



CITY OF PORTLAND ENVIRONMENTAL SERVICES



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

Date September 9, 2021

TO: Jessica Kinard, Director
City Budget Office

FROM: Michael Jordan, Director
Bureau of Environmental Services

SUBJECT: FY 2021-22 Fall Budget Monitoring Report

Attached please find the Bureau of Environmental Services Budget Monitoring Report for the Fall of FY 2021-22. A high-level summary is included below with additional detail contained in the enclosed submittal.

Although the revenue outlook for the bureau is not as strong as it was prior to the pandemic, the bureau has not seen the level of revenue loss initially projected when building the FY 2021-22 budget. As a result, the bureau is seeking to restore some of the critical needs that otherwise would have been included in the current year budget. We are including these items in a separate decision package in this BMP submittal. The package includes a mix of new personnel and consultant services to meet critical needs and includes:

- 2 FTE and \$400K for consultant support to accelerate our understanding of the condition of our treatment plan and pump station assets.
- 4 FTE and \$75K to build up our planning (2 FTE) and engineering (2 FTE) capacities to meet our capital investment priorities.
- 2 FTE to increase operational capacity necessary to meet critical facility and environmental remediation needs.
- \$300K for critical security needs to protect bureau personnel and assets.

Overall changes to the Bureau's operating programs require a reduction in contingency of \$5.62 million. Of that amount, \$1.56 million (27.8%) supports the package discussed above and the remaining reflects carryover funds from the prior fiscal year. The carryover items include:

- \$500K (8.9%) for digester cleaning that was not completed in the prior fiscal year.
- \$2.4 million (42.7%) for fleet vehicles ordered in the prior fiscal year, but not yet received.
- \$300K (5.3%) for items associated with condition assessment of force mains not completed at the end of the previous fiscal year.
- The remaining \$890K (15.8%) is for a variety of other smaller items previously approved, but not completed by the end of the prior fiscal year.

Also included in this submittal is a separate package for urgent and unforeseen items which is supported by a \$433K draw from contingency. These items include:

- \$229K to correct an error in the Adopted Budget which removed planned funding for replacement of water quality monitoring and laboratory equipment.
- \$164K for consultant support necessary to develop effluent turbidity solutions at the Columbia Boulevard Wastewater Treatment Plant to prevent permit discharge violations.
- \$40K for two single-person scissor lifts necessary due to personnel safety concerns.

In addition to the carryover items highlighted above, the Bureau requests adjustments to align beginning fund balances across the BES family of funds to citywide financial reports, and to provide adjustments that more appropriately align existing budgeted resources with requirements to allow for better internal tracking.

Please don't hesitate to contact me or BES Financial Planning staff with questions.

BUDGET AMENDMENT REQUEST REPORT



ES - Bureau of Environmental Services DP Type Encumbrance Carryover

Request Name: 12603 -Carryover

Package Description

This decision package for carryover reflects items that were previously approved, but incomplete at the end of the prior fiscal year.

Service Impacts

Carryover items requested total \$4.07 million including a \$24,584 revenue accrual offset from the prior year. The carryover items include the following:

- \$2,400,167 for fleet vehicles ordered in the prior fiscal years, but not yet received.
- \$500,000 for digester cleaning.
- \$299,129 for a consultant contract of condition assessment of force mains.
- \$153,000 for collection system planning.
- \$152,106 for rate consultant contract slowed by COVID-19 impacts.

Equity Impacts

This decision package reflects previously funded items that went unspent during the FY 2020-21 fiscal year or were delayed due to a variety of circumstances. The equity impacts of items included in this package were previously considered and approved under the bureau's Adopted Budget.

2021-22 FALL Requested Adj		
Expense	Capital Outlay	2,454,959
	Contingency	-4,065,111
	External Materials and Services	1,634,735
Expense	Sum:	\$24,583

2021-22 FALL Requested Adj		
Revenue	Interagency Revenue	24,583
Revenue	Sum:	\$24,583

ES - Bureau of Environmental Services DP Type Other Adjustments

Request Name: 12604 -Fund Level Adjustments

Package Description

This package will true up of fund balances from the prior year to align with actuals to be published in the City's Comprehensive Annual Financial Report.

Service Impacts

The adjustments contained in this package align beginning fund balances across the BES family of funds to citywide financial reports. Offsetting adjustments are made to the contingency of each fund impacted, including the following:

- \$777 of excess debt reserve to pay debt
- \$932,000 from Limited Tax Improvement Bonds expected to be issued this year by the City's Debt Management group.
- A decrease in the beginning fund balance of the Sewer System Operating Fund by \$3.05 million as a result of adjustments made late in the prior fiscal year.
- An increase in the beginning fund balance of the Environmental Remediation Fund by \$1.42 million as a result of lower than expected expenditures in the prior fiscal year.
- An increase in the beginning fund balance of the Sewer Construction Fund by \$38.53 million as a result of prior year revenues being higher than expected and adjustments made late in the prior year due to lower than expected capital expenditures.
- An increase in the beginning fund balance of the Sewer Debt Redemption Fund by \$14.08 million as a result of issuing more 2020 bonds in the prior year to take advantage of lower interest earnings. The amount primarily reflects increased cash funded bond reserves.

Equity Impacts

These are budget adjustments to align the current fiscal year estimated balances in line with prior year actual and only impact fund balance and contingency. There is no equity impact.

2021-22 FALL Requested Adj		
Expense	Contingency	51,929,625
	Debt Service Reserves	777
	Fund Transfers - Expense	777
Expense	Sum:	\$51,931,179

2021-22 FALL Requested Adj		
Revenue	Beginning Fund Balance	50,998,402
	Fund Transfers - Revenue	932,777
Revenue	Sum:	\$51,931,179

ES - Bureau of Environmental Services DP Type Technical Adjustments

Request Name: 12605 -Technical Adjustments

Package Description

This package aligns existing budget to current expectations.

Service Impacts

The changes in this package reflect internal adjustments and realignments. All increases are offset by a corresponding reduction such that there is no fund level change in appropriation nor draws from contingency. The adjustments move existing appropriation to support bureau transition related changes or aligns the budget to the appropriate general ledger accounts to match actual expenditures.

Equity Impacts

The changes contained in this package are in alignment with the equity considerations that developed the adopted budget. These technical adjustments are moving resources to accommodate accounting or transitional changes. There are no changes to equity impacts.

2021-22 FALL Requested Adj		
Expense	Capital Outlay	-42,500
	External Materials and Services	47,760
	Internal Materials and Services	34,500
	Personnel	-39,760
Expense	Sum:	\$0

ES - Bureau of Environmental Services DP Type Contingency

Request Name: 12625 -New - Urgent and Unforeseen

Package Description

The items in this package reflects new items that are urgent and were unforeseen when developing the Adopted Budget.

Service Impacts

The following requests in this package reflect items that were unforeseen when BES developed the requested budget.

\$163,693 for secondary process support at the CBWTP. The treatment plant began experiencing filament outbreaks and settling challenges in April. In addition to the filament outbreak, several process challenges resulted from operational changes due to construction, repairs, regional hypochlorite chemical shortage, and extreme ambient temperature events. As a result of this process upset, CBWTP was unable to control effluent turbidity and TSS which resulted in NPDES discharge violations. Potential process solutions using existing resources were started at the time of the upset but were not enough to mitigate the permit excursion. The remaining items left to investigate the process upset and define future process risk mitigation measures requires substantially more effort and needs to be conducted by a consultant by means of a task order at an estimated cost of \$163,693 in FY2022.

\$40,000 for a portable platform lift. The Plant Mechanical Maintenance Program utilizes several different types of aerial platforms to accomplish field repairs and maintenance work on overhead facilities and pipes in a safe manner. We have 2 portable single-person platform lifts that are 26 years old and have reached the end of their useful life. They are no longer useable and are critical for performing maintenance and repair work. In the interim, we have tried to utilize the boom truck and scissor lifts, but this is time-consuming and has safety concern.

\$229,000 for capital outlay in our field operations and water pollution control laboratory services. This was intended to be included in the requested budget but was missed by staff. \$40,000 is for multi-probes, \$60,000 for flow meters, \$20,000 for a purge and trap concentrator, \$30,000 for a volatiles autosampler, \$19,000 for a TKN Digestion System, and \$60,000 for a Mercury analyzer.

Equity Impacts

The operating investments in this decision package ensure proper, safe function of BES assets and are needed to support the bureau's commitment to equitable provision of services.

2021-22 FALL Requested Adj		
Expense	Capital Outlay	269,000
	Contingency	-432,693
	External Materials and Services	163,693
Expense	Sum:	\$0

2021-22 FALL Requested Adj		
Revenue	Charges for Services	0
Revenue	Sum:	\$0

ES - Bureau of Environmental Services DP Type Contingency

Request Name: 12626 -New - Restore Capacity

Package Description

BES was in the midst of significant organizational and process improvement work to align the bureau to our strategic plan and improve CIP throughput when the pandemic hit. The Bureau's organizational and process improvement efforts have revealed where immediate investments are needed to ensure continued reliable wastewater service and to avoid costly emergency repairs. Like many other cities, BES is contending with aging infrastructure at risk of failure. This BMP request provides the required resources to prevent failures that would impact public health, the environment, and BES regulatory compliance.

Due to the revenue impacts of the pandemic, the Bureau prioritized fiscal stability and did not request any new positions or resources in the FY 2021-22 budget process and instead focused on urgent priorities. Over the last year, the Bureau has repurposed existing positions and vacancies to fill the most critical gaps and has reached the point where continuing to use existing positions would leave critical gaps in current operations. As a result, the Bureau is requesting new positions and resources to fill gaps in the most critical and strategic areas.

Although there are still unknowns about revenue impacts of the pandemic, the Bureau is taking a responsible and measured approach in this BMP request. Revenues were not as severely impacted as expected and based on current estimates, are forecast to be above what was budgeted in FY 2021-22. We prioritized fiscal stability during the pandemic, and now it's time to resume investing in urgent priorities that are critical for public health and the environment. We are continuing our ambitious effort to implement process improvements to prioritize work in the key areas of treatment and pumping (more fully described below), work that is sequential, requiring condition assessment, analysis, planning, then design and construction.

In the last year, BES has further refined our priorities for capital investment through engagement with staff throughout the bureau. The most critical capital investment priorities are:

- Aging sewage pumping and treatment assets that are at the end of their operational life and are critical to protecting public health, property, and our rivers and streams.
- Stormwater system deferred maintenance and redevelopment accommodation.
- Failing non-process facilities at our industrial sites.

This decision package restores critical needs that were excluded from the FY 2021-22 budget and includes the following most urgent operationally funded staffing and contracting needed to take the immediate first steps to address those capital priorities:

- 2 FTE and \$400,000 PTE contracting to accelerate our understanding of the condition of our treatment plant and pump station assets – important for both urgent maintenance as well as proactive planning for replacement.
- 2 FTE and \$75,000 to build up our planning capacities to meet those capital investment priorities.
- 2 FTE to build up our engineering capacities to meet those capital investment priorities.
- 1 FTE to support City Portland Harbor Superfund requirements
- 1 FTE as a facilities coordinator to address urgent facility improvements at our numerous industrial sites and \$300,000 for additional contract security to ensure employee safety and facilities protection across several locations.

Service Impacts

Wastewater Treatment & Pumping Condition Assessment

A strong condition assessment program is integral to sustainable, reliability-centered asset management and supports the Bureau's strategic plan. Adding these positions and contract capacity will allow BES to accelerate the rate at which we evaluate our treatment and pumping assets so we can evaluate all associated assets from 15 to approximately 5 years. These assets are core to the service BES provides, and many of them are in poor condition. The information collected by this program supports decisions made in operations and maintenance and will inform planning and design of future upgrades and replacements. These positions will perform condition assessments of structural, mechanical, and electrical assets at treatment plants, 100 pumping stations, 15 odor control facilities, 60 air/vac structures, and CSO system active controls (gates/valves).

Planning & Design

BES is short-staffed in planners and engineers with expertise in treatment and pumping. Wastewater treatment plants and pump stations are complex electrical and mechanical assets that must operate continuously in harsh conditions. Additional resources are needed to plan and design improvements in our treatment and pumping systems. This is a significant body of work. This BMP request includes one FTE in planning (Engineer III) to initiate a planning team around these types of assets and two staff in engineering. The planning team will further build out the treatment plant risk assessment and solution planning (including resiliency) to support the required rate of capital delivery. The engineering staff will support risk assessment, solution planning, project delivery, and operations and maintenance of these assets.

Senior Engineering Associate-Civil (SEA): This position will support the Columbia Boulevard and Tryon Creek wastewater treatment plants' Rehabilitation, Repair, and Modifications (RR&M) program. This CIP program provides an ongoing, expedited process for the design and construction of small to mid-sized projects at both plants. The annual budget is \$7 million and is increasing in future years. Individual project costs range from less than \$100,000 to over \$2 million. Projects are often emergency or urgent in nature and are typically identified through the Operations & Maintenance Group's condition assessment program. There is a growing backlog of needed work that is not being initiated due to staff shortages. The aging infrastructure presents a risk for the Bureau and for Portland's public health and safety. An SEA would serve as a design manager to deliver individual projects and support asset risk, planning, project management, and maintenance functions.

Engineer-Civil for risk assessment: This position will support the Pump Station Improvement Program. This mid-level, experienced engineer would serve as a risk and planning manager for complex pump station and force main upgrade and rehabilitation projects. These projects have typical project costs of \$3-5 million. There is currently a backlog of needed work that is not being initiated due to staff shortages. A full-time City employee is requested because experienced engineers are seldom available as contract staff. Having a staff member who has the knowledge, skills and abilities needed to do this work benefits the City significantly. BES' Integrated Planning Group recently completed a Pump Station System Plan that found the current pace of pump station and force main rehabilitation and upgrade project delivery is inadequate, and the aging infrastructure presents a risk for the Bureau and public health and safety. Additional staff is needed to accelerate repairs and upgrading of these aging assets. The pump station and force main capital improvements that have been deferred have contributed to an unprecedented increase in recent emergency failures at these facilities.

Restoration & Stormwater Sr. Planner: To meet growing pressure to provide stormwater service to support development and redevelopment, as well as a backlog of rehabilitation of poor condition stormwater assets, an additional planning project manager is needed. This position will assist with risk assessment as well as solution planning to support the required rate of capital delivery in this portfolio. This position will also provide the bureau improved ability to identify and respond to inequitable community impacts related to limitations of the stormwater system. An additional \$75K for consultant support is also included for stormwater remodeling.

Operational Capacity

Facilities Coordinator (Coordinator III): To support functional non-process facilities upon which all Bureau operations rely. This position coordinates the day-to-day maintenance and operation of City-owned facilities by scheduling Facilities Maintenance Technicians, building trades workers, and equipment; programming and troubleshooting lighting, heating, ventilation, air-conditioning, security, and other systems using direct digital controls; and related services. Currently the Facilities Management Program is fragmented across different groups within the bureau and creates a more reactive approach to facility maintenance. This position will move the Facilities Management Program toward an increasingly centralized model focused on preventative/predictive asset management/maintenance.

Environmental Regulatory Coordinator: This position will assist in increasing operational capacity within the Environmental Remediation Unit to support requirements related to the Portland Harbor Superfund. Last year's hiring freeze from the COVID crisis prevented the Portland Harbor Program's ability to fully staff up to meet increasing workloads and critical project deadlines. The most pressing capacity need is to ensure adequate technical support for our legal case and ability to meet requirements for federal cleanup compliance. Timelines related to projects and legal work are established outside of the Bureau and do not necessarily align with the City's budget process.

Security

Risk management and planning at BES identifies, assesses, and prioritizes the risks to its facilities using a process developed by the U.S. Department of Homeland Security (USDHS). The process provides the method for determining the facility security level (FSL) based on the characteristics of each facility and the BES occupants who inhabit that facility. This information is used to inform operational and capital investments. The BES Security Committee (BESSC), using the USDHS assessment framework, identified the need for \$300,000 (pro-rated for the current fiscal year – about \$480K thereafter) for security upgrades to ensure employee safety and facilities protection across several locations. These upgrades include: Increasing security guard coverage to 24/7 at Columbia Boulevard Wastewater Treatment Plant, additional 24/7 security guard patrol service at all BES facilities, and additional funds for on-call security guards at all BES facilities. These requests are consistent with USDHS recommended levels of protection and with the increased documented incidents of threats to employee safety and property experienced during the last 12-24 months.

Equity Impacts

Organizational decisions may influence and perpetuate inequities; therefore, applying an equity lens to our work helps the bureau reflect on how our decisions – specifically budget decisions – may disproportionately burden or benefit communities, such as BIPOC, disabled, low-income, immigrant and refugee, and unsheltered communities.

Historically, infrastructure investments in marginalized communities and communities of color have been slow and disproportionately low. By funding these positions, BES will better understand what asset conditions are in these communities (and citywide) and help inform where and what type of infrastructure investments are needed to support the City’s commitment to equitable access to City services and the overall resilience of the wastewater and stormwater system.

Through this BMP package, we have a number of opportunities for contracting and hiring and are committed to using best practices to develop a more diverse workforce that better represents the communities we serve.

2021-22 FALL Requested Adj		
Expense	Contingency	-1,564,327
	External Materials and Services	475,000
	Internal Materials and Services	300,000
	Personnel	789,327
Expense	Sum:	\$0

Position Detail						
Job Class - Name	FTE	Salary	Supplemental	Statutory	Benefit	Total
30000116 - Electrician	1.00	59,641	0	4,563	25,164	89,368
30000239 - Instrument Technician	1.00	59,641	0	4,563	25,164	89,368
30000358 - Engineering Associate, Sr-Civil	1.00	65,257	0	4,992	26,424	96,673
30000365 - Engineer-Civil	1.00	75,532	0	5,778	28,731	110,041
30000392 - Planner, Sr City-Environmental	1.00	68,252	0	5,222	27,096	100,570
30003029 - Coordinator III	1.00	59,370	0	4,542	25,104	89,016
30003047 - Engineer III	1.00	77,598	0	5,936	29,195	112,729
30003376 - Environmental Regulatory Coordinator	1.00	69,014	0	5,280	27,268	101,562
Total	8.00	534,305	0		214,146	789,327



PRIOR YEAR FUND RECONCILIATIONS



Prior Year Fund Reconciliation Report

Bureau of Environmental Services

600 - Sewer System Operating Fund

EXPENDITURES	2020-21 Revised Budget	2020-21 Actuals	Percent of Actuals to Revised
Personnel	88,350,340	83,487,307	94.5%
External Materials and Services	99,717,505	95,647,951	95.92%
Internal Materials and Services	52,851,138	44,653,218	84.49%
Capital Outlay	115,838,912	64,799,275	55.94%
Debt Service	4,152,847	4,152,847	100%
Contingency	94,836,819	0	0%
Fund Transfers - Expense	218,991,067	217,406,506	99.28%
Debt Service Reserves	180,000	0	0%
TOTAL EXPENDITURES	674,918,628	510,147,105	75.59%

REVENUES	2020-21 Revised Budget	2020-21 Actuals	Percent of Actuals to Revised
Licenses & Permits	1,345,000	1,750,172	130.12%
Charges for Services	361,128,038	376,278,963	104.2%
Intergovernmental	220,000	254,389	115.63%
Miscellaneous	4,378,000	1,934,292	44.18%
Fund Transfers - Revenue	209,083,000	113,001,726	54.05%
Interagency Revenue	1,809,646	2,106,920	116.43%
Beginning Fund Balance	96,954,944	0	0%
TOTAL REVENUES	674,918,628	495,326,461	73.39%

Expenditure Discussion

Internal materials and services expenditures were \$8.2 million underspent (85% of budget), resulting mostly from reduced sewer and storm system maintenance performed by PBOT due to staff vacancies and pandemic impacts. Sewer Repair services were underspent \$3.25 million or 75% of budget (\$2.5 million of operating, and \$0.74 million of CIP); Drainage Inspection and Cleaning was underspent by \$1.35 million (38%), Sewer Customer Response underspent by \$1.1 million (14%). These were offset by Street Patching, Sump Maintenance, and Utility Locates work overspent by \$1.4 million (246%). Overall, the PBOT Collection System Maintenance operating interagency agreement was underspent by \$3.6 million at 85% of budget. CIP-related Construction Services provided by PBOT and Water was below budget by \$1.6 million, and PBOT Survey Services were below by \$1.5 million. Finally, project management and operations and management services provided by OMF Facilities group was overspent by \$570,000 (123%), mostly for additional security services and work performed at the Water Pollution Control Laboratory for boiler replacement and other repairs.

Capital outlay expenditures were underspent by \$51.0 million or 56% of budget due to under-expenditure in capital improvement projects by approximately \$46.4 million (52% of CIP budget). Beyond the CIP, capital outlay for vehicle and equipment replacements were under-expended by \$2.7 million (52% of budget). It is often the case that the specialized vehicles which BES orders take longer than 12 months to build and deliver. Appropriation is established in the year ordered, but charged in the year it is received, which results in required carryover of prior year budget.

Prior Year Fund Reconciliation Report

Bureau of Environmental Services

But due to the pandemic, almost all vehicles are delayed as supply chains have been disrupted, resulting in \$2.4 million being carried forward into the FY 2021-22 Fall BMP budget.

Regarding capital outlay within the CIP, some of the projects that make up the \$46.4 million of under expenditure include:

- E10939 SW Capital Hwy Stormwater Improvements (\$5.8 million underspent, 10% of budget spent): Procurement delays in pursuing of alternative construction contract methodologies before landing on design-bid-build contract.
- E08656 Beech-Essex Combined Sewer Reconstruction, segment CP-J (under budget by \$4.0 million): put on hold to accommodate other urgent projects, particularly the CBWTP Secondary Treatment Expansion Project (STEP); anticipate restart in FY 2023-24 or FY 2024-25.
- E10369 SE Hawthorne Pipe Reconstruction and Green Streets (\$3.8 million underspent, -91% of budget spent): Project had a \$2.5 million prior year accrual reversal at the beginning of the year, but contractor work shifted to the adjacent project to accommodate PBOT's schedule for repaving Hawthorne Blvd in summer of 2021. The project ended with a negative expenditures total.
- E11099 SW Terwilliger @ Northgate Pipe Repair (\$2.5 million underspent, 0% of budget spent): Decision was made that instead of pipe replacement, a small lift station was most feasible alternative, and new project was created, the Terwilliger-Northgate Lift Station.
- E04891 Rehab, Repair & Modifications Program (\$2.3 million underspent, 57% of budget spent): Lack of available staff to perform design work.
- E10941 Hillsdale Crest Rainfall-Derived Inflow and Infiltration (\$2.2 million underspent, 59% of budget spent): Weather-related delays (summer heat, wildfires, and winter ice storm) caused construction delays.
- E08748 Party Sewers (\$2.1 million underspent, 40% of budget spent): COVID-related slow down due to survey and additional required public outreach have slowed this program.
- E10583 Balch Creek Trash Rack Retrofit (\$1.8 million underspent, 17% of budget spent): Design delays have pushed work to FY2021-22, as in-water construction work is limited to small window of time.
- E10216 Stark HSS-17 (\$1.8 million underspent, 0% of budget spent): Project delayed due to permitting and work products dependent upon other bureaus.
- E10563 Columbia Slough Outfalls (\$1.7 million underspent, 25% of budget spent): Project placed on hold to accommodate prioritized projects including STEP.
- E10500 Phase 3 Pipe Rehabilitation Program (\$1.5 million underspent, 90% of budget spent): Lack of available staff resources and consultant rework slowed progress.
- E10486 Watershed Land Acquisition Program (underspent by \$1.5 million, 0% of budget spent): Lack of suitable properties have limited the progress of this program.
- E10696 NW Thurman St. Reconstruction (\$1.4 million underspent, 67% of budget): Construction ultimately scheduled over two fiscal years instead of just one when budgeted.
- E10917 Errol Heights Stormwater LID (\$1.4 million underspent, 5% of budget spent): Consultant coordination issues, design rework, and delays related to LID vote have delayed construction.
- E10491 Sewer Extension, Septic Systems with High Failure Risk (\$1.6 million underspent, 46% of budget spent): Large portion of program is on hold pending evaluation of equity impacts of resulting fees as well as how it fits with new Integrated Planning requirements.

Finally, contingency (or ending fund balance) ended the year at \$81.8 million (86% of the revised budget), which is closer to the four-year average of prior ending fund balances. Of this balance, \$72.2 million is derived from various receivables and accruals which are not available to fund the next year's expenditures.

Revenue Discussion

Prior Year Fund Reconciliation Report

Bureau of Environmental Services

Bureau of Environmental Services

License and permit revenues were 130% of budget, as the budget had been reduced by 50% in response to the anticipated pandemic impacts which turned out to be less than expected.

Charges for services were 104% of budget or \$15.2 million over budget as the budget was reduced by 9.1 million from pre-pandemic estimates in anticipation of pandemic impacts on retail rate revenue. System development charges were 56% below the prior year budget. Due to a slight recovery in the spring, retail rate revenues in the Sewer Operating Fund ended up 3.3% or \$11.2 million higher than revised budget, while SDCs were up 12% or \$2.0 million over revised budget. Also, engineering permit fees, which are reimbursements from developer funds for BES design and inspection of private sewer construction were up nearly 500% or \$1.0 million as prior years' work was credited to developer accounts.

Miscellaneous revenues were 44% of budget or \$1.9 million on a \$4.4 million budget due mostly to delays in completion of the Renewable Compressed Natural Gas (RCNG) facility which resulted in the loss of \$3.3 million worth of potential gas sales. Interest on investments were up \$554,000 or 176% of budget due to slightly higher interest rates received on city funds, and higher cash balances during the year.

Because of CIP under-spending, fund transfer revenues were down by \$96 million or 54% of budget, \$86 million or 57% of budget is from reduced CIP reimbursements and \$10 million is from not needing a transfer from the Rate Stabilization Fund to maintain debt service coverage resulting from better retail rate revenues described previously.

Interagency revenues ended the year \$297,000 (116%) over revised budget, as the bureau provided Coordinated Site Assessment services of \$233,000 (140%) over budget and \$207,000 on a \$0 Construction Services budget. Other bureau services, such as Materials Testing Lab, Revegetation, and Laboratory services combined were 62% or \$219,000 below budget, as requests for services have not recovered after the pandemic shutdowns.

Other Notes

Prior Year Fund Reconciliation Report

Bureau of Environmental Services

608 - Environmental Remediation Fund

EXPENDITURES	2020-21 Revised Budget	2020-21 Actuals	Percent of Actuals to Revised
Personnel	679,169	660,757	97.29%
External Materials and Services	9,895,593	4,516,751	45.64%
Internal Materials and Services	1,370,501	1,388,909	101.34%
Capital Outlay	12,300	12,299	99.99%
Debt Service	1,844	1,844	100%
Contingency	5,277,124	0	0%
Fund Transfers - Expense	1,371,180	1,371,180	100%
TOTAL EXPENDITURES	18,607,711	7,951,740	42.73%

REVENUES	2020-21 Revised Budget	2020-21 Actuals	Percent of Actuals to Revised
Charges for Services	7,274,650	6,436,512	88.48%
Miscellaneous	50,500	68,336	135.32%
Fund Transfers - Revenue	4,965,000	1,763,052	35.51%
Interagency Revenue	458,152	477,241	104.17%
Beginning Fund Balance	5,859,409	0	0%
TOTAL REVENUES	18,607,711	8,745,141	47.00%

Expenditure Discussion

Expenditures were mostly all within the reporting threshold for all categories, except for external materials and services coming in at 46% of revised budget, or \$5.4 million below budget. The Portland Harbor Superfund (PHS) program represents 97% of external materials and services in this fund, and it was \$5.3 million (45.1%) below revised budget. This project is currently in the Remedy Design phase driven and overseen by the Environmental Protection Agency (EPA). Timelines, outputs, and associated expenditures are out of the Bureau's control. The bureau budgeted for legal, technical, and environmental consulting services to fulfill current obligations and anticipated costs related to upcoming project needs. This is a uniquely complex mega-site that is not moving on a conventional construction timeline. Currently it is experiencing delays in many areas of the project and expect this trend to continue. Within the PHS program, there is a category of City-Wide Obligations for project work shared by BES, the General Fund, PBOT, Water and Prosper Portland, representing nearly 52% of the budget, and 90% of actual external materials and services expenditures. This sub-program had a 21.4% variance or about \$1.1 million below budget.

Contingency (or estimated ending fund balance) ended the year at \$6.5 million, or 124% of revised budget of \$5.3 million as a result of lower expenditures than anticipated.

Charges for services were \$838,000 below revised budget as retail rate revenues for the Portland Harbor Superfund charge were down 12%.

Revenue Discussion

Prior Year Fund Reconciliation Report

Bureau of Environmental Services

Bureau of Environmental Services

This fund includes costs for two main programs, the City's response to the Portland Harbor Superfund listing, and management of the Guilds Lake property, the site of a former municipal incinerator which was purchased and remediated by the City in the 1990's.

Miscellaneous revenues were 135% of budget or about \$18,000 higher due to slightly better than anticipated interest earnings rates for the year and slightly higher cash balances.

Fund transfers were only 36% of budget (\$3.2 million below budget) as reimbursements from the City-wide Obligation Reserve Fund have a timing lag between when expenditures occur and the request for reimbursement is made.

Other Notes

Prior Year Fund Reconciliation Report

Bureau of Environmental Services

609 - Sewer System Debt Redemption Fund

EXPENDITURES	2020-21 Revised Budget	2020-21 Actuals	Percent of Actuals to Revised
Debt Service	167,272,140	165,944,494	99.21%
Debt Service Reserves	39,128,228	0	0%
TOTAL EXPENDITURES	206,400,368	165,944,494	80.40%

REVENUES	2020-21 Revised Budget	2020-21 Actuals	Percent of Actuals to Revised
Bond & Note Proceeds	5,000,000	7,226,722	144.53%
Miscellaneous	350,000	446,705	127.63%
Fund Transfers - Revenue	167,000,000	165,415,439	99.05%
Beginning Fund Balance	34,050,368	0	0%
TOTAL REVENUES	206,400,368	173,088,867	83.86%

Expenditure Discussion

Debt Service payments on Sewer revenue bonds were within the reporting threshold

Debt Service Reserves, required by various outstanding bond issues, are not expended except at the end of an issue or under imminent default situations, and are presented in ending fund balance. FY 2020-21 ended the year with \$41.2 million in ending fund balance, 105% of budget, due to additional bond proceeds described below.

Revenue Discussion

Bureau of Environmental Services

Bond and note proceeds were 145% of budget due to new debt service reserves received from the 2020 bond issue sold in December 2020. The issue was budgeted expecting only selling a year's worth of bonds, but favorable interest rates made it advantageous for the bureau to sell a larger amount of bonds and lock in the lower debt service.

Miscellaneous revenue was 128% of budget due to the higher cash balances resulting from the larger bond sale.

Other Notes

Prior Year Fund Reconciliation Report

Bureau of Environmental Services

614 - Sewer System Construction Fund

EXPENDITURES	2020-21 Revised Budget	2020-21 Actuals	Percent of Actuals to Revised
External Materials and Services	50,000	0	0%
Debt Service	2,150,000	2,107,710	98.03%
Contingency	156,593,701	0	0%
Fund Transfers - Expense	198,883,000	112,853,597	56.74%
TOTAL EXPENDITURES	357,676,701	114,961,307	32.14%

REVENUES	2020-21 Revised Budget	2020-21 Actuals	Percent of Actuals to Revised
Charges for Services	350,000	577,587	165.02%
Bond & Note Proceeds	262,775,548	262,775,548	100%
Miscellaneous	1,500,000	1,587,416	105.83%
Fund Transfers - Revenue	45,000,000	45,000,000	100%
Beginning Fund Balance	48,051,153	0	0%
TOTAL REVENUES	357,676,701	309,940,551	86.65%

Expenditure Discussion

External materials and services of \$50,000 are for the infrequent need to refund Line and Branch fees, but no such refunds were requested in FY2020-21.

Fund transfers expense was 57% of budget due to lower-than-expected CIP expenditures requiring reimbursement.

Contingency (or ending fund balance) ended at 155% of budget (\$243.0 million), as a result of the larger 2020 bond sale. It was originally thought that due to the economic impact of the pandemic, the bureau might only be able to sell a year's worth of bonds, but favorable interest rates made it advantageous to sell the usual two years' worth of bonds and lock in at lower rates.

Revenue Discussion

Bureau of Environmental Services

Charges for services revenues were approximately \$222,000 higher than budget (165% of budget) from Line and Branch revenues resulting from new connections to the City's sewer system. The budget for these revenues had been reduced by 50% in response to the pandemic, but was stronger than anticipated in the residential sector.

Other Notes

Prior Year Fund Reconciliation Report

Bureau of Environmental Services

617 - Sewer System Rate Stabilization Fund

EXPENDITURES	2020-21 Revised Budget	2020-21 Actuals	Percent of Actuals to Revised
Contingency	115,899,167	0	0%
Fund Transfers - Expense	10,000,000	0	0%
TOTAL EXPENDITURES	125,899,167	0	0.00%

REVENUES	2020-21 Revised Budget	2020-21 Actuals	Percent of Actuals to Revised
Miscellaneous	1,000,000	1,176,733	117.67%
Beginning Fund Balance	124,899,167	0	0%
TOTAL REVENUES	125,899,167	1,176,733	0.93%

Expenditure Discussion

Fund transfer to the Sewer Operating Fund of \$10 million was not required this year to maintain the bureau's debt service coverage ratio, as better than expected retail rate revenues and lower operating expense kept coverage above bureau standards.

FY 2020-21 contingency (or ending fund balance) will be \$126.1 million, 109% of the revised budget.

Revenue Discussion

Bureau of Environmental Services

Miscellaneous revenues were approximately 118% or \$1.2 million above budget due to higher cash balances retained in the fund. Beginning fund balance was 100% of budget, as it was trued up earlier in the fiscal year.

Other Notes

Prior Year Fund Reconciliation Report

Bureau of Environmental Services

217 - Grants Fund

EXPENDITURES	2020-21 Revised Budget	2020-21 Actuals	Percent of Actuals to Revised
Personnel	130,540	94,030	72.03%
External Materials and Services	160,050	104,835	65.5%
Internal Materials and Services	253,550	178,376	70.35%
Capital Outlay	650,000	650,000	100%
TOTAL EXPENDITURES	1,194,140	1,027,241	86.02%

REVENUES	2020-21 Revised Budget	2020-21 Actuals	Percent of Actuals to Revised
Intergovernmental	1,194,140	1,139,261	95.4%
Miscellaneous	0	-410	
TOTAL REVENUES	1,194,140	1,138,851	95.37%

Expenditure Discussion

Personnel expenses in Grants projects were \$36,500 lower than budget (72% of budget) due to the Powell-Division grant having 73% of budget charged (-\$22,200), no charges made to the citywide FEMA COVID 2020 grant, for which \$9,940 was budgeted, and slightly under-expended on the SW Corridor and FEMA 2015 Storm grants (-\$3,759 combined, 88%).

External materials and services charges were approximately \$55,200 lower than budget (65%) due to the two brownfield grants (Brownfield Revolving Loan and EPA Brownfield) had fewer opportunities to remediate sites due to the pandemic.

Internal materials and services charges were \$75,200 below budget (about 70%) due mostly to under-expenditures in the EPA Brownfield by \$41,300 (61%), Powell-Division by \$18,600 (75%), and the FEMA Winter Storm 2015 Emergency grant by \$13,000 (69%).

Revenue Discussion

Bureau of Environmental Services

Grant revenues were 95% of the nearly \$1.2 million budgeted.

Miscellaneous revenues reflect negative interest earnings on the Brownfield Loan grant as work is performed to remediate brownfields but grant proceeds are not received until after a project is deemed complete, thus the sub-fund runs a small negative cash balance in any fiscal year.

Other Notes



PRIOR YEAR PERFORMANCE MEASURES



Bureau Performance Narrative

The bureau is planning a thorough examination and update of all performance measures but have yet to do so due to the timing of the reorganization of the bureau and operational capacity. In FY 2020-21, the bureau added 4 new measures which were previously internal metrics and more accurately depict the output and efficiency of the bureau.

There are a variety of factors that contributed to differences between performance measure actuals and targets in FY 2020-21. The bureau generally exceeded performance expectations, but the COVID-19 public health and economic crisis did reduce our ability to serve residents in public facing ways. Contributing factors to our performance measures are sometimes within our control and other times outside of our control. The following are some highlights:

- The COVID-19 crisis combined with staff shortages impacted our ability to conduct outreach and complete certain activities. Lab analyses, community outreach, and environmental assessments were affected by these factors. There were fewer employees injured due to fewer employees working onsite.
- The bureau’s project selection in the CIP resulted in more trees planted than expected, fewer feet of streambank restored, and fewer feet of sanitary and sewer pipe replaced. The pandemic did result in fewer new projects, but the major driver was project selection.
- Weather impacts several performance measures. Last year was a dry year (similar to FY 2019-20), resulting in fewer stormwater flooding events, fewer combined sewer overflow events, and less wastewater processed. While sanitary sewer overflows exceeded the target, they have been declining over the past several years.
- The bureau continues our strong financial management, exceeding our debt service coverage requirements, and falling below our target for the household bill as a percent of median income.
- Treatment plant process upsets resulted in a lower percent Biochemical Oxygen Demand (BOD) removed than usual, but actuals still exceeded permit targets.
- One new metric, the percent of dollars awarded to D/M/W firms, fell this year due to a data collection methodology which includes on-call services contract awards, but not price agreements. Development Services is working on crafting a way to better capture this data.

Key Performance Measures	Measure Type Name	FY 2018-19 Actuals	FY 2019-20 Actuals	FY 2020-21 Target	FY 2020-21 Actuals	FY 2021-22 Target	Strategic Target	Details
ES_0028	Number of sanitary sewer overflows	187	174	135	159	135	0	As anticipated, the number of SSOs is decreasing in all categories due to shifting to risk-based operation and maintenance of the collection system and the development of a series of CIP projects which were created for the purpose of reducing SSOs by reducing rainfall-derived inflow and infiltration into the sewer system
ES_0030	Watershed Health Index for water quality	5.60	5.60	5.50	5.60	5.50	8.00	The PAWMAP data on which the Portland Water Quality Index are based are collected with 4-year rotational panel. The index scores are due to be updated again in late 2022/early 2023. The Strategy Group has decided to use a 4-year rolling mean and will implement next year.

Bureau of Environmental Services

Prior Year Performance Reporting

Run Date: 9/9/21

Run Time: 1:00:21 PM

ES_0031	Number of combined sewer overflow events	OUTCOME	1	1	4	2	4	0	Reason for trend (a level trend) is rainfall continues to be slightly less than average, and we continue to be lucky with few strong storms traveling through the CSO area proper (we've only been getting near-misses with atmospheric rivers and few direct hits).
ES_0032	Average single family household bill as a percent of median income	OUTCOME	1.39%	1.34%	1.38%	1.34%	1.34%	0	Median household income for this period has not yet been determined, so the FY20-21 "actual" is still an estimate assuming -2.0% from the most recent prior MHI amount due to the pandemic.
ES_0033	Percentage of urgent public health and safety related service requests responded to within two-hour timeframe	EFFICIENCY	95%	98%	90%	98%	90%	0	Performance continues to exceed regulatory required 90%.

Other Performance Measures		Measure Type Name	FY 2018-19 Actuals	FY 2019-20 Actuals	FY 2020-21 Target	FY 2020-21 Actuals	FY 2021-22 Target	Strategic Target	Details
ES_0001	Maintain the bureaus first lien debt service coverage ratio at 1.5 or greater	OUTPUT	2.77	3.39	3.36	3.20	8.30	0	Net income was slightly lower than predicted at this time last year, while there was no change in 1st lien debt service, resulting in a slightly reduced coverage but still well above the required ratio.
ES_0002	Amount of time loss, in hours per employee, due to injuries and illnesses	EFFICIENCY	2.20	2.54	2.65	1.29	2.48	3.10	Fewer employees were working onsite this fiscal year, fewer employees were injured on the job
ES_0005	Construction management costs as a percentage of total construction costs	EFFICIENCY	10%	12%	12%	15%	12%	12%	
ES_0010	Number of lab analyses performed each year	WORKLOAD	59,577	58,026	60,000	49,769	60,000	0	Lower than predicted due to pandemic and CBWTP NPDES permit changes.

Bureau of Environmental Services

Prior Year Performance Reporting

Run Date: 9/9/21

Run Time: 1:00:21 PM

Other Performance Measures	Measure Type Name	FY 2018-19 Actuals	FY 2019-20 Actuals	FY 2020-21 Target	FY 2020-21 Actuals	FY 2021-22 Target	Strategic Target	Details
ES_0011	Percentage of industrial enforcement tests in full compliance	99.1%	98.8%	99.0%	99.3%	99.0%	0	PM is in line with historical trend of hovering within 0.5% of the annual target.
ES_0013	Amount of wastewater processed annually (in million gallons)	25,807	24,236	29,200	25,129	28,900	0	Continuing trend to see lower than average flows, despite the 2020-21 winter season being a La Nina weather pattern, it did not result in the anticipated increased flows.
ES_0014	Percentage of biochemical oxygen demand removed	96.0%	95.3%	85.0%	94.7%	85.0%	0	Performance is slightly lower than in previous years due to several severe process upsets throughout the FY.
ES_0021	Maintain bureaus combined first and second lien debt service coverage ratio at 1.3 or greater	1.35	1.66	1.44	1.50	1.35	1.40	Although FY21 were slightly less than the previous estimate last year, much lower debt service on the 2020 bonds sold in Nov. 2020 (from lower interest rates and only a partial year of interest payment) resulted in higher combined debt service coverage.
ES_0022	Cost to operate and maintain the treatment plants per million gallons treated	\$1,071	\$912	\$860	\$905	\$870	0	The target was exceeded due to lower than anticipated flows and reduced "efficiency of scale".
ES_0024	Number of trees planted	10,073	13,088	12,600	15,409	11,500	0	ESTP = 2615, 12,794 from Reveg -DS. Planted a few trees beyond our annual target because that was what staff ecologists felt was necessary on sites that we manage during the past year

Bureau of Environmental Services

Prior Year Performance Reporting

Run Date: 9/9/21

Run Time: 1:00:21 PM

Other Performance Measures	Measure Type Name	FY 2018-19 Actuals	FY 2019-20 Actuals	FY 2020-21 Target	FY 2020-21 Actuals	FY 2021-22 Target	Strategic Target	Details
ES_0027	Feet of streambank restored (not cumulative)	22,340	5,100	12,000	3,004	12,000	12,000	The streambank figure reflects the fact that we did not plant any seedlings many new sites that received initial treatments in FY2021. The pandemic may have played a small part in less new projects than typical years.
ES_0029	Number of stormwater flooding events due to system capacity	49	38	100	33	100	0	Similar rain conditions as in 2019-20 (slightly below average rainfall, no strong storms through the city) PM lower due to Covid-19 pandemic and difficulty providing outreach at events, tree plantings, etc to keep community safe and abide by guidelines.
ES_0035	Number of participants in community events, workshops, stewardship, and restoration events	27,238	10,821	10,000	3,726	7,000	10,000	Some outdoor events were able to be safely conducted which is reflected in reported numbers. Some program areas focused on developing videos, signage and other elements rather than direct engagement.
ES_0036	Number of bureau education programs delivered	498	295	400	61	200	400	PM lower than predicted due to pandemic and school closures. Does not include outreach via digital resources for online school.
ES_0037	Linear feet of sanitary and combined sewer pipe repaired or replaced to improve condition and capacity	107,751	49,081	65,000	57,455	60,000	0	We fell short of our goal by 7500ft due to a small number of projects not getting out to bid within the expected time period.

Bureau of Environmental Services

Prior Year Performance Reporting

Run Date: 9/9/21

Run Time: 1:00:21 PM

Other Performance Measures	Measure Type Name	FY 2018-19 Actuals	FY 2019-20 Actuals	FY 2020-21 Target	FY 2020-21 Actuals	FY 2021-22 Target	Strategic Target	Details
ES_0038	Percent of dollars awarded to disadvantaged, minority-owned and women-owned(D/M/W) firms in professional services	0	25.0%	30.0%	3.4%	30.0%	30%	<p>Several contracts awarded were price agreements for on-call services. DMW utilization is not included, and therefore not counted, in the award. This skews the summary reporting because the total contracted amount is included in the denominator, but the % DMWESB is not captured in the numerator. A better metric for future development will be actual % DMWESB utilization on contracts. This metric will be more difficult to calculate but central Procurement is developing a new dashboard to track actual utilization.</p>
ES_0039	Number of education and engagement activities and events about Portland Harbor Superfund	0	19	25	30	30	22	<p>The Portland Harbor Program continued to increase the depth, breadth, and frequency of engagement with existing community contacts and forged new relationships with community members.</p>

Bureau of Environmental Services

Prior Year Performance Reporting

Run Date: 9/9/21

Run Time: 1:00:21 PM

Other Performance Measures	Measure Type Name	FY 2018-19 Actuals	FY 2019-20 Actuals	FY 2020-21 Target	FY 2020-21 Actuals	FY 2021-22 Target	Strategic Target	Details
ES_0040	Percent of BES building permit reviews that meet the City's turnaround goals for reviewing permits	0	N/A	95.0%	96.5%	95.0%	95%	Data from November 2020 through June 2021, as provided by BDS. Due to Covid-19, the City had to transition to online permit review without adequate preparation and technology. This has slowed the entire permitting process down and BES is dependent on BDS to receive and process permits. BES staff have also had some challenges working through technology changes to the process. These factors account for the slight decline in percentage meeting turnaround goals, though we still exceed our target.
ES_0041	Percentage of Level I/Phase I Environmental Assessments completed on time	0	88.0%	80.0%	62.0%	78.0%	90%	CSA has been over loaded and under staffed. We are down 2 out of a normal staff of 7 ex . The 2
ES_0042	Percent of methane beneficially used	0	0	0	63%	60%	100%	
ES_0043	Tons of biosolids beneficially used	0	0	0	10,145	12,000	15,000	
ES_0044	Number of green streets inspected	0	0	0	2,877	2,200	0	

Bureau of Environmental Services

Prior Year Performance Reporting

Run Date: 9/9/21

Run Time: 1:00:21 PM

Other Performance Measures	Measure Type Name	FY 2018-19 Actuals	FY 2019-20 Actuals	FY 2020-21 Target	FY 2020-21 Actuals	FY 2021-22 Target	Strategic Target	Details
ES_0045	Percent of CIP budget spent	0	0	0	70%	85%	95%	See Fall BMP submittal memo for more detail. FY21 CIP delivery was highest in actual dollars (\$170 million) since CSO program. Expenditures fell below 85% target due to a number of factors related to the COVID-19 pandemic and protests in Portland.



CAPITAL PROGRAM STATUS REPORT



Capital Program Status Report

Bureau of Environmental Services

CIP Program Name	2020-21 Adopted Budget	2020-21 Revised Budget	2020-21 Actuals	PY Variance	PY Percent of Actuals to Revised	2021-22 Adopted Budget	2021-22 FALL Requested Total	2021-22 July Actuals	Fall Req. to Adopted Variance	Fall Req. to Adopted % Variance
Citywide Projects	\$500,000	\$1,115,000	\$1,065,263	(\$49,737)	95.54%	\$750,000	\$750,000	\$0	\$0	0%
Collection System Pumping	\$11,015,000	\$11,015,000	\$9,087,999	(\$1,927,001)	82.51%	\$19,399,000	\$19,399,000	(\$330,621)	\$0	0%
Non-process Property and Facilities	\$1,500,000	\$1,500,000	\$505,374	(\$994,626)	33.69%	\$4,300,000	\$4,300,000	(\$9,424)	\$0	0%
Restoration and Remediation	\$10,828,000	\$10,824,000	\$7,426,134	(\$3,397,866)	68.61%	\$9,808,000	\$9,808,000	\$42,402	\$0	0%
Sanitary and Combined Collection System	\$64,596,000	\$64,392,150	\$47,271,812	(\$17,120,338)	73.41%	\$70,402,000	\$70,402,000	(\$1,208,939)	\$0	0%
Stormwater Management	\$21,437,532	\$21,645,532	\$4,559,194	(\$17,086,338)	21.06%	\$16,229,000	\$16,229,000	\$550,521	\$0	0%
Support	\$1,450,000	\$5,250,000	\$3,937,061	(\$1,312,939)	74.99%	\$3,900,000	\$3,900,000	\$640,229	\$0	0%
Wastewater Resource Recovery	\$59,218,000	\$54,803,000	\$46,347,791	(\$8,455,209)	84.57%	\$102,321,000	\$102,321,000	(\$6,413,569)	\$0	0%
Sum:	\$170,544,532	\$170,544,682	\$120,200,630	(\$50,344,052)	-29.52%	\$227,109,000	\$227,109,000	(\$6,729,401)	\$0	0%

Prior Year Variance Description

Bureau of Environmental Services

The program explanations below are based on the Bureau's FY 2020-21 expenditure data and describe the primary variances impacting BES CIP spending.

City-wide Projects:

This program includes just one project, the Community Opportunities and Enhancements Program assessment on eligible construction contracts let last year. This project came in at 96% of budget.

Collection System Pumping:

This program resulted in expenditures of \$9.1 million, or 83% of the \$11.0 million revised budget. Main drivers of this variance were:

- E11158 Fiber Expansion for Inverness PS & POSH Fiber Rings (\$1.0 million underspent, 1% of budget): Delays to tree protection plan pushed construction out.

Capital Program Status Report

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- E10807 Inverness PS Force Main System Improvements (\$520,000 underspent, 35% of budget): Delays in the alternative analysis process have slowed project delivery.

Non-process Property and Facilities:

Projects in this program totaled approximately \$505,400, or 34% of the revised budget of \$1.5 million.

- E11159 CBWTP Willamette Bldg & West Columbia Acquisition (\$800,000 underspent, 0% of budget spent): Lack of available staff to perform predesign work.

Restoration and Remediation:

Year-end results for this program were \$7.4 million, or 69% of the revised budget of \$10.8 million. The projects which impacted this variance include:

- E10486 Watershed Land Acquisition Program (underspent by \$1.5 million, 0% of budget spent): Lack of suitable properties have limited the progress of this program.
- E08782 Watershed Investment Program (\$750,000 underspent, 26% of budget spent): Design and ROW permitting delays have pushed construction out.

Sanitary and Combined Collection System:

This program resulted in expenditures of \$47.3 million, or 73% of the \$64.4 million revised budget. Main drivers of this variance were:

- E08656 Beech-Essex CP-J (\$5.8 million underspent, 0% of budget spent): Project placed on hold to accommodate prioritized projects including STEP.
 - E10369 SE Hawthorne Pipe Reconstruction and Green Streets (\$3.8 million underspent, -91% of budget spent): Project had a \$2.5 million prior year accrual reversal at the beginning of the year, but contractor work shifted to the adjacent project to accommodate PBOT's schedule for repaving Hawthorne Blvd in summer of 2021. The project ended with a negative expenditures total.
 - E08748 Party Sewers (\$2.6 million underspent, 40% of budget spent): COVID-related slow down due to survey and additional required public outreach have slowed this program.
 - E11099 SW Terwilliger @ Northgate Pipe Repair (\$2.5 million underspent, 0% of budget spent): Decision was made that instead of pipe replacement, a small lift station was most feasible alternative, and new project was created, the Terwilliger-Northgate Lift Station.
 - E10941 Hillsdale Crest Rainfall-Derived Inflow and Infiltration (\$2.2 million underspent, 59% of budget spent): Weather-related delays (summer heat, wildfires, and winter ice storm) caused construction delays.
 - E10491 Sewer Extension, Septic Systems with High Failure Risk (\$1.6 million underspent, 46% of budget spent): Large portion of program is on hold pending evaluation of equity impacts of resulting fees as well as how it fits with new Integrated Planning requirements.
 - E10500 Phase 3 Pipe Rehabilitation Program (\$1.5 million underspent, 90% of budget spent): Lack of available staff resources and consultant rework slowed progress.
 - E10696 NW Thurman St. Reconstruction (\$1.4 million underspent, 67% of budget): Construction ultimately scheduled over two fiscal years instead of just one when budgeted.
 - E10216 Stark HSS-17 (\$1.3 million underspent, 36% of budget spent): Project delayed due to permitting and work products dependent upon other bureaus.
 - E10900 Oak Basin A – Sandy Blvd. Trunk (\$1.2 million underspent, 15% of budget spent): Project placed on hold to accommodate prioritized projects including STEP.
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Capital Program Status Report

Stormwater Management:

Projects in this program totaled approximately \$4.6 million, or 21% of the revised budget of \$21.6 million. The main drivers for this variance were:

- E10939 SW Capital Hwy Stormwater Improvements (\$5.8 million underspent, 10% of budget spent): Procurement delays in pursuing of alternative construction contract methodologies before landing on design-bid-build contract.
- E10563 Columbia Slough Outfalls (\$3.3 million underspent, 25% of budget spent): Project placed on hold to accommodate prioritized projects including STEP.
- E10583 Balch Creek Trash Rack Retrofit (\$1.8 million underspent, 17% of budget spent): Design delays have pushed work to FY2021-22, as in-water construction work is limited to small window of time.
- E10917 Errol Heights Stormwater LID (\$1.4 million underspent, 5% of budget spent): Consultant coordination issues, design rework, and delays related to LID vote have delayed construction.
- E10488 Stephens Creek Phase 1 Improvements (\$800,000 underspent, 37% of budget spent): Work within nature park delayed due to unforeseen site conditions and other segments of project not constructed due to inconclusive project benefits findings.

Support:

Year-end results for this program were \$3.9 million, or 75% of the revised budget of \$5.3 million. The projects which impacted this variance include:

- E10771 Owner-Controlled Insurance Program Phase V (\$900,000 underspent, 8% of budget spent): Phase V ended sooner than expected with no real expenditures this fiscal year, and Phase VI commenced mid-year and Spring BMP budget adjustment.
- E10461 Environmental Compliance Information Management System (\$450,000 underspent, 0% of budget spent): Software implementation project was closed after alternative solution package was chosen to replace the existing platform.

Wastewater Resource Recovery:

Year-end results for this program were \$46.3 million, or 85% of the revised budget of \$54.8 million. The projects which impacted this variance include:

- E07947 CBWTP Secondary Treatment Expansion Program (STEP; \$6.5 million underspent, 84% of budget spent): Construction contract selected (Construction Management/ General Contractor, or CMGC) resulted in less staff time for design analysis than originally budgeted, and more contractor design work.
- E04891 Rehab, Repair & Modifications Program (\$2.6 million underspent, 57% of budget spent): Lack of available staff to perform design work.

Current Year Variance Description

