



Amanda Fritz, Commissioner  
Michael Stuhr, P.E., Administrator  
1120 SW Fifth Avenue, Room 600  
Portland, Oregon 97204-1926  
Information: 503-823-7404  
[www.portlandoregon.gov/water](http://www.portlandoregon.gov/water)



Date: April 20, 2020  
To: Jessica Kinard, City Budget Office  
From: Michael Stuhr, P.E., Administrator  
Subject: Executive Summary for the FY 2019-20 Spring BMP

Enclosed is the Portland Water Bureau's FY 2019-20 Spring BMP Report that includes the status of the funds.

As directed by the Mayor, the bureau is limiting its non-essential spending in three primary areas: travel and training; vacancy recruitments; and consultant services. Non-essential travels have been cancelled and most trainings are postponed or the bureau is taking full advantage of on-line training that are currently offered at no cost. Since all external recruitments have been halted, we anticipate the current vacancies will remain unfilled. Several contracts for services related to video/public events, Bull Run tours, and strategic planning have been paused and will not be utilized this fiscal year. In addition, the bureau is also holding off on purchasing equipment and supplies, position reclassifications and having on-site mechanics at the Interstate Facility. Capital projects and construction activities are proceeding as scheduled while practicing social distancing. Capital improvements on the water system such as replacements of mains, hydrants, and services performed by bureau field staff have been limited due to the need to comply with social distancing.

The following is a summary of the Bureau's requests for the Spring BMP:

#### Water Funds:

- New Revenues
  - Increase revenue of \$12,000 for reimbursement of staff time working on Commissioner activities.
- Contingency Adjustments
  - Decrease contingency \$284,471 for costs related to two ballot measures that were referred to the voters in the 2019 November ballot.
- Technical Adjustments
  - Reallocate \$194,000 from external materials and services to Printing and Distribution interagency due to delay in go live date for vendor-provided bill print services.
  - Increase interagency with Fleet \$108,377 for direct bill services due to increased repairs with funding from saving in external materials and services.
  - Increase interagency with Facilities \$200,000 for additional Interstate work order requests with funding from savings in external materials and services.
  - Increase interagency with City Budget Office \$10,000 for PUB indirect work with funding from savings in external materials and services.

Please contact us for translation or interpretation, or for accommodations for people with disabilities.

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- True Up Adjustments
  - Adjust the Water and Hydro Division's beginning fund balances to be consistent with the City's FY 2018-19 ending fund balances.
  - Adjust cash transfers between Water Division funds for additional capital revenues.
  - Adjust Water Division Funds to reflect the October 2019 Water Revenue bonds sale and February 2020 bonds refunding.
- Grant Adjustments
  - Adjust revenues and expenses for SW Corridor Light Rail, Earthquake Ready Burnside Bridge, and Division Transit Project grants.

Hydroelectric Power Funds:

- Contingency Adjustments
  - Increase appropriation \$170,000 for additional tree trimming expense and transmission line maintenance.
- Interagency Adjustments
  - Increase interagency revenues \$120,000 with Water Division for engineering services.
  - Decrease interagency with Fleet \$398 for fuel station debt service.

If you have any questions regarding this report, please contact Jan Warner at x3-7531.

Attachments

Water Bureau BMP report

- c. Cecelia Huynh, Finance & Support Services Director  
Yung Ouyang, CBO Budget Analyst, Portland Utility Board (PUB)

**WA - Portland Water Bureau**

**DP Type**

**Other Adjustments**

**Request Name:** 9795 -Beginning Balance Adjustments

**Package Description**

Adjust the Water and Hydro Division's beginning fund balances to be consistent with the City's FY 2018-19 ending fund balances.

**Service Impacts**

N/A

**Equity Impacts**

N/A

Account Name		2019-20 SPRING Requested Adj
Expense	Contingency	44,178,006
	Ending Fund Balance	-11,222,738
<b>Expense</b>	<b>Sum:</b>	<b>32,955,268</b>

Account Name		2019-20 SPRING Requested Adj
Revenue	Beginning Fund Balance	32,955,268
<b>Revenue</b>	<b>Sum:</b>	<b>32,955,268</b>

**WA - Portland Water Bureau**

**DP Type**

**Contingency**

**Request Name:** 9843 -November Ballot Cost

**Package Description**

Decrease contingency \$284,471 for costs related to two ballot measures that were referred to the voters in the 2019 November ballot.  
1. City of Portland Measure 26-204 on the management of and protections for the Bull Run Watershed. 2. City of Portland Measure 26-205 on mutual aid agreements

**Service Impacts**

Elections rules state that for special elections, the City fund or bureau most directly impacted or affiliated with the election must pay these costs.

**Equity Impacts**

This charter amendment adds resilience to the water system by increasing the protection of the Bull Run Watershed, as well as guaranteeing support from partner water utilities in case of a water emergency. Bolstering system resilience has significant equity implications since vulnerable communities face significant detrimental consequences due to water disruptions, most notably the expense of buying more expensive alternative water sources.

Account Name	2019-20 SPRING Requested Adj
Expense                      Contingency	-284,471
External Materials and Services	284,471
<b>Expense                      Sum:</b>	<b>0</b>

**WA - Portland Water Bureau**

**DP Type**

**Technical Adjustments**

**Request Name:** 9844 -Interagency Adjustments

**Package Description**

a. Interagency with Printing and Distribution: Reallocate \$194,000 from external materials and services to Printing and Distribution interagency due to delay in go live date for vendor-provided bill print services. b. Interagency with Fleet: Increase interagency with Fleet \$108,377 for direct bill services due to increased repairs with funding from savings in external materials and services. c. Interagency with Facilities: Increase interagency with Facilities \$200,000 for additional Interstate work order requests with funding from savings in external materials and services. d. Interagency with CBO: Increase interagency with CBO \$10,000 for additional indirect costs for PUB support from savings in external materials and services.

**Service Impacts**

Expected results include repairing our vehicles and maintaining our facilities as part of overall management of our vehicles and facilities.

**Equity Impacts**

No relevant equity impacts.

Account Name	2019-20 SPRING Requested Adj
Expense	
Contingency	0
External Materials and Services	-512,377
Internal Materials and Services	512,377
<b>Expense</b>	<b>Sum: 0</b>

**WA - Portland Water Bureau**

**DP Type**

**New Revenue**

**Request Name:** 9845 -Reimbursement for Commissioner Activities

**Package Description**

Reimbursement for staff time working on Commissioner activities.

**Service Impacts**

Expected outcomes include billing for staff time working on Commissioner activities.

**Equity Impacts**

No relevant equity impacts.

Account Name		2019-20 SPRING Requested Adj
Expense	Contingency	12,000
<b>Expense</b>	<b>Sum:</b>	<b>12,000</b>

Account Name		2019-20 SPRING Requested Adj
Revenue	Interagency Revenue	12,000
<b>Revenue</b>	<b>Sum:</b>	<b>12,000</b>

**WA - Portland Water Bureau**

**DP Type**

**Other Adjustments**

**Request Name:** 9870 -Grants

**Package Description**

Budget revenue and expense for SW Corridor Light Rail, Earthquake Ready Burnside Bridge and Division Transit Project grants, #TR000300, #TR000281, and #TR000284.

**Service Impacts**

These projects add resilience to the water system by increasing distribution reliability.

**Equity Impacts**

Bolstering system resilience has significant equity implications since vulnerable communities face significant detrimental consequences due to water disruptions.

Account Name		2019-20 SPRING Requested Adj
Expense	Capital Outlay	144,255
Expense	Sum:	144,255

Account Name		2019-20 SPRING Requested Adj
Revenue	Intergovernmental	144,255
Revenue	Sum:	144,255

**WA - Portland Water Bureau**

**DP Type**

**Internal Transfer**

**Request Name:** 9890 -Hydro Interagency Adjustments

**Package Description**

Increase the interagency \$120,000 for engineering services provided by Hydro Staff to the Water Division primarily for dam safety work.  
Decrease interagency with Fleet \$398 for fuel station debt service.

**Service Impacts**

N/A

**Equity Impacts**

N/A

Account Name		2019-20 SPRING Requested Adj
Expense	Contingency	398
	Internal Materials and Services	119,602
<b>Expense</b>	<b>Sum:</b>	<b>120,000</b>

Account Name		2019-20 SPRING Requested Adj
Revenue	Interagency Revenue	120,000
<b>Revenue</b>	<b>Sum:</b>	<b>120,000</b>



**WA - Portland Water Bureau**

**DP Type**

**Internal Transfer**

**Request Name:** 9891 -Capital revenue cash transfer

**Package Description**

Adjust cash transfers between Water Division funds for additional capital revenue that will be transferred to the Construction Fund.

**Service Impacts**

N/A

**Equity Impacts**

N/A

Account Name		2019-20 SPRING Requested Adj
Expense	Contingency	-1,205,000
	Ending Fund Balance	1,205,000
	Fund Transfers - Expense	1,205,000
<b>Expense</b>	<b>Sum:</b>	<b>1,205,000</b>

Account Name		2019-20 SPRING Requested Adj
Revenue	Fund Transfers - Revenue	1,205,000
<b>Revenue</b>	<b>Sum:</b>	<b>1,205,000</b>

**WA - Portland Water Bureau**

**DP Type**

**Other Adjustments**

**Request Name:** 9892 -Bond sale and refunding

**Package Description**

Align the FY 2019-20 budget to reflect the October 2019 Water Revenue bonds sale and February 2020 bonds refunding.

**Service Impacts**

N/A

**Equity Impacts**

N/A

Account Name	2019-20 SPRING Requested Adj
Expense	
Contingency	6,301,492
Debt Service	52,858,275
Debt Service Reserves	-14,846,604
Fund Transfers - Expense	-618,348
<b>Expense</b>	<b>Sum: 43,694,815</b>

Account Name	2019-20 SPRING Requested Adj
Revenue	
Bond & Note Proceeds	44,313,163
Fund Transfers - Revenue	-618,348
<b>Revenue</b>	<b>Sum: 43,694,815</b>

**WA - Portland Water Bureau**

**DP Type**

**Contingency**

**Request Name:** 9893 -Hydro transmission line maintenace

**Package Description**

Utilize contingency \$170,000 for additional tree trimming expense and transmission line maintenance.

**Service Impacts**

N/A

**Equity Impacts**

N/A

Account Name	2019-20 SPRING Requested Adj
Expense	Contingency -170,000
	External Materials and Services 170,000
<b>Expense</b>	<b>Sum: 0</b>

# Business Area Projection Report

## Portland Water Bureau - Fund 601

Major Object	2019-20 SPRING Requested Total	2019-20 March Actuals YTD	2019-20 SPRING Projection	% Projected Actuals to Requested Total
Contingency	1,170,616	0	1,047,895	90%
Debt Service	30,276	3,137	30,276	100%
External Materials and Services	2,258,586	1,445,185	2,097,000	93%
Fund Transfers - Expense	56,452	41,070	56,452	100%
Internal Materials and Services	210,999	147,732	210,999	100%
Personnel	367,694	240,471	321,000	87%
<b>Sum:</b>	<b>4,094,623</b>	<b>1,877,594</b>	<b>3,763,622</b>	<b>92%</b>

Major Object	2019-20 SPRING Requested Total	2019-20 March Actuals YTD	2019-20 SPRING Projection	% Projected Actuals to Requested Total
Beginning Fund Balance	1,515,526	0	1,515,526	100%
Charges for Services	0	0	0	
Interagency Revenue	195,000	119,186	195,000	100%
Miscellaneous	2,384,097	1,294,344	2,039,097	86%
<b>Sum:</b>	<b>4,094,623</b>	<b>1,413,529</b>	<b>3,749,623</b>	<b>92%</b>

### Revenue Discussion

Miscellaneous: The \$0.3 million reduction is primarily driven by reduced power sales. This projection assumes year-to-date shortfall of power sales will remain, but not worsen.

### Revenue Risks

The majority of power sales happen during the winter, so while a dry spring would result in lower power sales than projected, reserves would be able to cover any additional shortfall of power sales.

### Expenditure Discussion

Personnel: Savings are driven by the partial FTE being vacant for the entire fiscal year.

### Expenditure Risks

Equipment failure or damage to transmission lines would result in higher than projected expenses.

### Other Notes

# Business Area Projection Report

## Portland Water Bureau - Fund 602

Major Object	2019-20 SPRING Requested Total	2019-20 March Actuals YTD	2019-20 SPRING Projection	% Projected Actuals to Requested Total
Capital Outlay	145,693,803	40,562,662	115,096,515	79%
Contingency	147,812,979	0	166,999,679	113%
Debt Service	5,017,731	989,773	4,802,621	96%
External Materials and Services	40,920,534	24,725,838	39,076,486	95%
Fund Transfers - Expense	109,584,075	83,028,220	109,250,103	100%
Internal Materials and Services	22,726,400	16,049,037	22,624,586	100%
Personnel	82,380,478	57,751,883	76,630,478	93%
<b>Sum:</b>	<b>554,136,000</b>	<b>223,107,412</b>	<b>534,480,468</b>	<b>96%</b>

Major Object	2019-20 SPRING Requested Total	2019-20 March Actuals YTD	2019-20 SPRING Projection	% Projected Actuals to Requested Total
Beginning Fund Balance	142,107,299	0	142,107,299	100%
Charges for Services	203,577,493	135,232,868	202,822,493	100%
Fund Transfers - Revenue	201,126,574	86,231,638	181,575,391	90%
Interagency Revenue	3,777,560	2,623,622	3,765,560	100%
Intergovernmental	526,000	598,961	600,258	114%
Miscellaneous	3,021,074	3,049,769	3,609,467	119%
<b>Sum:</b>	<b>554,136,000</b>	<b>227,736,859</b>	<b>534,480,468</b>	<b>96%</b>

### Revenue Discussion

Fund Transfers - Revenue: The \$19.6 million decrease is primarily driven by projected capital underspend, offset by payment for the Water Bureau's share of the Portland building renovation project.

Intergovernmental: The \$0.1 million increase is driven by actual Water Consortium revenue being higher than planned.

Miscellaneous: The \$0.6 million increase is primarily driven by higher than planned interest earnings

### Revenue Risks

The projection assumes a five percent decrease to retail water sales in the fourth quarter of the fiscal year. Additional retail water sales losses as a result of COVID-19 related closures would be a further risk to this projection.

### Expenditure Discussion

Capital Outlay: The \$30.6 million decrease is driven by shifting spend related to project timing, primarily due to the Willamette River Crossing project.

There are no other significant projected variances. Operating expenses are consistent with multi-year trends.

### Expenditure Risks

Any changes to planned activity for major projects (e.g. Washington Park, Willamette River Crossing) would impact projected expenses.

### Other Notes

# Business Area Projection Report

## Portland Water Bureau - Fund 612

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Major Object	2019-20 SPRING Requested Total	2019-20 March Actuals YTD	2019-20 SPRING Projection	% Projected Actuals to Requested Total
Debt Service	114,636,612	100,698,847	114,636,610	100%
Debt Service Reserves	25,096,406	0	24,886,462	99%
Ending Fund Balance	217,648	0	0	
<b>Sum:</b>	<b>139,950,666</b>	<b>100,698,847</b>	<b>139,523,072</b>	<b>100%</b>

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Major Object	2019-20 SPRING Requested Total	2019-20 March Actuals YTD	2019-20 SPRING Projection	% Projected Actuals to Requested Total
Beginning Fund Balance	31,568,848	0	31,568,848	100%
Bond & Note Proceeds	48,860,019	48,860,019	48,860,019	100%
Fund Transfers - Revenue	58,753,695	45,584,037	58,444,205	99%
Miscellaneous	768,104	503,938	650,000	85%
<b>Sum:</b>	<b>139,950,666</b>	<b>94,947,994</b>	<b>139,523,072</b>	<b>100%</b>

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### Revenue Discussion

Miscellaneous: Interest Earnings are projected to be lower than budget because of existing reserves that were utilized in the February 2020 refunding and no reserve requirement necessary for the October 2019 bond sale.

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### Revenue Risks

There are no significant risks for the remainder of the fiscal year.

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### Expenditure Discussion

There are no significant changes to plan for expenditures.

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### Expenditure Risks

There are no significant risks for the remainder of the fiscal year.

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### Other Notes

# Business Area Projection Report

## Portland Water Bureau - Fund 615

Major Object	2019-20 SPRING Requested Total	2019-20 March Actuals YTD	2019-20 SPRING Projection	% Projected Actuals to Requested Total
Contingency	5,683,144	0	0	
Debt Service	0	102,497	0	
Ending Fund Balance	13,087,646	0	39,083,971	299%
Fund Transfers - Expense	194,634,049	79,739,113	175,820,867	90%
<b>Sum:</b>	<b>213,404,839</b>	<b>79,841,611</b>	<b>214,904,838</b>	<b>101%</b>

Major Object	2019-20 SPRING Requested Total	2019-20 March Actuals YTD	2019-20 SPRING Projection	% Projected Actuals to Requested Total
Beginning Fund Balance	23,086,423	0	23,086,423	100%
Bond & Note Proceeds	139,638,144	139,638,144	139,638,144	100%
Charges for Services	3,500,000	3,881,467	5,000,000	143%
Fund Transfers - Revenue	45,386,401	33,662,803	45,386,400	100%
Miscellaneous	1,793,871	1,470,953	1,793,871	100%
<b>Sum:</b>	<b>213,404,839</b>	<b>178,653,367</b>	<b>214,904,838</b>	<b>101%</b>

### Revenue Discussion

Charges for Services: The \$1.5 million increase is driven by higher than planned System Development Charges (SDC).

### Revenue Risks

SDC revenue may decrease if development activity slows in the fourth quarter of FY 2019-20.

### Expenditure Discussion

Fund Transfers - Expense: The \$18.8 million decrease is primarily driven by projected capital underspend as projects shift out of FY 2019-20 and into future fiscal years. This is offset by payment for the Water Bureau's share of the Portland building project.

### Expenditure Risks

Any changes to planned activity for major projects (e.g. Washington Park, Willamette River Crossing) would impact expenses. However, this is not likely to pose any significant risk to the Construction Fund as Fund Transfer budget authority has not been reduced in the Spring BMP.

### Other Notes

# Business Area Projection Report

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## Portland Water Bureau - Fund 618

Major Object	2019-20 SPRING Requested Total	2019-20 March Actuals YTD	2019-20 SPRING Projection	% Projected Actuals to Requested Total
Contingency	111,457	0	111,457	100%
<b>Sum:</b>	<b>111,457</b>	<b>0</b>	<b>111,457</b>	<b>100%</b>

Major Object	2019-20 SPRING Requested Total	2019-20 March Actuals YTD	2019-20 SPRING Projection	% Projected Actuals to Requested Total
Beginning Fund Balance	111,457	0	111,457	100%
<b>Sum:</b>	<b>111,457</b>	<b>0</b>	<b>111,457</b>	<b>100%</b>

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### Revenue Discussion

There is no planned activity in this fund for FY 2019-20.

### Revenue Risks

There are no significant risks for the remainder of the fiscal year.

### Expenditure Discussion

There is no planned activity in this fund for FY 2019-20.

### Expenditure Risks

There are no significant risks for the remainder of the fiscal year.

### Other Notes



# Business Area Projection Report

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## Portland Water Bureau - Fund 217

Major Object	2019-20 SPRING Requested Total	2019-20 March Actuals YTD	2019-20 SPRING Projection	% Projected Actuals to Requested Total
Capital Outlay	144,255	0	144,555	100%
<b>Sum:</b>	<b>144,255</b>	<b>0</b>	<b>144,555</b>	<b>100%</b>

Major Object	2019-20 SPRING Requested Total	2019-20 March Actuals YTD	2019-20 SPRING Projection	% Projected Actuals to Requested Total
Intergovernmental	144,255	5,271	144,255	100%
<b>Sum:</b>	<b>144,255</b>	<b>5,271</b>	<b>144,255</b>	<b>100%</b>

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### Revenue Discussion

Budget projected revenue for SW Corridor Light Rail, Earthquake Ready Burnside Bridge and Division Transit Project grants, #TR000300, #TR000281, and #TR000284.

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### Revenue Risks

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### Expenditure Discussion

Budget projected expenses for SW Corridor Light Rail, Earthquake Ready Burnside Bridge and Division Transit Project grants, #TR000300, #TR000281, and #TR000284.

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### Expenditure Risks

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### Other Notes