headworks Improvements (under budget by approximately \$3.5 million): project on hold as Lake Oswego pursues alternatives to existing treatment plant.

E10897 – CBWTP Substation Replacement (under budget by approximately \$2.5 million): project is required by the STEP project, and thus also delayed until FY 2020-21.

E10657 – Pump Station Improvement Program FY 2015-2019 (under budget approximately \$1.25 million): availability of staff resources and change of program leadership have limited focus on this program.

E10976 – Tryon Creek Interceptor Replacement (under budget approximately \$1 million): project to be cancelled, as predesign determined that project was not feasible.

Maintenance and Reliability:

E10941 – Hillsdale Crest RDII (under budget approximately \$5 million): permanent easement acquisition delays with property owners as well as re-design due to existing site conditions have slowed the project.

E10696 – NW Thurman Reconstruction (under budget approximately \$4.5 million): PBOT and Water requirements and provisions requiring additional design, along with staff availability and reassignments, have pushed construction date out.

E10028 – South Tanner Reconstruction (under budget approximately \$3.5 million): construction delayed to accommodate the STEP project.

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.

E08656 – Beech-Essex CP-J (under budget approximately \$2.75 million): construction delayed in order to accommodate the STEP project.

E10976 – Tryon Creek Interceptor (under budget approximately \$1 million): construction delayed in order to accommodate the STEP project.

Surface Water:

E10563 – Columbia Slough Outfalls (under budget approximately \$1 million): Construction on selected sites delayed in order to accommodate STEP.

E08782 – Watershed Investment Fund (under budget approximately \$750,000): Acquisition efforts are contingent on property owner negotiations, and expenditure this year has been lower than anticipated.

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 budget entry by major object code.

Based on current expenditure patterns, Personal Services are projected to be \$83.2 million, reflecting approximately 3.3% average vacancy (on a dollar basis, rather than a position basis) throughout the year.

External Materials and Services are projected to be \$79.2 million, which exceeded current budget, resulting in additional appropriation of \$6.0 million added, \$6.1 million of which was within the CIP via reductions in other projects' capital outlay, and a -\$0.1 million reduction within operating programs.

Internal Materials and Services are projected to be \$49.1 million, with nearly half (\$23.2 million) from operating charges from PBOT for sewer and storm maintenance services.

Capital Outlay is projected to be \$96.7 million, of which \$88.5 million is for CIP projects, and \$8.2 mil within the operating program, which is predominantly replacement of vehicles, with a small amount (\$298,000) for equipment purchases.

Fund Transfers – Expense is projected to be \$266.0 million from the Sewer Operating Fund, which consists of \$179.5 million transferred to the Debt Redemption Fund to pay debt service on the bureau's approximately \$1.34 billion of outstanding revenue bonds, and \$80.0 million to the Construction Fund which will fund CIP projects until the next bond sale in the early Fall of 2020. Another \$5.9 million goes to the General Fund for city overhead services, and the remaining \$658,000 pays a portion of the bureau's debt service on Pension Obligation Bonds (POBs).

Business Area Projection Report

Debt Service expenditures of \$4.0 million 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 \$74.4 million. This amount consists primarily of accumulated receivables and year-end billing accruals totaling \$69.0 million. This leaves only \$5.4 million available for actual use in the next fiscal year.

Expenditure Risks

Other Notes

Business Area Projection Report

Bureau of Environmental Services - Fund 608

| Major Object | 2019-20 SPRING Requested Total | 2019-20 March Actuals YTD | 2019-20 SPRING Projection | % Projected Actuals to Requested Total |
|---------------------------------|--------------------------------|---------------------------|---------------------------|--|
| Contingency | 6,054,464 | 0 | 6,200,941 | 102% |
| Debt Service | 1,774 | 184 | 1,768 | 100% |
| External Materials and Services | 4,033,893 | 2,748,446 | 3,693,000 | 92% |
| Fund Transfers - Expense | 6,060,582 | 6,045,360 | 6,060,576 | 100% |
| Internal Materials and Services | 1,880,174 | 1,568,883 | 1,880,000 | 100% |
| Personnel | 649,298 | 514,086 | 649,000 | 100% |
| Sum: | 18,680,185 | 10,876,959 | 18,485,285 | 99% |

| Major Object | 2019-20 SPRING Requested Total | 2019-20 March Actuals YTD | 2019-20 SPRING Projection | % Projected Actuals to Requested Total |
|--------------------------|--------------------------------|---------------------------|---------------------------|--|
| Beginning Fund Balance | 12,661,581 | 0 | 12,661,581 | 100% |
| Charges for Services | 5,414,200 | 3,980,660 | 5,221,000 | 96% |
| Fund Transfers - Revenue | 704 | 704 | 704 | 100% |
| Interagency Revenue | 414,900 | 360,564 | 439,000 | 106% |
| Miscellaneous | 188,800 | 127,643 | 163,000 | 86% |
| Sum: | 18,680,185 | 4,469,571 | 18,485,285 | 99% |

Revenue Discussion

Environmental Remediation Fund Revenues were within 10% except for Miscellaneous Revenues that are projected to be only 86% of budget (-\$25,000) due to lower interest earnings on reduced balances after transferring \$6.0 million to the citywide Portland Harbor Superfund Reserve fund early in July 2019.

Revenue Risks

Expenditure Discussion

Most expenditure object codes are projected to be within 10% of the revised budget, although Personnel Services does require a \$23,700 appropriation shift from the COLA Set-aside Contingency.

Expenditure Risks

Other Notes

Business Area Projection Report

Bureau of Environmental Services - Fund 609

| Major Object | 2019-20 SPRING Requested Total | 2019-20 March Actuals YTD | 2019-20 SPRING Projection | % Projected Actuals to Requested Total |
|-----------------------|--------------------------------|---------------------------|---------------------------|--|
| Debt Service | 180,746,591 | 377,673,240 | 473,212,500 | 262% |
| Debt Service Reserves | 71,253,409 | 0 | 33,811,271 | 47% |
| Sum: | 252,000,000 | 377,673,240 | 507,023,771 | 201% |

| Major Object | 2019-20 SPRING Requested Total | 2019-20 March Actuals YTD | 2019-20 SPRING Projection | % Projected Actuals to Requested Total |
|--------------------------|--------------------------------|---------------------------|---------------------------|--|
| Beginning Fund Balance | 62,150,000 | 0 | 61,952,492 | 100% |
| Bond & Note Proceeds | 1,100,000 | 264,600,279 | 264,600,279 | 24,055% |
| Fund Transfers - Revenue | 187,250,000 | 85,202,461 | 179,456,000 | 96% |
| Miscellaneous | 1,500,000 | 854,359 | 1,015,000 | 68% |
| Sum: | 252,000,000 | 350,657,099 | 507,023,771 | 201% |

Revenue Discussion

Many of the revenue and expenditure object codes were impacted by the 2019A Refunding bond sale which occurred last fall, replacing the 2010 Series A bonds, resulting in nearly \$84 million of savings over the remaining 15 years of the bonds. Under Oregon Budget Law, these refunding transactions (the new bond proceeds coming in, and then going out to replace the old bonds) do not require budgetary appropriation, but they do make the summary table above appear unusual. As a result, Bond and Note Proceeds are projected to be \$246.6 million against a Revised Budget of \$1.1 million. At the same time, Miscellaneous Revenues projected to be only 68% of Revised Budget due to the contribution of the 2010A cash reserve of \$27.9 million which has reduced interest earnings this fiscal year. Fund Transfers – Revenues are projected to be within the 10% reporting threshold and include amounts to fund debt service payments and cash contributed towards the new refunding issue.

Revenue Risks

Expenditure Discussion

Debt Service expenditures of \$473.2 million include both budgetary accounts (\$162.8 million for actual scheduled debt service payments) and non-budgetary accounts resulting from the 2019A Sewer Refunding last fall (\$310.4 million debt retirement and accrued interest.) The fund also holds required Debt Service Reserves remaining of \$30.9 million after the contribution of the 2010A cash reserve, and general ending fund balance of \$2.9 million. The original budget had not assumed the refunding issue and the contribution of the \$27.9 mil, but also assumed a new-money bond issue that would have increased debt service reserves, thus the actual ends up only 47% of the Revised Budget.

Expenditure Risks

Other Notes

Business Area Projection Report

Bureau of Environmental Services - Fund 614

| Major Object | 2019-20 SPRING Requested Total | 2019-20 March Actuals YTD | 2019-20 SPRING Projection | % Projected Actuals to Requested Total |
|--------------------------|--------------------------------|---------------------------|---------------------------|--|
| Contingency | 210,261,212 | 0 | 28,727,358 | 14% |
| Debt Service | 2,000,000 | 424,003 | 423,325 | 21% |
| Fund Transfers - Expense | 161,000,000 | 68,069,875 | 146,208,000 | 91% |
| Sum: | 373,261,212 | 68,493,878 | 175,358,683 | 47% |

| Major Object | 2019-20 SPRING Requested Total | 2019-20 March Actuals YTD | 2019-20 SPRING Projection | % Projected Actuals to Requested Total |
|--------------------------|--------------------------------|---------------------------|---------------------------|--|
| Beginning Fund Balance | 113,611,212 | 0 | 113,611,212 | 100% |
| Bond & Note Proceeds | 176,000,000 | 433,471 | 433,471 | 0% |
| Charges for Services | 550,000 | 525,752 | 700,000 | 127% |
| Fund Transfers - Revenue | 80,000,000 | 0 | 59,000,000 | 74% |
| Miscellaneous | 3,100,000 | 1,433,743 | 1,614,000 | 52% |
| Sum: | 373,261,212 | 2,392,966 | 175,358,683 | 47% |

Revenue Discussion

The major revenue source within the Sewer Construction Fund was budgeted to be a new money bond issue of \$226.0 million but resulted in only the issuance costs portion of the 2019 Series A Refunding bond issue, or 0.2% of the Revised Budget. The next largest revenue source is Beginning Fund Balance from accumulated non-bond sources (\$97.0 million), and the remaining proceeds from the 2018 revenue bond sale (\$15.6 million.)

Fund Transfers – Revenue are cash contributions from the Operating Fund (\$59 million) to fund CIP expenditures for the remainder of the fiscal year and into next fiscal year until the next new money bond issue in the early Fall.

Charges for Services are projected to be \$700,000, or 127.3% of the Revised Budget, as Line and Branch Charges reflect a few larger developments that occurred earlier this fiscal year.

Miscellaneous revenues (\$1.6 million) are forecast to be only 52% of Revised Budget as a result of the delay of the bond issue into next fiscal year.

Revenue Risks

Expenditure Discussion

Fund Transfers – Expense are the main expenditure of the fund and are expected to be 90.8% of the Revised Budget. These transfers will fund direct CIP project reimbursement (\$133.5 million, including the bureau's portion of the Portland Building project \$36.5 million) and allocated project overhead charges (\$12.8 million.)

Debt Service expenditures of \$424,000 (21.2% of Revised Budget) are the result of the Refunding bond sale and not the new money issue expected.

Contingency is projected to be only \$28.7 million (13.7% of the Revised Budget of \$210.2 million) as a result of the delay of the bond sale into next fiscal year.

Expenditure Risks

Other Notes

Business Area Projection Report

Bureau of Environmental Services - Fund 617

| Major Object | 2019-20 SPRING Requested Total | 2019-20 March Actuals YTD | 2019-20 SPRING Projection | % Projected Actuals to Requested Total |
|--------------------------|--------------------------------|---------------------------|---------------------------|--|
| Contingency | 125,817,775 | 0 | 125,917,775 | 100% |
| Fund Transfers - Expense | 44,000,000 | 0 | 43,000,000 | 98% |
| Sum: | 169,817,775 | 0 | 168,917,775 | 99% |

| Major Object | 2019-20 SPRING Requested Total | 2019-20 March Actuals YTD | 2019-20 SPRING Projection | % Projected Actuals to Requested Total |
|--------------------------|--------------------------------|---------------------------|---------------------------|--|
| Beginning Fund Balance | 165,417,775 | 0 | 165,417,775 | 100% |
| Fund Transfers - Revenue | 0 | 0 | 0 | |
| Miscellaneous | 4,400,000 | 2,693,795 | 3,500,000 | 80% |
| Sum: | 169,817,775 | 2,693,795 | 168,917,775 | 99% |

Revenue Discussion

Bureau of Environmental Services

All expenditures, and most revenues, are projected to be in alignment with the revised budget, with the exception of Miscellaneous revenues forecast at 79.6% of revised budget due to lower Interest on Investments resulting from lower fund balances with the additional transfers to the Sewer Operating Fund included in this Spring BMP request.

Revenue Risks

Expenditure Discussion

Expenditure Risks

Other Notes

