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Date: September 28, 2015  
To: Andrew Scott, City Budget Office  
From: Michael Stuhr, Water Bureau Administrator   
Subject: Executive summary for the FY 2015-16 Fall BMP

Enclosed is the Water Bureau's FY 2015-16 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:

- o Position changes within Operations and Administrative Services in order to better align job duties. These adjustments result in a 1.25 FTE increase with no financial impact.
- o True up Green Street Initiative contribution to reflect the \$100,957 actual costs.
- o Revenue Interagency of \$9,200 for space leased to Facilities for homeless campsite cleanup.
- o Adjust interagency expense with Facilities by \$23,315 to reflect wage increase passed by Council on May 13, 2015.
- o Technical adjustments to align the budget.
- o Water Bureau beginning fund balance adjustment.
- o Grant acceptance of \$99,900 for the Emergency Mobile Water Treatment Trailer.

The Bureau doesn't have any FY 2015-16 Budget Note to report on. Updates to prior year decision packages, prior technical BMP adjustments and performance measures results are included in this report.

If you have any questions regarding this report, please contact Elizabeth Hilt at 3-7549.

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 Board (PUB)

**CBO Discussion and Recommendations  
FY 2015-16 Fall Supplemental Budget**

**Bureau:** Portland Water Bureau

**Type:** Technical Adjustment

**Request:** WA\_001 - Position Changes

	<b>Fall BMP Requested Adjustments</b>	<b>Fall BMP CBO/Council Changes</b>	<b>Fall BMP Total Adjustments</b>
<b>EXPENDITURES</b>			
Personnel Services	0	0	0
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FTE</b>			
Full-Time Positions	2.00	0.00	2.00
Part-Time Positions	-0.75	0.00	-0.75
<b>TOTAL FTE</b>	<b>1.25</b>	<b>0.00</b>	<b>1.25</b>

**Bureau Description:**

a. Create a full time Environmental Tech 1 (30000337) – Operations/Water Quality Compliance using savings within the Operation Group budget.

This position will expand the sampling capacity performed by the Water Quality section by 1.0 FTE and will allow the section to increase coverage of regulatory sampling, customer sampling and distribution system studies. In addition, it will allow the section to increase process control to address issues such as corrosion control, flushing and nitrification.

Expanded sampling capacity is needed due to the increase in regulatory sampling. For example, early sampling requirements along with additional sampling for the Total Coliform Rule, groundwater sampling (when running), groundwater monitoring samples (year round), nitrification sampling, and other programs that ensure the safety and compliance of our drinking water are becoming increasingly more difficult to complete as more and earlier sampling is required to meet regulations. The additional FTE is needed to assist in meeting these ongoing and growing sampling requirements.

b. Reclass .75 FTE Sr. Management Analyst (30000452) to a 1.00 Management Assistant (30000450) in Administration – Business Operations.

Currently this position focuses on HR related duties only. However, the Business Operations section includes Property Management, Training and Organization Development in addition to the HR related functions. The staff in the Business Operations Section will benefit from this change by being able to focus on critical tasks that require specific expertise and skills, while allowing more routine functions such as scheduling, database management and simple reports to be completed by other staff.

This position was not requested in the budget because there was no indication that the incumbent would retire. However, with the retirement, the section was afforded the opportunity to evaluate the work and make changes.

**CBO Discussion and Recommendation**

**CBO Discussion and Recommendations  
FY 2015-16 Fall Supplemental Budget**

**Bureau:** Portland Water Bureau

**Type:** Technical Adjustment

**Request:** WA\_002 - Green Street Initiative

	<b>Fall BMP Requested Adjustments</b>	<b>Fall BMP CBO/Council Changes</b>	<b>Fall BMP Total Adjustments</b>
<b>EXPENDITURES</b>			
Personnel Services	0	0	0
Fund Transfers - Expense	(49,043)	0	(49,043)
Contingency	49,043	0	49,043
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Bureau Description:**

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 \$49,043 to true up the Portland Water Bureau's contribution for the Green Street Initiative fund to actual costs of \$100,957.

**CBO Discussion and Recommendation**

**CBO Discussion and Recommendations  
FY 2015-16 Fall Supplemental Budget**

**Bureau:** Portland Water Bureau

**Type:** Technical Adjustment

**Request:** WA\_003 - Services Provided to other Bureaus

	<b>Fall BMP Requested Adjustments</b>	<b>Fall BMP CBO/Council Changes</b>	<b>Fall BMP Total Adjustments</b>
<b>EXPENDITURES</b>			
Contingency	9,200	0	9,200
<b>TOTAL EXPENDITURES</b>	<b>9,200</b>	<b>0</b>	<b>9,200</b>
<b>REVENUES</b>			
Interagency Revenue	9,200	0	9,200
<b>TOTAL REVENUES</b>	<b>9,200</b>	<b>0</b>	<b>9,200</b>

**Bureau Description:**

Establish \$9,200 Office of Management and Finance Facilities Services (OMF-FAC) interagency for space leased for storage of personal property related to homeless campsite cleanup.

**CBO Discussion and Recommendation**

**CBO Discussion and Recommendations  
FY 2015-16 Fall Supplemental Budget**

**Bureau:** Portland Water Bureau

**Type:** Technical Adjustment

**Request:** WA\_004 - Increase in Services requested by other Bureaus

	<b>Fall BMP Requested Adjustments</b>	<b>Fall BMP CBO/Council Changes</b>	<b>Fall BMP Total Adjustments</b>
<b>EXPENDITURES</b>			
External Materials and Services	(2,000)	0	(2,000)
Internal Materials and Services	25,315	0	25,315
Contingency	(23,315)	0	(23,315)
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Bureau Description:**

a. Interagency with OMF-FAC – Increase interagency costs for space rent and operations and maintenance by \$23,315 as a result of wage-related increases passed by Council on 05/13/2015 ordinance # 187124.

b. Shift funds by \$2,000 to increase Interagency with Bureau of Planning and Sustainability for the Water Bureau's sponsorship of the City's Sustainability Work Program effort to provide businesses with more information on ways to be more sustainable.

**CBO Discussion and Recommendation**

**CBO Discussion and Recommendations  
FY 2015-16 Fall Supplemental Budget**

**Bureau:** Portland Water Bureau

**Type:** Technical Adjustment

**Request:** WA\_005 - Technical Adjustment

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
<b>EXPENDITURES</b>			
External Materials and Services	0	0	0
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Bureau Description:**

Shift \$20,000 from Stores and Field Services program to cover an increase in consulting service expenditures for the Safety program.

**CBO Discussion and Recommendation**

**CBO Discussion and Recommendations  
FY 2015-16 Fall Supplemental Budget**

**Bureau:** Portland Water Bureau

**Type:** Technical Adjustment

**Request:** WA\_006 - Beginning Fund Balance Adjustment

	<b>Fall BMP Requested Adjustments</b>	<b>Fall BMP CBO/Council Changes</b>	<b>Fall BMP Total Adjustments</b>
<b>EXPENDITURES</b>			
Unappropriated Fund Balance	60,364	0	60,364
Contingency	13,372,036	0	13,372,036
<b>TOTAL EXPENDITURES</b>	<b>13,432,400</b>	<b>0</b>	<b>13,432,400</b>
<b>REVENUES</b>			
Budgeted Beginning Fund Balance	13,432,400	0	13,432,400
<b>TOTAL REVENUES</b>	<b>13,432,400</b>	<b>0</b>	<b>13,432,400</b>

**Bureau Description:**

Adjust the Water Bureau beginning fund balances to be consistent with the City's preliminary FY 2014-15 balances.

**CBO Discussion and Recommendation**

**CBO Discussion and Recommendations  
FY 2015-16 Fall Supplemental Budget**

**Bureau:** Portland Water Bureau

**Type:** New Request

**Request:** WA\_007 - Accept Grant

	<b>Fall BMP Requested Adjustments</b>	<b>Fall BMP CBO/Council Changes</b>	<b>Fall BMP Total Adjustments</b>
<b>EXPENDITURES</b>			
Capital Outlay	99,900	0	99,900
<b>TOTAL EXPENDITURES</b>	<b>99,900</b>	<b>0</b>	<b>99,900</b>
<b>REVENUES</b>			
Intergovernmental Revenues	99,900	0	99,900
<b>TOTAL REVENUES</b>	<b>99,900</b>	<b>0</b>	<b>99,900</b>

**Bureau Description:**

Accepting grant for the Emergency Mobile Water Treatment – Trailer UASI 14 (EM-35)

**CBO Discussion and Recommendation**

## Prior Year Fund Reconciliation Report

	FY 2014-15 Revised Budget	FY 2014-15 Year-End Actuals	Percent of Actuals to Revised
<b>602 - Water Fund</b>			
<b>EXPENDITURES</b>			
Personnel Services	61,143,882	58,377,638	95.48
External Materials and Services	28,465,913	26,055,093	91.53
Internal Materials and Services	20,235,569	19,258,464	95.17
Capital Outlay	57,903,285	53,421,017	92.26
Bond Expenses	3,143,514	2,939,510	93.51
Fund Transfers - Expense	90,080,366	90,030,366	99.94
Contingency	72,579,491	0	0.00
<b>TOTAL EXPENDITURES</b>	<b>333,552,020</b>	<b>250,082,087</b>	<b>74.98</b>
<b>REVENUES</b>			
Budgeted Beginning Fund Balance	69,566,152	0	0.00
Charges for Services	148,585,324	152,711,434	102.78
Intergovernmental Revenues	526,000	631,446	120.05
Interagency Revenue	3,315,428	2,976,786	89.79
Fund Transfers - Revenue	110,326,039	97,998,697	88.83
Bond and Note	70,000	0	0.00
Miscellaneous	1,163,077	1,507,383	129.60
<b>TOTAL REVENUES</b>	<b>333,552,020</b>	<b>255,825,747</b>	<b>76.70</b>

### **Fund Reconciliation Narrative**

Intergovernmental Revenues: The \$105,000 increase is from additional Washington County supply line maintenance and operations charge reimbursement.

Interagency Revenue: The \$339,000 decrease is from less work provided to the Bureau of Environmental Services (BES) than originally planned.

Fund Transfers-Revenue: The \$12.3 million decrease is primarily driven by transfers from the Construction Fund to reimburse for capital expenditures being lower than planned.

Bond and Note: The \$70,000 decrease is for an Interfund loan to the Grants Office related to the Milwaukie Light Rail project. No additional expensed occurred, so the loan is not necessary for FY2014-15.

Miscellaneous: The \$344,000 increase is additional revenue for rent and interest earnings.

## Prior Year Fund Reconciliation Report

	FY 2014-15 Revised Budget	FY 2014-15 Year-End Actuals	Percent of Actuals to Revised
<b>612 - Water Bond Sinking Fund</b>			
<b>EXPENDITURES</b>			
Unappropriated Fund Balance	36,802,725	0	0.00
Bond Expenses	50,205,616	50,205,616	100.00
Fund Transfers - Expense	0	(0)	0.00
<b>TOTAL EXPENDITURES</b>	<b>87,008,341</b>	<b>50,205,616</b>	<b>57.70</b>
<b>REVENUES</b>			
Budgeted Beginning Fund Balance	31,447,450	0	0.00
Fund Transfers - Revenue	50,048,643	50,070,357	100.04
Bond and Note	5,355,275	5,355,275	100.00
Miscellaneous	156,973	195,623	124.62
<b>TOTAL REVENUES</b>	<b>87,008,341</b>	<b>55,621,255</b>	<b>63.93</b>

### Fund Reconciliation Narrative

Miscellaneous: The \$39,000 increase is because of higher interest earnings.

## Prior Year Fund Reconciliation Report

	FY 2014-15 Revised Budget	FY 2014-15 Year-End Actuals	Percent of Actuals to Revised
<b>615 - Water Construction Fund</b>			
<b>EXPENDITURES</b>			
Unappropriated Fund Balance	68,477,489	0	0.00
Fund Transfers - Expense	110,509,227	98,253,600	88.91
Contingency	4,647,377	0	0.00
<b>TOTAL EXPENDITURES</b>	<b>183,634,093</b>	<b>98,253,600</b>	<b>53.51</b>
<b>REVENUES</b>			
Budgeted Beginning Fund Balance	59,047,848	0	0.00
Charges for Services	1,750,000	4,665,242	266.59
Fund Transfers - Revenue	35,137,247	35,137,247	100.00
Bond and Note	87,262,625	87,262,625	100.00
Miscellaneous	436,373	491,780	112.70
<b>TOTAL REVENUES</b>	<b>183,634,093</b>	<b>127,556,895</b>	<b>69.46</b>

### **Fund Reconciliation Narrative**

**Fund Transfers-Expense:** The \$12.3 million decrease is primarily driven by transfers to the Operating Fund to reimburse for capital expenditures being lower than planned.

**Charges for Services:** The \$2.9 million increase is from higher than planned system development charges.

**Miscellaneous:** The \$55,000 increase is because of higher interest earnings.

# Prior Year Business Area Reconciliation Report

	FY 2014-15 Revised Budget	FY 2014-15 Year-End Actuals	Percent of Actuals to Revised
<b>Portland Water Bureau</b>			
<b>REVENUES</b>			
Intergovernmental Revenues	\$0	\$0	0%
<b>TOTAL REVENUES</b>	<b>\$0</b>	<b>\$0</b>	<b>0%</b>

## Bureau Reconciliation Narrative

**FY 2015-16 Portland Water Bureau  
Fall BuMP -Budget Note**

**FY 2015-16 Budget Notes**

There were no Budget Notes for the Water Bureau.

**FY 2015-16 Portland Water Bureau  
Fall BMP Reporting**

**Approved Decision Package for FY 2014-15 and FY 2014-15 Fall BMP Adjustments**

**Decision Package for FY 2014-15:**

City Council approved a reduction package to reduce the total budget by \$15,502,670. The bureau identified reductions to services and realigned budget to focus existing resources more directly on core mission and Council priorities. Of the total reductions, \$1,402,780 in the operating budget and \$14,099,890 in the capital budget. A total of eleven full time permanent positions were eliminated totaling a reduction of \$1,675,330 in personal services budget. Seven of the eleven positions were vacant and four were currently filled; three were non-represented positions and eight were represented positions. Budget reductions in external material and services was \$561,935, internal material and services of \$179,090, and capital outlay of \$13,086,315.

**REDUCTIONS BY FUNDING SOURCE AND BY PROGRAM:**

Program	Base	Capital	Total
Supply	(192,368)	34,000	(158,368)
Transmission & Terminal Storage	(151,477)	(12,323,000)	(12,474,477)
Treatment	56,365	300,000	356,365
Distribution	98,269	355,110	453,379
Regulatory Compliance	(133,991)	(2,519,000)	(2,652,991)
Customer Service	(231,364)		(231,364)
Support	(848,214)	53,000	(795,214)
Grand Total	(1,402,780)	(14,099,890)	(15,502,670)

**Updates on approved Fall BMP Adjustments:**

WA\_004 - Carryover over requests

- a. Carryover \$22,100 in professional services from FY 2013-14 for the State of Oregon Department of Geology and Mineral Industries (DOGAMI) Bull Run landslide study. The Water Bureau 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 in January 2015. Work during FY 2014-15 will include completion of digital mapping products and an explanatory report. The total cost of the study is \$114,600, and a request of \$22,100 is needed as a carryover to pay the remaining portion of contract.

**Update 7/1/14 to 2/28/15:** The DOGAMI study is nearing completion; review of the draft report is currently in progress. Work was slightly delayed this winter due to staffing challenges at DOGAMI. The end date was extended until June 30, 2015, and the work is expected to be complete (and funds expended) on or before that date.

**Update 3/1/15 to 6/30/15:** Project is complete, and funds expended.

- b. Carryover \$55,000 in professional services from FY 2013-14 for an interagency agreement with Metro to collect light detection and ranging (LIDAR) and aerial photography data for the Bull Run watershed. The Water Bureau is participating in a consortium of public agencies using transects flown by fixed-wing aircraft to collect land form and land cover data in the Portland metropolitan area; Metro is administering the contract. The LIDAR data is necessary for ongoing watershed condition assessment and for infrastructure design and protection. The aerial photography data is needed for watershed condition assessment and to help maintain the City's variance from the Oregon Health Authority (OHA) requirements to treat for water-borne pathogens including *Cryptosporidium*. The Bureau of Technology Services (BTS) is managing the City's participation in the interagency agreement with Metro. The Water Bureau's share of the interagency agreement is \$105,000. The FY 2014-15 budget includes \$50,000 for this work. The \$55,000 carryover is needed to cover the remaining portion.

**Update 7/1/14 to 2/28/15:** The LIDAR and aerial photo data collection is complete. The Water Bureau expects to receive the electronic data deliverables in April, and expects the bureau's portion of the multi-agency effort to be complete (and funds expended) on or before June 30, 2015.

**Update 3/1/15 to 6/30/15:** Project is complete, and funds expended.

WA\_005 - CIP adjustments – Technical adjustments to the CIP that nets to \$0

**Update 7/1/14 to 2/28/15:** for additional information refer to the Current Year Capital Reporting (C2) in the Spring BMP report.

**Update 3/1/15 to 6/30/15:** for additional information refer to the Current Year Capital Reporting (C2) in the Spring BMP report.

WA\_012 - **Innovation Fund:** Transfer from the General Fund of \$17,000 awarded for innovation fund project. The Water Bureau project, Water Quality Map Widget, was approved for micro grant funding in January 2015. This funding would develop an online and mobile enhanced map-based tool allowing Bureau's to share resources for residents to find up-to-date maps of activities in one place.

**Update 3/30/15 to 6/30/15:** To date \$3,335.64 has been spent on the innovation grant project. The current status is that it is in final testing and internal approval. Unfortunately, BTS is low on staff, and even though the project is soon going to be finalized internally, it is hard to say when it will go live. A preliminary projection is the end of October, but that will depend

on the amount of remaining changes that need to be made and the availability of BTS staff.

File: ..602000 Fall 15-16 DecisionPackageStatus.doc

# Portland Water Bureau

## Performance Measures

Performance Measure	Type	FY 2012-13 Year-End Actuals	FY 2013-14 Year-End Actuals	FY 2014-15 Adopted Budget	FY 2014-15 Revised Budget	FY 2014-15 Year-End Actuals
WA_0041 - Amount of power sold to Portland General Electric in megawatt hours	EFFECTIVE	56,685	85,749	86,300	93,800	72,805
WA_0042 - Amount of transfer of hydropower profits to General Fund	EFFICIENCY	\$500,000	\$300,000	\$400,000	\$400,000	\$400,000
WA_0044 - Maintain water revenue bond credit rating	KPM	100%	100%	100%	100%	100%
WA_0045 - Debt service coverage at 1.90 on first lien bonds	EFFECTIVE	2.62	3.12	1.90	1.90	3.35
WA_0046 - Debt service coverage at 1.75 on both first and second lien bonds	EFFECTIVE	1.94	1.81	1.75	1.75	1.83
WA_0047 - Percentage of projects forecast to be completed within three months of planned date	EFFICIENCY	80%	100%	80%	80%	78%
WA_0048 - Percentage of budgeted Capital Improvement Plan expended	EFFECTIVE	93%	98%	100%	100%	90%
WA_0049 - Percentage of customers giving high or very high ratings on Auditor's Survey	EFFECTIVE	73%	62%	75%	75%	0%
WA_0050 - Percentage of customer inquiries or requests responded to within five business days	EFFICIENCY	99%	99%	95%	95%	98%
WA_0051 - Percentage of calls answered within 60 seconds	EFFICIENCY	55%	43%	80%	80%	65%
WA_0052 - Percentage of customer payment transactions made through preferred methods	EFFICIENCY	50%	54%	39%	50%	59%
WA_0053 - Bureau's annual carbon emissions in metric tons of CO2e	EFFICIENCY	10,885	9,062	14,008	14,008	0
WA_0054 - Capacity of new renewable energy sources, kilowatts	EFFECTIVE	315	323	400	400	422
WA_0056 - Percentage of flow control valves operational when needed	EFFECTIVE	95%	100%	90%	90%	100%
WA_0058 - Number of violations of state and federal drinking water quality regulations	KPM	1	1	0	0	0
WA_0059 - Number of violations of state and federal environmental regulations	KPM	0	2	0	0	0
WA_0077 - Percentage of city's water supply provided by Bull Run watershed under normal operating conditions	EFFECTIVE	99%	99%	95%	95%	98%
WA_0087 - Number of unplanned events leading to customers out of water for more than 8 hours	KPM	0	1	0	2	1
WA_0088 - Average minutes that customers are on hold before speaking to a customer service representative	KPM	1.50	1.52	0.00	2.00	1.50
WA_0089 - Percentage of identified high risk assets addressed	KPM	95%	96%	0%	80%	91%

# Portland Water Bureau

## Performance Measures

Performance Measure	Type	FY 2012-13	FY 2013-14	FY 2014-15	FY 2014-15	FY 2014-15
		Year-End Actuals	Year-End Actuals	Adopted Budget	Revised Budget	Year-End Actuals

### Performance Measure Variance Descriptions

WA\_0041 A very dry Spring season coupled with an uncharacteristically low snow pack led to power generation totals from February - June that were far below average.

WA\_0045 Actuals are preliminary numbers based on FY14-15 Settlement #2; Year end estimates are planning targets only.

WA\_0046 Actuals are preliminary numbers based on FY14-15 Settlement #2; Year end estimates are planning targets only.

WA\_0048 One large multi-stakeholder project was delayed, obtaining final permits delayed bidding the Groundwater Electrical Supply Improvement Project, minor delays in Water Quality and Water System Seismic study, and minor design delays in improvements to the Lusted Hill facility.

WA\_0049 Results from the survey not available until October.

WA\_0051 Customer Service had moved even closer to the 80% mark in late spring, but towards the end of the year experienced vacancies that contributed to a decline at end of FY. Those vacancies have been filled and greater improvement is expected.

WA\_0053 Data not available until later in calendar year.

WA\_0087 "Water hammer," which is a pressure event that is generated when the system experiences a sudden swing in pressure, often caused by external forces. This water hammer event occurred in the system as a result of a vehicle collision with a hydrant. This pressure event damaged water services, meters, and multiple sections of main in the area. The majority of customers out of water were repaired within 8hrs of being out of service or were placed on temporary services, however there were a small few where sources for temporary service were not available. Those few customer were out of water for a longer duration than 8hrs.

WA\_0089 64% of the high risk assets have been addressed, 27% are in the process of being addressed, and 9% are either being monitored or will not be addressed for reasons related to cost or feasibility.

# Capital Program Status Report

## Water

CIP Program	FY 2014-15 Adopted Budget	FY 2014-15 Revised Budget	FY 2014-15 Year-End Actuals	Variance \$	Variance %	FY 2015-16 Adopted Budget	Fall BMP Revised Budget	FY 2015-16 Year to Date Actuals	Variance \$	Variance %
Customer Service	\$0	\$0	\$0	\$0		\$63,000	\$63,000	\$0	\$0	0%
Distribution	\$54,258,000	\$44,990,981	\$41,144,789	(\$3,846,192)	(9%)	\$44,618,650	\$44,618,650	\$3,146,041	\$0	0%
Regulatory Compliance	\$1,601,000	\$1,851,000	\$959,727	(\$891,273)	(48%)	\$1,858,500	\$1,858,500	\$24,584	\$0	0%
Supply	\$4,752,000	\$2,905,019	\$1,766,323	(\$1,138,696)	(39%)	\$4,818,100	\$4,818,100	\$128,276	\$0	0%
Support	\$1,560,000	\$1,860,000	\$1,482,016	(\$377,984)	(20%)	\$2,184,000	\$2,184,000	\$206,245	\$0	0%
Transmission/Terminal Storage	\$34,342,000	\$35,302,000	\$33,012,277	(\$2,289,723)	(6%)	\$14,943,000	\$14,943,000	\$725,254	\$0	0%
Treatment	\$301,000	\$731,000	\$517,107	(\$213,893)	(29%)	\$285,500	\$285,500	\$15,949	\$0	0%
<b>Total</b>	<b>\$96,814,000</b>	<b>\$87,640,000</b>	<b>\$78,882,240</b>	<b>(\$8,757,760)</b>	<b>(10%)</b>	<b>\$68,770,750</b>	<b>\$68,770,750</b>	<b>\$4,246,350</b>	<b>\$0</b>	<b>0%</b>

\* 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 about \$650,000 in interagency revenue and the exclusion of fleet vehicle purchases. With those items, total expense is \$44.1 million. Total CIP expenditures are \$81.8 million for a variance of 6.7%.

Regulatory Compliance: Easement acquisition costs less than planned and a grant agreement was cancelled when other partner funding fell thru.

Supply: Actual costs for two watershed road projects were less than budgeted. Obtaining final permits delayed bidding the Groundwater Electrical Supply Improvement Project.

Support: Minor delays in water quality and water system seismic study resulted in underspending the program.

Treatment: Minor design delays in improvements to the Lusted Hill facility.

In Total: Expensed CIP projects are included

### Current Year Variance Description

None to report.



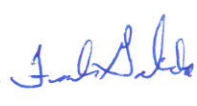
Hydroelectric Power Section, Rm. 530    Hydropower Information: 503- 823-7517    FAX: 503-823-7533

## MEMORANDUM

September 25, 2015

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TO:            Michael Stuhr, P.E. – Administrator  
                  Portland Water Bureau (106/601)

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

SUBJECT:     **Hydroelectric Power Division's Fall Budget Monitoring Report for FY 2015-16**

Attached are the Fall Budget Monitoring Reports for the three City Funds that are managed through the Hydroelectric Power Division. Attached are FY 2014-15 BRASS Fund Reconciliation Reports for the Hydropower Funds and a performance measures report for FY 2014-15. We also have two Budget Amendment Requests to increase the authorization for Miscellaneous Expenditures in the Hydroelectric Power Operating Fund and support that increase by an increased transfer from the Hydropower R&R 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 2014-15 with a positive ending balance of \$479,885. That is \$164,253 higher than that which had been projected for Fund 601 in the FY 2014-2015 budget. It is also \$60,485 higher than that which had been projected as a beginning balance for Fund 601 in FY 2015-16.

### **Hydroelectric Power Bond Redemption Fund No. 611**

- In FY 2014-15, 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 2014-15 year end, the total fund ending balance was 98.4% of the budgeted amount.

### **Hydroelectric Power Renewal and Replacement Fund No. 618**

- In FY 2014-15, only one smaller repair and replacement project at the Portland Hydroelectric Project was paid for out of this fund.
- As of the FY 2014-15 year end, the total ending balance for this fund was 100.9% of the budgeted amount.

**Power Generation Status at the Portland Hydroelectric Project**

The Portland Hydroelectric Project (PHP) finished its Contract Year 2013-14 (9/1/2013 through 8/31/2014) with a total amount of power generation that was roughly 102% of its historical average. That level of power generation was 0.8% below the amount that was projected in the FY 2014-2015 budget. The specific reconciliation payment associated with that power generation was actually received in January of 2015.

The PHP recently finished its Contract Year 2014-15 (9/1/2014 through 8/31/2015) with a total amount of power generation that was roughly 80% of its historical average. This level of power generation was 26.4% below the amount that was projected in the FY 2015-16 Budget. In January, when the FY 2015-16 Budget was being prepared, the first five months of CY 2014-15 had already yielded well above average amounts of generation with a forecast for average to above average precipitation for the rest of the Contract Year. In February, the regional weather patterns shifted dramatically resulting in an extremely warm and dry spring and summer period. The specific reconciliation payment for power produced at the Portland Hydroelectric Project in Contract Year 2014-15 should be received in December of 2015.

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

FRG 2015-16-FALL BUMP MEMO - HYDROPOWER

cc: Teresa Elliott  
Elizabeth Hilt  
Cecelia Huynh  
Ryan Kinsella

**CBO Discussion and Recommendations  
FY 2015-16 Fall Supplemental Budget**

**Bureau:** Portland Water Bureau

**Type:** New Request

**Request:** WA\_008 - Increase Fund 601000 authorization - PHP repairs

	<b>Fall BMP Requested Adjustments</b>	<b>Fall BMP CBO/Council Changes</b>	<b>Fall BMP Total Adjustments</b>
<b>EXPENDITURES</b>			
External Materials and Services	175,000	0	175,000
<b>TOTAL EXPENDITURES</b>	<b>175,000</b>	<b>0</b>	<b>175,000</b>
<b>REVENUES</b>			
Fund Transfers - Revenue	175,000	0	175,000
<b>TOTAL REVENUES</b>	<b>175,000</b>	<b>0</b>	<b>175,000</b>

**Bureau Description:**

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. We have four separate repair projects identified at the PHP that are currently underway. There is one of those repair projects at the PHP that was initially planned to be completed and billed out in FY 2014-15. Its completion will now extend into FY 2015-16 and the reimbursement payments will be made during that fiscal year. It is now necessary to increase the FY 2015-16 authorization for miscellaneous expenditures from Fund 601000 by an amount of \$175,000 to accommodate these repair projects. The revenue to support this increase will be coming from Fund 618000 (Hydropower Renewal & Replacement Fund) via a fund cash transfer.

**CBO Discussion and Recommendation**

**CBO Discussion and Recommendations  
FY 2015-16 Fall Supplemental Budget**

**Bureau:** Portland Water Bureau

**Type:** New Request

**Request:** WA\_009 - Increase transf from Fund 618000 to Fund 601000

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
<b>EXPENDITURES</b>			
Fund Transfers - Expense	175,000	0	175,000
Contingency	(175,000)	0	(175,000)
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Bureau Description:**

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. We have four separate repair projects identified at the PHP that are currently underway. There is one of those repair projects at the PHP that was initially planned to be completed and billed out in FY 2014-15. Its completion will now extend into FY 2015-16 and the reimbursement payments will be made during that fiscal year. It is now necessary to increase the FY 2015-16 authorization for the cash transfer from Fund 618000 to Fund 601000 by an amount of \$175,000 to accommodate these repair projects.

**CBO Discussion and Recommendation**

## Prior Year Fund Reconciliation Report

	FY 2014-15 Revised Budget	FY 2014-15 Year-End Actuals	Percent of Actuals to Revised
<b>601 - Hydroelectric Power Operating Fund</b>			
<b>EXPENDITURES</b>			
Personnel Services	293,574	282,600	96.26
External Materials and Services	352,500	72,656	20.61
Internal Materials and Services	233,640	118,516	50.73
Bond Expenses	20,616	19,826	96.17
Fund Transfers - Expense	403,921	403,921	100.00
Contingency	315,632	<del>479,885</del> 0	<del>0.00</del> 152.0
<b>TOTAL EXPENDITURES</b>	<b>1,619,883</b>	<del>897,519</del> 1,377,404	<del>55.41</del> 83.4
<b>REVENUES</b>			
Budgeted Beginning Fund Balance	332,600	<del>398,245</del> 0	<del>0.00</del> 119.7
Interagency Revenue	53,500	67,783	126.70
Fund Transfers - Revenue	279,303	21,328	7.64
Miscellaneous	954,480	<del>890,048</del> 889,553	<del>93.20</del> 93.3
<b>TOTAL REVENUES</b>	<b>1,619,883</b>	<del>978,664</del> 1,377,404	<del>60.42</del> 83.4

### Fund Reconciliation Narrative

#### EXPENDITURES

External Materials and Services (20.6%) - This under-expenditure variance is primarily due to the fact that the budgeted amount for reimbursements to PGE for renewal and replacement projects at the Portland Hydroelectric Project (PHP) includes both a place holder for unidentified work and for some repair work that was not totally completed and billed to the City by the end of FY2014-15. That work that is in progress will be completed and paid for in FY 2015-16. Therefore, the expenditures from this Hydropower Operating Fund (Fund No. 601) in FY 2014-15 ended up being significantly less than budgeted.

Internal Materials and Services (50.7%) - The largest part of this variance is due to a change in how the commercial property insurance for the Portland Hydroelectric Project is now being obtained. Instead of the City purchasing the insurance coverage and then seeking reimbursement from PGE as had been done in the past, that insurance is now being purchased directly by PGE. This under-expenditure is also partially due to the actual amount of services that the Hydroelectric Power Division of the Portland Water Bureau received from the Water Division of the Bureau for the services that it has requested.

#### REVENUES

Interagency Revenue (126.7%) – This variance simply reflects the actual 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 (7.6%) - These cash transfers are made from the Hydropower Renewal & Replacement 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 both a place holder for unidentified work and for some repair work that was not totally completed and billed to the City by the end of FY2014-15. That work will be completed and paid for in FY 2015-16. Therefore, the transfers from the Hydropower Renewal & Replacement Fund to this Hydropower Operating Fund (Fund No. 601) in FY 2014-15 ended up being significantly less than budgeted.

## Prior Year Fund Reconciliation Report

	FY 2014-15 Revised Budget	FY 2014-15 Year-End Actuals	Percent of Actuals to Revised
<b>611 - Hydroelectric Power Bond Redemption Fund</b>			
<b>EXPENDITURES</b>			
Unappropriated Fund Balance	4,448,327	<u>4,332,574</u> 0	<del>0.00</del> 97.4
Bond Expenses	2,690,452	2,690,451	100.00
<b>TOTAL EXPENDITURES</b>	<b>7,138,779</b>	<del>2,690,451</del> <u>7,023,025</u>	<del>37.69</del> 98.4
<b>REVENUES</b>			
Budgeted Beginning Fund Balance	4,541,100	<u>4,528,764</u> 0	<del>0.00</del> 99.7
Miscellaneous	2,597,679	2,494,261	96.02
<b>TOTAL REVENUES</b>	<b>7,138,779</b>	<del>2,494,261</del> <u>7,023,025</u>	<del>34.94</del> 98.4

### Fund Reconciliation Narrative

#### EXPENDITURES

Unappropriated Fund Balance (97.4%)

No variance to report

Bond Expenses (100.0%)

No variance to report

#### REVENUES

Budgeted Beginning Fund Balance (99.7%)

No variance to report

Miscellaneous (96.0%)

No variance to report

## Prior Year Fund Reconciliation Report

	FY 2014-15 Revised Budget	FY 2014-15 Year-End Actuals	Percent of Actuals to Revised
<b>618 - Hydroelectric Power Renewal Replacement Fund</b>			
<b>EXPENDITURES</b>			
Fund Transfers - Expense	275,000	17,025	6.19
Contingency	10,334,680	<del>0</del> 10,687,374	<del>0.00</del> 103.4
<b>TOTAL EXPENDITURES</b>	<b>10,609,680</b>	<del>17,025</del> 10,704,399	<del>0.16</del> 100.9
<b>REVENUES</b>			
Budgeted Beginning Fund Balance	10,282,170	<del>0</del> 10,394,099	<del>0.00</del> 101.1
Miscellaneous	327,510	310,300	94.75
<b>TOTAL REVENUES</b>	<b>10,609,680</b>	<del>310,300</del> 10,704,399	<del>2.92</del> 100.9

### Fund Reconciliation Narrative

#### EXPENDITURES

Fund Transfers - Expense (6.2%)

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 both a place holder for unidentified work and for some repair work that was not totally completed and billed to the City by the end of FY2014-15. That work will be completed and paid for in FY 2015-16. Therefore, the transfers from this Hydropower Renewal & Replacement Fund to the Hydropower Operating Fund (Fund No. 601) in FY 2014-15 ended up being significantly less than budgeted.

Contingency (103.4%)

No variance to report

#### REVENUES

Budgeted Beginning Fund Balance (101.1%)

No variance to report

Miscellaneous (94.8%)

No variance to report

**FY 2015-16 Portland Water Bureau – Hydroelectric Power Division  
Fall BuMP Reporting  
Approved Decision Package for FY 2014-15 and Fall/Winter BuMP Adjustments**

**Updates on approved Fall BuMP Adjustment:**

WA\_007 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. There is one repair project at the PHP that was initially planned to be completed and billed out in FY 2013-14. Its completion will now extend into FY 2014-15 and the reimbursement payments will be made during that fiscal year. It is now necessary to increase the FY 2014-15 authorization for miscellaneous expenditures from Fund 601000 by an amount of \$150,000 to accommodate this repair project.

Fall BuMP Update:

- Following the approval of this FY 14-15 Fall BuMP budget adjustment request, \$150,000 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. That increased the Miscellaneous Expense line item authorization from \$135,000 to \$285,000.
- Through the end of June of 2015, we had only received final billings from the PHP Operator PGE for one specific repair project at the Portland Hydroelectric Project for \$17,025.
- At this time, we are aware of another \$300,000 of repairs that are in various stages of being accomplished and that will likely be billed and need to be paid for in FY 2015-16.

**Portland Water Bureau**  
**Performance Measures**

Performance Measure	Type	FY 2012-13 Year-End Actuals	FY 2013-14 Year-End Actuals	FY 2014-15 Adopted Budget	FY 2014-15 Revised Budget	FY 2014-15 Year-End Actuals
WA_0041 - Amount of power sold to Portland General Electric in megawatt hours	EFFECTIVE	56,685	85,749	86,300	93,800	72,248
WA_0042 - Amount of transfer of hydropower profits to General Fund	EFFICIENCY	\$500,000	\$300,000	\$400,000	\$400,000	\$400,000

**Performance Measure Variance Descriptions**

WA\_0041 A very dry Spring season coupled with an uncharacteristicly low snow pack led to power generation totals from February - June that were far below average.