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Date: March 25, 2021
To: Jessica Kinard, City Budget Office
From: Gabriel Solmer, Director 
Subject: Executive Summary for the FY 2020-21 Spring BMP

Enclosed is the Portland Water Bureau's FY 2020-21 Spring BMP Report that includes the status of the funds.

Spring BMP guidance states that the Mayor continues to advise bureaus to limit non-essential spending. The Water Bureau has been diligent in limiting spending in two primary areas: travel and training; and vacancy recruitments. Non-essential travel has 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. The bureau has also implemented a process for requests to fill vacancies, which includes evaluating the position and duties, and the urgency and need of the position being requested. Many of the current vacancies will continue to be held vacant into the next fiscal year as necessary to offset water sales short falls. Capital projects and construction activities continue to proceed as scheduled while practicing social distancing.

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

Water Funds:

- Technical Adjustments
 - Adjust the Water and Hydro Division's beginning fund balances to be consistent with the City's FY 2019-20 ending fund balances.
 - Adjust the CIP by \$45.1 million based on projected spending through the end of the fiscal year, including major reductions in Willamette River Crossing and Bull Run Filtration projects.
 - Decrease interagency with Bureau of Development Services by \$1,588 for decreased rental rate at the 1900 Building.
 - Move several interagency budgeted amounts to be consistent with the location of cost settlement. These transactions have no budget impact.
- True Up Adjustments
 - Adjust cash transfers between Water Division funds for additional capital revenues.
- Grant Adjustments
 - Adjust revenues and expenses for Division Transit Project grants.

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)

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WA - Portland Water Bureau

DP Type

Technical Adjustments

Request Name: 11636 -Technical Adjustments

Package Description

- Adjust the Water and Hydro Division's beginning fund balances to be consistent with the City's FY 2019-20 ending fund balances.
- Decrease interagency with Bureau of Development Services by \$1,588 for decreased rental rate at the 1900 Building.
- Move several interagency budgeted amounts to be consistent with the location of cost settlement. These transactions have no budget impact.

Service Impacts

N/A

Equity Impacts

N/A

Account Name	2020-21 SPRING Requested Adj
Expense	
Contingency	27,066,730
Ending Fund Balance	2,680,035
Fund Transfers - Expense	2,510,000
Internal Materials and Services	-1,588
Expense	Sum: 32,255,177

Account Name	2020-21 SPRING Requested Adj
Revenue	
Beginning Fund Balance	29,745,177
Fund Transfers - Revenue	2,510,000
Revenue	Sum: 32,255,177

WA - Portland Water Bureau

DP Type

Technical Adjustments

Request Name: 11650 -CIP Adjustments

Package Description

Adjust the CIP by \$45.1 million based on projected spending through the end of the fiscal year, including major reductions in Willamette River Crossing and Bull Run Filtration projects.

Budget revenue and expense for Division Transit Project grant, #TR000284 for \$587,000.

Service Impacts

N/A

Equity Impacts

N/A

Account Name		2020-21 SPRING Requested Adj
Expense	Capital Outlay	-39,900,000
	Contingency	45,143,911
	External Materials and Services	-5,393,911
	Internal Materials and Services	537,000
	Personnel	200,000
Expense	Sum:	587,000

Account Name		2020-21 SPRING Requested Adj
Revenue	Intergovernmental	587,000
Revenue	Sum:	587,000

Business Area Projection Report

Portland Water Bureau - Fund 217

Major Object	2020-21 SPRING Requested Total	2020-21 February Actuals YTD	2020-21 SPRING Projection	% Projected Actuals to Requested Total
External Materials and Services	\$95,000	\$82,976	\$95,000	100%
Internal Materials and Services	\$292,000	\$220,856	\$292,000	100%
Personnel	\$200,000	\$150,891	\$200,000	100%
Sum:	\$587,000	\$454,723	\$587,000	100%

Major Object	2020-21 SPRING Requested Total	2020-21 February Actuals YTD	2020-21 SPRING Projection	% Projected Actuals to Requested Total
Intergovernmental	\$587,000	\$426,385	\$587,000	100%
Sum:	\$587,000	\$426,385	\$587,000	100%

Revenue Discussion

Budget projected revenue for Division Transit Project grant, #TR000284.

Revenue Risks

None

Expenditure Discussion

Budget projected expense for Division Transit Project grant, #TR000284.

Expenditure Risks

None

Other Notes

None

Business Area Projection Report

Portland Water Bureau - Fund 601

Major Object	2020-21 SPRING Requested Total	2020-21 February Actuals YTD	2020-21 SPRING Projection	% Projected Actuals to Requested Total
Contingency	\$1,361,678	\$0	\$1,111,447	82%
Debt Service	\$31,487	\$2,213	\$31,487	100%
External Materials and Services	\$2,204,842	\$1,198,325	\$2,100,000	95%
Fund Transfers - Expense	\$77,999	\$51,286	\$77,999	100%
Internal Materials and Services	\$214,656	\$118,165	\$195,000	91%
Personnel	\$361,022	\$213,377	\$320,000	89%
Sum:	\$4,251,684	\$1,583,367	\$3,835,933	90%

Major Object	2020-21 SPRING Requested Total	2020-21 February Actuals YTD	2020-21 SPRING Projection	% Projected Actuals to Requested Total
Beginning Fund Balance	\$1,002,433	\$0	\$1,002,433	100%
Interagency Revenue	\$175,000	\$117,033	\$175,000	100%
Miscellaneous	\$3,074,251	\$1,094,449	\$2,658,500	86%
Sum:	\$4,251,684	\$1,211,482	\$3,835,933	90%

Revenue Discussion

Miscellaneous: The \$0.4 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.

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	2020-21 SPRING Requested Total	2020-21 February Actuals YTD	2020-21 SPRING Projection	% Projected Actuals to Requested Total
Capital Outlay	\$83,274,992	\$35,873,280	\$78,392,992	94%
Contingency	\$194,046,384	\$0	\$146,761,486	76%
Debt Service	\$5,032,737	\$567,355	\$5,032,737	100%
External Materials and Services	\$41,704,128	\$19,996,055	\$36,955,864	89%
Fund Transfers - Expense	\$119,205,443	\$59,239,951	\$115,553,745	97%
Internal Materials and Services	\$24,165,948	\$14,593,086	\$22,858,773	95%
Personnel	\$84,759,177	\$51,053,486	\$79,839,847	94%
Sum:	\$552,188,809	\$181,323,214	\$485,395,444	88%

Major Object	2020-21 SPRING Requested Total	2020-21 February Actuals YTD	2020-21 SPRING Projection	% Projected Actuals to Requested Total
Beginning Fund Balance	\$141,204,566	\$0	\$141,204,566	100%
Charges for Services	\$210,987,828	\$120,423,529	\$194,697,828	92%
Fund Transfers - Revenue	\$192,524,506	\$65,835,659	\$141,168,965	73%
Interagency Revenue	\$5,000,377	\$3,346,967	\$4,998,553	100%
Intergovernmental	\$526,000	\$608,686	\$610,000	116%
Miscellaneous	\$1,945,532	\$2,123,423	\$2,715,532	140%
Sum:	\$552,188,809	\$192,338,265	\$485,395,444	88%

Revenue Discussion

Fund Transfers - Revenue: The \$51.4 million decrease is primarily driven by projected capital underspend.

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

Miscellaneous: The \$0.8 million increase is primarily driven by higher than planned gains on the sale of assets.

Revenue Risks

The projection assumes \$15.7 million of lower water sales as a result of COVID-19. Further reduced demand as a result of the pandemic could result in additional losses.

Expenditure Discussion

External Materials and Services: The \$4.7 million decrease is a result of cost containment measures intended to partially offset lower water sales.

There are no other significant projected variances.

Expenditure Risks

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

Other Notes

The bureau will continue to closely monitor water sales and maintain current cost containment measures, including the management of vacant positions.

Business Area Projection Report

Portland Water Bureau - Fund 612

Major Object	2020-21 SPRING Requested Total	2020-21 February Actuals YTD	2020-21 SPRING Projection	% Projected Actuals to Requested Total
Debt Service	\$66,098,794	\$24,184,375	\$62,617,750	95%
Debt Service Reserves	\$32,127,462	\$0	\$32,127,462	100%
Ending Fund Balance	\$170,035	\$0	\$0	
Sum:	\$98,396,291	\$24,184,375	\$94,745,212	96%

Major Object	2020-21 SPRING Requested Total	2020-21 February Actuals YTD	2020-21 SPRING Projection	% Projected Actuals to Requested Total
Beginning Fund Balance	\$25,056,497	\$0	\$25,056,497	100%
Bond & Note Proceeds	\$7,241,000	\$0	\$7,241,000	100%
Fund Transfers - Revenue	\$65,899,858	\$24,184,375	\$62,178,779	94%
Miscellaneous	\$198,936	\$205,678	\$268,936	135%
Sum:	\$98,396,291	\$24,390,053	\$94,745,212	96%

Revenue Discussion

Miscellaneous: Interest Earnings are projected to be higher than budget.

Revenue Risks

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

Expenditure Discussion

There are no significant changes to plan for expenditures.

Expenditure Risks

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

Other Notes

Business Area Projection Report

Portland Water Bureau - Fund 615

Major Object	2020-21 SPRING Requested Total	2020-21 February Actuals YTD	2020-21 SPRING Projection	% Projected Actuals to Requested Total
Contingency	\$24,038,071	\$0	\$0	
Debt Service	\$0	\$0	\$0	#DIV/0
Ending Fund Balance	\$33,300,526	\$0	\$127,352,362	382%
Fund Transfers - Expense	\$192,296,030	\$65,835,659	\$140,933,265	73%
Sum:	\$249,634,627	\$65,835,659	\$268,285,627	107%

Major Object	2020-21 SPRING Requested Total	2020-21 February Actuals YTD	2020-21 SPRING Projection	% Projected Actuals to Requested Total
Beginning Fund Balance	\$87,060,003	\$0	\$87,060,003	100%
Bond & Note Proceeds	\$112,109,000	\$0	\$130,000,000	116%
Charges for Services	\$3,250,000	\$2,673,641	\$4,000,000	123%
Fund Transfers - Revenue	\$46,633,007	\$30,985,482	\$46,633,007	100%
Miscellaneous	\$582,617	\$485,185	\$592,617	102%
Sum:	\$249,634,627	\$34,144,309	\$268,285,627	107%

Revenue Discussion

Bonds & Note Proceeds - Increase of \$17.9 million in bond revenue for bond sale in May 2021.

Charges for Services: The \$0.8 million increase is driven by higher than planned System Development Charges (SDC).

Revenue Risks

SDC revenue may be less if development activity slows further in the fourth quarter of FY 2020-21.

Expenditure Discussion

Fund Transfers - Expense: The \$51.4 million decrease is primarily driven by projected capital underspend as projects shift out of FY 2020-21 and into future fiscal years.

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

Portland Water Bureau - Fund 618

Major Object	2020-21 SPRING Requested Total	2020-21 February Actuals YTD	2020-21 SPRING Projection	% Projected Actuals to Requested Total
Contingency	\$111,457	\$0	\$111,457	100%
Sum:	\$111,457	\$0	\$111,457	100%

Major Object	2020-21 SPRING Requested Total	2020-21 February Actuals YTD	2020-21 SPRING Projection	% Projected Actuals to Requested Total
Beginning Fund Balance	\$111,457	\$0	\$111,457	100%
Sum:	\$111,457	\$0	\$111,457	100%

Revenue Discussion

There is no planned activity in this fund for FY 2020-21.

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 2020-21.

Expenditure Risks

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

Other Notes

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 SPRING Requested Total	2020-21 February Actuals YTD	Spring Req. to Adopted Variance	Spring Req. to Adopted % Variance
Customer Service	100,000	100,000	0	-100,000		150,000	50,000	0	-100,000	
Distribution	77,762,175	77,762,175	38,240,573	-39,521,602	49.18%	74,708,547	40,540,000	20,216,713	-34,168,547	-84.28%
Regulatory Compliance	2,000,000	2,000,000	426,693	-1,573,307	21.33%	463,661	375,000	61,149	-88,661	-23.64%
Supply	5,074,000	5,074,000	4,827,510	-246,490	95.14%	3,970,000	5,312,000	2,469,556	1,342,000	25.26%
Support	3,366,515	3,366,515	1,145,454	-2,221,061	34.02%	3,478,000	3,396,089	1,029,564	-81,911	-2.41%
Transmission/Terminal Storage	40,273,000	40,273,000	34,526,669	-5,746,331	85.73%	47,323,513	37,373,000	19,121,586	-9,950,513	-26.62%
Treatment	14,461,000	14,461,000	14,955,356	494,356	103.42%	51,404,279	32,272,000	12,689,450	-19,132,279	-59.28%
Sum:	143,036,690	143,036,690	94,122,255	-48,914,435	-34.2%	181,498,000	119,318,089	55,588,018	-62,179,911	

Current Year Variance Description

Capital Program Status Report

Customer Service: FEMA declared disaster projects are reported here, but none were required to mitigate damage from the winter storms.

Distribution: Major reduction in current FY allocation for the Willamette River Crossing project. Additional geotechnical testing is needed before the construction of the Willamette River Crossing can begin. The combined PBOT, PWB and BES project for improvements along Capital Highway is now in the procurement phase, construction will mostly occur in FY 2021-22. The Willamette Blvd crossing project has been rescheduled for future years due to permitting issues with the railroad companies.

Regulatory Compliance: Reduced unneeded program contingency

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

Support: Reduced unneeded program contingency.

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.

Treatment: Cash flow adjustments for Improved Corrosion Control Treatment, now in construction, and Bull Run Filtration, which is continuing design.

Other Notes
