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Date: March 17, 2022  
To: Jessica Kinard, City Budget Office  
From: Gabriel Solmer, Director   
Subject: Executive Summary for the FY 2021-22 Spring BMP

Enclosed is the Portland Water Bureau's FY 2021-22 Spring BMP Report that includes the status of the funds.

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

Water Funds:

- Technical Adjustments
  - Adjust the Water and Hydro Division's beginning fund balances to be consistent with the City's FY 2020-21 ending fund balances.
  - Reduce the CIP by \$25.0 million based on projected spending through the end of the fiscal year.
  - Move \$10,000 from Internal Materials and Services to Personal Services to cover time charged to Hydro Division for dam safety work.
- True Up Adjustments
  - Adjust cash transfers between Water Division funds for additional capital revenues.
- Grant Adjustments
  - Adjust revenues and expenses for American Rescue Plan Act (ARPA) grant, Interstate Bridge Replacement, and Enhanced Transit Corridors.

If you have any questions regarding this report, please contact Elizabeth Hilt at x3-7531.

Attachments

Water Bureau BMP report

- c. Cecelia Huynh, Finance & Support Services Director  
Anthony Locke, CBO Budget Analyst  
Portland Utility Board (PUB)

**WA - Portland Water Bureau**

**DP Type**

**Technical Adjustments**

**Request Name:** 13359 -CIP Adjustments

**Package Description**

Reduce the CIP by \$25.0 million based on projected spending through the end of the fiscal year.

**Service Impacts**

N/A

**Equity Impacts**

N/A

Account Name		2021-22 SPRING Requested Adj
Expense	Capital Outlay	-17,178,000
	Contingency	25,025,370
	External Materials and Services	-7,822,370
	Internal Materials and Services	0
	Personnel	14,000
<b>Expense</b>	<b>Sum:</b>	<b>39,000</b>

Account Name		2021-22 SPRING Requested Adj
Revenue	Intergovernmental	39,000
<b>Revenue</b>	<b>Sum:</b>	<b>39,000</b>

**WA - Portland Water Bureau**

**DP Type**

**Technical Adjustments**

**Request Name:** 13425 -Beginning Balances

**Package Description**

Adjust the Water and Hydro Division's beginning fund balances to be consistent with the City's FY 2020-21 ending fund balances.

**Service Impacts**

N/A

**Equity Impacts**

N/A

Account Name	2021-22 SPRING Requested Adj
Expense	
Contingency	131,278,236
Debt Service Reserves	-6,782,084
Ending Fund Balance	0
<b>Expense</b>	<b>Sum: 124,496,152</b>

Account Name	2021-22 SPRING Requested Adj
Revenue	
Beginning Fund Balance	124,496,152
<b>Revenue</b>	<b>Sum: 124,496,152</b>

**WA - Portland Water Bureau**

**DP Type**

**Technical Adjustments**

**Request Name:** 13432 -Technical Adjustments

**Package Description**

a. Move American Rescue Plan Act (ARPA) grant funds from External Materials and Services in the amount of \$2,000 to Personal Services to cover labor allocation.

b. Move \$10,000 from Internal Materials and Services to Personal Services to cover direct time charged to Hydro from Engineering for dam safety work.

**Service Impacts**

N/A

**Equity Impacts**

N/A

Account Name		2021-22 SPRING Requested Adj
Expense	Contingency	-8,000
	External Materials and Services	-2,000
	Internal Materials and Services	-10,000
	Personnel	10,000
<b>Expense</b>	<b>Sum:</b>	<b>-10,000</b>

Account Name		2021-22 SPRING Requested Adj
Revenue	Interagency Revenue	-10,000
<b>Revenue</b>	<b>Sum:</b>	<b>-10,000</b>

**WA - Portland Water Bureau**

**DP Type**

**Internal Transfer**

**Request Name:** 13487 -Cash Transfer

**Package Description**

Adjust cash transfers between Water Bureau funds for additional capital revenue that will be transferred to the Construction Fund.

**Service Impacts**

N/A

**Equity Impacts**

N/A

Account Name		2021-22 SPRING Requested Adj
Expense	Contingency	-575,000
	Ending Fund Balance	575,000
	Fund Transfers - Expense	575,000
<b>Expense</b>	<b>Sum:</b>	<b>575,000</b>

Account Name		2021-22 SPRING Requested Adj
Revenue	Fund Transfers - Revenue	575,000
<b>Revenue</b>	<b>Sum:</b>	<b>575,000</b>

# Business Area Projection Report

## Portland Water Bureau - Fund 601

Major Object	2021-22 SPRING Requested Total	2021-22 February Actuals YTD	2021-22 SPRING Projection	% Projected Actuals to Requested Total
Contingency	\$743,544	\$0	\$703,905	95%
Debt Service	\$32,749	\$1,171	\$32,749	100%
External Materials and Services	\$2,307,300	\$1,000,315	\$2,124,850	92%
Fund Transfers - Expense	\$93,746	\$61,588	\$93,746	100%
Internal Materials and Services	\$299,234	\$176,393	\$278,432	93%
Personnel	\$376,563	\$240,077	\$360,116	96%
<b>Sum:</b>	<b>\$3,853,136</b>	<b>\$1,479,544</b>	<b>\$3,593,798</b>	<b>93%</b>

Major Object	2021-22 SPRING Requested Total	2021-22 February Actuals YTD	2021-22 SPRING Projection	% Projected Actuals to Requested Total
Beginning Fund Balance	\$400,241	\$0	\$400,241	100%
Interagency Revenue	\$175,000	\$106,743	\$160,115	91%
Miscellaneous	\$3,277,895	\$703,919	\$3,033,442	93%
<b>Sum:</b>	<b>\$3,853,136</b>	<b>\$810,662</b>	<b>\$3,593,798</b>	<b>93%</b>

### Revenue Discussion

Miscellaneous: The \$0.2 million reduction is primarily driven by reduced power sales. This projection assumes year-to-date shortfall of power sales will remain, but not worsen.

### Revenue Risks

The majority of power sales happen during the winter, so while a dry spring would result in lower power sales than projected, reserves would be able to cover any additional shortfall.

### Expenditure Discussion

Internal Materials & Services: Savings are driven by lower internal fund services.

External Materials & Services: Savings are driven by lower professional services and miscellaneous permits and licenses.

### Expenditure Risks

Equipment failure or damage to transmission lines would result in higher than projected expenses.

### Other Notes

# Business Area Projection Report

## Portland Water Bureau - Fund 602

Major Object	2021-22 SPRING Requested Total	2021-22 February Actuals YTD	2021-22 SPRING Projection	% Projected Actuals to Requested Total
Capital Outlay	\$77,816,864	\$42,291,941	\$77,646,864	100%
Contingency	\$253,231,164	\$0	\$216,953,293	86%
Debt Service	\$5,227,568	\$185,557	\$5,227,568	100%
External Materials and Services	\$41,815,138	\$21,311,661	\$40,189,668	96%
Fund Transfers - Expense	\$102,997,259	\$54,158,374	\$102,584,876	100%
Internal Materials and Services	\$23,694,167	\$14,358,299	\$22,864,167	96%
Personnel	\$88,843,351	\$53,524,779	\$86,543,351	97%
<b>Sum:</b>	<b>\$593,625,511</b>	<b>\$185,830,611</b>	<b>\$552,009,787</b>	<b>93%</b>

Major Object	2021-22 SPRING Requested Total	2021-22 February Actuals YTD	2021-22 SPRING Projection	% Projected Actuals to Requested Total
Beginning Fund Balance	\$162,316,678	\$0	\$162,316,680	100%
Charges for Services	\$223,280,126	\$132,237,863	\$217,505,126	97%
Fund Transfers - Revenue	\$200,938,018	\$67,796,021	\$164,645,718	82%
Interagency Revenue	\$4,663,671	\$2,967,389	\$4,673,671	100%
Intergovernmental	\$605,000	\$611,506	\$615,574	102%
Miscellaneous	\$1,822,018	\$793,186	\$2,253,018	124%
<b>Sum:</b>	<b>\$593,625,511</b>	<b>\$204,405,966</b>	<b>\$552,009,787</b>	<b>93%</b>

### Revenue Discussion

Fund Transfers - Revenue: The \$36.3 million decrease is primarily driven by projected capital underspend.

Miscellaneous: The \$0.4 million increase is primarily driven by higher than planned engineering permit fees and interest earned.

### Revenue Risks

The projection assumes \$5.8 million of lower water sales than plan and continued suspension of debt recovery.

### Expenditure Discussion

There are no other significant projected variances.

### Expenditure Risks

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

### Other Notes

The bureau is slowly moving forward with debt recovery and has proceeded with resuming collections on commercial accounts.

# Business Area Projection Report

## Portland Water Bureau - Fund 612

Major Object	2021-22 SPRING Requested Total	2021-22 February Actuals YTD	2021-22 SPRING Projection	% Projected Actuals to Requested Total
Debt Service	\$60,311,402	\$26,277,745	\$59,038,039	98%
Debt Service Reserves	\$26,511,500	\$0	\$27,884,861	105%
Ending Fund Balance	\$0	\$0	\$0	
<b>Sum:</b>	<b>\$86,822,902</b>	<b>\$26,277,745</b>	<b>\$86,922,900</b>	<b>100%</b>

Major Object	2021-22 SPRING Requested Total	2021-22 February Actuals YTD	2021-22 SPRING Projection	% Projected Actuals to Requested Total
Beginning Fund Balance	\$19,332,500	\$0	\$19,332,500	100%
Bond & Note Proceeds	\$7,179,000	\$0	\$7,179,000	100%
Fund Transfers - Revenue	\$60,181,519	\$26,277,745	\$60,181,517	100%
Miscellaneous	\$129,883	\$52,484	\$229,883	177%
<b>Sum:</b>	<b>\$86,822,902</b>	<b>\$26,330,230</b>	<b>\$86,922,900</b>	<b>100%</b>

### Revenue Discussion

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

### Revenue Risks

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

### Expenditure Discussion

There are no significant changes to plan for expenditures.

### Expenditure Risks

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

### Other Notes



# Business Area Projection Report

## Portland Water Bureau - Fund 615

Major Object	2021-22 SPRING Requested Total	2021-22 February Actuals YTD	2021-22 SPRING Projection	% Projected Actuals to Requested Total
Contingency	\$106,908,828	\$0	\$0	
Ending Fund Balance	\$41,065,657	\$0	\$57,582,980	140%
Fund Transfers - Expense	\$199,322,782	\$66,905,785	\$138,662,755	70%
<b>Sum:</b>	<b>\$347,297,267</b>	<b>\$66,905,785</b>	<b>\$196,245,735</b>	<b>57%</b>

Major Object	2021-22 SPRING Requested Total	2021-22 February Actuals YTD	2021-22 SPRING Projection	% Projected Actuals to Requested Total
Beginning Fund Balance	\$154,403,523	\$0	\$154,403,523	100%
Bond & Note Proceeds	\$153,126,000	\$0	\$0	
Charges for Services	\$3,250,000	\$3,974,828	\$5,850,000	180%
Fund Transfers - Revenue	\$36,288,521	\$23,639,374	\$35,435,989	98%
Miscellaneous	\$229,223	\$462,810	\$556,223	243%
<b>Sum:</b>	<b>\$347,297,267</b>	<b>\$28,077,012</b>	<b>\$196,245,735</b>	<b>57%</b>

### Revenue Discussion

Bonds & Note Proceeds: Bond sale has been delayed to FY 2022-23.

Charges for Services: The \$2.6 million increase is driven by higher than planned System Development Charges (SDC).

Miscellaneous- The \$0.3 million increase from higher interest earned from 2021 Bond Sale.

### Revenue Risks

SDC revenue may be less if development activity slows further in the fourth quarter of FY 2021-22.

### Expenditure Discussion

Fund Transfers - Expense: The \$60.7 million decrease is primarily driven by projected capital underspend as projects shift out of FY 2021-22 and into future fiscal years.

### Expenditure Risks

Any changes to planned activity for major projects (e.g. Washington Park, Willamette River Crossing) would impact expenses. However, this is not likely to pose any significant risk to the Construction Fund as Fund Transfer budget authority has not been reduced in the Spring BMP.

### Other Notes

# Business Area Projection Report

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## Portland Water Bureau - Fund 618

Major Object	2021-22 SPRING Requested Total	2021-22 February Actuals YTD	2021-22 SPRING Projection	% Projected Actuals to Requested Total
Contingency	\$111,457	\$0	\$111,457	100%
<b>Sum:</b>	<b>\$111,457</b>	<b>\$0</b>	<b>\$111,457</b>	<b>100%</b>

Major Object	2021-22 SPRING Requested Total	2021-22 February Actuals YTD	2021-22 SPRING Projection	% Projected Actuals to Requested Total
Beginning Fund Balance	\$111,457	\$0	\$111,457	100%
<b>Sum:</b>	<b>\$111,457</b>	<b>\$0</b>	<b>\$111,457</b>	<b>100%</b>

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### Revenue Discussion

There is no planned activity in this fund for FY 2021-22.

### Revenue Risks

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

### Expenditure Discussion

There is no planned activity in this fund for FY 2021-22.

### Expenditure Risks

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

### Other Notes

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## Capital Program Status Report

### Water Bureau

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 SPRING Requested Total	2021-22 February Actuals YTD	Spring Req. to Adopted Variance	Spring Req. to Adopted % Variance
Customer Service	150,000	50,000	0	-50,000		115,000	115,000	0	0	
Distribution	74,708,547	40,256,000	34,082,630	-6,173,370	84.66%	73,481,946	39,620,946	18,066,875	-33,861,000	-85.46%
Regulatory Compliance	463,661	375,000	119,701	-255,299	31.92%	200,000	150,000	29,202	-50,000	-33.33%
Supply	3,970,000	5,312,000	4,396,424	-915,576	82.76%	5,383,675	3,980,675	2,393,272	-1,403,000	-35.25%
Support	3,478,000	3,419,870	2,097,353	-1,322,517	61.33%	7,285,120	4,209,120	1,128,986	-3,076,000	-73.08%
Transmission/Terminal Storage	47,323,513	37,373,000	30,143,398	-7,229,602	80.66%	30,661,664	29,711,664	16,219,997	-950,000	-3.2%
Treatment	51,404,279	32,272,000	26,589,251	-5,682,749	82.39%	38,697,941	36,642,571	22,332,846	-2,055,370	-5.61%
<b>Sum:</b>	<b>181,498,000</b>	<b>119,057,870</b>	<b>97,428,756</b>	<b>-21,629,114</b>	<b>-18.17%</b>	<b>155,825,346</b>	<b>114,429,976</b>	<b>60,171,178</b>	<b>-41,395,370</b>	

### Current Year Variance Description

## Capital Program Status Report

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Distribution: Construction of the Willamette River Crossing rescheduled for fall 2022. The start of construction for the Penridge and Jantzen replacement projects has also been shifted due to extended right-of-way acquisition. Lambert mains replacement project scheduled to start construction later in spring 2022, construction and contingency unneeded this fiscal year has been reduced. Installation of a needed replacement electrical transformer at Washington Park 2 has been rescheduled due to equipment delivery delays.

Supply: Watershed projects re-sequenced due to delays caused by COVID and wildfire impacts. Specifically, the Bull Run Watershed Road 10E project was delayed due to wildfires in FY 2019-20, therefore the two year construction schedule was pushed to a three year schedule. Those delays coupled with a short construction window in the watershed resulted in the resequencing of projects. Furthermore, vacancies and hiring delays from COVID have limited the ability to complete the scheduled design work for Road I and J.

Support: Planning, Water Asset Management System year-end spending estimates updated, contingency reduced.

Transmission and Terminal Storage: Updated construction schedule for Powell Butte Reservoir 1 roof and refined cash flow for Bull Run Pipelines.

Treatment: Reduction in the expected final construction cost of the Corrosion Control Improvement project

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### Other Notes

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