



CITY OF PORTLAND ENVIRONMENTAL SERVICES



1120 SW Fifth Avenue, Suite 613, Portland, Oregon 97204 ■ Mingus Mapps, Commissioner ■ Michael Jordan, Director

Date March 25, 2021

TO: Jessica Kinard, Director
City Budget Office

FROM: Michael Jordan, Director
Bureau of Environmental Services

SUBJECT: FY 2020-21 Spring Budget Monitoring Report

Since the beginning of the COVID emergency, BES has limited non-essential spending by narrowing our focus to critical infrastructure needs, regulatory compliance, implementation of the bureau's transition plan, and building bureau-wide equity literacy and tools. Although the full fiscal impact of the pandemic is yet to be fully known, the bureau is positioned to manage our way through with minimal impact to rate payers. As a result, BES is submitting minimal changes to the budget for this Spring budget monitoring effort.

Enclosed is the Bureau of Environmental Services Budget Monitoring Report for the Spring of FY 2020-21. This submittal includes the following:

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

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 \$417,440 are requested to true-up current grant delivery expectations and are supported by additional grant revenues.

Fund-Level Adjustments - These adjustments reflect the true-up of budget amounts related to the Sewer System Revenue Bonds, 2020 Series A issued in November 2020. Early in the COVID pandemic, amid market uncertainty, BES developed a budget that assumed the 2020 issue would be split into two separate issues. As BES and the City's Debt Management evaluated the market leading up to the sale of bonds, it was determined that the strategy to split the issuance into two separate issues would ultimately be more costly than a single issue. As a result, BES borrowed the full authorization and is now aligning the budget to reflect the pre-COVID plan.

Technical Adjustments - This package includes CIP adjustments moving \$8.2 million from Capital Outlay to External Materials and Services line items to align capital expenditures with current expectations. This is an annual true-up done in the Spring as we learn more about the projects in the bureau's CIP. This package additionally reflects net zero changes aligning various 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: 11693 -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:

- Movement of CIP dollars (\$8.2 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.
- Due to increased personnel costs (\$37,000) for testing work and the need to purchase a gas meter (\$12,300) to measure landfill gasses, the bureau is requesting an increase in personnel services and capital equipment budget in the Environmental Remediation Fund. The increase is offset by reductions to the utility license fee charges due to lower revenues.
- Movement of existing Community Opportunity Enhancement Program (COEP) budget allocation (\$500K) from capital outlay to internal materials and services where the charges will occur. This technical adjustment also increases the budget by \$615K to support additional funding of the COEP expected due to revised estimates of projected eligible construction contracts. The increase will be offset by reducing capital outlay and will bring the total estimated BES support of the COEP to \$1.15 million.
- Various other technical adjustments to realign budget to the correct cost centers and accounts where expenditures have already or are expected to occur.

Equity Impacts

The Bureau's increase to COEP supports greater equity in public contracting by providing technical assistance in the recruitment, training, and retention of a diverse regional workforce. Otherwise, the equity impacts associated with this package are consistent with those identified for the adopted budget.

Account Name	2020-21 SPRING Requested Adj
Expense Capital Outlay	-8,027,758
External Materials and Services	6,859,017
Internal Materials and Services	1,131,741
Personnel	37,000
Expense Sum:	0

ES - Bureau of Environmental Services DP Type Contingency

Request Name: 11698 -Fund Level Adjustments

Package Description

The adjustments contained in this package reflect the true-up of budget amounts related to the Sewer System Revenue Bonds, 2020 Series A issued in November 2020.

Service Impacts

Early in the COVID pandemic, amid market uncertainty, BES developed a budget that assumed the 2020 issue would be split into two separate issues. As BES and the City's Debt Management evaluated the market leading up to the sale of bonds, it was determined that the strategy to split the issuance into two separate issues would ultimately be more costly than a single issue. As a result, BES is requesting an additional \$122.8 million to reflect the revised borrowing amount. Of that amount, approximately \$0.9 million will be allocated to additional cost of issuance supporting the larger issuance and the remaining \$121.9 million will be deposited to contingency in the Construction Fund for future capital improvement projects.

Equity Impacts

The adjustments contained within this decision package maintain core programs and equity considerations within and surrounding the bureau's capital program.

Account Name	2020-21 SPRING Requested Adj
Expense	121,875,548
Contingency	121,875,548
Debt Service	900,000
Expense	Sum: 122,775,548

Account Name	2020-21 SPRING Requested Adj
Revenue	122,775,548
Bond & Note Proceeds	122,775,548
Revenue	Sum: 122,775,548

ES - Bureau of Environmental Services DP Type New Revenue

Request Name: 11699 -Grant Adjustments

Package Description

The following adjustments reflect changes to BES grants and aligns the budget to current estimates. The associated expenses totaling \$417,440 are offset with the same amount of grant revenues in the Grants Fund. For work that was already budgeted within BES pending receipt of grant revenues, an offset is made to increase contingency in the Sewer Operating Fund.

Service Impacts

\$45,000 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, offset by additional grant revenues. The reduction in Sewer Operating Fund capital outlay will be balanced with an increase to contingency in that fund.

\$95,000 EPA Brownfield Grant – ES00049 This grant relies on partners willing to conduct Brownfield Clean Up actions. Additional funds are needed to cover unexpected P&D interagency charges.

\$9,940 FEMA COVID 2020 – MF00010 BES charges directly to this OMF grant that covers expenses related to COVID. Additional personal service costs are anticipated, and the budget is adjusted accordingly.

\$4,500 EARTHQUAKE READY Grant – TR000281 Additional budget is needed to cover allowable expenses charged directly to PBOT for higher than expected personal services costs.

\$208,000 POWELL-DIVISION Grant - TR000284 Additional budget is needed to cover allowable expenses charged directly to PBOT under BES project E10931.

\$55,000 SW Corridor Light Rail Extension Grant - TR000300 Additional budget is needed to cover allowable expenses charged directly to PBOT under BES project E11321.

Equity Impacts

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

Account Name	2020-21 SPRING Requested Adj
Expense Capital Outlay	-251,063
Contingency	417,440
External Materials and Services	65,000
Internal Materials and Services	223,000
Personnel	-36,937
Expense Sum:	417,440

Account Name	2020-21 SPRING Requested Adj
Revenue Intergovernmental	417,440
Revenue Sum:	417,440



**BUSINESS AREA PROJECT REPORT -
FUND SEPARATED**



Business Area Projection Report

Bureau of Environmental Services - Fund 600

Major Object	2020-21 SPRING Requested Total	2020-21 February Actuals YTD	2020-21 SPRING Projection	% Projected Actuals to Requested Total
Capital Outlay	\$115,838,912	\$29,729,718	\$81,730,000	71%
Contingency	\$90,659,269	\$0	\$83,824,944	92%
Debt Service	\$4,152,797	\$325,698	\$4,150,000	100%
Debt Service Reserves	\$180,000	\$0	\$180,000	100%
External Materials and Services	\$99,717,555	\$48,312,139	\$95,090,000	95%
Fund Transfers - Expense	\$218,991,067	\$79,356,574	\$217,390,000	99%
Internal Materials and Services	\$53,028,688	\$28,219,986	\$45,620,000	86%
Personnel	\$88,350,340	\$54,241,545	\$82,735,000	94%
Sum:	\$670,918,628	\$240,185,660	\$610,719,944	91%

Major Object	2020-21 SPRING Requested Total	2020-21 February Actuals YTD	2020-21 SPRING Projection	% Projected Actuals to Requested Total
Beginning Fund Balance	\$96,954,944	\$0	\$96,744,944	100%
Charges for Services	\$357,128,038	\$206,584,698	\$358,160,000	100%
Fund Transfers - Revenue	\$209,083,000	\$61,131,387	\$151,050,000	72%
Interagency Revenue	\$1,809,646	\$794,799	\$1,420,000	78%
Intergovernmental	\$220,000	\$191,254	\$235,000	107%
Licenses & Permits	\$1,345,000	\$1,314,069	\$1,825,000	136%
Miscellaneous	\$4,378,000	\$836,036	\$1,285,000	29%
Sum:	\$670,918,628	\$270,852,243	\$610,719,944	91%

Revenue Discussion

Business Area Projection Report

Total revenues of \$610.7 million are projected to be 91% of the Spring BMP revised budget, with the largest funding category, charges for services, projected to be \$358.2 million (100% of revised budget). The major source of funding within this category are residential and commercial retail rate revenues with projected year-end total of \$338.5 million, or 100% of budget, based on a projection of existing revenues through February using historical daily billing trends and adjustments for the impacts of the COVID pandemic. The next largest source within charges for services are Systems Development Charges (SDCs), with a projected total of \$10.9 million (88%), which is made up of \$10.2 million of cash receipts and \$700,000 (66%) of non-cash liens receivables. The remaining \$8.7 million is split between wholesale contract revenues (\$4.5 million, 102%) for service provided to adjacent jurisdictions whose flow is treated by Portland, public works permit project reimbursements (\$1.7 million, 665%; these revenues are highly variable depending on the projects under construction by developers and PBOT's processing of reimbursements) and other various fees, rents, inspections, etc., totaling \$2.6 million (127%). No Spring BMP requests are included within this category.

The next largest funding source in our projection is fund transfers – revenues of \$151.1 million (72%), of which \$150.9 million is from the Sewer Construction Fund to reimburse for direct CIP expenditures (\$125.8 million, 74%), bureau overhead allocated to CIP projects (\$12.7 million, 74%), and an estimate of \$12.4 million (100%) to fund BES' share of the Portland Building Renovation Project. No Spring BMP requests are included within this category.

License and permits are projected to be \$1.8 million (136%) as development permit revenues have not declined as much as estimated and have nearly reached budget amounts through February.

Interagency revenues are currently projected to be \$1.4 million on a budget of \$1.8 million (78%), as requests for Material Testing, Water Quality Laboratory, and Coordinated Site Assessment services are all running behind budgeted amounts.

Finally, miscellaneous revenues, which includes gas sales, interest earnings, lien interest payments, surplus equipment sales and various other miscellaneous items, are projected to be \$1.2 million (29% of \$4.4 million budget.) This is due entirely to the delay in the sale of Renewable Compressed Natural Gas (RCNG, \$3.3 million budgeted) through the completed intertie to NW Natural Gas, as the project was delayed after a November pipe pressure failure in the gas cleaning process equipment.

Revenue Risks

The biggest risk to this revenue forecast is the impact of the COVID pandemic on the economy, as commercial rate revenues have been heavily impacted. Although the forecast does not specifically predict movement of the economy due to the pandemic, any significant change in closures and other state-mandated policies would have an impact in sewer service billings and collections, as well as development-related income.

Expenditure Discussion

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. Total expenditures of \$610.7 million are forecasted to be 91% of the revised budget of \$670.9. Within this amount, total CIP expenditures are projected to be approximately 77% of revised budget (\$130.0 million out of \$169.3 million), and operating expenditures (excluding cash transfers and contingency) are projected to be 93% of revised budget (\$179.2 out of \$192.2 million.)

Capital outlay is projected to be about 70% of revised budget after Spring BMP adjustments, due mostly to delays in CIP projects causing lower than anticipated construction costs (-\$34.4 million, 65%). But delayed vehicle replacements (-\$2.3 million, 57%) occur in the operating program as the purchase process often takes over a year between the bureau's request and actual delivery upon when Fleet charges the bureau, especially on larger specialized purchases, resulting in having budget for new purchases not likely to be received and to re-budget prior year's orders which hadn't been received. Within the CIP, the following projects account for the majority of under budget spending:

E07947 – CBWTP Secondary Treatment Expansion Program (STEP) (under budget approximately \$6 million): lack of available staff has slowed design and pushed out construction thus far but is expected to quicken its pace within the remaining months.

E10939 – SW Capital Hwy Stormwater Improvements (under budget by approximately \$4.9 million): late change in contract format from Construction Management/General Contractor to Design/Bid/Build has pushed out construction.

E08656 – Beech-Essex CP-J (under budget approximately \$3.7 million): construction was delayed to accommodate higher priority/urgent projects.

E08748 – Party Sewers Shell (under budget by approximately \$3.2 million): major construction delayed due to complicated utility conflicts and personnel delays due to COVID.

E10563 – Columbia Slough Outfalls (under budget approximately \$2.8 million): construction on selected sites delayed to accommodate higher priority/urgent projects.

E10804 – CBWTP Organic Waste Receiving Facility (under budget by approximately \$2.1 million): design review required significant revisions resulting in delayed construction.

E10583 – Balch Creek Trash Rack Retrofit (under budget by approximately \$1.7 million): design consultant delays led to delayed bid opening and construction start.

Business Area Projection Report

E11099 – SW Terwilliger @ Northgate Pipe Repair (under budget by approximately \$1.7 million): project solution modified, and construction delayed to accommodate higher priority/urgent projects.

E10491 – Sewer Extension, Septic Systems with High Failure Risk (under budget by approximately \$1.6 million): program has shifted to prioritize emergency work over proactive extensions in unserved areas.

E10649 – Digester Gas Combustion System Replacement (under budget by approximately \$1.3 million): negotiations with consultants took much longer than anticipated and delayed construction.

E10486 – Watershed Land Acquisition Program (under budget by approximately \$1.1 million): no acquisitions anticipated for the year.

Based on current expenditure patterns, personal services are projected to be \$82.7 million (94% of budget after Spring BMP adjustments), reflecting approximately 8% average vacancy (on a dollar basis, rather than a position basis) throughout the year. Some of the vacancy savings are offset by increased overtime, premium pay, and wage-driven benefits and taxes.

External materials and services are projected to be \$95.1 million, which exceeded revised budget of \$99.7. This BMP includes net additional appropriation of \$7.1 million within the CIP (equally offset by reductions to capital outlay and professional services.) The largest of these adjustments (\$3.8 million) is in the E11328 OCIP Phase VI project as premiums have increased dramatically over the last 18 months as the insurance market reacts to increased losses (wildfires, hurricanes, tornados, etc.) and the uncertainty of the current economy.

Internal materials and services are projected to be \$45.6 million (88% of revised budget), with \$4.1 million of the \$6.3 million under-expenditure within the CIP, the largest being projected in survey services (-\$1.4 million, 44%), construction services (-\$1.2 million, 48%), sewer repair services (-\$791,000, 21%) and BES bureau services (-\$641,000, 60%). Within the operating program, various charges from PBOT for sewer and storm maintenance services are projected to be \$2.8 million under budget (88%).

Fund transfers – expense is projected to be \$217.4 million (99% of revised budget), which consists of \$165.4 million (99%) transferred to the Debt Redemption Fund to pay debt service on the bureau's approximately \$1.32 billion of outstanding revenue bonds, and \$45.0 million to the Construction Fund which, with remaining proceeds from the Fall 2020 bond sale, will fund CIP projects until the next bond sale in the early mid-2022. Another \$6.4 million goes to the General Fund for city overhead services, and the remaining \$560,000 pays a portion of the bureau's debt service on Pension Obligation Bonds (POBs).

Debt service expenditures of \$4.15 million in the Operating Fund represent direct principal and interest payments on the bureau's remaining portion of POBs.

Finally, the result of all projected revenues and expenditures equals fund contingency (i.e. estimated ending fund balance), which is projected to finish the year at \$83.8 million (93%.) This amount consists primarily of accumulated receivables, year-end billing and other accruals totaling \$72.9 million.

Expenditure Risks

The largest expenditure risk is within the operating program if current projections, using 5-year historical trends, prove not to be the expenditure pattern that occurs this fiscal year. If a larger percentage of expenditures occur in the remaining four months than projected, and revenues do not match, then the bureau would have to reduce its year-end transfer to the Construction Fund to maintain adequate cash and fund balance going into the next fiscal year. This risk doesn't exist regarding the CIP, which is reimbursed every month from the Construction Fund from bond proceeds and accumulated non-bond cash and thus doesn't impact net operating results.

Other Notes

Business Area Projection Report

Bureau of Environmental Services - Fund 608

Major Object	2020-21 SPRING Requested Total	2020-21 March Actuals YTD	2020-21 SPRING Projection	% Projected Actuals to Requested Total
Capital Outlay	\$12,300	\$12,299	\$12,299	100%
Contingency	\$5,277,124	\$0	\$6,944,586	132%
Debt Service	\$1,844	\$130	\$1,844	100%
External Materials and Services	\$9,905,593	\$1,605,061	\$5,285,000	53%
Fund Transfers - Expense	\$1,371,180	\$1,353,736	\$1,371,180	100%
Internal Materials and Services	\$1,370,501	\$847,844	\$1,290,000	94%
Personnel	\$669,169	\$440,483	\$665,000	99%
Sum:	\$18,607,711	\$4,259,553	\$15,569,909	84%

Major Object	2020-21 SPRING Requested Total	2020-21 March Actuals YTD	2020-21 SPRING Projection	% Projected Actuals to Requested Total
Beginning Fund Balance	\$5,859,409	\$0	\$5,754,409	98%
Charges for Services	\$7,274,650	\$4,132,958	\$6,300,000	87%
Fund Transfers - Revenue	\$4,965,000	\$0	\$3,000,000	60%
Interagency Revenue	\$458,152	\$0	\$458,000	100%
Miscellaneous	\$50,500	\$34,417	\$57,500	114%
Sum:	\$18,607,711	\$4,167,375	\$15,569,909	84%

Revenue Discussion

Charges for service revenues are projected to be \$6.3 million, or 87% of budget, as Portland Harbor Superfund charges on the sewer bills are projected to be \$5.7 million, or 85% of budget. These charges are projected to be up \$1.1 million from last year after a rate increase this year, but the impact of the COVID pandemic has proven to offset slightly less than half of this increase.

Fund transfers – revenue represent reimbursements from the Portland Harbor Citywide Obligation Reserve Fund for certain tasks performed on behalf of other City bureaus and Portland Prosper, but those tasks are not proceeding as quickly as anticipated in the budget resulting in the cash transfer projected to be 60% of budget.

Miscellaneous revenues are projected to be 114% of budget (+7,000) due to higher interest earnings on higher balances from lower expenditures.

Revenue Risks

Any change in the economy due to COVID restrictions will likely impact actual Portland Harbor Superfund charge revenues. Also, the reimbursement cash transfer from the Citywide Obligation Reserve Fund will be directly affected by how much of these citywide expenditures occur.

Expenditure Discussion

Personnel services are projected to be within 10% of revised budget after a \$37,000 budget increase to cover projected expenditures. The increase is offset by reductions in the utility license fees which will be underspent due to lower revenues.

External materials and services are projected to be \$5.3 million, 53% of the \$9.9 million revised budget. Of this projected amount, \$3.0 million (60%) is projected to be within the Citywide Obligations portion of the Portland Harbor program, \$2.0 million (43%) is throughout the Portland Harbor program as the program awaits EPA decisions regarding liability determination and plans for moving forward. Finally, the remaining \$0.3 million is for payment of utility license fees on the Portland Harbor Superfund charges and utilities at the Guilds Lake site (99%.)

The net projection for contingency/ending fund balance is \$6.9 million, 132% of the revised budget of \$5.3 million. The difference will factor into the Portland Harbor Superfund charge calculations for FY 2021-22.

All other major object codes are expected to be within the 10% threshold.

Business Area Projection Report

Expenditure Risks

The primary risk is the timing of projected expenditures and when they will materialize. Much of the external materials and services costs are not uniform across the year, but tend to be large payments at indeterminate intervals during the year, and which are dependent on external decisions and actions outside of the bureau's control.

Other Notes

Business Area Projection Report

Bureau of Environmental Services - Fund 609

Major Object	2020-21 SPRING Requested Total	2020-21 March Actuals YTD	2020-21 SPRING Projection	% Projected Actuals to Requested Total
Debt Service	\$167,272,140	\$74,789,134	\$165,944,500	99%
Debt Service Reserves	\$39,128,228	\$0	\$41,182,590	105%
Sum:	\$206,400,368	\$74,789,134	\$207,127,090	100%

Major Object	2020-21 SPRING Requested Total	2020-21 March Actuals YTD	2020-21 SPRING Projection	% Projected Actuals to Requested Total
Beginning Fund Balance	\$34,050,368	\$0	\$34,050,368	100%
Bond & Note Proceeds	\$5,000,000	\$7,226,722	\$7,226,722	145%
Fund Transfers - Revenue	\$167,000,000	\$74,789,134	\$165,400,000	99%
Miscellaneous	\$350,000	\$294,321	\$450,000	129%
Sum:	\$206,400,368	\$82,310,177	\$207,127,090	100%

Revenue Discussion

Bond and note proceeds revenues are projected to be \$7.2 mil (145%) as a result of a larger sale of the 2020 Series A bonds last fall to secure very favorable interest rates, which resulted in a larger cash reserve requirement than previously budgeted. As such, miscellaneous revenues are also projected to be 129% of current revised budget from interest earnings on the additional cash balances.

Revenue Risks

Little risk exists for any revenues other than interest earnings and the projection of the City's earnings rates through the end of the fiscal year.

Expenditure Discussion

Debt service expenditures of \$165.9 million are projected at 99% of budget due to favorable rates last Fall. The fund also holds required debt service reserves of \$38.2 million, after funding the reserve from the sale of the 2020 Series A bonds, and general ending fund balance of \$3.0 million, which consists of accrued interest earnings and expenses.

Expenditure Risks

There is no risk to the expenditures as the debt service schedules are fixed until the next bond issue in FY2022-23.

Other Notes

Business Area Projection Report

Bureau of Environmental Services - Fund 614

Major Object	2020-21 SPRING Requested Total	2020-21 March Actuals YTD	2020-21 SPRING Projection	% Projected Actuals to Requested Total
Contingency	\$156,593,701	\$0	\$205,493,991	131%
Debt Service	\$2,150,000	\$2,107,710	\$2,107,710	98%
External Materials and Services	\$50,000	(\$602,107)	(\$550,000)	-1,100%
Fund Transfers - Expense	\$198,883,000	\$61,131,387	\$150,875,000	76%
Sum:	\$357,676,701	\$62,636,990	\$357,926,701	100%

Major Object	2020-21 SPRING Requested Total	2020-21 March Actuals YTD	2020-21 SPRING Projection	% Projected Actuals to Requested Total
Beginning Fund Balance	\$48,051,153	\$0	\$48,051,153	100%
Bond & Note Proceeds	\$262,775,548	\$262,775,548	\$262,775,548	100%
Charges for Services	\$350,000	\$300,235	\$500,000	143%
Fund Transfers - Revenue	\$45,000,000	\$0	\$45,000,000	100%
Miscellaneous	\$1,500,000	\$794,585	\$1,600,000	107%
Sum:	\$357,676,701	\$263,870,367	\$357,926,701	100%

Revenue Discussion

The only major object code outside of the 10% reporting limits is charges for services, as line and branch charges are projected to be \$500,000, or 143% of the revised budget. The budget was cut in half this year as an estimate of the pandemic's impact on the development economy but have not decreased as much as originally estimated.

Revenue Risks

The primary risk to revenues is if the Sewer Operating Fund performs much worse than projected, thus not able to send the full amount of cash contribution towards future capital improvement funding. If that occurs, it would likely require selling the next bonds a month or two earlier than otherwise but would not have a material impact on the future financial forecast. Very little risk exists for any revenues, other than interest earnings and the projection of the City's earnings rates through the end of the fiscal year.

Expenditure Discussion

Fund transfers – expense are the main expenditure of the fund and are expected to be 76% of the revised budget, reflecting the projection of direct CIP project reimbursement (\$138.2 million, including the bureau's remaining portion of the Portland Building project of \$12.4 million) and allocated project overhead charges (\$12.7 million.)

External materials and services expenditures will be negative \$550,000 (-1,100%) as a result of a refund from early-2000's era of Owner Controlled Insurance Program collateral funds. The City's Central Accounting office determined that the refund should be recorded as a negative expense rather than as a revenue.

Contingency is projected to be \$205.5 million (131% of the Revised Budget) due to reduced CIP reimbursements to the Sewer Operating Fund.

Expenditure Risks

The largest risk is within CIP reimbursement transfers, which are dependent upon the progression of CIP projects in the Sewer Operating Fund. Additional reimbursements could potentially move up the timing of the next bond issue, while fewer reimbursements would delay the next bond sale by a few months.

Other Notes

Business Area Projection Report

Bureau of Environmental Services - Fund 617

Major Object	2020-21 SPRING Requested Total	2020-21 March Actuals YTD	2020-21 SPRING Projection	% Projected Actuals to Requested Total
Contingency	\$115,899,167	\$0	\$125,949,167	109%
Fund Transfers - Expense	\$10,000,000	\$0	\$0	
Sum:	\$125,899,167	\$0	\$125,949,167	100%

Major Object	2020-21 SPRING Requested Total	2020-21 March Actuals YTD	2020-21 SPRING Projection	% Projected Actuals to Requested Total
Beginning Fund Balance	\$124,899,167	\$0	\$124,899,167	100%
Miscellaneous	\$1,000,000	\$756,421	\$1,050,000	105%
Sum:	\$125,899,167	\$756,421	\$125,949,167	100%

Revenue Discussion

All revenues are projected to be within the 10% reporting guidelines.

Revenue Risks

Very little risk exists for any revenues other than interest earnings and the projection of the City's earnings rates through the end of the fiscal year.

Expenditure Discussion

Funds transfer – expense is expected to not be needed this year, as the projection of revenues, expenses, fund/cash balances and coverage within the Sewer Operating Fund appears to be sufficient. As such, contingency/projected ending fund balance will increase from the Beginning Fund Balance by the amount of interest earnings.

Expenditure Risks

The primary risk to this fund is with changes in the Sewer Operating Fund requiring the infusion of cash to maintain coverage or provide cashflow.

Other Notes

Business Area Projection Report

Bureau of Environmental Services - Fund 217

Major Object	2020-21 SPRING Requested Total	2020-21 March Actuals YTD	2020-21 SPRING Projection	% Projected Actuals to Requested Total
Capital Outlay	\$650,000	\$650,000	\$650,000	100%
External Materials and Services	\$157,000	\$74,201	\$157,000	100%
Internal Materials and Services	\$248,000	\$164,581	\$248,000	100%
Personnel	\$129,440	\$84,112	\$129,440	100%
Sum:	\$1,184,440	\$972,894	\$1,184,440	100%

Major Object	2020-21 SPRING Requested Total	2020-21 March Actuals YTD	2020-21 SPRING Projection	% Projected Actuals to Requested Total
Intergovernmental	\$1,184,440	\$920,280	\$1,184,440	100%
Miscellaneous	\$0	(\$200)	\$0	
Sum:	\$1,184,440	\$920,080	\$1,184,440	100%

Revenue Discussion

All revenues are projected to be within the 10% reporting guidelines.

Revenue Risks

The risk that exists for revenues depends on whether grant reimbursement requests are created within the accounting deadlines to close the fiscal year, and whether projections by project managers of allowable expenses are reasonably accurate.

Expenditure Discussion

All expenditures are projected to be within the 10% reporting guidelines.

Expenditure Risks

Spring BMP adjustments made are based on projections made by project managers as to progress of work yet to be completed. The greatest risk is whether these projections are accurate or high enough to cover all possible expenditures, otherwise the fund could be in an over-expenditure situation at year-end.

Other Notes



CAPITAL PROGRAM STATUS REPORT



Capital Program Status Report

Bureau of Environmental Services

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 SPRING Requested Total	2020-21 February Actuals YTD	Spring Req. to Adopted Variance	Spring Req. to Adopted % Variance
Citywide Projects	0	0	0	0		500,000	1,115,000	0	615,000	
Collection System Pumping	10,360,000	10,710,000	6,465,337	-4,244,663	60.37%	11,015,000	11,015,000	5,279,973	0	0%
Maintenance and Reliability	0	0	1,177,619	1,177,619		0	0	0	0	
Non-process Property and Facilities	1,200,000	1,450,000	427,095	-1,022,905	29.45%	1,500,000	1,500,000	87,625	0	0%
Restoration and Remediation	5,916,000	9,841,000	7,683,502	-2,157,498	78.08%	10,828,000	10,824,000	5,389,685	-4,000	-0.04%
Sanitary and Combined Collection System	66,878,000	67,205,245	53,759,026	-13,446,219	79.99%	64,596,000	64,388,000	29,666,284	-208,000	-0.32%
Sewage Treatment Systems	0	300,000	389,194	89,194	129.73%	0	0	0	0	
Stormwater Management	10,365,000	10,365,000	5,082,114	-5,282,886	49.03%	21,437,532	21,645,532	2,653,503	208,000	0.96%
Support	37,852,980	38,102,980	2,636,959	-35,466,021	6.92%	1,450,000	5,250,000	3,735,849	3,800,000	72.38%
Surface Water Management	250,000	250,000	135,170	-114,830	54.07%	0	0	0	0	
Systems Development	0	0	747,721	747,721		0	0	0	0	
Wastewater Resource Recovery	44,754,000	40,251,755	31,294,021	-8,957,734	77.75%	59,218,000	54,803,000	16,195,361	-4,415,000	-8.06%

Capital Program Status Report

Sum:	177,575,980	178,475,980	109,797,757	-68,678,223	-38.48%	170,544,532	170,540,532	63,008,280	-4,000
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Current Year Variance Description

The bureau transitioned to a new collection of seven CIP programs to align with its new organization structure and converted most existing projects to these new programs. A few projects close to completion were not changed and thus appear under the previous four programs. The explanations below are based on the Bureau's FY 2020-21 expenditure data and describe the primary variances impacting BES CIP spending.

Citywide Projects

EZ0011 Community Opportunities and Enhancements Program: while no expenditures have occurred yet, it is projected to be charged up to \$1.1 million later this spring, for which there is a Spring BMP adjustment.

Collection System Pumping

E10887 Inverness Pump Station 24-inch Pressure Line Rehab (under budget by \$0.3 million): project is being modified to include additional inspections.

Non-Process Property and Facilities

E11159 CBWTP Willamette Bldg & W. Columbia Acquisition (under budget by \$0.8 million): project has been deprioritized to accommodate higher priority/urgent projects.

E10594 Capital Maintenance, Non-Process Facilities (under budget by \$0.3 million): project has been deprioritized to accommodate higher priority/urgent projects.

Restoration and Remediation

E08782 Watershed Investment Program (under budget \$1.4M): no properties acquisitions anticipated for this fiscal year.

Sanitary and Combined Collection System

E08656 Beech-Essex CP-J (under budget \$5.0M): construction phase pushed out to better align with higher priority/urgent projects.

E08748 Party Sewers (under budget \$3.4M): major construction delayed due to complicated utility conflicts and personnel delays related to COVID.

E11099 SW Terwilliger @ Northgate Pipe Repair (under budget \$2.5M): project solution modified, as well as pushing out design and construction to better align with higher priority/urgent projects.

E10491 Sewer Extension Septic Systems with High Failure Risk (under budget \$1.7M): program shifted to prioritize emergency work over proactive extensions in unserved areas.

E10696 NW Thurman St. Sewer Reconstruction (under budget \$1.1M): delays in procurement have pushed out construction.

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E10900 Oak Basin A – Sandy Blvd. Trunk (under budget \$1.1M): construction phase pushed out to better align with higher priority/urgent projects.

E10369 Ladd's Addition South Reconstruction/Green Street (under budget \$1.0M): work accelerated in FY20 to allow coordination with PBOT project in same work zone and lack of traffic due to pandemic.

Stormwater Management

E10939 SW Capital Highway Stormwater Improvements (under budget \$5.2M): late change in construction contract (GM/GC to Design/Bid/Build) has pushed out construction.

E10563 Columbia Slough Outfalls (under budget \$3.1M): project put on hold to accommodate other urgent projects, particularly CBWTP Secondary Treatment Expansion; anticipate restarting in FY 2023-24 or FY 2024-25.

E10583 Balch Creek Trash Rack Retrofit (under budget \$1.9M): design consultant delays pushed out bid opening and construction.

E10917 Errol Heights Stormwater LID (under budget \$1.3M): construction delayed due to required design modifications, construction scheduled next year.

Support

E11328 OCIP Phase VI (over budget \$3.8 million): premiums have increased dramatically over the last 18 months as the insurance market reacts to increased losses (wildfires, hurricanes, tornados, etc.) and the uncertainty of the current economy. Spring BMP adjustment of \$3.8 million will bring budget up to actuals.

Wastewater Resource Recovery

E07947 CBWTP Secondary Treatment Expansion Program (under budget \$7.0M): delays in permitting and subcontractor progress have postponed construction schedule.

E10804 CBWTP Organic Waste Receiving Facility (under budget \$2.4M): design review requiring significant revisions has led to delayed construction date.

E10649 Digester Gas Combustion System Replacement (under budget \$1.4M): negotiations with consultants took much longer than anticipated and pushed out construction.

E04891 Rehab, Repair and Modifications (under budget \$1.0M): lack of available staff has slowed design and pushed out construction.

Other Notes

