


Date: September 9, 2020
To: Jessica Kinard, City Budget Office
From: Gabriel Solmer, Administrator 
Subject: Executive Summary for the FY 2020-21 Fall BMP

Enclosed is the Portland Water Bureau's FY 2020-21 Fall BMP Report that includes the status of the funds. The following is a summary of the Bureau's requests for the Fall BMP:

- **Carryover of Funds**
 - Carryover funds received from the General Fund for Mt. Tabor Historic Preservation Project in the amount of \$148,846;
 - Carryover funds received from General Fund for installation of solar panels at Groundwater Pump Station in the amount of \$85,075;
 - Carryover funds for completing the purchase of shares of the Portland Building projects in the amount of \$2,908,042.
- **New Request**
 - Addition of \$60,000 to cover the yearly Aveva Software License fee following their merger with Schneider Electric and a change in their business model;
 - Addition of \$19,360 for short-term lease with 524 Properties for lab space across the street from Interstate.
- **Interagency Adjustments**
 - New interagency with Office of Management and Finance (OMF) for Washington Park Improvement Project COEP Pilot funds in the amount of \$1,120,315;
 - Decrease interagency with Facilities by \$2,825 due to the reduction in finalized total project costs and debt service requirements for the Portland Building reconstruction project;
 - Increase interagency revenue with Civic Life by \$1,824 for Hazelwood Lease.
- **Technical Adjustments**
 - Move \$750,000 of the budgeted amount for Infosend from WACS000006 to WACS000007;
 - Move CMMS budget from WAMC000006 to WAAD000001 in the amount of \$725,000.
- **Cash Transfers**
 - Adjust cash transfers between Water Division funds for capital revenue received in the prior year that will be transferred to the Construction Fund and capital expenditures incurred in the prior year that will be transferred to the Operating Fund;
 - Reduce General Fund transfer for maintenance of park-like amenities by \$7,000 to cover the remainder of Water's share of the required General Fund reduction.

There were no prior year Budget Notes. If you have any questions regarding this report, please contact Elizabeth Hilt at x3-7531.

Attachments

Water Bureau BMP report

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

WA - Portland Water Bureau

DP Type

Technical Adjustments

Request Name: 10862 -Technical Adjustments

Package Description

- a. Move funds budgeted for Infosend from WACS000006 to WACS000007.
- b. Move CMMS budget from WAMC000006 to WAAD000001.

Service Impacts

N/A

Equity Impacts

N/A

2020-21 FALL Requested Adj	
Capital Outlay	-15,323,000
Contingency	17,569,453
External Materials and Services	-2,300,039
Fund Transfers - Expense	0
Personnel	53,586
Ending Fund Balance	0
Fund Transfers - Expense	0

2020-21 FALL Requested Adj	
Fund Transfers - Revenue	0
Interagency Revenue	0
Fund Transfers - Revenue	0

WA - Portland Water Bureau

DP Type

Other Adjustments

Request Name: 11008 -Interagency Adjustments

Package Description

- a. Interagency with Office of Management and Finance – New interagency with OMF for Washington Park Improvement Project COEP Pilot Funds.
- b. Interagency with Office of Management and Finance – Decrease interagency with Facilities for PWB space rent in the Portland Building by \$2,825 due to the reduction in finalized total project costs and debt service requirements for the Portland Building reconstruction project.
- c. Interagency with Civic Life - Increase interagency revenue with Civic Life for Lease at Hazelwood.

Service Impacts

N/A

Equity Impacts

N/A

2020-21 FALL Requested Adj	
Capital Outlay	-1,120,315
Contingency	4,649
Internal Materials and Services	1,117,490

2020-21 FALL Requested Adj	
Interagency Revenue	1,824

WA - Portland Water Bureau

DP Type

Other Adjustments

Request Name: 11043 -Carryover of Funds

Package Description

a. Mt. Tabor Historic Preservation Project:

Resolution No. 37146 was adopted by City Council on July 15, 2015 to maintain, repair and preserve the Mount Tabor Reservoirs following disconnection. The Water Bureau would be given \$4 million for the maintenance, repair, and preservation work identified in the 2009 Mt. Tabor Reservoirs Historic Structures Report. Of that amount, \$3,101,154 has been spent year to date. Due to the current COVID-19 pandemic, council decided to allocate the remaining funds in increments of \$250,000 over 3 years beginning in FY 2020-21. Therefore, this request is for the remainder of funds based on \$3,250,000 transferred to the bureau less current total spend of \$3,101,154, which is \$148,846.

b. Solar at Groundwater Pump Station:

Carryover \$85,075 that was unspent in FY 2019-20 due to the roof replacement that must be completed prior to installation of the solar panels.

c. Portland Building – Carryover \$2,908,042 for completing the purchase of PWB shares of the Portland Building projects.

Service Impacts

N/A

Equity Impacts

N/A

2020-21 FALL Requested Adj	
Capital Outlay	2,908,042
Contingency	-3,141,963
External Materials and Services	233,921

WA - Portland Water Bureau

DP Type

Other Adjustments

Request Name: 11064 -New Request

Package Description

a. Schneider Electric merged with Aveva and they are changing the existing business model. Currently, PWB owns the SCADA licenses and pays Schneider for ongoing technical support, which includes system troubleshooting, assistance with configuration, training, etc. Under this arrangement, the SCADA system software itself is not updated on a regular basis (PWB does receive some very limited patching, but for the most part the system software remains static). In the new business model, there will be a yearly fee for software support, under which PWB will receive regular updates to the SCADA software. This is good from a security and stability standpoint and it also means that PWB will no longer need to do large SCADA upgrades (new licenses, new hardware) every 5-7 years. PWB can upgrade the software much more regularly, and when the operating systems or hardware need upgrades PWB is able to do those replacements piecemeal due to the virtualized server infrastructure. The new "software support" fees from Aveva will be in addition to the technical support that PWB will continue to receive from Schneider.

b. Addition of \$19,360 for short-term lease with 524 Properties for lab space across the street from Interstate.

Service Impacts

N/A

Equity Impacts

N/A

2020-21 FALL Requested Adj	
Contingency	0
External Materials and Services	0

WA - Portland Water Bureau

DP Type

Other Adjustments

Request Name: 11067 -Cash Transfers

Package Description

- a. Adjust cash transfers between Water Division funds for capital revenue received in the prior year that will be transferred to the Construction Fund and capital expenditures incurred in the prior year that will be transferred to the Operating Fund.
- b. Reduce General Fund transfer for maintenance of park-like amenities by \$7,000 to cover the remainder of Water's share of the required General Fund reduction.

Service Impacts

N/A

Equity Impacts

N/A

2020-21 FALL Requested Adj	
Contingency	-937,488
Fund Transfers - Expense	1,176,368
Ending Fund Balance	930,488
Fund Transfers - Expense	245,880

2020-21 FALL Requested Adj	
Fund Transfers - Revenue	238,880
Fund Transfers - Revenue	1,176,368

Prior Year Fund Reconciliation Report

Portland Water Bureau

217 - Grants Fund

EXPENDITURES	2019-20 Revised Budget	2019-20 Actuals	Percent of Actuals to Revised
Personnel	104,382	49,817	47.73%
External Materials and Services	91,250	26,904	29.48%
Internal Materials and Services	80,358	55,058	68.52%
Capital Outlay	0	0	
TOTAL EXPENDITURES	275,990	131,779	47.75%

REVENUES	2019-20 Revised Budget	2019-20 Actuals	Percent of Actuals to Revised
Intergovernmental	275,990	134,809	48.85%
TOTAL REVENUES	275,990	134,809	48.85%

Expenditure Discussion

Personnel: The \$55,000 decrease is primarily driven by the FEMA COVID grant and SW Corridor light rail grant having no personnel expenses incurred in FY 2019-20.

External Materials and Services: The \$64,000 decrease is driven by lower than planned FEMA COVID grants eligible expenses.

Internal Materials and Services: The \$25,000 decrease is driven by the SW Corridor light rail grant and the Powell-Division transit project grant.

Revenue Discussion

Intergovernmental: The \$141,000 decrease is primarily driven by the FEMA COVID grant which was budgeted at \$131,500 but only \$27,000 was received. The Powell-Division transit project and SW Corridor Light Rail grants account for \$39,000 of revenue budgeted but not collected. The full award amount for the Powell-Division transit project has been distributed but no expenses have been incurred for the SW Corridor Light Rail grant as of FY 2019-20.

Prior Year Fund Reconciliation Report

Portland Water Bureau

601 - Hydroelectric Power Operating Fund

EXPENDITURES	2019-20 Revised Budget	2019-20 Actuals	Percent of Actuals to Revised
Personnel	367,694	321,023	87.31%
External Materials and Services	2,258,586	2,048,249	90.69%
Internal Materials and Services	210,999	188,067	89.13%
Debt Service	30,276	30,276	100%
Contingency	1,170,616	0	0%
Fund Transfers - Expense	56,452	56,452	100%
TOTAL EXPENDITURES	4,094,623	2,644,068	64.57%

REVENUES	2019-20 Revised Budget	2019-20 Actuals	Percent of Actuals to Revised
Charges for Services	0	0	
Miscellaneous	2,384,097	1,963,105	82.34%
Interagency Revenue	195,000	167,869	86.09%
Beginning Fund Balance	1,515,526	0	0%
TOTAL REVENUES	4,094,623	2,130,974	52.04%

Expenditure Discussion

Personnel: The \$47,000 decrease is driven by the fractional FTE that remained vacant during FY 2019-20.

Internal Materials and Services: The \$23,000 decrease is primarily driven by fewer engineering services provided by Water to Hydro than budgeted.

Revenue Discussion

Miscellaneous: The \$421,000 decrease is primarily driven by lower than planner power sales volumes.

Interagency Revenue: The \$27,000 decrease is driven by fewer engineering services provided by Hydro to Water than budgeted.

Prior Year Fund Reconciliation Report

Portland Water Bureau

602 - Water Fund

EXPENDITURES	2019-20 Revised Budget	2019-20 Actuals	Percent of Actuals to Revised
Personnel	82,311,846	76,671,530	93.15%
External Materials and Services	40,783,534	34,406,565	84.36%
Internal Materials and Services	22,787,542	21,356,662	93.72%
Capital Outlay	145,693,803	94,504,799	64.87%
Debt Service	5,017,731	4,791,132	95.48%
Contingency	136,517,083	0	0%
Fund Transfers - Expense	109,584,075	108,442,349	98.96%
TOTAL EXPENDITURES	542,695,614	340,173,038	62.68%

REVENUES	2019-20 Revised Budget	2019-20 Actuals	Percent of Actuals to Revised
Charges for Services	203,577,493	197,550,016	97.04%
Intergovernmental	526,000	605,061	115.03%
Miscellaneous	3,021,074	4,217,932	139.62%
Fund Transfers - Revenue	189,686,188	133,373,979	70.31%
Interagency Revenue	3,777,560	3,523,284	93.27%
Beginning Fund Balance	142,107,299	0	0%
TOTAL REVENUES	542,695,614	339,270,272	62.52%

Expenditure Discussion

External Materials and Services: The \$6.4 million decrease is driven by \$3.7 million of operating expense underspend and \$2.7 million of capital project underspend. The operating expense savings are primarily driven by professional services and miscellaneous services. The capital project underspend is driven by timing shifts of budgeted capital projects.

Capital Outlay: The \$51.2 million decrease is driven by timing shifts of budgeted capital projects.

Revenue Discussion

Charges for Services: The bureau estimates that COVID-19 impacts resulted in \$1.3 million of reduced water sales and \$0.9 million in reduced late fees.

Intergovernmental: The \$0.1 million increase is driven by higher than planned revenues from the Regional Water Providers Consortium.

Miscellaneous: The \$1.2 million increase is driven by additional interest earnings, chargeable damages, and gain on asset sales.

Fund Transfer - Revenue: The \$56.3 million decrease is driven by capital spending being less than planned.

Prior Year Fund Reconciliation Report

Portland Water Bureau

612 - Water Bond Sinking Fund

EXPENDITURES	2019-20 Revised Budget	2019-20 Actuals	Percent of Actuals to Revised
Debt Service	114,636,612	114,636,610	100%
Ending Fund Balance	217,648	0	0%
Debt Service Reserves	25,096,406	0	0%
TOTAL EXPENDITURES	139,950,666	114,636,610	81.91%

REVENUES	2019-20 Revised Budget	2019-20 Actuals	Percent of Actuals to Revised
Bond & Note Proceeds	48,860,019	48,860,019	100%
Miscellaneous	768,104	664,067	86.46%
Fund Transfers - Revenue	58,753,695	58,600,174	99.74%
Beginning Fund Balance	31,568,848	0	0%
TOTAL REVENUES	139,950,666	108,124,260	77.26%

Expenditure Discussion

Revenue Discussion

Miscellaneous: The \$0.1 million decrease is driven by lower interest earnings than planned.

Prior Year Fund Reconciliation Report

Portland Water Bureau

615 - Water Construction Fund

EXPENDITURES	2019-20 Revised Budget	2019-20 Actuals	Percent of Actuals to Revised
Debt Service	0	0	
Contingency	5,683,144	0	0%
Fund Transfers - Expense	183,193,663	126,881,454	69.26%
Ending Fund Balance	24,528,032	0	0%
TOTAL EXPENDITURES	213,404,839	126,881,454	59.46%

REVENUES	2019-20 Revised Budget	2019-20 Actuals	Percent of Actuals to Revised
Charges for Services	3,500,000	4,780,342	136.58%
Bond & Note Proceeds	139,638,144	139,638,144	100%
Miscellaneous	1,793,871	2,015,945	112.38%
Fund Transfers - Revenue	45,386,401	44,420,602	97.87%
Beginning Fund Balance	23,086,423	0	0%
TOTAL REVENUES	213,404,839	190,855,033	89.43%

Expenditure Discussion

Fund Transfers - Expense: The \$56.3 million decrease is driven by capital spending being less than planned.

Revenue Discussion

Charges for Services: The \$1.3 million increase is driven by higher than planned system development charges.

Miscellaneous: The \$0.2 million increase is driven by higher interest earnings than planned.

Prior Year Fund Reconciliation Report

Portland Water Bureau

618 - Hydroelectric Power Renewal Replacement Fund

EXPENDITURES	2019-20 Revised Budget	2019-20 Actuals	Percent of Actuals to Revised
Contingency	111,457	0	0%
TOTAL EXPENDITURES	111,457	0	0.00%

REVENUES	2019-20 Revised Budget	2019-20 Actuals	Percent of Actuals to Revised
Beginning Fund Balance	111,457	0	0%
TOTAL REVENUES	111,457	0	0.00%

Expenditure Discussion

There was no activity in this fund during FY 2019-20.

Revenue Discussion

There was no activity in this fund during FY 2019-20.

Bureau Performance Narrative

Portland Water Bureau

Key Performance Measures	Measure Type Name	FY 2017-18 Actuals	FY 2018-19 Actuals	FY 2019-20 Target	FY 2019-20 Actuals	FY 2020-21 Target	Strategic Target	Details
WA_0044	Maintain water revenue bond AAA credit rating	100%	100%	100%	100%	100%	100%	No variation to target or historical trends.
WA_0058	Number of violations of state and federal drinking water quality regulations	0	0	0	0	0	0	No variation to target or historical trends.
WA_0059	Number of violations of state and federal environmental regulations	0	0	0	0	0	0	No variation to target or historical trends.
Other Performance Measures	Measure Type Name	FY 2017-18 Actuals	FY 2018-19 Actuals	FY 2019-20 Target	FY 2019-20 Actuals	FY 2020-21 Target	Strategic Target	Details
WA_0041	Amount of power sold to Portland General Electric in megawatt hours	81,512	57,974	66,000	76,344	86,600	84,800	Power sales were lower due to weather conditions.
WA_0047	Percentage of projects forecast to be completed within three months of planned date	78%	80%	80%	20%	80%	80%	No variation to target or historical trends.
WA_0048	Percentage of budgeted Capital Improvement Plan expended	93%	93%	100%	66%	100%	100%	Delayed construction start of Willamette River Crossing, Willamette Blvd crossing project has been rescheduled for futures years due to permitting issues with railroad companies.
WA_0051	Percentage of calls answered within 60 seconds	83%	87%	80%	66%	100%	100%	The impacts from COVID and the inability to immediately transition Call Center employees to teleworking resulted in us working with significantly reduced staffing levels – only half of those available were actively working to take calls at a time, to avoid exposing the entire team to one another.

Portland Water Bureau
 Prior Year Performance Reporting

Run Date: 9/9/20
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Other Performance Measures	Measure Type Name	FY 2017-18 Actuals	FY 2018-19 Actuals	FY 2019-20 Target	FY 2019-20 Actuals	FY 2020-21 Target	Strategic Target	Details
WA_0077 Percentage of city's water supply provided by Bull Run watershed under normal operating conditions	OUTPUT	98%	88%	95%	93%	100%	100%	Due to historically low tributary flows and an early beginning to the draw down of the Bull Run supply, the groundwater system was run as a supplemental supply for an extended duration.
WA_0091 Days total reservoir storage is above 6.9 billion gallons (the reservoirs' baseline storage threshold)	OUTPUT	365	365	366	366	365	365	No variation to target or historical trends.
WA_0092 Days Bull Run supply is available, excluding regulatory compliance events (such as turbidity events that exceed regulatory limits)	OUTPUT	365	365	366	366	365	365	No variation to target or historical trends.
WA_0093 Number of unplanned conduit outages	OUTCOME	1	0	0	0	0	0	No variation to target or historical trends.
WA_0094 Number of unplanned transmission outages.	OUTCOME	0	0	0	0	0	0	No variation to target or historical trends.
WA_0095 Work orders the Maintenance and Construction group completes each year	WORKLOAD	4,280	4,415	4,000	3,700	4,000	4,000	Lower number of work orders completed due to COVID.
WA_0096 Percent of fountains operational	WORKLOAD	N/A	N/A	95%	89%	95%	95%	
WA_0097 Groundwater capacity for 60 days of well use	OUTPUT	N/A	N/A	N/A	90	73	73	Performance target exceeded.
WA_0098 Percentage of hydrants in service at any point	OUTCOME	100.0%	100.0%	100.0%	99.0%	100.0%	100%	No variation to target or historical trends.
WA_0100 Days any pump station in service does not meet system demand (lower number is better)	OUTCOME	0	0	0	0	0	0	No variation to target or historical trends.
WA_0101 Service line incidents that cause water users to not have service for more than 12 hours (lower number is better)	OUTCOME	0	0	0		0	0	
WA_0102 Percent of services installed more than 15 days for residential and 60 days for commercials after the permit was issued (lower number is better)	EFFICIENCY	86.0%	92.0%	90.0%	92.0%	90.0%	90%	Performance target exceeded.

Portland Water Bureau
 Prior Year Performance Reporting

Run Date: 9/9/20
 Run Time: 2:06:14 PM

Other Performance Measures	Measure Type Name	FY 2017-18 Actuals	FY 2018-19 Actuals	FY 2019-20 Target	FY 2019-20 Actuals	FY 2020-21 Target	Strategic Target	Details
WA_0103 Maintain minimum daily water level in reservoirs that are in use	OUTCOME	N/A	N/A	N/A	69%	60%	60%	Performance target exceeded.
WA_0104 Number of valves exercised/operated	OUTPUT	567	611	750	430	750	750	Lower number of valves exercised due to COVID work interruptions.
WA_0106 Number of main breaks per 100 miles per year (lower number is better)	OUTCOME	5.24	7.20	9.00	5.70	9.00	9.00	One of our lowest break rates in recent history. Industry standard is 14. We are usually around 10.
WA_0107 Percentage of community members who, in a statistically significant survey, say they have "good" or "very good" awareness of the services the bureau provides	OUTCOME	N/A	N/A	N/A	54%	75%	75%	
WA_0108 Percentage of employees reporting that they are "engaged" or "fully engaged" in their work (in employee survey done every other year)	OUTCOME	N/A	N/A	N/A	#DIV/0	78%	78%	
WA_0109 Number of City of Portland Nuisance Activity violations (lower number is better)	OUTCOME	N/A	N/A	N/A	0	0	0	No variation to target or historical trends.
WA_0110 Security incidents resulting in damage to facilities or harm to employees (reflects incidents logged in the Security budget program)	OUTCOME	6	3	0	3	6	6	
WA_0111 Compliance with meeting benchmarks of Water Management and Conservation Plan (measure the percent of benchmarks successfully met). The WMCP has 5 benchmarks, a new set of benchmarks was established in	OUTCOME	61%	74%	75%	74%	100%	100%	
WA_0112 Percentage of files sent to records for archiving are filed in accordance with State of Oregon and City of Portland retention rules.	OUTCOME	N/A	N/A	100%	100%	100%	100%	No variation to target of historical trends.
WA_099 Percentage of meters tested each year for accuracy 6+ inch meters and meters with consumption over 1000 CCF/month	OUTPUT	N/A	N/A	90%	55%	90%	90%	

Capital Program Status Report

Water Bureau

CIP Program Name	2019-20 Adopted Budget	2019-20 Revised Budget	2019-20 Actuals	PY Variance	PY Percent of Actuals to Revised	2020-21 Adopted Budget	2020-21 FALL Requested Total	2020-21 July Actuals	Fall Req. to Adopted Variance	Fall Req. to Adopted % Variance
Customer Service	100,000	100,000	0	-100,000		150,000	150,000	0	0	0%
Distribution	77,762,175	77,762,175	38,228,537	-39,533,638	49.16%	74,708,547	63,415,000	873,359.25	-11,293,547	-17.81%
Regulatory Compliance	2,000,000	2,000,000	426,693	-1,573,307	21.33%	463,661	500,000	1,813.53	36,339	7.27%
Supply	5,074,000	5,074,000	4,827,510	-246,490	95.14%	3,970,000	5,387,000	54,095.85	1,417,000	26.3%
Support	3,366,515	3,366,515	1,145,454	-2,221,061	34.02%	3,478,000	3,978,000	-77,470.79	500,000	12.57%
Transmission/ Terminal Storage	40,273,000	40,273,000	34,526,669	-5,746,331	85.73%	47,323,513	38,823,000	1,558,126.47	-8,500,513	-21.9%
Treatment	14,461,000	14,461,000	14,955,356	494,356	103.42%	51,404,279	51,622,000	-1,180,952.81	217,721	0.42%
Sum:	143,036,690	143,036,690	94,110,219	-48,926,471	-34.21%	181,498,000	163,875,000		-17,623,000	-10.75%

Capital Program Status Report

Prior Year Variance Description

Customer Service: No small projects were needed in the program.

Distribution: The reported expenses are under-reported due to the inclusion of about \$0.72 million in interagency cost transfers, but reports an additional \$0.77 million for an advance accrual yet to be debited to the actual ODOT related project, so the amounts nearly offset. Most of the variance is attributed to underspending for the FY on the Willamette River Crossing project due to permitting and easement acquisition delays. The start of construction for the Penridge and Jantzen replacement projects have also been delayed due to extended right-of-way acquisition. And due to COVID-19, PWB work crews were idled for about 2 months, so fewer shorter main projects were completed.

Regulatory Compliance: Obtaining conservation easements are mostly complete and the projects are in the vegetation monitoring phase. The budget was reduced for FY 2020-21.

Supply: The Dam 1 outlet valves were originally supplied with incorrect actuators, delaying the installation of the valves.

Support: About \$150,000 was shifted to the Treatment Program to work on planning for the Bull Run Filtration Project.

Transmission and Terminal Storage: The Washington Park Reservoir project underspent the FY budget by \$2.5 million and the Powell Butte Reservoir 1 roof construction start has shifted to FY2020-21.

In Total: Expensed work included.

Current Year Variance Description

Distribution: Delayed construction start of Willamette River Crossing, Willamette Blvd crossing project has been rescheduled for futures years due to permitting issues with railroad companies.

Supply: Installation of the Dam 1 Needle Valves were delayed until this FY.

Transmission and Terminal Storage: Revised cash flow for construction of Washington Park, revised construction schedule for Powell Butte Reservoir 1 roof, and updated project schedule for the Washington Park Hypochlorite project.
