



Mingus Mapps, Commissioner
Gabriel Solmer, Director

1120 SW Fifth Avenue, Room 405
Portland, Oregon 97204-1926
Information: 503-823-7404
portlandoregon.gov/water



Date: September 9, 2021
To: Jessica Kinard, City Budget Office
From: Gabriel Solmer, Administrator *GS*
Subject: Executive Summary for the FY 2021-22 Fall BMP

Enclosed is the Portland Water Bureau's FY 2021-22 Fall BMP Report that includes the status of the funds. The following is a summary of the Bureau's requests for the Fall BMP:

- **Carryover of Funds**
 - Carryover funds received from the General Fund for Mt. Tabor Historic Preservation Project in the amount of \$204,695.
 - Carryover funds received from General Fund for installation of solar panels at Groundwater Pump Station in the amount of \$79,665.
- **Interagency Adjustments**
 - New interagency with OEHR for work related to the American Rescue Plan grant for \$4,605.
- **CIP Adjustments**
 - Reduce the CIP by \$16.4 million based on updated construction schedules and cash flow estimates.
- **Cash Transfers**
 - Adjust cash transfers between Water Division funds for capital revenue received in the prior year that will be transferred to the Construction Fund and capital expenditures incurred in the prior year that will be transferred to the Operating Fund.
 - Cash transfer from the Limited Tax Improvement Fund to Water Construction Fund for \$60,000 for outstanding SDC Lien Receivables.

There were no prior year Budget Notes. If you have any questions regarding this report, please contact Elizabeth Hilt at x3-7531.

Attachments

Water Bureau BMP report

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

WA - Portland Water Bureau

DP Type

Mid-Year Reduction

Request Name: 12559 -CIP Adjustments

Package Description

- Reduce the CIP by \$16.4 million based on updated construction schedules and cash flow estimates.

Service Impacts

n/a

Equity Impacts

n/a

2021-22 FALL Requested Adj		
Expense	Capital Outlay	-11,900,000
	Contingency	16,409,000
	External Materials and Services	-4,509,000
	Internal Materials and Services	0
Expense	Sum:	\$0

Expense	Capital Outlay	-11,900,000
	Contingency	16,409,000
	External Materials and Services	-4,509,000
	Internal Materials and Services	0
Expense	Sum:	\$0

WA - Portland Water Bureau

DP Type

Encumbrance Carryover

Request Name: 12587 -Carryover Adjustments

Package Description

- Carryover funds received from the General Fund for Mt. Tabor Historic Preservation Project in the amount of \$204,695.
- Carryover funds received from General Fund for installation of solar panels at Groundwater Pump Station in the amount of \$79,665.

Service Impacts

N/A

Equity Impacts

N/A

2021-22 FALL Requested Adj		
Expense	Contingency	-284,350
	External Materials and Services	284,350
Expense	Sum:	\$0

WA - Portland Water Bureau

DP Type

Other Adjustments

Request Name: 12589 -Interagency Adjustments

Package Description

New interagency with OEHR for work related to the American Rescue Plan grant for \$4,605.

Service Impacts

Equity Impacts

2021-22 FALL Requested Adj		
Expense	Contingency	0
	Internal Materials and Services	4,605
	Personnel	0
Expense	Sum:	\$4,605

2021-22 FALL Requested Adj		
Revenue	Interagency Revenue	0
	Intergovernmental	4,605
Revenue	Sum:	\$4,605

WA - Portland Water Bureau

DP Type

Internal Transfer

Request Name: 12595 -Cash Transfers

Package Description

- Adjust cash transfers between Water Division funds for capital revenue received in the prior year that will be transferred to the Construction Fund and capital expenditures incurred in the prior year that will be transferred to the Operating Fund.
- Cash transfer from the Limited Tax Improvement Fund to Water Construction Fund for \$60,000 for outstanding SDC Lien Receivables.

Service Impacts

Equity Impacts

2021-22 FALL Requested Adj		
Expense	Contingency	-1,197,177
	Ending Fund Balance	1,257,177
	Fund Transfers - Expense	2,451,939
Expense	Sum:	\$2,511,939

2021-22 FALL Requested Adj		
Revenue	Fund Transfers - Revenue	2,511,939
Revenue	Sum:	\$2,511,939

Prior Year Fund Reconciliation Report

Portland Water Bureau

601 - Hydroelectric Power Operating Fund

EXPENDITURES	2020-21 Revised Budget	2020-21 Actuals	Percent of Actuals to Revised
Personnel	361,022	328,359	90.95%
External Materials and Services	2,304,842	2,265,250	98.28%
Internal Materials and Services	214,656	184,876	86.13%
Debt Service	31,487	31,487	100%
Contingency	1,261,678	0	0%
Fund Transfers - Expense	77,999	77,999	100%
TOTAL EXPENDITURES	4,251,684	2,887,971	67.93%

REVENUES	2020-21 Revised Budget	2020-21 Actuals	Percent of Actuals to Revised
Miscellaneous	3,074,251	2,095,676	68.17%
Interagency Revenue	175,000	190,103	108.63%
Beginning Fund Balance	1,002,433	0	0%
TOTAL REVENUES	4,251,684	2,285,779	53.76%

Expenditure Discussion

Internal Materials and Services: The \$30,000 decrease is primarily driven by fewer engineering services provided by Water to Hydro than budgeted.

Revenue Discussion

Miscellaneous: The \$979,000 decrease is primarily driven by lower than planned power sales volumes.

Interagency Revenue: The \$15,000 increase is driven by more engineering services provided by Hydro to Water than budgeted.

Other Notes

Prior Year Fund Reconciliation Report

Portland Water Bureau

602 - Water Fund

EXPENDITURES	2020-21 Revised Budget	2020-21 Actuals	Percent of Actuals to Revised
Personnel	84,759,177	78,410,157	92.51%
External Materials and Services	41,704,128	33,125,292	79.43%
Internal Materials and Services	23,865,867	22,848,393	95.74%
Capital Outlay	83,274,992	66,280,808	79.59%
Debt Service	6,032,737	5,999,248	99.44%
Contingency	196,827,509	0	0%
Fund Transfers - Expense	115,724,399	114,539,409	98.98%
TOTAL EXPENDITURES	552,188,809	321,203,307	58.17%

REVENUES	2020-21 Revised Budget	2020-21 Actuals	Percent of Actuals to Revised
Charges for Services	210,987,828	208,678,268	98.91%
Intergovernmental	526,000	612,152	116.38%
Miscellaneous	1,945,532	3,415,348	175.55%
Fund Transfers - Revenue	192,524,506	125,081,584	64.97%
Interagency Revenue	5,000,377	4,528,068	90.55%
Beginning Fund Balance	141,204,566	0	0%
TOTAL REVENUES	552,188,809	342,315,419	61.99%

Expenditure Discussion

External Materials and Services: The \$8.6 million decrease is driven by \$6.9 million of operating expense underspend and \$1.7 million of capital project underspend. The operating expense savings are primarily driven by professional services and miscellaneous services. The capital project underspend is driven by timing in shifts of budgeted capital projects.

Capital Outlay: The \$17.0 million decrease is driven by timing shifts of the budget capital projects.

Revenue Discussion

Intergovernmental: The \$0.1 million increase is driven by higher than planned revenues from the Regional Water Providers Consortium.

Miscellaneous: The \$1.5 million increase is driven by additional interest earnings, chargeable damages, rent (non operating) and gain on sale of assets.

Fund Transfers - Revenue: The \$67.4 million decrease is driven by capital spending being less than planned.

Other Notes

Prior Year Fund Reconciliation Report

Portland Water Bureau

612 - Water Bond Sinking Fund

EXPENDITURES	2020-21 Revised Budget	2020-21 Actuals	Percent of Actuals to Revised
Debt Service	122,847,623	122,847,623	100%
Ending Fund Balance	170,035	0	0%
Debt Service Reserves	19,227,074	0	0%
TOTAL EXPENDITURES	142,244,732	122,847,623	86.36%

REVENUES	2020-21 Revised Budget	2020-21 Actuals	Percent of Actuals to Revised
Bond & Note Proceeds	54,567,845	54,567,845	100%
Miscellaneous	201,576	300,409	149.03%
Fund Transfers - Revenue	62,418,814	62,255,372	99.74%
Beginning Fund Balance	25,056,497	0	0%
TOTAL REVENUES	142,244,732	117,123,626	82.34%

Expenditure Discussion

Revenue Discussion

Miscellaneous: The \$0.1 increase is driven by higher interest earnings on investments than planned.

Other Notes

Prior Year Fund Reconciliation Report

Portland Water Bureau

615 - Water Construction Fund

EXPENDITURES	2020-21 Revised Budget	2020-21 Actuals	Percent of Actuals to Revised
Debt Service	0	0	
Contingency	53,454,267	0	0%
Fund Transfers - Expense	192,296,030	124,853,108	64.93%
Ending Fund Balance	33,300,526	0	0%
TOTAL EXPENDITURES	279,050,823	124,853,108	44.74%

REVENUES	2020-21 Revised Budget	2020-21 Actuals	Percent of Actuals to Revised
Charges for Services	3,250,000	4,284,437	131.83%
Bond & Note Proceeds	141,525,196	141,525,195	100%
Miscellaneous	582,617	740,863	127.16%
Fund Transfers - Revenue	46,633,007	45,646,132	97.88%
Beginning Fund Balance	87,060,003	0	0%
TOTAL REVENUES	279,050,823	192,196,628	68.88%

Expenditure Discussion

Fund Transfers - Expense: The \$67.4 million decrease is driven by capital spending being less than planned.

Revenue Discussion

Charges for Services: The \$1.0 million increase is driven by higher than planned system development charges.

Miscellaneous: The \$0.2 million increase is driven by higher interest earnings than planned.

Other Notes

Prior Year Fund Reconciliation Report

Portland Water Bureau

618 - Hydroelectric Power Renewal Replacement Fund

EXPENDITURES	2020-21 Revised Budget	2020-21 Actuals	Percent of Actuals to Revised
Contingency	111,457	0	0%
TOTAL EXPENDITURES	111,457	0	0.00%

REVENUES	2020-21 Revised Budget	2020-21 Actuals	Percent of Actuals to Revised
Beginning Fund Balance	111,457	0	0%
TOTAL REVENUES	111,457	0	0.00%

Expenditure Discussion

There was no activity in this fund during FY 2020-21.

Revenue Discussion

There was no activity in this fund during FY 2020-21.

Other Notes

Bureau Performance Narrative

Portland Water Bureau

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
WA_0058	Number of violations of state and federal drinking water quality regulations	0	0	0	0	0	0	We are fortunate to have 2 high quality sources of water and the bureau works hard to ensure we meet all state and federal drinking water regulations.
WA_0059	Number of violations of state and federal environmental regulations	0	0	0	0	0	0	The Bureau was not found to be in violation of state and environmental regulations in FY 20-21
WA_0115	Maintain the current rating for Water first lien revenue bonds	0	0	0	100%	100%	100%	No variation to target or historical trends

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
WA_0041	Amount of power sold to Portland General Electric in megawatt hours	57,974	76,344	86,600	88,213	86,600	84,800	No variation to target or historical trends
WA_0047	Percentage of projects forecast to be completed within three months of planned date	80%	20%	80%	67%	80%	80%	Project completion timing was affected because of COVID limitations
WA_0048	Percentage of budgeted Capital Improvement Plan expended	93%	66%	100%	83%	100%	100%	
WA_0051	Percentage of calls answered within 60 seconds	87%	66%	100%	86%	80%	80%	Call volumes were much lower due to suspension of collection actions for COVID response.
WA_0077	Percentage of city's water supply provided by Bull Run watershed under normal operating conditions	88.00%	92.50%	100.00%	98.80%	100.00%	100.00%	No variation to target or historical trends
WA_0091	Days total reservoir storage is above 6.9 billion gallons (the reservoirs' baseline storage threshold)	365	366	365	365	365	365	No variation to target or historical trends

Portland Water Bureau
 Prior Year Performance Reporting

Run Date: 9/8/21
 Run Time: 12:01:21 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
WA_0092 Days Bull Run supply is available, excluding regulatory compliance events (such as turbidity events that exceed regulatory limits)	OUTPUT	365	366	365	365	365	365	No variation to target or historical trends
WA_0093 Number of unplanned conduit outages	OUTCOME	0	0	0	0	0	0	No variation to target or historical trends
WA_0094 Number of unplanned transmission outages.	OUTCOME	0	0	0	0	0	0	No variation to target or historical trends
WA_0095 Work orders the Maintenance and Construction group completes each year	WORKLOAD	4,415	3,700	4,000	3,855	4,000	4,000	No variation to target or historical trends
WA_0096 Percent of fountains operational	WORKLOAD	N/A	89%	95%	93%	95%	95%	No variation to target or historical trends
WA_0097 Groundwater capacity for 60 days of well use	OUTPUT	N/A	90	73	80	73	73	No variation to target or historical trends
WA_0098 Percentage of hydrants in service at any point	OUTCOME	100.0000%	100.0000%	100.0000%	99.8000%	99.5000%	99.5000%	No variation to target or historical trends
WA_0100 Days any pump station in service does not meet system demand (lower number is better)	OUTCOME	0	0	0	0	0	0	No variation to target or historical trends
WA_0101 Service line incidents that cause water users to not have service for more than 12 hours (lower number is better)	OUTCOME	0	0	0	0	0	0	No variation to target or historical trends
WA_0102 Percent of services installed more than 15 days for residential and 60 days for commercials after the permit was issued (lower number is better)	EFFICIENCY	92.0%	92.0%	90.0%	89.0%	90.0%	90%	No variation to target or historical trends
WA_0103 Maintain minimum daily water level in reservoirs that are in use	OUTCOME	N/A	69.00%	60.00%	99.40%	60.00%	60.00%	No variation to target or historical trends
WA_0104 Number of valves exercised/operated	OUTPUT	611	430	750	245	750	750	Number is below the target because part of the data was unavailable.

Portland Water Bureau
Prior Year Performance Reporting

Run Date: 9/8/21
Run Time: 12:01:21 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
WA_0106	Number of main breaks per 100 miles per year (lower number is better)	7.20	5.70	9.00	7.40	9.00	9.00	While slightly below the average of 9 main breaks per 100 miles, these numbers reflect year to year and 7.4 is within normal boundaries.
WA_0107	Percentage of community members who, in a statistically significant survey, say they have "good" or "very good" awareness of the services the bureau provides	N/A	54%	75%	89%	75%	75%	Winter survey performed by DHM Research
WA_0108	Percentage of employees reporting that they are "engaged" or "fully engaged" in their work (in employee survey done every other year)	N/A	0	78%	73%	78%	78%	No variation to target or historical trends
WA_0109	Number of City of Portland Nuisance Activity violations (lower number is better)	N/A	0	0	0	0	0	No variation to target or historical trends
WA_0110	Security incidents resulting in damage to facilities or harm to employees (reflects incidents logged in the Security budget program)	3	3	6	5	6	6	Last year, 5 total security related incidents of facility damage were reported to, or by, the security group; and 0 incidents resulted in harm to an employee.
WA_0111	Compliance with meeting benchmarks of Water Management and Conservation Plan	74%	74%	100%	95%	100%	100%	Impacts of COVID affected our ability to provide in-person services this year. Compliance with planned benchmarks reflect that challenge. Staff innovated and provided virtual services when possible.
WA_0112	Percentage of files sent to records for archiving are filed in accordance with State of Oregon and City of Portland retention rules.	N/A	100%	100%	100%	100%	100%	No variation to target or historical trends
WA_0113	Percentage of Billed Revenue Collected	0	0	0	95.8%	98.0%	98%	No variation to target or historical trends

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
WA_0114	Number of Assistance Program Information Events	0	0	0	20	10	10	The bureau adapted to the limitations and needs of the COVID pandemic by successfully responding to a dramatic increase in requests for financial assistance. Additionally, the bureau adapted to the pandemic by offering educational events on Zoom that provided information about financial assistance, water efficiency, water quality and emergency preparedness. Outreach staff also connected with several community organizations to promote these services by phone, email, and zoom meetings.
WA_099	Percentage of meters tested each year for accuracy 6+ inch meters and meters with consumption over 1000 CCF/month	N/A	55.00%	90.00%	94.80%	90.00%	90.00%	No variation to target or historical trends

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 FALL Requested Total	2021-22 July Actuals	Fall Req. to Adopted Variance	Fall Req. to Adopted % Variance
Customer Service	\$150,000	\$50,000	\$0	(\$50,000)		\$115,000	\$115,000	\$0	\$0	0%
Distribution	\$74,708,547	\$40,256,000	\$34,075,130	(\$6,180,870)	84.65%	\$73,481,946	\$63,625,946	\$821,635	(\$9,856,000)	-15.49%
Regulatory Compliance	\$463,661	\$375,000	\$119,701	(\$255,299)	31.92%	\$200,000	\$200,000	\$292	\$0	0%
Supply	\$3,970,000	\$5,312,000	\$4,396,424	(\$915,576)	82.76%	\$5,383,675	\$3,980,675	(\$383,247)	(\$1,403,000)	-35.25%
Support	\$3,478,000	\$3,419,870	\$2,097,353	(\$1,322,517)	61.33%	\$7,285,120	\$5,085,120	\$253,320	(\$2,200,000)	-43.26%
Transmission/ Terminal Storage	\$47,323,513	\$37,373,000	\$30,143,398	(\$7,229,602)	80.66%	\$30,661,664	\$27,711,664	(\$1,411,107)	(\$2,950,000)	-10.65%
Treatment	\$51,404,279	\$32,272,000	\$26,589,251	(\$5,682,749)	82.39%	\$38,697,941	\$38,697,941	(\$915,556)	\$0	0%
Sum:	\$181,498,000	\$119,057,870	\$97,421,256	(\$21,636,614)	-18.17%	\$155,825,346	\$139,416,346	(\$1,634,662)	(\$16,409,000)	-11.77%

Capital Program Status Report

Prior Year Variance Description

Portland Water Bureau

Overall CIP expenses are underreported by over \$1.63 million. This is due to including IA cost transfers, about \$1.2 million that appear as credits, about \$0.42 in advance payment recovery in support of ODOT's Outer Powell project and miscellaneous amounts for COEP expense. The total actual project spending for FY 2020-21 is

\$99.05 million, 83.2% of the revised CIP budget.

Customer Service: No small or emergency project projects were needed in the program.

Distribution: COVID and wildfire smoke reduced work days to complete in-house pipe projects. Contract main projects were delayed while staff completed development and inter-agency projects work.

Regulatory Compliance: Obtaining conservation easements are complete and the projects are in the vegetation monitoring phase. Budget was reduced for FY 2020-21.

Supply: Two projects, Hamilton Creek and Road 10j have been rescheduled to allow completion of other watershed projects impacted by COVID, wildfire and staffing impacts.

Support: Planned spending for non-CIP PTE for Conduit Inspection were delayed due to COVID.

Transmission and Terminal Storage: Revised cash flow for construction of Washington Park, revised construction schedule for Powell Butte Reservoir 1 roof to not disturb nesting birds.

Treatment: The contractor was not able to complete all the planned work for the Corrosion Control Improvements.

In Total: Expensed work included

Current Year Variance Description

Distribution: Rescheduled construction start of Willamette River Crossing, and the start of construction for the Penridge and Jantzen replacement projects have also been shifted due to extended right-of-way acquisition. Delays completing the Fulton Pump Main replacement has shifted the start of construction into FY 2022-23.

Installation of a needed replacement electrical transformer at Washington Park 2 has been rescheduled to after peak demand season this fall.

Supply: Watershed projects resequenced due to delays caused by COVID and wildfire.

Support: Water Asset Management System schedule and cash flow estimates updated.

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