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Date: September 30, 2013
To: Andrew Scott, City Budget Office
From: David G. Shaff, Water Bureau Administrator
Subject: Executive summary for the FY 2013-14 Fall BMP

Enclosed is the Water Bureau's FY 2013-14 Fall BMP Report that includes the status of the three funds.

The following is a brief recap of the Bureau's requests for the Fall BMP:

- Adjusted the Beginning Fund Balance and Transfer for the Water and Construction Fund based on preliminary FY 2012-13 year-end information.
- Request \$150,000 for bond issuance costs associated to the May 2013 bond sale.
- True up Green Street Initiative contribution to reflect \$131,784 actual costs.
- Increase Interagency with Parks Bureau to provide support for the Decorative Fountain transition from the Water Bureau to Parks effective 7/1/13.
- Technical adjustments to align costs in the correct accounts.
- Carryover request of \$186,451 for project delays from FY 2012-13.
- Increase CIP by \$7,055,000 to reflect active projects.
- City Council directed city bureaus (resolution 36983) to purchase 100% renewable power through the purchase of renewable energy certificates (REC). The cost for the current fiscal is estimated at \$30,000 depending on the amount of electricity used in a fiscal year.
- Recognize \$32,484 savings from internal fund bureaus. \$1,261 from BTS for completing IAIX project upgrade under budget and \$31,223 in PERS savings from OMF Internal Service Fund as a result of Senate Bill 822 which reduced the City's overall PERS liability.

The FY 2012-13 Budget Note updates, prior year decision package and prior technical BMP adjustments updates has been provided.

If you have any questions regarding this report, please contact Mary Leung at 3-7551.

Attachment

Water Division BMP report
Hydro Division BMP report

c: Cecelia Huynh, Finance & Support Services Director
Jan Warner, Finance Manager
Ryan Kinsella, CBO Budget Analyst
Portland Utility Review Board (PURB)

BUDGET AMENDMENT REQUEST

Portland Water Bureau

PERIOD Fall BMP

FISCAL YEAR FY 2013-14

WA_001 - Beginning Fund Balance and Transfers

This request makes adjustments to the beginning fund balance and contingency based on preliminary FY 2012-13 year-end information. Additionally, it increases transfers between the Operating Fund and Construction Fund by \$4.5 million to account for construction revenues earned in FY2012-13 but not transferred due to a lack of budget transfer authority.

Dollar Amount: \$36,219,069
Type: Technical Adjustment
Resources: Internal Transfer

WA_002 - Bond issuance costs

This request increases bond issuance costs by \$150,000 to pay for costs associated to the May 2013 bond sale. Funds for this request will come from contingency and then reimbursed with bond proceeds.

Dollar Amount: \$0
Type: Technical Adjustment
Resources: Bureau Contingency

WA_003 - Green Street Initiative

Green Street Initiative - Currently there is a budget of \$150,000 with Sewer System Operating Fund for the Green Streets Initiative. The actual amount to be transferred is based on prior fiscal year actual. Therefore, the budget needs to be decreased by \$18,216 to reflect the \$131,784 for the Portland Water Bureau's contribution to the Green Street Initiative fund.

Dollar Amount: \$0
Type: Technical Adjustment
Resources: Bureau Contingency

WA_004 - Parks I/A

Parks I/A – Increase interagency with the Parks Bureau to provide \$280,000 in transition support services of the decorative fountain. Effective July 1, 2013 City Council directed decorative fountain operations and maintenance be transferred from the Water Bureau to the Parks Bureau.

Dollar Amount: \$280,000
Type: New Request
Resources: New Revenues

BUDGET AMENDMENT REQUEST

Portland Water Bureau

PERIOD Fall BMP

FISCAL YEAR FY 2013-14

WA_005 - Technical adjustments

Technical adjustments - These adjustments doesn't increase the overall budget.

- a. Reduce professional services and increase telecomm billable by \$530 within the safety subprogram to pay for the charges associated to safety callers menu and site visit voicemail.
- b. Increase Bureau of Development Services by \$2,277 for one parking space at the 1900 for the water quality inspector per new PSU parking agreement.
- c. COPPEA Professional Training Fund - Water will increase the Bureau of Human Resources interagency by \$16,658 for the Professional Development Fund per the COPPEA labor contract adopted by Council on June 12, 2013 (ordinance #186085).

Dollar Amount: \$0

Type: Technical Adjustment

Resources: Internal Transfer

WA_006 - Carryover over requests

Carryover over requests

- a. Revenue Bureau I/A – Increase interagency with the Revenue Bureau by \$40,000 to complete the quarterly reads monthly statement (QRMS) programming. Go live date has been set for October 4, 2013. The plan is to transition the existing Budget Billing customers first before opening up the program to the rest of our customer base.
- b. Carryover \$96,451 in professional services from FY 2012-13 for the State Department of Geology and Mineral Industries (DOGAMI) Bull Run landslide study. The Water Bureau has entered into an IGA with DOGAMI to map and classify landslides in the Bull Run watershed. The study began in June, 2013 and is expected to be completed by the end of calendar year 2014. The total cost of the study is \$114,600 and a request of \$96,451 is needed as a carryover to pay the remaining contract.
- c. Carryover \$50,000 for long term supply planning. The Water Bureau is funding two research projects to advance the bureau's capability to evaluate potential impacts of climate change on the Bull Run Watershed. The projects are being implemented through two intergovernmental agreements, one each with the University of Washington and University of Idaho. The University of Washington is assisting the bureau to select and develop a hydrologic model for the Bull Run watershed, and to train staff to use the model. The University of Idaho is applying a Regional Climate Model to downscale Global Climate Models to provide climate variables. These variables will enable the Bureau to create surrogate hydrologies for the Bull Run River and reservoir storage using the new hydrologic model. The total budget approved by Council for the two intergovernmental agreements is \$100,000. At the time of the IGA approvals, the entire amount of \$100,000 was contained in the FY 2012-13 budget. The work started as of July 2013, however, which did not allow work during FY 2012-13. The FY 2013-14 adopted budget provides \$50,000 for this work. An additional \$50,000 carryover is therefore requested to fully fund the agreements. The work will be completed during FY 2013-14.

Dollar Amount: \$0

Type: Encumbrance Carryover Request

Resources: Bureau Contingency

BUDGET AMENDMENT REQUEST

Portland Water Bureau

PERIOD Fall BMP

FISCAL YEAR FY 2013-14

WA_007 - CIP Adjustments

CIP adjustments – Increase the overall CIP by \$7,055,000.

Funded Program -Desc - Adjustment

W01343 -Powell Butte Reservoir 2: -5,500,000
W01348 -LRT Transit SE Corridor: -500,000
W01355 -Bull Run Dam 2 Tower: 5,100,000
W01358 -Fulton Pump Station: -1,650,000
W01359 -Forest Park Low Tank: 100,000
W01400 -Interstate Facility Rehabilitation: 0
W01401 -Emergency Coordination Center: 1,800,000
W01402 -Washington Park Reservoir 3: 2,165,000
W01424 -Kelly Butte Reservoir: 5,070,000
W01534 -HCP Alder Creek Fish Passage: 70,000
W01581 -Rose City Sewer Rehabilitation: 200,000
W01582 -Headworks Flow MTR 2: 60,000
W01632 -Bertha Service Area Improvements: -200,000
WBDIDM -Distribution Mains: 340,000
Total Adjustment: \$7,055,000

Impacts to others as it relates to the CIP:

- a. Increase Grants budget by \$562,000 for Milwaukie Light Rail to recognize approved grants to complete the project.
- b. Increase interagency with BES for Coordinated Site Assessment Division in the amount of \$350,000 for the Interstate Facilities project as well as the Mains Program.
- c. Increase interagency with BES by \$400,000 for special inspection through Material Testing for the Kelly Butte project.

Dollar Amount: \$0

Type: Technical Adjustment

Resources: Bureau Contingency

WA_008 - Renewable energy certificates

In December 2012, City Council directed city bureaus (Resolution 36983) to purchase 100% renewable power through the purchase of renewable energy certificates (RECs). The Water Bureau's adopted FY 2013-14 budget did not specifically allocate funding to this purpose. The Water Bureau proposes to allocate \$30,000 to the purchase of RECs during FY 2013-14 to comply with the resolution. This dollar amount is based on the total net electricity purchased during FY 2012-13. The RECs will be purchased through the citywide contract set up by the Bureau of Planning and Sustainability. The dollar amount is approximate because the cost per REC is variable in a dynamic market; the estimate is based on a recent price quote from the contracted broker.

Dollar Amount: \$0

Type: New Request

Resources: Bureau Contingency

BUDGET AMENDMENT REQUEST

Portland Water Bureau

PERIOD Fall BMP

FISCAL YEAR FY 2013-14

WA_009 - Savings of \$32,484 from Internal Service Bureaus

Savings from Internal Service Bureaus.

- a. BTS Rebate for IBM Frame AIX Project – The project funded by EBS, BDS, BOES, Revenue, BES and Water bureau came in under budget and BTS will rebate the saving to the bureaus. Water Bureau will receive \$1,261 of the total \$517,453.
- b. PERS savings of \$31,223 from OMF Internal Services Fund as a result of Senate Bill 822 which reduced the City's overall PERS liability.

Dollar Amount: \$1,261

Type: Technical Adjustment

Resources: Internal Transfer

Prior Year Fund Reconciliation Report

	FY 2012-13 Revised Budget	FY 2012-13 Year-End Actuals	Percent of Actuals to Revised
602 - Water Fund			
EXPENDITURES			
Personnel Services	63,430,368	57,871,388	91.24
External Materials and Services	26,966,036	24,209,035	89.78
Internal Materials and Services	21,539,726	20,620,953	95.73
Capital Outlay	101,649,274	95,575,543	94.02
Bond Expenses	4,158,037	4,081,983	98.17
Fund Transfers - Expense	67,392,116	66,359,089	98.47
Contingency	67,470,064	0	0.00
TOTAL EXPENDITURES	352,605,621	268,717,990	76.21
REVENUES			
Budgeted Beginning Fund Balance	66,585,473	0	0.00
Charges for Services	136,097,583	137,596,583	101.10
Intergovernmental Revenues	1,476,000	1,245,514	84.38
Interagency Revenue	4,160,583	3,776,243	90.76
Fund Transfers - Revenue	141,866,456	128,971,282	90.91
Bond and Note	433,817	147,336	33.96
Miscellaneous	1,985,709	1,914,691	96.42
TOTAL REVENUES	352,605,621	273,651,649	77.61

Fund Reconciliation Narrative

External Materials and Services (Operating) – The \$5.1 million underspending is: \$0.4 million less in Utility License Fees; \$0.5 million less in travel and education; \$1.6 million less in utilities; \$2.1 million less in miscellaneous services; and \$1.3 million less in supplies. Increases of \$0.45 million in repairs and maintenance and \$0.35 million in inventory. (Capital) – The \$1.4 million overspending is an increase of \$1.8 million in supplies and \$0.4 million underspending on miscellaneous services. (Total) - The actual is variances is \$3.7 million.

Intergovernmental Revenues – The \$230,000 includes an offset to revenue for an accounts receivable write-off.

Bond and Note - The \$147,000 is the final receipt from the State of Oregon for the Columbia South Shore Well field. The \$286,000 variance was received in the prior year.

Prior Year Fund Reconciliation Report

	FY 2012-13 Revised Budget	FY 2012-13 Year-End Actuals	Percent of Actuals to Revised
612 - Water Bond Sinking Fund			
EXPENDITURES			
Unappropriated Fund Balance	31,839,653	0	0.00
Bond Expenses	37,040,082	150,329,464	405.86
TOTAL EXPENDITURES	68,879,735	150,329,464	218.25
REVENUES			
Budgeted Beginning Fund Balance	15,965,653	0	0.00
Fund Transfers - Revenue	36,979,708	36,001,395	97.35
Bond and Note	15,874,000	129,778,177	817.55
Miscellaneous	60,374	107,034	177.28
TOTAL REVENUES	68,879,735	165,886,607	240.84

Fund Reconciliation Narrative

Bond Expenses – The \$113.3 million increase includes refunding of the 2004A, 2004B, and 2006A revenue bonds.

Bond and Note Proceeds – The \$113.9 million increase includes proceeds to refund the 2004A, 2004B, and 2006A revenue bonds.

Miscellaneous – \$47,000 increase is interest earnings.

Prior Year Fund Reconciliation Report

	FY 2012-13 Revised Budget	FY 2012-13 Year-End Actuals	Percent of Actuals to Revised
615 - Water Construction Fund			
EXPENDITURES			
Unappropriated Fund Balance	57,883,468	0	0.00
Fund Transfers - Expense	141,159,296	128,311,178	90.90
Contingency	36,152,099	0	0.00
TOTAL EXPENDITURES	235,194,863	128,311,178	54.56
REVENUES			
Budgeted Beginning Fund Balance	9,364,480	0	0.00
Charges for Services	1,250,000	2,544,975	203.60
Fund Transfers - Revenue	26,186,865	26,186,865	100.00
Bond and Note	198,211,000	237,883,994	120.02
Miscellaneous	182,518	412,993	226.28
TOTAL REVENUES	235,194,863	267,028,827	113.54

Fund Reconciliation Narrative

Charges for Services – The \$1.3 million increase is system development charges.

Fund Transfers – Expense – Transfers to the Operating Fund to reimburse for capital expenditures were \$12.8 million lower due to reduction of capital expenditures and timing of transfers.

Miscellaneous - The \$230,000 additional revenue is interest earnings.

Bond and Note Proceeds – The \$39.7 million increase is proceeds from the May 2013 Second Lien Revenue and Refunding Bond sale.

Prior Year Business Area Reconciliation Report

	FY 2012-13 Revised Budget	FY 2012-13 Year-End Actuals	Percent of Actuals to Revised
Portland Water Bureau			
EXPENDITURES			
Personnel Services	\$990,952	\$761,355	77%
External Materials and Services	\$1,759,048	\$1,159,196	66%
Internal Materials and Services	\$300,000	\$237,605	79%
Capital Outlay	\$168,212	\$161,126	96%
TOTAL EXPENDITURES	\$3,218,212	\$2,319,282	72%
REVENUES			
Intergovernmental Revenues	\$3,218,212	\$2,416,132	75%
TOTAL REVENUES	\$3,218,212	\$2,416,132	75%

Bureau Reconciliation Narrative

The variance in all the categories is associated to the delayed work for the Milwaukie Light Rail project. The remaining project will be completed in FY 2013-14 and grants budgeting was requested in the FY 2013-14 Fall BMP.

FY 2013-14 Portland Water Bureau Fall BuMP -Budget Note

FY 2012-13 Budget Notes

Portland Loos

The Portland Water Bureau will transfer all Portland Loos' assets and maintenance responsibilities to the Bureau of Environmental Services (BES) effective July 1, 2012.

Update: BES has taken on the maintenance of the Portland Loos since July 1, 2012.

During FY 2012-13 Water established an interagency with BES for Loo transition in the amount of \$50,000. The transition went smoothly and the Water Bureau only provided \$3,718 in transition assistance to BES

In the FY 2013-14 Adopted Budget, Council confirms its direction in last year's budget that the Bureau of Environmental Services (BES) shall continue to manage the Portland Loo project, including Loo maintenance and marketing. The Council rescinds its direction to transfer Loo assets from the Portland Water Bureau to BES.

Utility Liabilities

The Council directs that \$200,000 of General Fund revenue shall be set aside to be used for payment of potential Bureau of Environmental Services and Portland Water Bureau legal liabilities currently in dispute and for the funding of measures to address remediation of Willamette Harbor contamination. The Office of Management and Finance is directed to provide Council with a financial plan for use of these funds for these purposes.

Update: OMF to provide update

Enterprise Bureau Vacancies and Rates

Unless the City Council approves otherwise as part of the budget or budget monitoring process, if necessary to make up a shortfall in revenues, monies budgeted for positions that are/become vacant shall be used to offset revenue shortfalls for any reason including lower-than-planned sales.

Update: The bureau anticipated a lower-than-planned water sale early in the fiscal year. So, the bureau instituted a 5% operating budget reduction which includes vacancy savings to offset lower water sales.

**FY 2013-14 Portland Water Bureau
Fall BMP Reporting**

**Approved Decision Package for FY 2012-13 and FY 2012-13 Fall/Winter/Spring
BMP Adjustments**

Decision Package for FY 2012-13:

WA_01 – LT2 Variance Monitoring – The approved \$1.9 million and 5.0 FTE will provide an appropriate level of monitoring to meet OHA’s conditions outlined in the Final Notice granting the City’s treatment variance.

Winter BMP Update (7/1/12 to 10/1/12):

In the FY 2012-13 the decision package to include LT2 variance monitoring was approved in the amount of \$1,500,000 on-going and \$400,000 in capital equipment purchase. In the approved decision package 5 new positions was authorized. They are Environmental Program Manager (filled), 2 Environmental Tech II currently under recruitment, Environmental Specialist currently under recruitment and another Environment Specialist - Wildlife Biologist Specialty currently under recruitment.

The LT2 package includes \$660,500 in professional services which includes laboratory sample analysis and research services. *Cryptosporidium* monitoring is conducted at the raw water intake, at Bull Run tributaries, and for wildlife scat. Research activity includes analytical method improvement, wildlife study, and watershed analysis.

The capital equipment budget will be used for Bull Run Key Station upgrades and autosamplers. Two sites will be completed this year and the remaining two sites will be completed next year. A new project manager has been assigned and is completing a technical memorandum for the basis of design and options for either full building replacements or a retrofit of the existing buildings.

Spring BMP Update (10/1/12 to 2/28/13):

The remaining four positions associated with the LT2 variance program have been filled.

To date the laboratory analysis of intake water, tributary water, and wildlife scat samples has not yielded any detections of *Cryptosporidium*.

For the Key Station upgrades, a technical memorandum was completed in November 2012 and recommended reconstruction of the Key Stations with “in-kind” materials versus replacement with a pre-fabricated metal structure. A

separate project has been created for the key station upgrades. Two sites will be completed this year and the remaining two sites will be completed next year. Construction of the key stations will be performed by Water Bureau carpenters. The new auto-samplers have been specified and will be purchased this year through a goods and services contract.

Fall BMP Update (3/1/13 to 6/30/13):

As of the 6/30/13, the laboratory analysis of intake water, tributary water, and wildlife scat samples have not yielded any detections of *Cryptosporidium*. Three wildlife studies were initiated 1) Beaver Census and Management Report, 2) Surveys for Canada Goose and other Waterfowl, and 3) Diversion Pool Wildlife Monitoring.

Key Station upgrades: In FY 2012-13 construction of the new building at station 35 was completed with the exception of the solar equipment and auto-sampler installation. Construction of the new building at station 15 was also started and will be completed in FY 2013-14. Four new auto-samplers were purchased through a goods and services contract. In FY 2013-14, construction of the new buildings at stations 15 and 44 and installation of solar equipment and auto-samplers at stations 15, 35, and 44 will be completed in the Fall 2013. Construction of station 18 will be completed in the spring 2014. The solar equipment for all four key stations and satellite equipment for key station 35 were purchased through a goods and services contract.

Updates on approved Fall BMP Adjustment:

- 1 WA_02 Request for funds to be carryover from FY 2011-12 for delayed projects into FY 2012-13.
 - a. Increase interagency with Revenue Bureau by \$30,000 to complete the programming to modify the billing system to allow voluntary monthly statements.
 - b. Increase Professional Services for Climate Change by \$38,000 for project delay.

Spring BMP Update (10/1/12 to 2/28/13):

- a. Water Bureau continues to work with the Revenue Bureau and currently the quarterly reads monthly statement (QRMS) program is due to go live July 2013.
- b. Separate Intergovernmental Agreements (IGA) with the University of Idaho and the University of Washington to develop a hydrologic model for the Bull Run and obtain downscaled global climate model data were approved by Council on February 13th. The IGAs will go into effect on March 15, 2013 and work will commence immediately. It is anticipated the bulk of this work will be completed during the current calendar year.

Fall BMP Update (3/1/13 to 6/30/13):

a. Water Bureau continues to work with the Revenue Bureau and currently the quarterly reads monthly statement (QRMS) program go live date has been moved to October 4, 2013. We are still on schedule to go live with QRMS on October 4, 2013. We will transition the existing Budget Billing customers first before opening up the program to the rest of our customer base.

b. These funds are used to jointly fund research projects agreed upon by the Water Utility Climate Alliance, of which Portland is a member. Portland's portion of the current project known as PUMA (Pilot Utility Modeling Application) is being implemented through two intergovernmental agreements, one each with the University of Washington and Idaho. The University of Washington is assisting the bureau to select and develop a hydrologic model for the Bull Run watershed, and to train staff to use the model. The University of Idaho is applying a Regional Climate Model to downscale Global Climate Models to provide climate variables and surrogate hydrologies for the Bull Run River and reservoir storage. The bureau will use the model and the climate data sets to assess potential impacts of climate change on the Bull Run water supply. The FY 2013-14 adopted budget provides \$50,000 for this work, but the total budget approved by Council for the two intergovernmental agreements is \$100,000. An additional \$50,000 carryover is therefore requested to fully fund the agreements. The work is expected to be completed during FY 2013-14.

2. WA03 - Increase Revenue Interagency with BES by \$50,000 for Loo transition services as requested. –

Spring BMP Update (10/1/12 to 2/28/13):– To date the Water Bureau has provided approximately \$3,500 worth of services related to Loo transition services.

Fall BMP Update (3/1/13 to 6/30/13): - In FY 2012-13 the Water Bureau provided a total of \$3,718 in services to BES related to Loo transition.

3. WA04 - CIP adjustment – Increase overall CIP by \$2,200,000. For additional information refer to Capital Reporting in this report.
 - a. Distribution Mains – increase budget by \$1,675,000 to complete the Westside Header Phase 2, Carolina Phase 1 and complete SE Light Rail Betterments.
 - b. Pump Stations / Tanks – increase budget by \$125,000 to complete the Vernon and Taylor Ferry project.
 - c. Regulatory Compliance – increase budget by \$400,000 to complete the PGE Property Acquisition for the HCP project.
 - d. Field Support – Technical adjustment to increase interagency with BES by \$523,823 for Site Coordination Assessment.
 - e. Terminal Reservoir – Technical adjustment to allocate funds with BES to provide revegetation services for Powell Butte project.

Spring BMP Update (10/1/12 to 2/28/13):– for additional information refer to the Current Year Capital Reporting (C2) in the Spring BMP report.

Fall BMP Update (3/1/13 to 6/30/13): – for additional information refer to the Current Year Capital Reporting (C2) in the Fall BMP report.

4. WA06 - Green Street Initiative – Currently there is a budget of \$150,000 within the Sewer System Operating Fund for the Green Streets Initiative. The actual amount to be transferred is based on prior fiscal year actual. Therefore, the budget needs to be decreased by \$15,016 to reflect the \$134,984 for the Portland Water Bureau’s contribution to the Green Street Initiative fund.

Spring BMP Update (10/1/12 to 2/28/13): – BES billed Water Bureau \$134,984 on 12/10/12.

Updates on approved Winter BMP adjustments:

5. WA15 - The General Fund, in accordance to ordinance #36976 passed on 11/07/12 will transfer \$1,596,037 to the Water Bureau to pay for McCall Building renovations and transfer the building to the Parks Bureau.

Spring BMP Update (10/1/12 to 2/28/13):– Water is working with General Fund and Parks Bureau to complete the transfer of the asset. The journal entry will be in by the end of this fiscal year.

Fall BMP Update (3/1/13 to 6/30/13): – The journal entry was completed through three different entries on 3/29/13, 4/9/13 and 4/22/13 by Central Technical Accounting

6. WA17 – Increase BTS I/A by \$28,000 for the installation cost to upgrade all cameras at Washington Park, Mt Tabor and Groundwater. The hardware is covered under the BTS replacement fund.

Spring BMP Update (10/1/12 to 2/28/13): The work has not started but is scheduled to be completed in the current fiscal year.

Fall BMP Update (3/1/13 to 6/30/13): – The cameras were all upgrades in FY 2012-13 for a total of \$33,691 or over the planned budget by \$28,000.

Updates on approved Spring BMP adjustments:

7. WA26 - Increase Interagency with Bureau of Environmental Services by \$800,000 to work on their collection system rehabilitation for the remaining fiscal year.

Fall BMP Update (3/1/13 to 6/30/13): – \$1.43 million of work was completed and billed in FY 2013-14.

Portland Water Bureau Performance Measures

Performance Measure	Type	FY 2012-13 Adopted Budget	FY 2012-13 Revised Budget	FY 2012-13 Year-End Actuals		
WA_0041 - Power Sold to PGE (mwh)	EFFECTIVE	50,400	58,500	56,685	0	0
WA_0042 - Transfer of Hydropower Profits to General Fund	EFFICIENCY	\$500,000	\$500,000	\$500,000	\$0	\$0
WA_0044 - Pct of time bureau maintains Aaa rating for revenue bonds	EFFECTIVE	100%	100%	100%	0%	0%
WA_0045 - Debt Service coverage at 1.90 on First Lien Bonds	EFFECTIVE	1.90	1.90	2.56	0.00	0.00
WA_0046 - Debt Service coverage at 1.75 on both First and Second Lien Bonds	EFFECTIVE	1.75	1.75	1.89	0.00	0.00
WA_0047 - Percent of projects forecast to be completed within three months of planned date	EFFICIENCY	80%	80%	80%	0%	0%
WA_0048 - Percent of budgeted CIP expended	EFFECTIVE	100%	100%	93%	0%	0%
WA_0049 - Percent of customers giving high or very high ratings on Auditor's Survey	EFFECTIVE	75%	75%	73%	0%	0%
WA_0050 - Percent of customer inquiries or requests responded to within five business days	EFFICIENCY	95%	95%	99%	0%	0%
WA_0051 - Percent of calls answered within 60 seconds	EFFICIENCY	80%	80%	55%	0%	0%
WA_0052 - Percent of customer accounts paid electronically	EFFICIENCY	39%	39%	59%	0%	0%
WA_0053 - Bureau's annual carbon emissions, metric tons of CO2e	EFFICIENCY	14,008	14,008	10,885	0	0
WA_0054 - Capacity of new renewable energy sources, kilowatts	EFFECTIVE	400	400	315	0	0
WA_0055 - Customers out of water more than three times per year	EFFECTIVE	0	0	0	0	0
WA_0056 - Percent of flow control valves operational when needed	EFFECTIVE	90%	90%	95%	0%	0%
WA_0057 - Percent of standards met for high risk assets	EFFECTIVE	80%	80%	90%	0%	0%
WA_0058 - Number of violations of state or federal drinking water quality standards	EFFECTIVE	0	0	0	0	0
WA_0059 - Violations of environmental regulations	EFFECTIVE	0	0	0	0	0
WA_0077 - Percent of city's water supply provided by Bull Run Watershed under normal operating conditions	EFFECTIVE	95%	95%	99%	0%	0%

Performance Measure Variance Descriptions

WA_0045 and WA_0046 – the number provided for FY 2012-13 actual is still preliminary until the audit is complete and the City have final CAFR schedules for the bureaus.

WA_0051, actual is 55% compared to the target of 80% for the Percent of calls answered within 60 seconds. The workload target was not met from 7/1/12 to 3/31/13, 68% were answered within 120 seconds and 86% answered within 240 seconds. The average hold time was 1 minute, 50 seconds during the 1st through 4th quarters. This is a shorter hold time than the two minutes, 3 seconds that a customer held on average during FY 2011-12, and is longer than the 1 minute, 39 seconds in FY 2010-11.

WA_0052, actual is 59% compared to the target of 39% for Percent of customer accounts paid electronically. The increase is due to a higher number of customer signing up for electronic payments.

WA_0053, actual is 10,885 compared to the target of 14,008 for Bureau's annual carbon emissions. Target is based on carbon emissions in 2007. Electricity use is the primary driver of the bureau's carbon emissions. Carbon emissions during FY 2012-13 were lower due to energy efficiency efforts and because only a modest amount of groundwater was pumped.

WA_0054, actual is 315 compared to the target of 400 for Capacity of new renewable energy sources. The Water Bureau expects to reach 400 when a planned solar facility is installed on the roof of the new Interstate store-warehouse building.

Capital Program Status Report

Water

CIP Program	FY 2012-13	FY 2012-13	FY 2012-13	Variance \$	Variance %	FY 2013-14	Fall BMP	FY 2013-14	Variance \$	Variance %
	Adopted Budget	Revised Budget	Year-End Actuals			Adopted Budget	Revised Budget	Year to Date Actuals		
Customer Service	\$6,100,000	\$4,400,000	\$4,236,203	(\$163,797)	(4%)	\$1,807,000	\$3,607,000	\$1,249,322	\$1,800,000	100%
Distribution	\$45,590,000	\$41,548,212	\$38,771,483	(\$2,776,729)	(7%)	\$42,886,600	\$41,176,600	\$4,474,857	(\$1,710,000)	(4%)
Regulatory Compliance	\$22,800,000	\$21,350,000	\$20,373,029	(\$976,971)	(5%)	\$7,737,000	\$12,907,000	\$1,708,542	\$5,170,000	67%
Supply	\$1,030,000	\$970,000	\$127,095	(\$842,905)	(87%)	\$879,000	\$879,000	\$74,692	\$0	0%
Support	\$1,500,000	\$1,500,000	\$42,947	(\$1,457,053)	(97%)	\$1,500,000	\$1,500,000	\$0	\$0	0%
Transmission/Terminal Storage	\$58,750,000	\$60,350,000	\$58,090,012	(\$2,259,988)	(4%)	\$66,600,000	\$68,335,000	\$3,596,681	\$1,735,000	3%
Treatment	\$100,000	\$300,000	\$339,806	\$39,806	13%	\$2,500,000	\$2,560,000	\$13,983	\$60,000	2%
Total	\$135,870,000	\$130,418,212	\$121,980,575	(\$8,437,637)	(6%)	\$123,909,600	\$130,964,600	\$11,118,077	\$7,055,000	6%

* Prior Year variances compare Year-End Actuals to Revised Budget
 ** Current Year variances compare Revised Budget to Adopted Budget

Prior Year Variance Description

Distribution: The reported expenses are under reported due to the inclusion of over \$1.5 million in interagency revenue and the exclusion of fleet vehicle purchases. With those items, total expense is \$41.7 million. The remaining variance is mainly due to construction delays on the Carolina Pump main and Westside Header Phase 2 projects that will now be completed FY 2013-14.

Regulatory Compliance: The reported expenses are over reported due to a \$2.8 million prior period adjustment impacting the Cedar Creek Fish Passage project. Also, delay in fabrication of the steel components for the Dam 2 Tower project will shift about \$5 million in construction to FY 2013-14.

Supply: Additional delays by the USFS in preparing environmental review documentation resulted, and no well rehabilitation work was needed, resulting in program under spending.

Support: The reported expenses are underreported by including interagency revenue and the exclusion of costs reported in PWB's planning project. About \$758,000 was expended in the program. Also planning staff provided more direct project support in Distribution, Transmission and Terminal Storage and Treatment programs.

Treatment: Additional staff time was expended completing the design of the new flow meters to be installed at Headworks.

Current Year Variance Description

Customer Service: From FY 2012-13 unexpended funds provide carryover funding to complete contract construction of the Emergency Coordination Center

Regulatory Compliance: From FY 2012-13 unexpended funds provide carryover funding to complete contract construction of the Dam 2 Tower project.



MEMORANDUM

September 30, 2013

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TO: David Shaff – Administrator
Portland Water Bureau (106/601)

FROM: Frank Galida, P.E. Portland Hydroelectric Project Manager *FRA*
Hydroelectric Power Division (106/530)
Portland Water Bureau

SUBJECT: Hydroelectric Power Division's Fall Budget Monitoring Report for FY 2013-14

Attached are the Fall Budget Monitoring Reports for the three City Funds that are managed through the Hydroelectric Power Division. Attached are FY 2012-13 BRASS Fund Reconciliation Reports for the Hydropower Funds and a performance measures report for FY 2012-13. We also have a Budget Amendment Request to increase the authorization for Miscellaneous Expenditures in the Hydroelectric Power Operating Fund. The following is a brief synopsis of the attached reports for the three Hydroelectric Power Funds:

Hydroelectric Power Operating Fund No. 601

- This fund ended FY 2012-13 with a positive net balance of \$282,021. That is \$237,787 higher than that which had been projected for Fund 601 in the FY 2012-2013 budget. It is also \$50,521 higher than that which had been projected as a beginning balance for Fund 601 in FY 2013-14.

Hydroelectric Power Bond Redemption Fund No. 611

- In FY 2012-13, all required power sales payments from PGE to this fund, and debt service payments from this fund to the Hydropower bondholders, have been made as scheduled.
- As of the FY 2012-13 year end, the total fund ending balance was 101.1% of the budgeted amount.

Hydroelectric Power Renewal and Replacement Fund No. 618

- In FY 2012-13, a few smaller repair and replacement projects at the Portland Hydroelectric Project were paid for out of this fund.
- As of the FY 2012-13 year end, the total ending balance for this fund was 102.0% of the budgeted amount.

Power Generation Status at the Portland Hydroelectric Project

The Portland Hydroelectric Project (PHP) finished its Contract Year 2011-12 (9/1/2011 through 8/31/2012) with a total amount of power generation that was roughly 118% of its historical average. That level of power generation was 13% above the amount that was projected in the FY 2012-2013 budget. The specific reconciliation payment for power produced at the Portland Hydroelectric Project in Contract Year 2011-12 was actually received in January of 2013.

The PHP recently finished its Contract Year 2012-13 (9/1/2012 through 8/31/2013) with a total amount of power generation that was roughly 63% of its historical average. This level of power generation was however only 3% below the amount that was projected in the FY 2013-14 Budget. The specific reconciliation payment for power produced at the Portland Hydroelectric Project in Contract Year 2012-13 should be received in December of 2013.

As noted above, the amount of PHP power generated in CY 2012-13 was significantly lower than the average annual amount that has been generated in the recent past. This has to do with PHP Powerhouse No.2 having to be held off-line for the entire year while a multi-level water intake structure is added to the North Intake Tower at Bull Run Dam No.2

Should you have any questions regarding the information attached, please feel free to call me at 503-823-7517.

FRG 2013-14-FALL BUMP MEMO - HYDROPOWER

cc: Mike Stuhr
Mary Leung
Ryan Kinsella

**FY 2013-14 Portland Water Bureau – Hydroelectric Power Division
Fall BuMP Reporting
Approved Decision Package for FY 2012-13 and Fall/Winter BuMP Adjustments**

Updates on approved Fall BuMP Adjustment:

WA_12 Hydro Miscellaneous Expense Adjustment

- The Hydropower Operating Fund will need the budget authority to implement an agreement with PGE that will reimburse PGE for specific repairs at the Portland Hydroelectric Project that do not meet the requirements to qualify for reimbursement from the Hydropower R&R Fund. The funding for this adjustment will come from the Fund's Contingency.

Fall BuMP Update:

- Summary status: Complete
- Following the approval of this FY 12-13 Fall BuMP budget adjustment request, \$175,000 of budget authority was transferred from the Fund 601000 Contingency to that Fund's Miscellaneous Expense line item to cover the potential costs of the anticipated repairs.
- The specific repair work at the Portland Hydroelectric Project was undertaken in late fall of 2012 and is now complete. With all of the repair expenses having been finally processed, the FY 2012-13 total expense for this repair ended up being \$83,582.

BUDGET AMENDMENT REQUEST

Portland Water Bureau

PERIOD Fall BMP

FISCAL YEAR FY 2013-14

WA_010 - Savings of \$115 from Int Svc Bureaus to Hydro

PERS savings of \$115 from OMF Internal Services Fund to Hydropower Operating Fund as a result of Senate Bill 822 which reduced the City's overall PERS liability.

Dollar Amount: \$0

Type: Technical Adjustment

Resources: Internal Transfer

WA_011 - Increase Fund 601000 authorization - PHP repairs

The power sales agreement for the Portland Hydroelectric Project (PHP) requires the City to reimburse the PHP's operator, Portland General Electric Co. (PGE) for necessary repair activities at the PHP. In the last few months, a number of additional repair projects have been identified that will need to be undertaken in FY 2013-14. It is now necessary to increase the authorization for miscellaneous expenditures from Fund 601000 by an amount of \$200,000 to accommodate those projects.

Dollar Amount: \$200,000

Type: New Request

Resources: New Revenues

WA_012 - Increase transf from Fund 618000 to Fund 601000

The power sales agreement for the Portland Hydroelectric Project (PHP) requires the City to reimburse the PHP's operator, Portland General Electric Co. (PGE) for necessary repair activities at the PHP. In the last few months, a number of additional repair projects have been identified that will need to be undertaken in FY 2013-14. It is now necessary to increase the authorization for the cash transfer from Fund 618000 to 601000 by an amount of \$200,000 to accommodate those projects.

Dollar Amount: \$0

Type: New Request

Resources: Bureau Contingency

Prior Year Fund Reconciliation Report

	FY 2012-13 Revised Budget	FY 2012-13 Year-End Actuals	Percent of Actuals to Revised
601 - Hydroelectric Power Operating Fund			
EXPENDITURES			
Personnel Services	279,255	253,383	90.74
External Materials and Services	378,400	147,431	38.96
Internal Materials and Services	220,673	188,298	85.33
Bond Expenses	17,185	16,698	97.16
Fund Transfers - Expense	534,718	534,718	100.00
Contingency	44,234	282,028	0.00 637.57
TOTAL EXPENDITURES	1,474,465	1,140,528 1,422,549	77.35 96.48
REVENUES			
Budgeted Beginning Fund Balance	359,200	381,906	0.00 106.32
Interagency Revenue	68,500	48,966	71.48
Fund Transfers - Revenue	125,665	29,649	23.59
Miscellaneous	921,100	962,028	104.44
TOTAL REVENUES	1,474,465	1,040,643 1,422,549	70.58 96.48

Fund Reconciliation Narrative

External Materials and Services (38.96%) - This under-expenditure variance is primarily due to the following two issues: 1.) the budgeted amount for External M&S included a place holder for unidentified repair and replacement work for the Portland Hydroelectric project (PHP) and in FY2012-13, there were not been a lot of renewal and replacement projects required for the facilities of the PHP and 2.) in the FY 2012-13 Fall BuMP, a sum of \$175,000 was transferred to this object code from contingency to pay for environmental remediation work that ended up costing much less than that. Therefore, the expenditures from this object code have ended up being less than budgeted.

Internal Materials and Services (85.33%) - This under expenditure is primarily due to the actual amount of services provided by Water to Hydropower being less than those which been budgeted for.

Contingency (637.57%) - This variance is due to the lower than projected environmental remediation costs described above and a better than average power generation year at the Portland Hydroelectric Project.

Interagency Revenue (71.48%) - This variance simply reflects the amount of services that the Hydroelectric Power Division of the Portland Water Bureau was asked to provide to the Water Division of the Bureau for its small hydroelectric projects.

Fund Transfer - Revenue (23.59%) - These cash transfers are made from Fund (No.618) to the Hydropower Operating Fund (No. 601) to pay for repair and replacement work at the Portland Hydroelectric Project (PHP) as those needs arise. This variance is due to the fact that the budgeted amount includes a place holder for unidentified work and in FY2012-13, there had not been a lot of renewal and replacement projects required for the facilities of the PHP. Therefore, the transfers from the Hydropower Renewal & Replacement Fund to the Hydropower Operating Fund ended up being less than budgeted.

Prior Year Fund Reconciliation Report

	FY 2012-13 Revised Budget	FY 2012-13 Year-End Actuals	Percent of Actuals to Revised
611 - Hydroelectric Power Bond Redemption Fund			
EXPENDITURES			
Unappropriated Fund Balance	4,472,989	4,521,397 0	0:00 101.08
Bond Expenses	2,696,058	2,696,057	100.00
TOTAL EXPENDITURES	7,169,047	7,217,454 7,217,454	37:61 100.68
REVENUES			
Budgeted Beginning Fund Balance	4,432,710	4,454,948 0	0:00 100.50
Miscellaneous	2,736,337	2,762,506	100.96
TOTAL REVENUES	7,169,047	7,217,454 7,217,454	38:53 100.68

Fund Reconciliation Narrative

No variances to report.

Prior Year Fund Reconciliation Report

	FY 2012-13 Revised Budget	FY 2012-13 Year-End Actuals	Percent of Actuals to Revised
618 - Hydroelectric Power Renewal Replacement Fund			
EXPENDITURES			
Fund Transfers - Expense	125,000	28,984	23.19
Contingency	9,908,840	10,104,407	0:00 109.97
TOTAL EXPENDITURES	10,033,840	28,984 <u>10,133,391</u>	0.29 100.99
REVENUES			
Budgeted Beginning Fund Balance	9,686,500	9,744,787	0:00 100.60
Miscellaneous	347,340	388,604	111.88
TOTAL REVENUES	10,033,840	388,604 <u>10,133,391</u>	3.87 100.99

Fund Reconciliation Narrative

Fund Transfers - Expense (23.19%)

These cash transfers are made from this Fund (No.618) to the Hydropower Operating Fund (No. 601) to pay for repair and replacement work at the Portland Hydroelectric Project (PHP) as those needs arise. This under-expenditure variance is due to the fact that the budgeted amount includes a place holder for unidentified work and in FY2011-12, there have not been a lot of renewal and replacement projects required for the facilities of the PH P. Therefore, the transfers from this Hydropower Renewal & Replacement Fund to the Hydropower Operating Fund (Fund No. 601) have ended up being less than budgeted.

Portland Water Bureau
Performance Measures

Performance Measure	Type	FY 2012-13 Adopted Budget	FY 2012-13 Revised Budget	FY 2012-13 Year-End Actuals		
WA_0041 - Power Sold to PGE (mwh)	EFFECTIVE	50,400	58,500	56,685	0	0
WA_0042 - Transfer of Hydropower Profits to General Fund	EFFICIENCY	\$500,000	\$500,000	\$500,000	\$0	\$0