

# **Fall BMP FY 2010-11 Analysis**

**City of Portland, Oregon**

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**Prepared by:**

**Office of Management and Finance  
Financial Planning Division**

**October 26, 2010**

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**Financial Planning Division Analysis  
FY 2010-11 Fall BMP**

**Bureau of Emergency Communications**

Report Date: October 26, 2010

**Summary of Significant Issues**

**Overpayment of Overtime** – Last year, the bureau identified as a problem the City’s configuration of SAP which calculated overtime based on the number of hours worked during an FLSA 40-hour work week, did not include paid time for exceptions, and had created an overtime rate that may have been higher than the pre-SAP rate. To solve this problem, the Enterprise Business Solutions Project team was planning to make City-wide adjustments to the system configuration for the calculation of the overtime rate. However, the recent contract negotiations resulted in the exclusion of premium pay from overtime calculations, and the contract is retroactively effective July 1, 2010. BOEC believes that when the contract terms are implemented in SAP, the remaining overtime issues will be resolved.

**Recommended Requests**

1. *EC\_001/ Urban Areas Security Initiative (UASI) 07 – COOP Plan, \$15,245, 0 FTE*

An UASI grant from FY 2006-07 is paying for a consultant to produce a Continuity of Operations Plan for BOEC as well as other emergency call centers in the region. The plan is expected to be finished this fiscal year. BOEC’s share of the \$68,600 contract is \$15,245. The grant funds were transferred into BOEC’s budget last fiscal year but were not spent, and the bureau is requesting the funds to be appropriated into this year’s budget.

FPD Recommendation: \$15,245, 0 FTE

2. *EC\_002/UASI 08 – CAD Programming, \$85,000, 0 FTE*

Similarly, BOEC is requesting \$85,000 of unspent UASI 08 grant funds to be appropriated for CAD interface programming and unit-to-unit messaging programming services work that is expected to be finished this fiscal year.

FPD Recommendation: \$85,000, 0 FTE

**Comments on FY 2009-10 Budget Notes, Add Packages, and Service Improvement Plans**

**Add Packages**

Senior Dispatcher Positions - The FY 2009-10 budget adds four Senior Emergency Communications Dispatcher positions as a result of the Police Precinct Consolidation. The positions have been filled and continued to be needed.

**Service Improvement Plans**

BOEC’s Service Improvement Plan listed two areas of focus:

- Quality Awareness Focus - BOEC has instituted a performance evaluation process that involves randomly evaluating a number of police and fire/EMS calls each month, and if needed a path of

correction is put into place. In addition, calls are evaluated for professionalism, and any problems discovered are quickly rectified.

- Focus on Effective and Responsive Operational Supervision – The bureau has adopted various measures to encourage self-responsibility and accountability, including the continuation of regular meetings with the supervisors to ensure adequate information flow, consistent application of performance standards, and dialogue among supervisors and management.

BOEC continues to see improvements in two areas. First, the bureau notes a reduction in total sick leave, in non-protected sick leave, and in the number of employees using over 100 hours of non-protected sick leave over the past year. In addition, the Quality Awareness project has seen another decrease in the number of employees on performance-related Plans of Action. There has also been a reduction in the number of allegations filed by staff and with a much quicker turn-around on investigations into those allegations.

### FY 2009-10 Reconciliation

<b>Emergency Communications Fund (202)</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Beginning Fund Balance	\$3,565,466	\$4,197,414	17.72%
Charges for Services	\$200,000	\$194,601	-2.70%
Intergovernmental	\$6,536,608	\$6,354,609	-2.78%
Fund Transfers - Revenue	\$13,798,910	\$13,798,910	0.00%
Bond and Note	\$8,855,000	\$8,825,944	-0.33%
Miscellaneous	\$101,415	\$105,649	4.18%
<b>Total Resources</b>	<b>\$33,057,399</b>	<b>\$33,477,128</b>	<b>1.27%</b>
<b>Requirements</b>			
Personal Services	\$13,869,742	\$13,130,840	-5.33%
▶ External Materials and Services	\$5,810,720	\$3,971,394	-31.65%
Internal Materials and Services	\$3,209,511	\$3,048,194	-5.03%
▶ Capital Outlay	\$0	\$26,206	I/A
▶ Bond Expenses	\$1,540,531	\$1,327,928	-13.80%
Fund Transfers - Expense	\$884,495	\$884,495	0.00%
Contingency & Ending Balance	\$7,742,400	\$11,088,071	43.21%
<b>Total Requirements</b>	<b>\$33,057,399</b>	<b>\$33,477,128</b>	<b>1.27%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

The major category of External Materials and Services was underspent by \$1.8 million (or almost 32%) due to delayed spending for the CAD-Next project. The system is going live in April 2011, and the funds are anticipated to be spent this fiscal year. During this Fall BMP, OMF City-wide Projects (Public Safety Systems Revitalization Project) is requesting to recognize \$1.9 million in unspent FY 2009-10 CAD-Next project resources to cover current year project expenditures initially budgeted for last fiscal year.

A Capital Outlay expense of \$26,206 was incorrectly posted to the Emergency Communications Fund and has been properly transferred to the Grants Fund. However, audit trail rules for capital spending do not allow the incorrect expense to be reversed and so a credit of the same amount was posted to a revenue account to offset the expenditure.

Bond Expense expenditures were underspent by almost 14%. Approximately \$170,000 of the \$212,603 variance is due to CAD-Next debt issuance and service costs coming in lower than projected, with the rest of the variance (about \$43,000) due to lower bond costs to the bureau than what was budgeted by OMF for PERS debt service repayment costs.

<b>Grants Fund (217)</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
▶ Federal, State, and Local Sources	\$119,712	\$6,580	-94.50%
<b>Total Resources</b>	<b>\$119,712</b>	<b>\$6,580</b>	<b>-94.50%</b>
<b>Requirements</b>			
▶ External Materials & Services	\$119,712	\$6,580	-94.50%
▶ Capital Outlay	\$0	\$26,206	I/A
<b>Total Requirements</b>	<b>\$119,712</b>	<b>\$32,786</b>	<b>-72.61%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

The 95% variances in Federal, State, & Local Sources and External Materials & Services categories of the Grants Fund budget result from not spending funds that were budgeted for the UASI 07 and UASI 08 grants. The bureau is re-appropriating (or carrying over) the funds for this fiscal year during this Fall BMP (see requests EC\_001 and EC\_002 above).

Capital Outlay shows no budget but an actual expenditure of \$26,206. As noted above in the discussion of the Emergency Communications Fund, the \$26,206, which were for messaging bus services as a part of the CAD-to-CAD project and are also a part of the UASI 08 grant, were incorrectly charged to that fund. The expenditure actual is now correctly in the Grants Fund, but there are no funds budgeted for it in the Capital Outlay major object category. The bureau indicates that the funds are actually budgeted in External Materials and Services as a part of the \$119,712. Grants staff has noted that the Capital account to which the \$26,206 was charged is not actually billable, and they are working on a solution to offset the expenditure on the revenue side.

### FY 2009-10 Performance Measure Reporting

Three of BOEC's performance measures indicate the bureau's need for improvement in certain areas. The bureau has not been able to meet its goal of 75% of fire "urgent priority" calls dispatched within 15 seconds over the last four years. In addition, it has not been able to meet its goal of 80% of medical "priority emergency, 1, or 2 calls dispatched within 30 seconds over the last three years. While the measure of call taker certification rate has only been used for two years, the bureau has not been able to meet its goal of 100% over those two years.

The performance measure data for fire and medical dispatching acknowledge that performance times are related to the volume of information gathering requested by the regional fire bureaus. The fire bureaus prefer better information gathering even if it takes longer to dispatch. Discussion is underway to modify the goals to better fit the information requests. The goal of the fire bureaus is to send the most appropriate level of response per dispatch.

On the other hand, the bureau has been improving or performing well on three other measures over the last three years. Since FY 2006-07 there have been improvements in the percent of emergency 9-1-1 calls

answered within 20 seconds, and the goal of 97% has been attained in both FY 2008-09 and FY 2009-10. With regards to the average time to answer emergency 9-1-1 calls, the bureau has been exceeding its goal of 4 seconds since FY 2007-08. Similarly, BOEC has been attaining its goal of 50% of trainee class certified within 18 months of hire since that same year. Financial Planning recommends that the bureau continue to monitor these measures.

The one measure that should be revised, or at least its goal, is the number of overtime hours. The bureau has been exceeding its goal of 20,000 hours since FY 2006-07, and for FY 2009-10, the actual value for that measure is 9,977 hours, significantly less than the goal. Financial Planning believes that the goal of 20,000 hours is no longer meaningful and should be adjusted.

**Financial Planning Division Analysis  
FY 2010-11 Fall BMP**

**Fire & Police Disability & Retirement**

Report Date: October 26, 2010

**Comments on FY 2009-10 Budget Notes, Add Packages, and Service Improvement Plans**

**Add Packages**

Disability and Pension Database Replacement – The project was delayed due to the need to first determine whether or not SAP can meet the requirements for the system. The \$150,000 for this project was budgeted again in FY 2010-11. FPDR is currently waiting for the completion of a contract with SAP to scope the project or the issuance of an RFP.

**Service Improvement Plans**

The FPDR Community Conversations, held in September 2009, brought staff and members together and helped to educate both sides of the service relationship. The conversations brought about a number of action items to help with communication efforts. Since then, FPDR has completed a biennial membership survey, almost completed an informational notice on how to access FPDR benefits and a resource guide for members, and offered half-day workshops.

**FY 2009-10 Reconciliation**

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$6,096,449	\$6,402,885	5.03%
Taxes	\$105,990,690	\$107,555,904	1.48%
Charges for Services	\$0	\$36	NA
Interagency Revenue	\$7,200	\$7,200	0.00%
▶ Fund Transfers - Revenue	\$752,068	\$2,068	-99.73%
▶ Bond and Note	\$36,655,000	\$28,349,586	-22.66%
Miscellaneous	\$555,000	\$593,808	6.99%
<b>Total Resources</b>	<b>\$150,056,407</b>	<b>\$142,911,487</b>	<b>-4.76%</b>
<b>Requirements</b>			
Personal Services	\$1,518,322	\$1,498,790	-1.29%
External Materials and Services	\$100,923,238	\$98,388,830	-2.51%
Internal Materials and Services	\$3,518,396	\$3,055,802	-13.15%
Capital Outlay	\$0	\$1,525	NA
Bond Expenses	\$37,171,538	\$28,508,645	-23.31%
Fund Transfers - Expense	\$292,549	\$292,549	0.00%
Contingency & Ending Balance	\$6,632,364	\$11,165,346	68.35%
<b>Total Requirements</b>	<b>\$150,056,407</b>	<b>\$142,911,487</b>	<b>-4.76%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Fund transfer revenues were lower than budgeted because the \$750,000 transfer from the reserve fund was not needed to maintain a positive cash balance before the November property tax turnover. Bond and note

proceeds also came in below budget because the bureau did not require the full budgeted amount for Tax Anticipation Notes (TANs) to maintain a positive cash flow. The corresponding under-expenditure in the bond expenses line also reflects the lower than anticipated repayment of TANs. The under-expenditure in internal materials and services reflects a lower number of Police returning to work after disability. The Police Bureau did not request a reduction in the interagency when it became clear that not all the funds needed to be transferred, instead leaving the difference unbilled.

### **FY 2009-10 Performance Measure Reporting**

The percentage of disability claims decisions within 60 and 90 days saw significant improvement over projections (90% to 95% and 95% to 99% respectively). The percentage of pension estimates processed within one week also increased from a projected 68% to 80%. The bureau was able to achieve these efficiencies while also reducing their percent administration from the projected 1.97% to 1.74%. Overall, FPDR recorded a higher performance rating than what they had projected mid-way through the fiscal year.

**Financial Planning Division Analysis  
FY 2010-11 Fall BMP**

**Portland Police Bureau**

Report Date: October 26, 2010

**Summary of Significant Issues**

The Police Bureau ended the FY 2009-10 fiscal year with a positive balance of just over \$500,000 (after returning an \$800,000 loan provided by OMF to ensure that over-spending at the bureau level did not occur). This positive balance was largely the result of halting EM&S spending in the second half of the year and terminating 14 temporary employees. The bureau realized far greater fiscal constraints in 09-10 than in previous years due to higher staffing levels, which reduced the salary savings that has historically cushioned the bureau's budget. A tighter than usual fiscal environment was exacerbated by the decline of several revenue sources, resulting in actual revenue collections \$1.1 million below budget (declines included FPD&R reimbursements and revenues from towing, which was largely eliminated due to the City Attorney's recommendation following a recent court case).

**Challenges.** The bureau's FY 10-11 General Fund discretionary allocation is 2.7% lower than its 09-10 budget, reductions largely met through the temporary or permanent elimination of 35 non-sworn positions. Beyond this reduced staffing environment, the bureau begins FY 10-11 with several financial challenges. These include:

- *A very lean EM&S budget.* The PPB budget preserves staff and programs at the expense of funds for the equipment, rent and utilities that support staff and programs. The current budget contains an ambitiously small EM&S allocation in part because of the timing around tow revenue reductions; the new policy was not fully internalized throughout the bureau until FY 10-11 budget development was largely complete and the necessary \$2 million reduction in tow revenue was balanced via an EM&S budget cut. The current year EM&S budget is estimated to be \$1.5 - \$2.0 million smaller than is sustainable for the bureau over the long-term. The bureau is however currently on track to meet this year's reduced EM&S target.
- *FPD&R shortfalls.*
  - This year, both Police and Fire will begin passing funds to FPD&R from IA payments the bureaus receive for staff hours they contribute to events sponsored by other bureaus. IA reimbursements cover pension costs but in the past these funds have been kept in the bureau rather than passed on to FPD&R. Rectifying this oversight will cost the PPB an estimated \$400,000 in FY 2010-11 as well as in future fiscal years.
  - The budget includes an error in cost estimating FPD&R expenses for OPSRP employees, for whom the PPB pays pension benefits and is then reimbursed by FPD&R. The error amounts to a \$1.1 million budget gap (reimbursement revenues were budgeted at \$2.4 million, whereas reimbursable expenses were budgeted at \$1.3 million).
- *Unemployment costs associated with July 1 layoffs.* The current year budget involved holding 24 non-sworn positions vacant for one-year and eliminating an additional 11 positions; these actions generated 27 lay-offs. Unlike private corporations that pay into state unemployment insurance, City bureaus reimburse the state for the full cost of unemployment benefits extended to former City employees with unemployment claims, a liability of upwards of \$500,000. Half of laid-off PPB employees have already found employment; the estimated liability for the remaining claims is approximately \$200,000 to \$300,000 (assuming no additional extensions of benefits).

**Strategies.** The totality of these items results in a budget roughly \$3.2 - \$3.8 million lower than the bureau initially determined to be adequate to support the programs and staff levels described in its FY 10-11 budget. Of this amount, \$1.5 – \$2.0 million can be accommodated via temporary EM&S spending reductions; the remaining \$1.2 - \$2.3 million must be filled via new strategies. To address this situation, several bureau initiatives are underway. These include:

- *Monitoring and holding vacancies.* In response to its recent and current fiscal challenges, the bureau's fiscal staff is undertaking increased monitoring of staffing levels and more frequent reconciliation of SAP personnel reporting to the actual number and locations of PPB staff. The Police Bureau is unusual among City bureaus in the internal movement of its 1,250 personnel; officers and supervisors are regularly rotated throughout the bureau to increase exposure to programs and program staff is reallocated as needs arise (for instance, the 8-person Hotspot Enforcement Action Team was disbanded in September and staff was reassigned to Gang Prevention). Officers injured or being disciplined work outside of their units although their units continue to pay their salary. Officers on military or long-term disability leave hold their positions within SAP despite in some cases multi-year absences. Since SAP's adoption, the bureau has tracked staffing with a shadow system largely driven by UDARS, its time-keeping software. Fiscal, Human Resources and the Chief's Office staff are meeting weekly to review discrepancies between staffing assignments and SAP and bring SAP into alignment, as well as eliminate the practice of double-filling positions (which can obscure true vacancy counts). The group is coordinating with the EBS team to investigate additional SAP functionality and explore whether more time-efficient solutions to position movement within SAP are available, as well as explore alternative budget structures that would reduce the detail with which position movement must be tracked within SAP. Improving SAP efficiency is anticipated to require many more months.

At this time, the bureau reports 23 sworn and 3.5 non-sworn vacancies (beyond the 24 non-sworn positions held vacant one-time). For the first two accounting periods of FY 10-11 the bureau reported average daily personnel costs over \$10,000 below budget when benefits are excluded. If sustained, these vacancies could generate savings sufficient to cover the bureau's operating deficit. However, overtime savings represent the lion's share of reduced expenses during AP 1 and 2. If these savings cannot be sustained – as is likely, in a reduced staffing environment with many of the seasonal overtime drivers still to come – a more likely estimate for year-end salary savings at this point is between \$1.25 and \$2.0 million. Based on AP 2 actuals, a very rough gauge of the bureau's year end shortfall after salary savings are accounted for could range from roughly \$1 million to a positive \$800,000.

Police health benefit costs are expected to increase more significantly than those of non-PPA members in FY 10-11. At the current rate, the bureau is on course to request (in the Spring BMP) approximately \$1.8 million of the \$2.5 million reserved for health benefit increases within the City's Compensation Set Aside.

- *Monthly budget tracking.* Police fiscal has also instituted monthly reporting on the part of the bureau's 26 Reporting Unit managers, a practice that was disbanded in the recent past. Reporting Unit managers have been trained in accessing budget to actual reports within SAP, with the goal of better tracking and staying within those portions of their budgets that they can control (primarily over-time and EM&S). Staff continues to refine the reporting methodology and processes in an effort to improve budget accountability throughout the bureau.
- *Minimum staffing project.* In June 2010 the bureau initiated a committee to explore officer deployment and ensure that existing resources are both appropriate and allocated to maximize the bureau's efficiency and effectiveness. Staffing assignments are considered an art as well as a science; this effort

has focused on reviewing relevant data to compare metrics such as call volume by shift, type of calls responded to and the percentage of time in which units are in 'clear and self-initiated status' (free to pursue independent problem-solving or provide back up for another unit). The effort has not found easy solutions in terms of periods of lower activity in which staffing can be reduced; these periods tend to be short and already assigned reduced staffing. One significant staffing goal for the bureau is that 35% of officers' time be available to spend on self-initiated activity. The December 2009 Auditors' SEA Report states that the bureau has achieved this and maintained an average of 34-35% of time available for problem solving since 2004-05. The committee continues to explore opportunities for staff savings and more efficient staff deployment.

**Priorities.** The bureau believes it can survive within its reduced budget for the current year. Its primary short-term objective is to hire additional officers to prepare for possible retirements in July 2011 (FY 11-12), when FPD&R pension benefits will increase by roughly 4% due to a 27 (versus 26) paycheck look-back period (an anomaly of the system in which pensions are based on paychecks received rather than time worked in the 12 months prior to retirement). Seventy-nine PPB officers will be eligible to retire on that date; the number expected to retire is at most half of that and the bureau is pursuing surveying to more accurately project retirees. Until hiring resumes, these vacancies will be added to the 23 vacant sworn positions the bureau is currently carrying.

Increasing sworn personnel staffing requires many months of lead time. The bureau strives to complete oral, psychological, medical and background checks on potential hires within a six month timeline; in the past this process has taken up to one year. If a job is accepted, recruits attend a statewide academy in which space is generally limited to ten PPB hires quarterly, although the academy can accommodate more this year (due to reduced hiring statewide). State training is followed by an in-house 12 week Advanced Academy that can be provided on a more flexible basis.

Because the bureau has held staffing in check, it has a list of candidates ready who have completed the background check phase. The bureau's largest current concern is moving candidates through training in time to fill current and anticipated future vacancies. The bureau is currently assessing the right vacancy level to maintain to ensure that the budget is met while preparing to fill increased future vacancies to the extent possible; FPD will review the bureau's hiring proposals as they are developed.

In addition to careful monitoring of staffing levels, FPD recommends that the bureau devote time to reconsidering its budget structure over the next several months. The current structure of 11 budget programs was developed in 2005 and reflected an increase from four budget programs (considered too few for the complexity of the bureau). FPD has concern that current bureau programs do not correspond to a monitored budget or responsible supervisor. In the on-going effort to build fiscal monitoring systems that work for the unique needs of the PPB within a new software framework, defining the budget units that are important to track and the managers who will be accountable for those units would be a valuable exercise for management to undertake in conjunction with fiscal staff. Like the effort to improve upon SAP personnel reporting and monitoring, this effort will not be quick but should be worthwhile in developing meaningful fiscal monitoring systems.

### **Recommended Requests**

1. *PL\_02/General Fund Program Carryover, \$82,134, 0 FTE*

These funds were removed from the bureau's budget and returned to the General Fund in spring 2009-10 and include \$49,000 in professional development training funds required by the PPCOA collective bargaining agreement and \$33,000 in donation funds.

FPD Recommendation: \$82,134, 0 FTE

2. *PL\_03/General Fund Non-Discretionary Carryover, \$111,374, 0 FTE*

This is donation revenue received by the bureau for specific purposes that remained unspent in the prior year and is in excess of the \$33,000 that was returned to General Fund contingency in FY 2009-10. Certain donations are deposited in the Police Special Revenue Fund; the documentation accompanying these donations did not meet the criteria for use of that fund. Donations include approximately \$40,000 for air support and \$20,000 for Safety Patrol.

The bureau has insufficient under spending to accommodate both this request and the following request (PL\_01) for \$498,353 in encumbrance carryover (under spending totaled \$503,416; carryover requests total \$609,727). Because this request is for funds donated for specific programs, FPD recommends granting this request and adjusting the bureau's encumbrance carryover request. Donated funds that do not qualify for the bureau's Special Revenue Fund should be spent in the current fiscal year to prevent this accounting issue from arising in future years.

FPD Recommendation: \$111,374, 0 FTE

3. *PL\_01/Encumbrance Carryover, \$498,353, 0 FTE*

Because bureau carryover requests are limited to under spending (\$503,416), a reduced amount is recommended for encumbrance carryover. Encumbrance requests include \$200,000 for the Training Division (\$150,000 for the San Diego Police Equipment Co, \$50,000 for the Tri County Gun Club); \$160,000 for Photo Radar and Red Light Camera equipment; \$64,000 for Special Property Crimes unit subscription and \$35,000 for vehicle storage fees associated with towing.

FPD Recommendation: \$392,042, 0 FTE

4. *PL\_04/Other Technical Adjustments, \$0, 0 FTE*

This request includes adjustments to interagency agreements and to appropriations within and between major object categories. The most significant adjustment moves \$19 million from East Precinct Neighborhood Safety to East Precinct Emergency Response to correct a miscoding in the FY 2010-11 Adopted Budget. This adjustment brings both program budgets in line with their historic levels.

5. *PL\_06/Last Thursday Reimbursement, \$22,601, 0 FTE*

This request includes \$8,483 in purchase orders for security services and port-a-potties for July, August and September Last Thursday events. Costs were allocated evenly to three bureaus (Police, PBOT and ONI) with the advice that bureaus ask funds to be returned from General Fund Contingency via the Fall BMP. An additional \$14,118 is requested to compensate the bureau for current year overtime costs associated with the event.

FPD Recommendation: \$22,601, 0 FTE

**Note:** Police bureau grants funds have been excluded from the Fall BMP; carryover from FY 09-10 will be requested via the Winter BMP.

## **Comments on FY 2009-10 Budget Notes, Add Packages, and Service Improvement Plans**

### **Cut and Add Packages**

**Precinct Restructuring** In FY 2009-10 the bureau consolidated its five precincts into three (East, North and Central) and relocated its Training and Traffic Divisions. The new precincts were in place and operational July 1, 2009. The reorganization included the elimination of 24 positions, 12 sworn and 12 non-sworn. An adequate number of sworn vacancies were maintained to avoid lay offs, but several non-sworn employees were laid off. In part due to negotiation with unions and the subsequent redeployment process, which delayed the implementation of lay-offs, estimated annual savings was downgraded over the course of the year to \$1.9 million for FY 2009-10 and \$2.3 million in out years.

*Status:* The reorganization is widely reported to have gone smoothly overall with the minor exception of parking pressures at Central and East Precincts. Response times and demand for services both show improvement in year-over-year statistics (fiscal year), indicating that precinct consolidation did not impede operations. Emergency response time: 4% Better; Number of emergency response calls: 8.5% fewer; Self-initiated calls: 9.3% more.

### **Elimination of CrimeStoppers Coordinator**

The FY 2009-10 Adopted Budget eliminated the police officer position with primary responsibility for the program, and maintains the CrimeStoppers program by redistributing the responsibilities to other, existing bureau personnel.

*Status:* Eliminating the coordinator role has resulted in an appropriate and manageable workload; the CrimeStoppers program has largely been automated via bulletins to email distribution lists.

### **Elimination of Reserve Program Coordinator**

The Portland Police Reserve Unit is made up of volunteers who may be assigned to uniformed, armed duties or to non-uniform, unarmed duties. The position of Coordinator was eliminated in the FY 2009-10 Adopted Budget for an ongoing budget reduction of \$79,968. The bureau combined the duties of the Reserve Coordinator with those of the Cadet Coordinator.

*Status:* Consolidating coordinator roles results in an appropriate and manageable workload.

### **Retirement of Northeast Precinct Lease Debt**

The City retired debt on the North Precinct Building, resulting in a reduction of the Police Bureau's lease payment by \$400,000 annually. \$300,000 of these savings support victim advocate positions; \$100,000 was returned to the General Fund.

### **Permanent Funding for Domestic Violence Victims Advocates**

This package reprogrammed \$100,000 in ongoing funding to continue contracts with nonprofit organizations for domestic violence advocate services to assist the Domestic Violence Reduction Unit (DVRU). These funds support two advocates; a third advocate is already funded in the Police Bureau's base budget. This package also included \$50,000 in City support for the Multnomah County Domestic Violence Coordinator, who works closely with DVRU (40% of total position costs).

*Status:* The advocates allow the Police Bureau to make contact with 100% of victims of reported domestic violence, including those whose cases are not assigned to a detective.

### **Addition of Sexual Assault Victims Advocate Positions**

In FY 2009-10 the bureau re-programmed \$144,228 in ongoing funds to make two limited-term senior administrative specialist positions (Victims Specialists) permanent. The positions primarily assist with reported cases that are not assigned to a detective.

*Status:* The Specialists provided victims services on 200 cases for a 95% victim contact rate. This is an increase from a 59% contact rate prior to the program's inception. In the past year sex trafficking was added to the Specialists case loads; they currently assist 34 trafficking victims. The unit is striving to achieve a 100% contact rate by the calendar year end.

#### **Elimination of Information and Referral**

This office responded to nonemergency phone calls 7 a.m. to midnight on weekdays. The program was eliminated in FY 2009-10, along with three specialist positions, for an ongoing savings of \$232,000.

*Status:* Calls are now re-routed to the Bureau of Emergency Communications, the City-County I& R program, the Telephone Report Units, or precinct desk clerks. The precinct's main phone numbers report very little increase in call volume over FY 2009-10. Call re-distribution to Police entities (precincts and the Telephone Reporting Unit) have been manageable despite a more than doubling in telephone reports (from approximately 25,000 in FY 2008-09 to 45,402 in FY 2009-10). The bureau has not received feedback from other organizations about whether call volume has been problematic.

#### **Elimination of Arson Detail Detection**

This position has overlapping responsibilities with PF&R's lead arson investigator. PPB now responds only to fires resulting in a death and to Measure 11 arson fires; investigating suspicious fires and arson without deaths is the sole responsibility of PF&R. The ongoing savings is \$100,000.

*Status:* Two detectives have received additional training to fulfill the remaining responsibility. The workload is appropriate and manageable.

#### **Elimination of Crime Analyst**

The bureau previously maintained six crime analysts deployed to the precincts and one deployed to Tactical Operations Division. Eliminating one position resulted in an ongoing savings of \$80,000.

*Status:* The bureau's remaining crime analysts were centralized within the Strategic Services Division. This group works directly with Reporting Unit managers to support a range of bureau functions and programs; its workload is appropriate to six analysts.

#### **Elimination of Criminalist**

Criminalists work in the Forensic Evidence Division documenting crime scenes and taking fingerprints. One position was eliminated for \$104,000 in ongoing savings.

*Status:* Work has been distributed among the remaining 15 criminalists (there are currently two vacancies), which has made it more difficult to accommodate the workload among existing staff.

#### **Elimination of Canine Officer-Dog Team**

One team was eliminated from the budget for an ongoing savings of \$98,500. Eight officers and two sergeants remain; each is assigned a dog used to search for criminal suspects and evidence and is available 24 hours a day.

*Status:* Current workload is manageable with the ten remaining teams; however, there is concern with succession planning as the dogs are now relatively young. As they age and are more susceptible to injury, the bureau anticipates gaps in service and an increased workload for remaining teams.

#### **Elimination of Fire and Police Disability and Retirement Liaison Officer**

This position was a liaison for pension and disability issues, as well as coordinating return-to-work and limited-duty programs and manages bureau contact with families of employees affected by catastrophic injury

or death. Funding was shared by PFD&R; position elimination resulted in an on-going bureau savings of \$42,000.

*Status:* Core responsibilities were reassigned within the bureau. Many responsibilities were redundant with the bureau's Employee Assistance Program, staffed by an officer and full-time coordinator.

### **External Materials & Services Reduction**

This reduction of \$225,000 derives from the selection of a new less expensive and more durable uniform.

*Status:* The RFP process to select a new vendor has been delayed so that this form of savings was not realized in FY 2009-10; other materials expenses were been reduced until uniform savings are achieved. An RFP is expected to be issued by calendar year end. The bureau intends to serve as its own Quartermaster, with an in-house uniform supply function to allow for greater efficiency and uniform recycling to the greatest extent possible.

### **Elimination of Officer Positions in Complaint Signer Unit**

This unit reviews cases and prepares them for submission to the District Attorney to ensure that the necessary elements are present for each case. This unit is often augmented by officers on temporary restricted duty. Two officer positions were eliminated for an ongoing savings of \$160,000.

*Status:* Three officer and two sergeant positions remain in the unit; current staffing is workload appropriate.

### **One-Time Funding for Service Coordination Team**

This program received \$2,558,787 one-time resources in FY 2009-10. This is a multi-agency effort to send chronic, lower-level criminal offenders to jail and to help offenders obtain housing, drug and alcohol treatment and mental health care. The majority of funding is pass-through dollars to social services and the County DA and probation officers.

*Status:* SCT currently has a completion rate of 21% (including wrap-around services for employment and permanent housing). Almost all clients with some program exposure, whether or not they graduate, report reduced criminal behavior. In its first two years the program has served over 150 clients. The program is attributed with significant cost efficiencies for the reduction in arrests, incarceration, stolen goods and insurance claims associated with its services.

### **One-Time Funding for Central City Concern Hooper Inebriate Emergency Response Service (CHIERS) and Sobering Stations**

In FY 2009-10 pass-through funding of \$911,077 was moved from the Housing Bureau to the Police Bureau.

### **Service Improvement Plans**

The bureau's FY 2009-10 Service Improvement Plan was to *focus on improvements to community relations, overall service delivery through precinct restructuring, and the efficiency and consistency of patrol response. The bureau will also work to improve the Communications Unit, which is responsible for media communications, marketing, and personnel recruitment. The goal is to improve communications delivery methods and to develop a greater capacity for effective and timely internal and external communications.*

Following precinct reconfiguration, response time improved, call volume decreased, and the citywide crime rate decreased, meeting the bureau's goal for increased efficiency and consistency in service delivery.

In 2009-10 the bureau reconfigured the Communications Unit to achieve greater collaboration between the sworn Public Information Officers (PIO) and the consolidated Communications Unit. The new Communications Unit encompasses one Community Outreach and Information Representative, one civilian PIO, and an information and technology specialist (a BTS employee assigned to the bureau) who maintains

the bureau's website and tracking systems. This unit works closely with the two sworn PIOs on social media, networking, and internal and external communications.

### FY 2009-10 General Fund Reconciliation

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
Licenses & Permits	\$1,691,000	\$1,858,921	9.93%
Service Charges & Fees	\$1,957,192	\$2,007,159	2.55%
Federal, State and Local Sources	\$9,556,362	\$9,570,285	0.15%
▶ Misc Sources	\$1,727,530	\$938,540	-45.67%
▶ Interagency Revenues	\$2,543,147	\$1,995,553	-21.53%
General Fund Discretionary	\$144,809,533	\$144,306,074	-0.35%
<b>Total Resources</b>	<b>\$162,284,764</b>	<b>\$160,676,532</b>	<b>-0.99%</b>
<b>Requirements</b>			
Personal services	\$118,943,683	\$118,959,248	0.01%
▶ External Materials & Services	\$15,048,379	\$13,331,802	-11.41%
Internal Materials & Services	\$28,281,702	\$28,374,681	0.33%
Capital Outlay	\$11,000	\$10,801	-1.80%
<b>Total Requirements</b>	<b>\$162,284,764</b>	<b>\$160,676,532</b>	<b>-0.99%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

The Police Bureau successfully stayed within budget in a tight year. Because projections indicated expenses so close to revenues, OMF provided a loan of \$800,000 via the Spring 2010 over-expenditure ordinance; these funds have been removed from the above reconciliation to provide a more accurate picture of total resources and percent variance.

License, permits and Service Charges were all above budget. Miscellaneous Sources and Interagency Revenue both fell short. Miscellaneous Sources includes fees from Police towing, which was close to eliminated in FY 2009-10 due to the City Attorney's recommendation following a recent court case. Towing fees were originally budgeted at \$1.4 million; this was reduced to \$490,000 in the 2010 Winter BMP and actual revenue collected at year-end was \$194,000. False alarm fines, another component of Miscellaneous Sources, also came in far below budget (\$216,000 versus \$657,000). The decline in Interagency Revenues is largely associated with FPD&R pension reimbursements, which should correlate to expense but were erroneously budgeted \$420,000 above expense.

In total, non General Fund sources of revenue came in \$1.1 million, or 6%, below the revised budget. Both personal services and IM&S spending slightly exceeded budget (by \$16,000 and \$93,000 respectively). To accommodate these shortfalls, the bureau under spent its EM&S budget by \$1.6 million. The bureau plans to strictly limit EM&S in the current fiscal year as well as a short-term response to current year under-budgeting in this area.

## FY 2009-10 Police Special Revenue Fund Reconciliation

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
▶ Beginning Fund Balance	\$584,500	\$15,328	-97.38%
Intergovernmental Revenues	\$880,000	\$1,041,406	18.34%
Fund Transfers - Revenue	\$165,746	\$165,746	0.00%
Miscellaneous	\$218,700	\$282,095	28.99%
<b>Total Resources</b>	<b>\$1,848,946</b>	<b>\$1,504,575</b>	<b>-18.63%</b>
<b>Requirements</b>			
External Materials & Services	\$1,096,246	\$445,650	-59.35%
Internal Materials & Services	\$0	\$53,999	NA
Unappropriated Ending Balance	\$752,700	\$1,004,926	33.51%
<b>Total Requirements</b>	<b>\$1,848,946</b>	<b>\$1,504,575</b>	<b>-18.63%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

The Police Special Revenue fund includes donations and federal and state asset forfeiture. Beginning fund balance expenditures were both far below projections for the Police Special Revenue fund in FY 2009-10. Increased intergovernmental and miscellaneous revenues, together with reduced spending, enable an ending fund balance of just over \$1 million.

**Note:** Grants funds have been excluded from the bureau’s Fall BMP requests and FY 2009-10 review; these will be addressed in the Winter BMP. The bureau anticipates that it will not require the use of its carry-over grant funds before that time.

### FY 2009-10 Performance Measure Reporting

The most frequently cited Police Bureau performance measures describe the City’s over-all crime rates. These rates include:

- |  |                     |                        |
|--|---------------------|------------------------|
| ▪ Total Part 1 (Major) Crimes                | Anticipated: 30,773 | Actual: 31,576 (+2.6%) |
| ▪ Total Part 2 Crimes                        | Anticipated: 36,105 | Actual: 33,343 (-8%)   |
| ▪ Part 1 Person Crimes per 1,000 Residents   | Anticipated: 5.00   | Actual: 5.00 (0%)      |
| ▪ Part 1 Property Crimes per 1,000 Residents | Anticipated: 50     | Actual: 49 (-2%)       |

The above statistics indicate that while total part 1 Major Crimes is up slightly, on a per resident basis Major Crimes are down by a roughly equal percentage, driven by population increase.

Over-all, the bureau is meeting its targets. Average travel time to high priority calls out-performed the bureau’s goal of five minutes. In five out of six shifts, the average number of cars on patrol exceeded the bureau’s target; in the remaining shift average cars on patrol was equal to target. Incidents dispatched were below target; officer-initiated calls for service – a key bureau indicator of officer engagement in pro-active, community problem-solving – were above target.

The only performance measure that varies from target or expected to any extent is number of telephone reports, which is double the number expected (45,402 versus 25,000). This is attributed to eliminating the Police Information and Referral function and funneling calls to other internal resources (such as precinct desks and the Telephone Report Units) and external resources (9-1-1).

In general, the Police Bureau uses Performance Measure reporting as citywide descriptive statistics of current performance. In the current fiscal year, FPD recommends reviewing these measures and their utility in assessing the bureau's allocation of resources. The bureau's Strategic Services Department generates and manages a wealth of data in predictive and retrospective crime analysis. Some of this data may be appropriate to incorporate into performance metrics so that trend information can accompany program budget summaries and requests. FPD continues to investigate best practices in performance measures and encourage bureaus to develop measures that are decision-useful.

**Financial Planning Division Analysis  
FY 2010-11 Fall BMP**

**Portland Fire and Rescue**

Report Date: October 26, 2010

**Summary of Significant Issues**

**Retirements** – Portland Fire and Rescue (PF&R) is expecting a high number of retirements this fiscal year and next. Starting in FY 2005-06, the bureau entered into a period of above average retirements that was initially expected to last until FY 2010-11. The peak of this period was FY 2006-07, with 48 retirements. Prior to the peak period, the bureau averaged about 24 retirements a year. PF&R has reserved \$1.0 million in its personal services budget to meet the requirements for the payouts each year. The average payout amount each year fluctuates between \$30,000 and \$60,000 per retiree. The number of retirements will drop down to an average of 20 per year after the peak period. When developing this year's budget, PF&R projected 30 retirements for the year and \$1.7 million in payouts. The bureau requested \$700,000 in additional resources to meet the payouts, since it already has \$1.0 million set-aside for that purpose, but did not receive the additional funds. The bureau notes that since the beginning of the year, eight employees have already retired, and another three are certain to retire later in the year. This contrasts with the total of only seven employees who have retired in the whole of the last fiscal year. During the Spring BMP of last year, the bureau requested \$1.12 million from its COLA set-aside to cover potential retirements. It turned out that PF&R did not need any of those additional funds. Financial Planning recommends that the City closely monitor the number of retirements throughout the year and set aside funds for the payouts as needed. The Spring BMP is usually when the bureaus request additional funds, including funds for personal services from the COLA set-aside, so that they do not end up overspending at the end of the year.

A large "spike" in retirements may occur in FY 2011-12 because there will be 27 pay dates in the final lookback period for employees who retire in July 2011 or June 2012. This anomaly in the retirement calculations was precipitated by language in the Charter of the Fire and Police Disability and Retirement (FPDR) Fund and provides a material incentive for public safety employees to wait until one of these dates with 27 pay dates in the lookback to retire. Financial Planning recommended that Council examine a system that allows employees who retire at certain times to arbitrarily receive more in benefits than those who retire at other times and consider a change in the Charter to the FPDR Fund that it would have to refer to voters. The Board of Trustees of FPDR began a discussion of potential Charter changes and the process of how to change it during its June 2010 meeting and continued the discussion in its August and October meetings.

**Recommended Requests**

1. *FR\_001/PF&R Grant Carry Over, \$(77,236), 0 FTE*

PF&R is requesting to adjust its grants budget to accurately reflect the funds available from two grants, an Urban Areas Security Initiative 07 grant and a Metropolitan Medical Response Systems (MMRS) grant from 2008.

FPD Recommendation: \$(77,236), 0 FTE

2. *FR\_002/Risk Interagency Adjustment, \$0, 0 FTE*

The bureau is requesting to transfer \$11,921 in funds for an IA with Risk Management for workers compensation and liability to its Training and Safety Division's operating supplies budget.

FPD Recommendation: \$0, 0 FTE

3. *FR\_003/General Fund Encumbrance Carryovers, \$2,940,617, 0 FTE*

PF&R is requesting to carryover \$2.9 million in encumbrance balance from the end of FY 2009-10 to ensure the completion of approved contracts and purchases for fire apparatus, SCBA air compressors, turn out gear, and other equipment and supplies.

Financial Planning is slightly reducing the amount to be recommended to be carried over. Of the \$2,940,617 the bureau is requesting to be carried over, \$63,585 has already been expended and accrued to the last fiscal year for the following Purchase Orders (POs):

PO	Requested	Accrued	Adjusted Request
20001191	\$ 41,750	\$ 41,750	\$ -
22023614	\$ 8,976	\$ 8,626	\$ 350
22039679	\$ 2,999	\$ 300	\$ 2,699
22042439	\$ 51,053	\$ 5,435	\$ 45,618
22045336	\$ 2,756	\$ 2,756	\$ -
22045621	\$ 4,719	\$ 4,719	\$ -

Thus, the bureau should not be requesting the full amounts for these POs since the listed charges were already accrued to last year's budget.

Financial Planning is recommending the carryover of \$2,877,032, which is almost 98% of the requested amount.

FPD Recommendation: \$2,877,032, 0 FTE

4. *FR\_004/FY 2009-10 COLA Reduction Restoration, \$373,334, 0 FTE*

This request is for restoring the \$373,334 reduction the bureau took in its FY 2010-11 Adopted Budget as payback of the COLA set-aside received during last year's Spring BMP. PF&R did not end up using any of the \$1.12 million in COLA funds it requested and underspent its personal services budget by \$1.3 million even without the compensation set-aside. Financial Planning is recommending the approval of this request.

FPD Recommendation: \$373,334, 0 FTE

## **Comments on FY 2009-10 Budget Notes, Add Packages, and Service Improvement Plans**

### **Add Packages**

Office Support Specialist (OSS) III – This OSS III approved by Council in November 2007 supported the bureau's increased workload as a result of the implementation and ongoing activities of the City's then new Human Capital Management component of the SAP system. The position has been funded with one-time funds since then, including in FY 2009-10. The position was filled throughout that year.

Senior Administrative Support Specialist – One-time funding was provided for this position to support the bureau’s community outreach efforts. The position was filled throughout last year.

Premium Pay for Additional Divers - The FY 2009-10 Adopted Budget includes premium pay for an additional 12 divers not covered under the contract with the Portland Fire Fighters Association so that all 25 members of the dive team received the premium pay last year.

Two Rescues - Ongoing funding for the two rescue units at Stations 11 and 19 was provided up to FY 2008-09, and Council approved funding them one-time for FY 2009-10. Both the units were operational throughout FY 2009-10.

### Service Improvement Plans

Increase accountability and productivity in the Prevention Division – A reclassification and reorganization of management staff for greater oversight and tighter span of control include assigning one Assistant Fire Marshal to exclusively work on code enforcement activities and a second Assistant Fire Marshal to the remaining Prevention divisions, resulting in a more effective and efficient organizational structure. In addition, Fire Inspectors are continuing to work closely with Bureau of Technology Services (BTS) staff to successfully implement a project for field computing.

Improve external communications to citizens and internal communications to employees – The bureau increased its use of online media to provide instant communications to employees and citizens.

Increase response reliability and reduce emergency response times – This plan was put on hold during FY 2009-10 pending the outcome of the City Auditor’s audit of PF&R’s response times. The report was released in July 2010, and the bureau supports its recommendations, including ensuring the Fire Marshal’s direct involvement in traffic calming and access issues, working with various parties to increase efficiencies for first responder services, and improving how the bureau documents and measures response time performance. PF&R has implemented the recommendations to measure response time performance immediately and is working towards implementing Fire Marshal involvement and improvements to first responder services during the current fiscal year.

### **FY 2009-10 Reconciliation**

<b>General Fund (100)</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Licenses & Permits	\$1,287,800	\$1,298,377	0.82%
▶ Service Charges & Fees	\$1,183,000	\$1,541,125	30.27%
▶ Federal, State, and Local Sources	\$460,000	\$348,379	-24.27%
▶ Miscellaneous Sources	\$779,727	\$564,223	-27.64%
General Fund Discretionary	\$89,866,600	\$84,355,548	-6.13%
General Fund Overhead	\$201,991	\$201,991	0.00%
Interagency Revenues	\$1,463,801	\$1,349,022	-7.84%
<b>Total Resources</b>	<b>\$95,242,919</b>	<b>\$89,658,665</b>	<b>-5.86%</b>
<b>Requirements</b>			
Personal services	\$78,870,344	\$76,452,712	-3.07%
▶ External Materials & Services	\$5,573,038	\$4,972,663	-10.77%
Internal Materials & Services	\$5,197,180	\$4,921,140	-5.31%
▶ Capital Outlay	\$5,602,357	\$3,312,150	-40.88%
<b>Total Requirements</b>	<b>\$95,242,919</b>	<b>\$89,658,665</b>	<b>-5.86%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

**Revenues** – A miscoding has caused a 30% variance (over-collection) between budget and actuals in Service Charges & Fees and a variance of similar magnitude, but in the opposite direction, between budget and actuals in Federal, State, & Local and Miscellaneous Sources. Payments from the City of Maywood Park and the Burlington Water District totaling \$220,639 were credited to Services Charges & Fees when they should have been credited to a Federal, State, and Local Sources account. Combined, the variance between budget and actuals of these categories is only 1%.

**Expenditures** – The bureau’s External Materials & Services budget was underspent by 11%, while its Capital Outlay budget was underspent by 41%. At year-end, PF&R had encumbrances totaling \$2.9 million which the bureau is now asking resources to be carried over for. Adding this \$2.9 million in encumbrances to the year-end actuals in External Materials & Services and Capital Outlay provides a figure that is very close to the budget figures.

<b>Grants Fund (217)</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
▶ Federal, State, and Local Sources	\$1,737,853	\$1,152,183	-33.70%
<b>Total Resources</b>	<b>\$1,737,853</b>	<b>\$1,152,183</b>	<b>-33.70%</b>
<b>Requirements</b>			
▶ Personal services	\$0	-\$33,641	IA
▶ External Materials & Services	\$1,595,813	\$1,039,047	-34.89%
▶ Capital Outlay	\$142,040	\$267,624	88.41%
<b>Total Requirements</b>	<b>\$1,737,853</b>	<b>\$1,273,030</b>	<b>-26.75%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Personal services showing negative actual expenditures without a budgeted amount are due to a reversal of overtime costs incurred during the winter 2008 snow storm which PF&R attempted to obtain reimbursement from a FEMA grant for but was ultimately disallowed. The costs have been moved to the General Fund.

The 35% variance in External Materials and Services is due to the bureau not spending or encumbering \$556,776 from several MMRS grants (from 2007 to 2009) and one Assistance to Firefighters grant. These funds have been carried forward to the current fiscal year.

The 88% over-expenditure in Capital Outlay is due to a miscoding of expenses in the wrong account on the budget side; \$125,584 was budgeted in Minor Equipment in External Materials and Services when they should have been in the Capital Assets account in Capital Outlay.

**FY 2009-10 Performance Measure Reporting**

Data on PF&R’s performance measures indicate that its actual response times were in line with estimates for FY 2009-10, although the bureau may not be meeting its goals for those measures. For example, the estimate for response time at the 90<sup>th</sup> percentile was 7.20 minutes for the year, and the bureau’s actual for that measure

was 7.17 minutes, but its goal is actually 5.33 minutes. Similarly, data show that the bureau's actual response times at the 90<sup>th</sup> percentile for Emergency Medical Services (EMS) and for fire incidents, and the actual with patient time at the 90<sup>th</sup> percentile, were in line with its estimates for the year. However, PF&R is not able to achieve its response time goal of 5.33 minutes at the 90<sup>th</sup> percentile for all those measures due to a lack of resources and other factors identified in the City Auditor's report on the bureau's response times issued in July.

The bureau's notable achievements include meeting its goal of inspecting 80% of inspectable occupancies within 27 months; the bureau was able to inspect 83% in FY 2009-10 after three years of not being able to. In addition, the bureau has been able to meet its goal, for a second year in a row, of 100% of recruits successfully completing the training curriculum and station-based training after leaving Station 2, after two previous years when the percentages were in the 80s.

There are several measures for which PF&R has consistently met its goals for several years in a row already and should perhaps consider revising the goals, or getting rid of these measures and adding new ones. These include: percentage of residents rating service good or very good, total arson incidents per 10,000 population, and code enforcement re-inspections.

#### **FY 2009-10 Capital Project Reconciliation**

**Apparatus Replacement** - PF&R spent 59% of its \$5.1 million budget for apparatus replacement and encumbered the rest (about \$2.1 million or 41%). During this Fall BMP, the bureau is requesting to carryover the encumbered balances.

#### **FY 2010-11 Capital Project Reporting**

**Apparatus Replacement** – The Adopted Budget for apparatus replacement is \$543,239. During this Fall BMP, the bureau is requesting to increase it by \$2.1 million through the carryover of encumbered balances from last year (see request FR\_003 above). Financial Planning is recommending the carryover of about 98% of the amount requested by the bureau, which also includes encumbrances in External Materials & Services. As of the end of AP 3, none of the FY 2010-11 funds for apparatus replacement has been spent.

**Financial Planning Division Analysis  
FY 2010-11 Fall BMP**

**Portland Office of Emergency Management**

Report Date: October 26, 2010

**Summary of Significant Issues**

POEM is requesting to convert an existing limited term position to permanent. The position's primary responsibilities are grant contracting and compliance; for additional information refer to request #1 below.

**Recommended Requests**

1. *EM\_001/Accountant II Limited Term to Permanent Position, \$0, 1.0 FTE*

Currently POEM maintains an authorized limited term Accountant II position, and as there are both continued operational needs and the funding resources to justify it, they wish to make the position permanent. The primary responsibility of the position is monitoring procurements and reimbursements related to the bureau's grants. In FY 2009-10 POEM reduced their bureau fiscal staff and thereby reduced the capacity for grant management and coordination with the City's Central Grants Office. Funding for the position is available through the bureaus' existing General Fund and ongoing grant resources.

FPD recommends this request as this would restore some of the bureau's fiscal capacity and does not require additional General Fund resources.

FPD Recommendation: \$0, conversion of 1.0 FTE limited term position to permanent

2. *EM\_002/Transfer of Grant Funds to Correct Bureaus, (\$220,105), 0.0 FTE*

This request is to move grant expenditures and revenues out of POEM's budget and to the correct City bureaus. As the fiscal agent, POEM receives grant funds and makes purchases on behalf of other City bureaus. When the purchases have been made, goods are received, and services rendered, POEM transfers expenses and revenues to the beneficiary bureaus for accurate financial recording. This request is to move Urban Area Security Initiative (UASI) 2007 and 2008 grant funds to three recipient bureaus.

FPD Recommendation: move \$17,400 to Water Bureau, move \$100,245 to BOEC, move \$100,000 to Planning and Sustainable Development, and move \$2,460 to Fire Bureau

3. *EM\_003/LEAP/ARRA Grant – Expending Grant Funding, \$131,193, 0.0 FTE*

This request budgets Local Energy Assurance Planning (LEAP) grant funding that will fund development of a citywide LEAP plan which is a requirement of the Department of Energy. The technical adjustments budget \$120,363 for wages and benefits, \$750 for travel, \$9,000 for consulting, and \$750 for supplies.

FPD Recommendation: \$131,193 adjustments in Grant Fund 217

## Comments on FY 2009-10 Budget Notes, Add Packages, and Service Improvement Plans

### Budget Notes

POEM had no budget notes in FY 2009-10.

### Decision Packages

**5% Mandatory Reduction** – The Adopted Budget included a 5% reduction of \$33,798 to POEM's GF appropriation. POEM cut an existing vacant financial analyst position to half time. The reduction was projected to programmatic impacts. Additionally POEM eliminated one of two assigned CityFleet vehicles. **Status:** POEM's reduction of an existing vacant position to half time limited the bureau's ability to work with the City's Central Grants Office, and POEM is seeking to restore their capacity with their Fall BMP request for a 1.0 FTE. The reduction of the CityFleet vehicle has had little impact on bureau operations and service delivery.

### Service Improvement Plans

#### **Natural Hazard Mitigation Plan**

POEM will update the 2005 Natural Hazard Mitigation Plan (NHMP) by December 2009. After the NHMP is updated, implementation of action items identified in the plan will be tracked and coordinated through POEM's Planning and Mitigation program. The anticipated outcome is a relevant, implementable plan that will ensure the City's continued eligibility for pre-disaster and post-disaster funding from the federal government.

**Status:** POEM has completed revisions to the NHMP and will present the plan for public review and comment in FY 2010-11. Currently, POEM is working with other City bureaus' independent mitigation planning efforts that inform the NHMP update.

#### **Emergency Coordination Center**

In FY 2009-10 POEM will be planning for the construction of a new ECC, working to acquire equipment staging area on the west side of the Willamette River, and development of the corps of ECC responders. Additionally POEM will take the lead in completing a citywide continuity of operations plan (COOP) and will support City bureaus in their own COOP efforts.

**Status:** Plans for the new ECC have advanced to the design development stage. Financing for construction of the facility is contingent upon the voter approval of a public safety bond measure on the ballot in November 2010. Efforts to acquire a west side staging area have been delayed and currently POEM is working with other bureaus to identify a site suitable for this purpose. Project status is detailed in "Capital Project Reporting" section of this review.

#### **Neighborhood Emergency Teams**

In FY 2009-10 POEM will partner with Multnomah County and the City of Gresham on Community Emergency Response Team training. Also in FY 2010-11, POEM will offer the Know Your Neighborhood train-the-trainer class. The class is a partnership of ONI and POEM and will educate volunteers to train their neighbors about emergency preparedness and crime prevention.

**Status:** The community emergency response training has been vetted by stakeholders and has produced final training plans. Additionally, POEM has worked with the local institutions of higher education to develop Campus Community Response Team training which is expected to be implemented at the end of FY 2010-11.

## FY 2009-10 Reconciliation

POEM - GF	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
Miscellaneous Sources	\$0	\$926	na
General Fund Discretionary	\$665,605	\$653,695	-1.79%
General Fund OH	\$978,096	\$978,096	0.00%
▶ Interagency Revenues	\$7,000	\$0	-100.00%
<b>Total Resources</b>	<b>\$1,650,701</b>	<b>\$1,632,717</b>	<b>-1.09%</b>
<b>Requirements</b>			
Personal Services	\$1,081,274	\$1,071,740	-0.88%
▶ External Materials & Services	\$139,918	\$139,956	0.03%
Internal Materials & Services	\$429,509	\$421,021	-1.98%
<b>Total Requirements</b>	<b>\$1,650,701</b>	<b>\$1,632,717</b>	<b>-1.09%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

POEM underspent its General Fund allocation by 1%. External Materials and Services were overspent by 0.03%, but total materials and services actual expenditures were underspent by 1.5%, or \$8,450. The \$7,000 variance between Interagency Revenues budget to actuals relates to a technical accounting issue with a Water Bureau IA which will be resolved in FY 2010-11 Winter BMP.

POEM Grants - Fund 217	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
Federal, State, and Local Sources	\$5,775,615	\$3,533,406	-38.82%
<b>Total Resources</b>	<b>\$5,775,615</b>	<b>\$3,533,406</b>	<b>-38.82%</b>
<b>Requirements</b>			
Personal Services	\$533,169	\$387,602	-27.30%
External Materials & Services	\$5,242,446	\$3,813,525	-27.26%
▶ Internal Materials & Services	\$0	\$1,226	na
<b>Total Requirements</b>	<b>\$5,775,615</b>	<b>\$4,202,353</b>	<b>-27.24%</b>

Because of decreased regional spending for POEM grants, Personal Services actuals came in 27% of budget, External Materials and Services actuals were 27% of budget, and Federal, State, and Local Source revenues were 39% of budget. The \$2,242,209 of unspent grant budget fell to balance and is re-budgeted in the Grants Fund in FY 2010-11.

## FY 2009-10 Performance Measure Reporting

POEM overhauled their performance measure system in FY 2009-10 in which they “archived” non-relevant measures, and implemented new, relevant measures. Since the current measures were initiated in FY 2010-11, POEM does not have FY 2009-10 data on which to report.

## **FY 2010-11 Capital Project Reporting**

### **Emergency Communications Center (ECC)**

This project is currently managed by the Water Bureau and OMF Facilities in coordination with POEM. The project is currently at the 60% construction document phase. The conditional use application was submitted in August. POEM and the Water Bureau are working with BTS to identify the IT requirements for the new ECC. POEM expects that the RFP would go out in FY 2011-12 and construction would begin in FY 2012.

### **West Side Operations Center**

At an August 17, 2010 Council work session, POEM was asked to evaluate the 11.75 acre BES property located at 2615 NW Industrial Street for viability of locating the City's west side emergency operations center. The purpose of this site would be to locate emergency response equipment, vehicles, and supplies for PBOT and the Water Bureau, as well as locate a City fueling station on the west side of the Willamette River.

The BES property currently houses the Police Property Evidence division warehouse, a building leased by a non-City business, and BES equipment that is currently used for the Balch Creek Conduit project. Managers from the stakeholder bureaus have tentatively determined that the property is suitable as the City's west-side emergency staging area but does present the following challenges:

- There currently is only one route of ingress/egress into the property and an emergency staging area would require two.
- BES would have to terminate the lease it has with the private business entity for the use of one of the buildings on the property.
- The parking lot area necessary to locate the PBOT and Water Bureau equipment will not be available until early 2012 as it is currently used for BES's Balch Creek Conduit project staging.
- Water Bureau's and PBOT's interest in this site is conditional on purchasing the property from BES. The viability of this has not been explored.

POEM also has identified two contiguous BES-owned properties at NW 22<sup>nd</sup> and Nicolai Street that could function as a west side fueling station.

**Financial Planning Division Analysis  
FY 2010-11 Fall BMP**

**Portland Parks & Recreation**

Report Date: October 26, 2010

**Summary of Significant Issues**

Parks Operations and Maintenance (O&M) obligations for new development or acquisitions continue to be a concern. This BMP includes a total request of \$99,264 for new General Fund discretionary funding for O&M on new park acquisitions and development that have been or will be put into service during FY 2010-11. FPD will be updating the City's financial management policies to clarify the O&M process and expectations of bureaus.

**Recommended Requests**

1. *PK\_01/GF Encumbrance Carryover, \$200,685, 0 FTE*

This package is to carryover \$200,685 in General Fund appropriations for large (over \$2,500) purchase orders that were encumbered prior to June 30th, 2010, but had not had the services completed prior to year end. The request has removed any accruals for year-end, encumbrances under \$2,500, and any ongoing operating encumbrances. See Parks BMP submittal for a detailed listing.

FPD Recommendation: \$200,685, 0 FTE

2. *PK\_02/Technical Adjustments, \$0, 2.0 LT FTE*

Technical adjustments that are net-zero entries between major object categories and/or cost centers including the following four position adjustments. See Parks BMP submittal for a detailed listing.

- Reclass and Convert a limited-term part-time Management Assistant position to a permanent part-time City Planner II position.
- Convert a limited-term Recreation Coordinator I position to a permanent full-time position.
- Add a new limited-term Recreation Leader position from savings created by re-org
- Add a new limited-term Forest Park Ranger position from BES IA

FPD Recommendation: \$0, 2.0 LT FTE

3. *PK\_03/Compensation Set-Aside Reduction, \$250,000, 0 FTE*

In the Spring BMP for FY 2009-10, Parks requested and received \$500,000 from the Compensation Set-Aside. Any amounts received from the Compensation Set-Aside in FY 2009-10 are to be repaid by either a cut package in FY 2010-11, or through a reduction in spending and/or increase in revenue generation as compared to the budget by the end of June 30, 2010. The cut package was split over two fiscal years with \$250,000 for FY 2010-11 and \$250,000 for FY 2011-12.

For the fiscal year ended June 30, 2010, Parks was able to repay the compensation set-aside amount in full for both years by primarily reducing its expenditures in material and services (with smaller savings in personal services) before the end of the year. FPD recommends foregoing Year 2 of the cut.

FPD Recommendation: \$250,000, 0 FTE

4. PK\_04/Adjustments for Non-GF Revenues, \$1,134,561, 0 FTE

Parks has requested several Non-General Fund revenue adjustments totaling \$1,134,561. See Parks BMP submittal for a detailed listing. The most significant requests include:

- ODOT loan for North Portland Willamette Greenway Trail Planning Study \$444,800
- PBOT Bureau of Maintenance Emergency Budget Appropriation for Winter Storms \$150,000
- Adjust East Portland Community Center programming revenues and transfer General Fund discretionary revenue to SWCC and MSCC \$140,000
- Golf Contingency request - Heron Lakes Clubhouse expense to capital (P00216) \$100,000
- Portland International Raceway contingency request - funding for Oval Track design \$75,000
- Mayors Office carryover to fund Youth Corp \$70,000

FPD Recommendation: \$1,134,561, 0 FTE

5. PK\_05/Parks Grant Carryover, \$1,483,254, 0 FTE

This package is to recognize Parks Bureau grant additions and carryover adjustments totaling \$1,483,254.

FPD Recommendation: \$1,483,254, 0 FTE

6. PK\_06/New O&M GF Request, \$99,264, 0 FTE

This package is a total request of \$99,264 for General Fund discretionary funding for Operations and Maintenance on new park acquisitions and development that have been or will be put into service during FY 2010-11. The package includes 25 requests for a total of \$29,029 GF one-time and \$70,235 GF on-going ranging from \$113 to \$19,585. The most significant requests include:

- Sacajawea Park Interim Improvement \$18,900 ongoing plus \$8,600 one-time
- Graphic Pack \$19,585 ongoing
- Gates Property \$15,429 one-time
- Springwater Trail ARRA Repaving \$3,375 on-going plus \$1,200 one-time

FPD Recommendation: \$99,264, 0 FTE

7. PK\_07/Mid-Year Revenue Reductions, (\$150,151), 0 FTE

This package is for (\$150,151) in non-General Fund mid-year reductions in revenues including:

- BES IA adjustment – revegetation work (\$102,000)
- BES IA adjustment - SE 83rd & Harney Street swale design (\$5,000)
- Reduce Willamette Park parking revenue target (\$33,151)
- Remove Duplicate Rental Revenue entry (\$10,000)

FPD Recommendation: (\$150,151), 0 FTE

8. PK\_08/GF Reductions (Cash Transfers), (\$46,167), 0 FTE

The following requests transfers (\$46,167) from the General Fund to the Parks Construction Fund.

ARRA Grant for St. Johns RC Lighting project (PK000023)	(\$10,500)
Bond Development Funding	(\$35,667)

FPD Recommendation: (\$46,167), 0 FTE

9. *PK\_09/Restore Aging Services Pass-Through, \$59,486, 0 FTE*

In FY 2009-10, Multnomah County Aging Services requested \$594,960 in on-going funding from the City. The request was reduced 10% or \$59,486 on-going but this amount was then restored as a one-time amount. For FY 2010-11, Parks is requesting \$59,486 on a one-time basis to provide Multnomah County Aging Services more time to adjust their program budgets for their next fiscal year.

FPD Recommendation: \$59,486, 0 FTE

### **Budget Notes**

#### **McCall Building One-Time Funding**

The Office of Management and Finance is hereby directed to allocate \$43,600 of one-time General Fund discretionary to Portland Parks and Recreation in FY 2010-11 and FY 2011-12 for the purpose of replenishing lost lease revenue from the McCall Building.

#### **Update**

The Office of Management and Finance allocated \$43,600 of General Fund discretionary to Portland Parks & Recreation in FY 2009-10. This adjustment replenishes the loss of lease revenues at this facility. The Water Bureau has now taken over responsibility for this asset.

### **Add Packages**

#### **Teen Programming - \$500,000**

The PP&R Teen Services Program continued another successful year of programming and engagement with teens throughout Portland. Though funding has been reduced, this program will continue to work to minimize these impacts while continuing to reach out.

The Program provides a programming structure focused on:

- Physical Activity/Health & Wellness/Fitness
- Environmental Stewardship/Outdoor Experiences
- Leadership/Employment
- Arts Experiences
- Positive Social Interaction/Fun

The PP&R Teen Program has created enhanced specialized programming out of seven PP&R community centers located throughout Portland. These specialized programs provide the opportunity to connect youth in specialized areas of interest, provide smaller youth/instructor ratios, increase the opportunity to engage with youth as individuals, and enable us to focus on specific areas of the teen population (middle school vs. high school).

### **Service Improvement Plans**

The Strategic Plan for FY 2010-11 focuses on the four following key result areas (KRAs):

- Manage and protect assets

- Reach and involve the community
- Improve service delivery
- Enhance organizational capacity

Each KRA articulates desired outcomes that the bureau will work to achieve over the next several years through defined strategies and initiatives. These guide the development of multi-year work plans that will prioritize efforts under conditions of limited resources.

### **Manage and Protect Assets**

*Desired Outcomes:*

- Effective management of built and natural assets
- Adequate land and facilities are provided to meet identified recreation, open space, and biodiversity needs

*Status:* On track

- Buildings, pools and recreation facilities inventories completed
- Inspections are ongoing and FCI is updated
- Management strategies have not been done and cannot be started until the bureau determines the required level of service, risk factors, critical assets, etc. as part of the Service Delivery Strategy.

### **Reach and Involve the Community**

*Desired Outcomes:*

- Increased community awareness and appreciation through participation in a healthy parks system
- Diverse and plentiful opportunities for engagement with Parks throughout the community
- Community members feel authentically engaged and that their participation contributes to a better parks system

*Status:* Completed

- Launch engagement strategy to employees and utilize social media opportunities to begin implementation with limited budget dollars.

### **Improve Service Delivery**

*Desired Outcomes:*

- Provide high-quality services that balance fiscal responsibility and affordability
- Prioritize Parks services reflecting balancing community needs with individuals' demands
- Improve service delivery through partnerships

*Status:* Behind schedule

- Workplan established and presented to managers in Spring 2010
- Aquatics SDS is 90% completed

### **Enhance Organizational Capacity**

*Desired Outcomes:*

- An organization that attracts, cultivates, and develops a creative and empowered workforce
- An organization that reflects the customers it serves
- An organizational culture built on continuous improvement and adaptation
- An organization that integrates principles of financial, social, and environmental sustainability into decision making and work processes

*Status:* Behind schedule

- Background work complete

## FY 2009-10 Reconciliation

Parks General Fund 100	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
▶ Licenses & Permits	244,019	175,225	-28.19%
Charges for Services	13,835,510	13,610,462	-1.63%
▶ Intergovernmental Revenues	227,930	116,378	-48.94%
Interagency Revenue	2,467,813	2,240,645	-9.21%
Fund Transfers - Revenue	4,500	4,500	0.00%
Miscellaneous	574,550	651,221	13.34%
General Fund Discretionary	41,233,588	40,368,008	-2.10%
<b>Total Resources</b>	<b>\$58,587,910</b>	<b>\$57,166,439</b>	<b>-2.43%</b>
<b>Requirements</b>			
Personal Services	37,524,059	37,369,685	-0.41%
External Materials and Services	13,742,632	11,970,234	-12.90%
▶ Internal Materials and Services	7,285,219	7,791,675	6.95%
Capital Outlay	36,000	34,845	-3.21%
<b>Total Requirements</b>	<b>\$58,587,910</b>	<b>\$57,166,439</b>	<b>-2.43%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Licenses & Permits Revenue – This variance is due to the current economic environment causing a citywide impact on licensing and permitting revenues. Even though the budget was adjusted downward, the current economic climate is still impacting Licensing and Permitting activity.

Intergovernmental Revenue – This variance is due to Metro planning projects that didn't occur due to acquisitions not occurring during this recession as anticipated. Property sellers are not entering the real estate market due to depressed real estate prices and as such any administration costs related to such acquisitions are not occurring as planned.

Internal Materials & Services – This variance is due to the way Tabor Stores is recorded to the Internal M&S in SAP instead of External M&S where the bureau is allowed to budget.

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Parks Local Option Levy Fund 215</b>			
<b>Resources</b>			
Budgeted Beginning Fund Balance	6,599,859	7,473,642	13.24%
Taxes	137,819	127,525	-7.47%
Miscellaneous	94,879	94,761	-0.12%
<b>Total Resources</b>	<b>\$6,832,557</b>	<b>\$7,695,928</b>	<b>12.64%</b>
<b>Requirements</b>			
Personal Services	409,315	400,221	-2.22%
External Materials and Services	524,063	438,043	-16.41%
Internal Materials and Services	12,563	12,563	0.00%
Fund Transfers - Expense	1,102,006	786,556	-28.63%
▶ Contingency	4,784,610	6,058,545	26.63%
<b>Total Requirements</b>	<b>\$6,832,557</b>	<b>\$7,695,928</b>	<b>12.64%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Contingency – This variance is due to higher than expected beginning fund balance.

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Parks Memorial Trust Fund 220</b>			
<b>Resources</b>			
Budgeted Beginning Fund Balance	1,886,845	2,123,517	12.54%
Licenses & Permits	20,000	23,650	18.25%
Charges for Services	107,200	278,243	159.56%
Fund Transfers - Revenue	63,583	63,583	0.00%
▶ Miscellaneous	817,953	535,813	-34.49%
<b>Total Resources</b>	<b>\$2,895,581</b>	<b>\$3,024,806</b>	<b>4.46%</b>
<b>Requirements</b>			
Personal Services	454,356	300,273	-33.91%
External Materials and Services	1,488,115	478,009	-67.88%
Internal Materials and Services	73,407	46,186	-37.08%
Capital Outlay	91,180	0	-100.00%
Fund Transfers - Expense	20,082	20,082	0.00%
▶ Contingency	768,441	2,180,256	183.72%
<b>Total Requirements</b>	<b>\$2,895,581</b>	<b>\$3,024,806</b>	<b>4.46%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Miscellaneous Revenue – This variance was due to the fact that a large amount of revenues that historically posted in Miscellaneous Revenue were being recorded in Charges for Services and provided a 259.55 percent of revenue in that category. The net variance with regard to the combined "Charges for Services and Miscellaneous" were roughly 10%, which is due to donation revenues being slightly down from prior years in better economic times.

Contingency – This variance is primarily due to grant funding that never materialized and higher than expected beginning fund balance.

<b>Parks Capital Construction &amp; Maintenance Fund 402</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	11,911,878	11,371,833	-4.53%
Licenses & Permits	0	305,000	N.A.
Charges for Services	1,444,329	1,543,918	6.90%
▶ Intergovernmental Revenues	8,905,911	4,443,349	-50.11%
▶ Interagency Revenue	40,000	33,073	-17.32%
▶ Fund Transfers - Revenue	2,459,585	2,144,135	-12.83%
Bond and Note	0	199,215	N.A.
▶ Miscellaneous	1,398,500	944,650	-32.45%
<b>Total Resources</b>	<b>\$26,160,203</b>	<b>\$20,985,173</b>	<b>-19.78%</b>
<b>Requirements</b>			
Personal Services	1,469,940	1,308,007	-11.02%
External Materials and Services	4,105,598	2,462,011	-40.03%
Internal Materials and Services	524,155	421,089	-19.66%
Capital Outlay	15,840,730	8,452,849	-46.64%
▶ Bond Expenses	81,357	1,038,801	1176.84%
Fund Transfers - Expense	1,255,952	1,255,952	0.00%
▶ Contingency	2,882,471	6,046,464	109.77%
<b>Total Requirements</b>	<b>\$26,160,203</b>	<b>\$20,985,173</b>	<b>-19.78%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Intergovernmental Revenues - Federal, State, and Local sources primarily represent budgets for PDC and Metro funding. Funds from PDC are received after the expenditures are incurred and are approximately \$2.0 million lower than budgeted. For Metro land acquisitions, Metro takes their portion of the Local Share allotment directly to the Title Company. Metro actual versus budget shortfall is approximately \$2.2 million and was due to difficulty in acquiring property.

Interagency Revenue—Budget and actual represents work done for the Water Bureau at Powell Butte.

Fund Transfers – Revenue - Revenue is lower than budgeted due to fewer levy dollars spent for the Flavel maintenance facility remodel project. This delay was due to the alternative approach Parks is now taking which is to tap into Major Maintenance funds to pay the debt service from a line of credit that will make the capital improvements necessary for three maintenance facilities (Chimney Park, Delta Park, and Flavel). This tactic is being used due to the deferment of a Parks GO Bond that was initially slated to go before voters in November 2010. With the GO Bond postponement until 2012 or 2013, the Parks Commissioner and Director decided to move forward with these three facilities.

Bond and Note—This SDC revenue is from the sale of notes but was budgeted as miscellaneous revenue

Miscellaneous – This difference was largely due to the Bond and Note sale revenue noted above, as well as lower than anticipated investment income.

Capital Outlay-- Acquisition of property has not been as successful as anticipated due to a lack of “willing sellers” in a depressed real estate market. SDC and Metro local share funds are under budget by \$3.3 million due to this behavior pattern. Due to the uncertainty of acquiring property as anticipated, the budget versus actual activity is reflecting some of this behavior. As such it is becoming difficult to estimate acquisitions in an

unsettled real estate market, where sellers are continuing to hold off accepting offers in anticipation that an improved real estate market might come about in the next 12 months. In addition, Local Share funds from Metro of \$400,000 were recorded as a donation instead of revenues as budgeted. Several projects are in process, and, in fact, there is approximately \$1.1 million encumbered for capital additions as of June 30, 2010 (excluding estimated costs included in June actuals). There are several projects underway that are under budget including PDC funded projects for Dawson Park, The Fields, Farragut Park, Gateway Park, and Bridgeton-Marine Drive. Some projects have been re-scoped like Laurelhurst Pond and South Waterfront Greenway due to either environmental issues or receiving bids nearer to the budgeted resources.

Bond Expenses - This variance reflects a loan to Oregon Rail Heritage Foundation for \$978,598 that was made but was reported in SAP as External Material & Services, thus was not reallocated to Bond Expenses.

Contingency – This variance is due to a lower need for contingency funds than originally expected.

<b>Parks Endowment Fund 500</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	181,422	182,940	0.84%
▶ Miscellaneous	4,310	2,459	-42.95%
<b>Total Resources</b>	<b>\$185,732</b>	<b>\$185,399</b>	<b>-0.18%</b>
<b>Requirements</b>			
External Materials and Services	13,987	2,400	-82.84%
Contingency	8,117	0	-100.00%
Unappropriated Fund Balance	163,628	182,999	11.84%
<b>Total Requirements</b>	<b>\$185,732</b>	<b>\$185,399</b>	<b>-0.18%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Miscellaneous Revenue - Interest earnings were lower than the amount budgeted due to the current economic environment.

Golf Fund 603	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
Budgeted Beginning Fund Balance	1,269,647	1,772,250	39.59%
▶ Charges for Services	8,635,757	7,733,037	-10.45%
Interagency Revenue	2,716	2,716	0.00%
Fund Transfers - Revenue	3,095	3,095	0.00%
▶ Miscellaneous	85,607	54,765	-36.03%
<b>Total Resources</b>	<b>\$9,996,822</b>	<b>\$9,565,863</b>	<b>-4.31%</b>
<b>Requirements</b>			
Personal Services	3,165,889	3,021,195	-4.57%
External Materials and Services	3,573,689	3,440,973	-3.71%
Internal Materials and Services	380,977	381,575	0.16%
Capital Outlay	50,000	0	-100.00%
Bond Expenses	144,441	106,884	-26.00%
Fund Transfers - Expense	1,040,218	1,040,218	0.00%
Contingency	1,641,608	1,575,018	-4.06%
<b>Total Requirements</b>	<b>\$9,996,822</b>	<b>\$9,565,863</b>	<b>-4.31%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Charges for Services - Golf rounds played were significantly impacted due to inclement weather in April, May and June. June is a significant revenue month. During a normal summer weekend over \$150,000 is generated in Golf program.

Miscellaneous Revenue - Interest earnings were lower than the amount budgeted due to the current investment environment providing returns of less than 1%.

<b>Portland International Raceway Fund 604</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	478,903	609,771	27.33%
▶ Charges for Services	2,096,523	1,869,814	-10.81%
Fund Transfers - Revenue	1,367	1,367	0.00%
▶ Miscellaneous	25,993	15,191	-41.56%
<b>Total Resources</b>	<b>\$2,602,786</b>	<b>\$2,496,143</b>	<b>-4.10%</b>
<b>Requirements</b>			
Personal Services	841,416	753,338	-10.47%
External Materials and Services	683,516	597,338	-12.61%
Internal Materials and Services	90,112	85,496	-5.12%
Capital Outlay	5,000	5,000	0.00%
Bond Expenses	302,010	294,956	-2.34%
Fund Transfers - Expense	63,470	63,470	0.00%
▶ Contingency	617,262	696,545	12.84%
<b>Total Requirements</b>	<b>\$2,602,786</b>	<b>\$2,496,143</b>	<b>-4.10%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Charges for Services - Revenues for PIR were impacted due to decreased event days and decreased attendance. This is a direct result of the current recession and the inclement weather during April, May and June. June is a significant revenue month which had several rain days, most of them on the weekends.

Miscellaneous - Interest earnings were lower than the amount budgeted due to the current investment environment.

Contingency - There was not a need to make a transfer from this account.

<b>Golf Revenue Bond Redemption Fund 610</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	640,000	648,928	1.39%
Fund Transfers - Revenue	786,370	786,370	0.00%
▶ Miscellaneous	15,000	8,676	-42.16%
<b>Total Resources</b>	<b>\$1,441,370</b>	<b>\$1,443,974</b>	<b>0.18%</b>
<b>Requirements</b>			
Bond Expenses	807,370	807,369	0.00%
Unappropriated Fund Balance	634,000	636,605	0.41%
<b>Total Requirements</b>	<b>\$1,441,370</b>	<b>\$1,443,974</b>	<b>0.18%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Miscellaneous Revenue - Interest earnings were lower than the amount budgeted due to the current investment environment.

## FY 2009-10 Performance Measure Reporting

Parks' overall performance is positive. Of note:

PK\_0027 Percentage of maintenance that is scheduled (58%) - Parks is seeing the benefit of the expanded use of area focused work concentrations. Building repair work orders are fewer, as the work done to address core maintenance problems is paying off.

PK\_0021 Total Golf rounds played (374,282) - Golf rounds played are down for 2010 due to a lagging economy and unfavorable spring weather conditions.

PK\_0017-0018 PIR use days (546) and attendance (300,000) - PIR use and attendance are down for 2010 due to a lagging economy and unfavorable weather conditions.

## FY 2009-10 Capital Project Reconciliation

The three capital programs with the biggest percentage variance in FY 2009-10 are:

### Green Infrastructure

The variance of \$1.27 million is primarily attributable to two large projects. For the Metro Natural Area Restoration funding (\$691,000) Parks set up projects that are being completed in FY 2010-11 including Lief Erickson culvert and the Maricara park trail. In addition, the Westmoreland Park projects (\$580,000) have been delayed due to project manager availability but are going to bid for design in the fall of 2010.

### Building & Pools

The variance of \$1.987 million is attributable to a few large projects. The McLoughlin maintenance facility (\$1.2 million) work has halted while Parks has begun renovating the Flavel maintenance facility where southern operations will move to. The Washington Monroe Community Center project (\$263,000) has taken longer than budgeted, thus causing a variance. Another project that was slower to be completed include Peninsula Park windows (\$170,000).

### Utilities, Roads & Trails

The variance of \$3.4 million is primarily related to three projects. Springwater Trail repavement (\$1.4 million) is related to delays in weather and water access. Swan Island Waud Bluff – (\$1.3 million) and Columbia Slough Trail (\$576,000) were delayed due to easement issues. The Bridgeton-Marine Drive Trail (\$192,000) was under budget due to easement issues and the inclusion of budget for work on the Construction Design phase.

## FY 2010-11 Capital Project Reporting

Two capital programs with the biggest percentage variance YTD in FY 2010-11 are:

### Portland International Raceway

The PIR small Oval Track has been added.

### Utilities, Roads & Trails

Grant funding was carried over for Springwater Trail paving, as well as for the N. Willamette Greenway Trail Plan.

**Financial Planning Division Analysis  
FY 2010-11 Fall BMP**

**Bureau of Environmental Services**

Report Date: October 26, 2010

**Summary of Significant Issues**

*Major Initiatives.* Combined Sewer Overflow (CSO) program and the Portland Harbor Superfund clean up. The bureau is on schedule and within budget to complete the CSO initiative by the December 2011 deadline. This program consumes the majority of the bureau's CIP. The bureau continues to work toward collaborative resolution of the Lower Willamette Superfund site. Total costs (for remediation and restoration) and the City's share of these costs have not yet been finalized. Until the costs are quantified, the impact on the bureau's financial plan is unknown.

*Contingency.* As of the FY2010-11 Adopted Budget, the bureau had \$102.2 million in contingency across all funds. With the Fall BMP submission, BES is requesting draws on contingency to fund a variety of projects and programs totaling \$21.8 million dollars: \$3.5 million within the Sewer Operating Fund (600); and \$18.8 from the Sewer System Construction Fund (614). The bureau is also contributing \$71.88 million to contingency, \$68.70 million in the Construction Fund. The increase is primarily related to the delay in the 2010 Series A Sewer System Revenue Bond Sale. Net adjustments to contingency result in an increase of \$49.8 million, or a revised balance of \$152.0 million. Of this amount, \$112.5 million, or 74%, is held for future years' CIP expense and rate stabilization.

*Interfund loan.* PBOT has not yet requested to execute the \$22 million interfund loan the bureaus have been authorized to make (as per Resolution # 36727 August 26, 2009) between the Sewer System Rate Stabilization Fund and the Transportation Operating fund for the Eastside Streetcar Loop Project. Access to federal funds has been available sooner than PBOT originally anticipated, however the bureau will complete a cash flow analysis to determine if any part of the loan will be needed in the current fiscal year.

**Recommended Requests**

1. *ES\_001/Grants, (\$691,624), 0 FTE*

Appropriation adjustments are being requested for eight projects. There are two decreases: (\$150,000) for the EPA innovative Wet Weather Grant: funds that are shifting out of FY2010-11 for Clay Street Construction; and (\$648,756) for the SRF Sewer Expansion Loan as the project was de-selected. In November, the State of Oregon DEQ revised contracting rules to be in line with the Federal Davis-Bacon Act (a significant amount of their project funding came from the American Recovery and Reinvestment Act which requires this). Though the City loan award pre-dates this requirement, DEQ is passing along the Davis-Bacon requirement to the City. As the construction contract for this project was not in compliance with the new requirements, BES made the decision not to amend the contract and to forego the funding. A portion of the original project will be funded with other CIP resources rather than DEQ grant funds.

Projects requesting appropriation increases:

- \$25,000 - EPA Innovative Wet Weather Grant: Clay Street Art.
- \$8,931 - NAWCA Oaks Bottom Ph 1 (CIP).
- \$15,000 - National Park Service Grant: Groundwork Portland.
- \$4,728 - LCREP/NOAA Columbia Slough Confluence (CIP).
- \$43,973 - LCREP/NOAA Tryon Creek Confluence (CIP).
- \$2,000 - Metro Crystal Springs (CIP).
- \$7,500 - Metro Baltimore Woods (CIP).

FPD Recommendation: (\$691,624) in grant funds 0 FTE

2. *ES\_002/Operating Program, \$306,743 from contingency, 1. 0 FTE*

Of the total amount 65%, or \$200,882, is carryover for the upgrade of the bureau's work order / asset management system Hansen. The software interfaces with PBO's work order system Maximo which enables stormwater and sewer pipe data to be exchanged between the bureaus. PBO's cleaning and maintenance of the gravity driven sewer and stormwater lines for BES represents a significant interagency of \$20.1 million. Other increases include software and capital equipment as well as a new interagency with the Revenue Bureau for Customer Service services and a reduction in Risk Management interagency as an incentive for good experience. Additionally, a limited term Accountant II working as a timekeeper will be converted from temporary to permanent. There is no fiscal impact in the current year.

FPD Recommendation: \$306,743 from contingency

3. *ES\_003/Office of the Director, \$40,000;0 FTE*

This request will fund the development of a new five-year strategic plan by hiring a consultant to work with the bureau's leadership team and examine existing action items and future direction. The plan should be released during this fiscal year. The previous strategic plan was updated in 2005.

FPD Recommendation: \$40,000 from contingency

4. *ES\_004/Engineering Services, \$250,142; 0 FTE*

Of this amount 94% or \$235,000 will fund the completion of the Combined, Sanitary and Rehab System Plans and completed a series of activities for the Stormwater System Plan. These plans are required for the State of Oregon DEQ as part of the City's overall Combined Sewer Overflow compliance deadline.

FPD Recommendation: \$250,142 from contingency

5. *ES\_005/Pollution Prevention Services, \$183,349; 0 FTE*

The majority of this request, \$155,000, or 85%, is to fund a replacement fume hood in the Water Pollution Control Lab (WPCL) facility. This will address a serious health and safety risk that has been identified by BES and Risk Management. Additionally, \$28,349 will address enhanced security measures at the WPCL including cameras, keypad, access pad and motion detectors and an alarm system. The lab has experienced an increase in trespassing and theft. BES will perform coordinated site assessment services for Portland Parks & Recreation for project P00200 Metro Bond for the acquisition of natural areas.

FPD Recommendation: \$183,349 [\$108,349 from contingency and \$75,000 from Parks]

6. *ES\_006/Watershed Services, \$528,273; 0 FTE*

The three largest components of the request: \$113,604 carryover for Watershed Investment Fund project for PCC Stormwater Interpretive Center. The project had been delayed, but is now on track. PCC and BES are now in the process of designing a landscaped green street facility that will manage the roof water. \$291,835 for the Portland City Hall Ecoroof project. An assessment has been completed and BES and Facilities are reviewing options for project construction. \$75,000 Ecoroof carryover for projects

awarded but not yet built. BES has 95 eocroof projects approved – 31 have been completed and 64 are in design or construction.

FPD Recommendation: \$528,273 from contingency

7. *ES\_007/Wastewater Services, \$2,014,468; 0 FTE*

The main component of this request is a \$1.87 million carryover to continue funding vehicles assigned to PBOT Maintenance Office. These vehicles were funded in FY 2009-10 but not year received and include: six dump trucks of various sizes and capacities (\$830k) ; a catch basin truck (\$400k), a TV step van (\$500k) , and a utility truck (\$141k). Remaining components includes funding for: sanitary sediment disposal; marker balls for force mains; security card access system and a new Respirator Fit Testing Machine as a risk management initiative.

FPD Recommendation: \$2,014,468 from contingency

8. *ES\_008/Capital Improvement Program, \$18.8 million; 0 FTE*

Adjustments by CIP Program:

<b>CIP Program</b>	<b>Bureau / Project</b>	<b>Total</b>
Combined Sewer Overflow	Balch Consolidation	(7,600,000)
	ECSO Sys Startup	300,000
	Portsmouth Force Mai	22,700,000
	Sellwood CSO PS	1,000,000
	Sellwood Interceptor	(200,000)
	Swan Is Pump Station	1,500,000
	Wet Weather Scr Fac	1,600,000
Combined Sewer Overflow Total		19,300,000
Maintenance and Reliability	Ash Creek Sewer Reha	(400,000)
	BCH/ESX/OAK	
	PREDESIG	(1,500,000)
	Fanno Basin System I	5,000,000
	Maintenance Capital	1,100,000
	NWN BCC 1&2	(100,000)
	Sewer Structural Reh	2,800,000
	Tryon Creek I/I	(800,000)
	Woods Outfall Discon	(100,000)
	NE Sandy Blvd	(400,000)
Klickitat Gr Str BLVD	(1,000,000)	
Maintenance and Reliability Total		4,600,000
Sewage Treatment Systems	Ankeny PS Upgrade	600,000
	CBWTP 2nd Proc Impr	(1,400,000)
	CBWTP CEPT	(2,300,000)
	CBWTP Digester Expan	800,000
	CBWTP Lagoon Reconst	(200,000)
	CBWTP Office Buildin	900,000
	PS Improvements - Sh	700,000
	Sewage Treatment Systems Total	
Surface Water Management	CS Outfalls Predesig	100,000
	Fanno/Tryon WQ TMDL	100,000
	JC Willing Seller II	700,000

	Luther Rd Hab Rstrn	400,000
	NE 148TH BASIN WQF P	(1,800,000)
	PH1: Oaks B. Culvert	(1,400,000)
	S.Foster-E.Lents Pha	(3,600,000)
	UIC Improvements - G	500,000
	Watershed Investment	(500,000)
	Wellhead Sump Retrof	(500,000)
	Grn Streets/Bike	300,000
Surface Water Management Total		(5,700,000)
Systems Development	Eastside StCar Pkg 3	4,000,000
	Pfld-Milw Light Rail	(1,600,000)
	S AIRPORT 4	(1,900,000)
	SE 83rd Pump Station	300,000
	SE Grand: Div to UPRR	700,000
Systems Development Total		1,500,000
<b>Grand Total</b>		<b>18,800,000</b>

FPD Recommendation: \$18.8 million transfer from the Sewer Construction Fund.

9. *ES\_009/Bond Sale, \$52,387,128; 0 FTE*

The transactions in this request reflect the effect of having shifted the 2010 Series A Sewer System Revenue Bond sale from June to August:

- Sewer Operating Fund 600 / net zero impact  
Decrease the cash transfer for the updated debt retirement / interest schedule \$3 million  
Increase Contingency to balance \$3 million
- Sewer Debt Redemption Fund 609 / (\$17,235,661)  
Decrease for Bonded debt interest \$3.0 million and for reserve for debt service \$14.2 million  
Reduction in planned revenue of beginning fund balance and cash transfers to balance.
- Sewer System Construction Fund 614 / \$69,622,789  
Recognition of bond sale proceeds \$262.1 million  
Reduction in planned beginning fund balance \$192 million  
Increase in debt issuance costs and contingency to balance \$69.6 million

FPD Recommendation: \$52,387,128 in bond proceeds

10. *ES\_010/Portland Harbor Revenues, \$5,800,000; 0 FTE*

In order to comply with GASB 49 regarding the accounting of Pollution Remediation, the bureau needed to adjust the budgets within the Sewer Operating Fund and the Environmental Remediation Fund in order to reflect fee revenues as direct revenues and not as a transfer from the Sewer Operating Fund. The transactions reflect an expense and revenue reduction of \$5.8 million from the Operating Fund (600); a shift of revenues from cash transfer \$5.3 million to utility charges \$5.8 million and the balance in contingency within the Environmental Remediation Fund (608).

FPD Recommendation: \$5,800,000 in utility charges (net zero impact)

11. *ES\_011/Errors in Rental Income, \$88,015; 0 FTE*

Corrects revenue accounting error. BES owns the building which houses the Police Evidence Warehouse and the Revegetation warehouse. The income was recognized in the Operating Fund 600 and should have been recognized in the Environmental Remediation Fund 608.

FPD Recommendation: \$88,015 from contingency

12. *ES\_012/Errors in Cash Transfers, \$120,353; 0 FTE*

This request provides a true up of the One Percent for Green cash transfers from PBOT and the Water Bureau that were not completed during FY2009-10 as originally planned.

FPD Recommendation: \$120,353 transfers from other bureaus

13. *ES\_013/Sewer System Development Charges – subfund transfers, \$20,000,000; 0 FTE*

The Sewer SDC (Systems Development Charge) Fund 60001 is a subfund of the Sewer System Operating Fund 60000. Use of SDC's are controlled by ORS 223.297 to 223.314, which limits the Bureau's "replacement" type SDC for either payment of specific capital improvements or for payment of debt service. The Bureau utilizes the latter option. Prior to SAP, the SDC's came into the Sewer Operating Fund and funded a portion of the cash transfers from the Sewer Operating Fund to the Sewer Debt Redemption Fund to pay debt service. With SAP, a subfund was created for SDC's, but the cash transfer to the Debt Redemption Fund remained within the Sewer Operating Fund. While the subfund collects the cash, the expenditure of the cash occurs in the parent fund, resulting in an accumulation of cash and fund balance in the subfund, and a drain of cash and fund balance in the parent fund.

FPD Recommendation: \$20,000,000 transfer between parent and subfund.

14. *ES\_014/Interagency Changes, \$75,000; 0 FTE*

An increase in the interagency agreement with Parks for engineering services work at the Metro Bond Natural Areas, project P00200.

FPD Recommendation: \$75,000 interagency revenue

**Comments on FY 2009-10 Budget Notes, Add Packages, and Service Improvement Plans**

**Add Packages**

The bureau has completed or made significant progress on its FY2009-10 add packages. A few highlights below:

*Decision Package 6: Asset Management / System Development*

\$25,000 increase for update of Stormwater manual and \$25,000 increase for PS related to manual update: The funds were not expended for the Stormwater Management Manual as originally anticipated. The update of the manual itself is currently on hold due to the economy. Funds were spent on other bureau priorities including providing training to groups of engineering consultants and other permit applicants and staff training for new tools. While the manual itself will not be updated until FY2012-13, the scoping for needed manual changes was completed via a partnership with the BES Watershed Services group.

*Decision Package 7: Grey to Green*

All aspects of the add package were completed with the exception of the installation of new ecoroofs. The bureau has 95 projects approved; 31 of them have been completed and 64 are in design or construction. The bureau has requested carryover funding for this initiative as it was not yet completed.

Please see the bureau’s submission for a detailed report.

**Service Improvement Plans**

The bureau has made significant progress toward its three service improvement areas:

1. *Permitting Co-location*: Official Report to Council in July 2011
2. *Collection System Sewage Release/Backup Response*: Initial plan awareness and response training will be completed by January 2011.
3. *Customer Assistance for Sewer Connections, Conversion and Emergency Repairs*: Significant progress has been made.

See the bureau’s submission for a more detailed report.

**FY 2009-10 Reconciliation**

<b>Sewer System Operating Fund - 600</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	25,051,401	37,539,065	49.85%
▶ Licenses & Permits	1,500,000	1,042,165	-30.52%
Charges for Services	236,774,193	218,438,317	-7.74%
Intergovernmental Revenues		830,723	n/a
▶ Interagency Revenue	4,019,020	1,234,141	-69.29%
▶ Fund Transfers - Revenue	301,768,813	203,253,211	-32.65%
Bond and Note	600,000		-100.00%
▶ Miscellaneous	1,415,000	3,604,338	154.72%
<b>Total Resources</b>	<b>\$571,128,427</b>	<b>\$465,941,961</b>	<b>-18.42%</b>
<b>Requirements</b>			
Personal Services	52,635,327	51,742,315	-1.70%
External Materials and Services	59,200,624	53,028,788	-10.43%
Internal Materials and Services	39,953,202	37,498,128	-6.14%
Capital Outlay	229,360,995	138,595,319	-39.57%
Bond Expenses	13,511,428	1,898,622	-85.95%
Fund Transfers - Expense	152,226,572	140,794,750	-7.51%
Contingency	24,040,279		-100.00%
Unappropriated Fund Balance	200,000	42,384,038	21092.02%
<b>Total Requirements</b>	<b>\$571,128,427</b>	<b>\$465,941,961</b>	<b>-18.42%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

**Revenues**

*License and Permits* Construction permits, in particular, were down by nearly \$260,000. This is primarily due to a program called the Major Project Group fee that would allow large scale projects to take a faster track for a higher fee. Due to the slow down in the construction industry, the demand for this service was almost non-existent.

*Interagency Revenue* This category was down by nearly 70% from budget. The variance is almost entirely due to lack of revenue from PBOT related to the Streetcar project. BES' portion of Streetcar work ended up being considerably less than the originally estimated \$1.3 million estimated; additionally, the expenses were transferred to PBOT directly rather than reimbursing BES as a revenue source. There were a few small IA bills that were simply missed and PBOT will pay them in the current year.

*Fund Transfer* Due to the lag in capital spending, a much smaller transfer from the Sewer Construction Fund (614) was needed.

*Miscellaneous* BES received a large insurance settlement related to a December 2008 roof collapse at CSO warehouse where the big pipe sections are fabricated.

**Expenses**

*External Materials and Services* In order to guard against potential overspending in anticipated CIP support services (design and project management work, primarily) the bureau increased M&S appropriation by \$15 million dollars during the Spring BMP. Projects moved more slowly due to construction delays.

*Capital Outlay* Construction delays, particularly within the Maintenance and Reliability program (about half, contributed to the capital under-spending. Projects delayed include the Fanno Basin program which had later than anticipated start dates and land acquisition issues. The Combined Sewer Overflow program under-spent due in part schedule and cash flow adjustments, unforeseen construction conditions and lower than anticipated insurance premiums.

*Bond Expenses* Expenses are lower due to the restating of bond interest accruals into non-budgetary accounts. The change is as per Accounting and Debt Management.

<b>Environmental Remediation Fund - 608</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	500,000	7,351,833	1370.37%
▶ Charges for Services	500,000	6,179,910	1135.98%
Interagency Revenue	360,000	361,404	0.39%
▶ Fund Transfers - Revenue	5,812,718	2,718	-99.95%
▶ Miscellaneous	25,000	13,446	-46.21%
<b>Total Resources</b>	<b>\$7,197,718</b>	<b>\$13,909,310</b>	<b>93.25%</b>
<b>Requirements</b>			
Personal Services	597,187	593,318	-0.65%
External Materials and Services	5,192,492	4,528,872	-12.78%
Internal Materials and Services	866,419	665,166	-23.23%
Bond Expenses	1,036	766	-26.04%
Fund Transfers - Expense	67,530	67,530	0.00%
Contingency	473,054		-100.00%
Unappropriated Fund Balance	0	8,053,658	n/a
<b>Total Requirements</b>	<b>\$7,197,718</b>	<b>\$13,909,310</b>	<b>93.25%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget
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**Revenues**

*Charges for Service and Fund Transfers* In order to comply with GASB 49, Accounting for Pollution Remediation, the bureau had to redirect revenues collected as fees paid for the Portland Harbor Program. The funds were correctly recorded as ‘charges for service’ rather than as a ‘fund transfer’ to the Environmental Remediation Fund as was originally budgeted. Combining the two sources together and comparing variances yields a less than 2% variance.

*Miscellaneous* Lower interest rates contribute to the significantly lower revenue.

**Expenses**

*External Materials and Services* EM&S is lower due to the recording of a \$2.3 million reversal of a prior year liability. Accounting procedures require BES to accrue the next year’s budgeted payment to the Lower Willamette Group (related to the Superfund site) as a liability and reverse the prior year’s accrual.

<b>Sewer System Debt Redemption Fund - 609</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	2,900,000	2,996,345	
Fund Transfers - Revenue	120,400,000	119,778,177	-0.52%
▶ Bond and Note	32,000,000		-100.00%
▶ Miscellaneous	200,000	25,023	-87.49%
<b>Total Resources</b>	<b>\$152,600,000</b>	<b>\$122,799,545</b>	<b>-19.53%</b>
<b>Requirements</b>			
Bond Expenses	120,569,336	119,923,938	-0.54%
Unappropriated Fund Balance	34,930,664	2,875,607	-91.77%
<b>Total Requirements</b>	<b>\$155,500,000</b>	<b>\$122,799,545</b>	<b>-21.03%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget
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**Revenues**

*Bond and Note* The 2010 Series A Sewer System Revenue Bond sale was delayed until August 2010; revenues have been recorded in the current fiscal year.

*Miscellaneous* Lower interest rates on a smaller base contribute to the significantly lower revenue.

<b>Sewer System Construction Fund - 614</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	50,000,000	72,946,302	45.89%
▶ Charges for Services	850,000	316,377	-62.78%
▶ Intergovernmental Revenues	2,500,000		-100.00%
Fund Transfers - Revenue	4,814,000	4,813,865	0.00%
▶ Bond and Note	450,000,000	160,000,000	-64.44%
▶ Miscellaneous	2,500,000	3,716,863	48.67%
<b>Total Resources</b>	<b>\$510,664,000</b>	<b>\$241,793,407</b>	<b>-52.65%</b>
<b>Requirements</b>			
Bond Expenses	6,000,000	17,162	-99.71%
Fund Transfers - Expense	285,350,594	193,359,174	-32.24%
Contingency	219,313,406		-100.00%
Unbudgeted Ending Balance	0	48,417,071	n/a
<b>Total Requirements</b>	<b>\$510,664,000</b>	<b>\$241,793,407</b>	<b>-52.65%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

**Revenues**

*Charges for Service* Revenues are lower due to the reduced activity in residential and commercial line and branch as a reflection of the slowed economy. The revenue is generated by property owners who connect to previously built sewers – the charges are in lieu of creating Local Improvement Districts.

*Bond and Note* The 2010 Series A Sewer System Revenue Bond sale was delayed until August 2010; revenues have been recorded in the current fiscal year.

*Intergovernmental and Miscellaneous* The bureau received \$3.0 million in Business Energy Tax credit funds as a result of work for the Columbia Boulevard Wastewater Treatment Plant co-generation project (E07382). The funds were recorded at ‘miscellaneous’ rather than intergovernmental. Low interest rates and a lower cash base contributed to the much lower interest earnings.

**Expenses**

*Fund Transfers* are significantly down due to the lagging schedules and expenses within the CIP.

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Sewer System Rate Stabilization Fund - 617</b>			
<b>Resources</b>			
Budgeted Beginning Fund Balance	67,100,000	68,615,053	2.26%
▶ Fund Transfers - Revenue	5,000,000	0	-100.00%
▶ Miscellaneous	750,000	925,943	23.46%
<b>Total Resources</b>	<b>\$72,850,000</b>	<b>\$69,540,996</b>	<b>-4.54%</b>
<b>Requirements</b>			
Fund Transfers - Expense	16,000,000	9,750,000	-39.06%
Contingency	56,850,000		-100.00%
Unappropriated Ending Balance		59,790,996	
<b>Total Requirements</b>	<b>\$72,850,000</b>	<b>\$69,540,996</b>	<b>-4.54%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

**Revenues**

*Fund Transfers - revenue* Transfer was not needed.

*Miscellaneous* The bureau experienced higher than anticipated interest earnings due to a planned \$20.0 million loan to PBOT for streetcar construction that was not made since the project is proceeding slower than planned.

**Expenses**

*Fund Transfers - expense* Transfers were under budget in order to provide room for appropriations to meet bond coverage requirements in the Sewer Operating Fund.

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>BES Grants - 217</b>			
<b>Resources</b>			
▶ Intergovernmental Revenues	5,353,277	2,340,492	-56.28%
<b>Total Resources</b>	<b>\$5,353,277</b>	<b>\$2,340,492</b>	<b>-56.28%</b>
<b>Requirements</b>			
Personal Services	456,122	270,292	-40.74%
External Materials and Services	1,799,251	1,246,542	-30.72%
Internal Materials and Services	350,969	88,670	-74.74%
Capital Outlay	2,746,935	900,919	-67.20%
<b>Total Requirements</b>	<b>\$5,353,277</b>	<b>\$2,506,422</b>	<b>-53.18%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

*Personal Services* PS is underspent by \$185,830, primarily due to underspending in the Sewer Expansion project (ES000005). This a non-federal loan was originally intended to fund four capital projects in FY 09/10 (E06954 - Lents Sanitary Sewer Extension, E07643 - NE 87th & Columbia Sewer Construction, E07644 - SE Foster & 122nd Sewer Construction, E08376 - SE 83rd Pump Station). Project schedules for E07643 and E07644 were delayed until further notice. Project E08376 was removed from the loan and shall be funded by BES capital funds due to lack of compliance with an ‘after the fact’ David-Bacon requirement. .

*External Materials & Services* EM&S is underspent by \$552,709, primarily due to the EPA IWWP project. A portion of this grant funds operating projects such as the installation of ecoroofs on privately owned facilities. The completion of these projects is dependent upon willing partners and as such, BES was not able to meet its targets in FY 09/10. The other portion of the grant was intended to fund construction of a capital project E10007 (Clay Street). The schedule of this project has been delayed and the project was re-scoped to count towards the BES Bike Blvd Green Streets.

*Internal Materials & Services* IM&S is underspent by \$262,300 primarily due to underspending in the Sewer Expansion and the EPA IWWP project. A description of underspending is above.

*Capital Outlay* Capital has been underspent by \$1.84 million dollars primarily due to underspending in the Sewer Expansion project. A description of underspending is above.

### **FY 2009-10 Performance Measure Reporting**

The bureau's performance measure were met or exceeded in most cases. The items below explain the areas where significant variances exist:

- *ES\_0006 # of Students provided with bureau education programs.* The actual achieved of 15,759 students is only 86% of goal or 2,541 fewer than the original plan of 18,300. This is primarily due to the bureau's education program not receiving the Oregon Watershed Enhancement Board (OWEB) grant as it had in previous years. The grant funded school assembly programs which reached a large number of students at one time driving up participants. It is unlikely that the bureau will receive the grant this year and will adjust their FY 2010-11 goals down to reflect this.
- *ES\_0008 # of individual participants in projects catalyzed or hosted by the Stewardship program.* The actual number of 12,346 participants is 2,654 or 18% under goal. The bureau is expecting the number of volunteers to decrease due to the change in the type of work – smaller groups performing more nuanced work on stream restoration. The natural impact is significant, but requires fewer participants. The bureau has updated its FY2010-11 goals to reflect this change.

Please see the bureau's submission for a more detailed report.

### **FY 2009-10 Capital Project Reconciliation**

After an adjustment (explained in the last paragraph) is taken into consideration, the program contributing the most to the bureau's \$95 million capital under-spending is the CSO, with over 40% of the bureau's under-spending. Factors contributing to the slow spending include schedule and cash flow adjustments, unforeseen construction conditions, final costs lower than originally anticipated. Note that final costs for several CSO projects are more than originally anticipated. Overall the CSO program is within budget.

The increase between the FY 2009-10 Adopted and Revised Budget is due to the carrying forward of \$36.7 million of CIP budget authority from the prior fiscal year to continue and accelerate Combined Sewer Overflow (CSO) abatement projects. Specifically, the FY10 Fall BMP included an \$18.2 million increase for the Portsmouth project. Subsequent to the approval of the BMP, site conditions caused construction work to come to almost a total halt while the contractor procured different equipment to deal with the underground conditions. This halt in work caused a significant portion of the under expenditure of budget authority. In addition, the bureau over budgeted by nearly \$5.0 million for a project funded through grants.

Overall contributions to under-spending from schedule impacts include: land acquisition from unwilling sellers; extended permit processing; value engineering; lagging billings from consultants/contractors/other agencies; and unforeseen underground site conditions.

The revised budgets associated with two programs were incorrectly captured. Combined Sewer Overflow (CSO) program budget was understated by \$18.2 million and the Maintenance and Reliability Program is overstated by \$18.2 million. The error occurred during the FY 2009-10 Fall BMP where an adjustment was made against project ES06920 (Taggart Sewer Rehab) rather than ES06902 (Portsmouth Force Main).

### **FY 2010-11 Capital Project Reporting**

FY 2010-11 budget will be impacted by the schedule changes that took place in FY 2009-10. Delays that were identified early enough in the fiscal year were included in the requested budget and reflected in the current year. Some schedules will impact projected FY 2011-12 budget requests.

The largest budget adjustment is being made to the CSO program which is being increased by \$19.3 million. CSO projects increasing include: Wet Weather Screening Facility (E05512); Swan Island PS Phase 2 (E06901); Portsmouth Force Main (E06902 and E08927); Eastside CSO System Startup (E08107) and Sellwood CSO Pump Station (E08467). The largest adjustment, to the Portsmouth Project with an increase of \$22.7 million, is to accelerate construction activity and to fund an overall increase to the project budget.

**Financial Planning Division Analysis  
FY 2010-11 Fall BMP**

**Portland Water Bureau**

Report Date: October 26, 2010

**Summary of Significant Issues**

The Water Bureau has no significant issues in the Fall BMP.

**Recommended Requests**

1. *WA\_001 / CIP Adjustment, \$0*

Reductions were applied to a number of programs to align the budget to the funding of only the active projects. The adopted budget is \$72,676,000 and this request will reduce the CIP budget by \$12,108,000. Funds were also transferred to programs for projects continuing that experienced scheduled delays, primarily the Sandy River Conduit Relocation Project. In addition there is \$786,000 in grant funded capital projects.

FPD Recommendation: \$0

2. *WA\_002 / Grant Adjustments, \$657,400*

This request recognizes the approved grants in the Grants Office that will allow the Water Bureau to purchase goods and services.

FPD Recommendation: \$657,400

3. *WA\_003 / Vehicle Sale, \$30,000*

Recognize revenue for sale of vehicle to the Portland Internal Raceway Fund for \$30,000.

FPD Recommendation: \$30,000

4. *WA\_004 / Technical Adjustments, \$0*

These adjustments do not increase the overall budget.

- Effective July 1, 2010 the expenditures for unemployment benefit moved from 549000 to 514630.
- Transfer funds from 549000 to cover summer concerts for Powell Butte, McCoy and Willamette park that Water partners with the Parks Bureau by \$5,000.
- The Workers Comp Insurance will be reduced by \$5,000 as a result of the Water Bureau receiving the Sharp award and \$5,045 for incentive plan credit. The total savings of \$10,045 will be moved to the Safety program.
- Transfer \$2,000 to the general fund Special Appropriation for the First Stop Portland project.
- Reduce interagency services with the Revenue Bureau by \$22,511 for their support to the Clean River Reward program for Bureau of Environmental Services.

FPD Recommendation: \$0

5. *WA\_005 / Green Street Initiative, \$0*

Creates a \$103,706 cash transfer with the Sewer System Operating Fund for the Green Streets Initiative. The total amount includes missed billings in FY 2009-10 of \$81,185 and the true up for FY 2010-11 of \$22,521.

FPD Recommendation: \$0

6. *WA\_006 /Interagency with BDS, \$0*

This request increases the services provided by the Bureau of Development Service for the online Building Permit Fee Estimator. The total cost of \$55,000 is shared by BES, Parks, Transportation and the Water Bureau. The Water Bureau's share is \$13,750.

FPD Recommendation: \$0

## **Comments on FY 2009-10 Budget Notes, Add Packages, and Service Improvement Plans**

### **Add Packages**

WA\_01 LT2 Compliance– This decision package approved four full time positions (\$502,680) and capital purchases (\$40,654,680) in preparation for complying with the federal mandate for treating open source water. The decision package funded project delivery strategy, permitting, treatment process design, site development and design of Powell Butte No. 2 and planning for Kelly Butte. The site improvement phase of the Powell Butte tank was substantially complete at the end of FY2009-10 and design work for the tank has begun. Design of the Kelly Butte tank has begun. Additionally, planning for replacement of Washington Park No. 3 and evaluation of the Headworks facility has begun.

WA\_04 and WA\_05 Additional one-time maintenance project – These two decision packages allowed the Hydropower group to contract with PGE to implement several large replacement and renewal projects to keep hydropower equipment, which PGE services and maintains, to be kept up to standards and working at maximum efficiency. Subsequently, PGE had to defer this work until FY2010-11 with fund being carried over. Only \$53,698 of the initial \$300,000 was expended in FY2009-10

### **Service Improvement Plans**

#### **Pump and Control Maintenance**

The Water bureau continues to use the pilot programs it developed to assess the condition for Reliability Centered Maintenance (RCM). During this reporting period, the bureau expanded coverage of the system's capabilities and continued to gather field data which is has been used to several pump/motor replacements. This has lead to operational changes that favors higher efficiency pumps. Additionally, staff has prepared two out of three Burlingame tanks for installation of cathodic protection.

#### **Bull Run Maintenance**

Work on 4,000 lineal feet of road 10 in Bull Run is 50% completed and final plans and specifications are being developed for an additional 3,200 lineal feet.

#### **Meters**

The Water bureau is continuing to work with Cayenta to refine data on meter utilization and flow rates in order to monitor, maintain and replace large meters efficiently. Access to the data in a meaningful format has been accomplished and operational directives and management reports should be forthcoming.

### FY 2009-10 Reconciliation

Hydroelectric Power Operating Fund - 601	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$462,238	\$467,786	1.20%
▶ Interagency Revenue	\$62,400	\$53,734	-13.89%
▶ Fund Transfers - Revenue	\$301,068	\$54,766	-81.81%
Miscellaneous	\$662,700	\$657,074	-0.85%
<b>Total Resources</b>	<b>\$1,488,406</b>	<b>\$1,233,360</b>	<b>-17.14%</b>
<b>Requirements</b>			
Personal Services	\$284,047	\$257,130	-9.48%
▶ External Materials and Services	\$354,500	\$77,752	-78.07%
Internal Materials and Services	\$220,180	\$197,642	-10.24%
▶ Bond Expenses	\$17,678	\$13,081	-26.00%
Fund Transfers - Expense	\$379,126	\$379,126	0.00%
Contingency	\$232,875	\$338,629	45.41%
<b>Total Requirements</b>	<b>\$1,488,406</b>	<b>\$1,263,360</b>	<b>-15.12%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Resources: Interagency revenue reflects a drop in the actual work that Hydroelectric Power was asked to perform by the Water bureau. Fund transfers came in less than budgeted due to a schedule delay in PGE's workflow for FY2009-10. Transfers from the Hydropower Renewal and Replacement Fund were lower as a result.

Requirements: External materials and services were much less than budgeted due to the delay in PGE's workflow. Work is scheduled to be completed in subsequent fiscal years. Bond expenses were lower due to lower than anticipated interest rates available for City of Portland bonds.

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Water Fund - 602</b>			
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$26,631,475	\$30,653,419	15.10%
Charges for Services	\$108,301,452	\$107,922,729	-0.35%
▶ Intergovernmental Revenue	\$481,000	\$691,906	43.85%
Interagency Revenue	\$4,098,895	\$3,719,770	-9.25%
▶ Fund Transfers - Revenue	\$83,544,050	\$74,932,044	-10.31%
Miscellaneous	\$658,781	\$813,187	23.44%
<b>Total Resources</b>	<b>\$223,715,653</b>	<b>\$218,733,055</b>	<b>-2.23%</b>
<b>Requirements</b>			
Personal Services	\$58,179,089	\$56,489,322	-2.90%
▶ External Materials and Services	\$31,228,162	\$27,385,256	-12.31%
Internal Materials and Services	\$19,935,318	\$18,484,935	-7.28%
Capital Outlay	\$23,408,322	\$24,024,615	2.63%
▶ Bond Expenses	\$3,831,202	\$2,041,442	-46.72%
Fund Transfers - Expense	\$40,649,249	\$40,649,249	0.00%
Contingency	\$46,484,311	\$0	-100.00%
Ending Fund Balance	\$0	\$49,658,236	NA
<b>Total Requirements</b>	<b>\$223,715,653</b>	<b>\$218,733,055</b>	<b>-2.23%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Resources: Intergovernmental revenues received an additional \$200,000 for a capital project not anticipated at the start of the year. Fund transfers from the Water Construction Fund were \$8.6 million lower due to a reduction of capital expenditures.

Requirements: External materials and services is lower due to a reduction in cost for both operating expenditures (\$2.7 million) and capital expenses (\$1.1 million). Bond expenses were lower city wide due to a decrease in interest rates.

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Hydroelectric Power Bond Redemption - 611</b>			
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$4,321,843	\$4,570,821	5.76%
Miscellaneous	\$2,546,306	\$2,598,453	2.05%
<b>Total Resources</b>	<b>\$6,868,149</b>	<b>\$7,169,274</b>	<b>4.38%</b>
<b>Requirements</b>			
▶ Bond Expenses	\$2,716,057	\$2,716,057	0.00%
Unappropriated Fund Balance	\$4,152,092	\$4,453,217	7.25%
<b>Total Requirements</b>	<b>\$6,868,149</b>	<b>\$7,169,274</b>	<b>4.38%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

None.

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Water Bond Sinking Fund - 612</b>			
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$5,398,544	\$5,502,023	1.92%
Fund Transfers - Revenue	\$23,740,488	\$23,740,489	0.00%
▶ Bond and Note	\$7,459,000	\$11,572,978	55.15%
Miscellaneous	\$100,409	\$90,423	-9.95%
<b>Total Resources</b>	<b>\$36,698,441</b>	<b>\$40,905,912</b>	<b>11.46%</b>
<b>Requirements</b>			
▶ Bond Expenses	\$23,840,898	\$30,587,450	28.30%
Unappropriated Fund Balance	\$12,857,543	\$10,321,462	-19.72%
<b>Total Requirements</b>	<b>\$36,698,441</b>	<b>\$40,908,912</b>	<b>11.47%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Resources: Bond and Note proceeds is a net of lower bond reserve for the 2010 Water System Revenue Bonds (\$2.6 million) and a refunding of the 2000 Series A Bonds (\$6.7 million).

Requirements: Additional \$6.7 million of bond expenses from the refund of the 2000 Series A Bonds.

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Water Construction Fund - 615</b>			
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$34,560,297	\$41,195,456	19.20%
▶ Charges for Service	\$2,000,000	\$1,006,196	-49.69%
Interagency Revenue	\$9,267,180	\$9,348,359	0.88%
▶ Fund Transfers - Revenue	\$87,896,000	\$63,818,315	-27.39%
Miscellaneous	\$470,888	\$521,042	10.65%
<b>Total Resources</b>	<b>\$134,194,365</b>	<b>\$115,889,368</b>	<b>-13.64%</b>
<b>Requirements</b>			
Unappropriated Fund Balance	\$37,660,816	\$40,592,066	7.78%
▶ Fund Transfers - Expense	\$83,909,308	\$75,297,302	-10.26%
Contingency	\$12,624,241	\$0	-100.00%
<b>Total Requirements</b>	<b>\$134,194,365</b>	<b>\$115,889,368</b>	<b>-13.64%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Resources: Charges for services decreased last year due to a drop in System Development Charges related to the slow down of building activity due to a poor economy. Bond and note proceeds were \$24.1 million lower due to a reduction in the number of capital projects in FY2009-10.

Requirements: Fund transfers – expenses declined due to less reimbursement from the Water Operating Fund as a result of less capital expenditures.

<b>Hydroelectric Power Renewal Replacement Fund - 618</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$8,795,210	\$8,804,493	0.11%
Miscellaneous	\$657,900	\$645,813	-1.84%
<b>Total Resources</b>	<b>\$9,453,110</b>	<b>\$9,450,306</b>	<b>-0.03%</b>
<b>Requirements</b>			
▶ Fund Transfers - Expense	\$300,000	\$53,698	-82.10%
Contingency	\$9,153,110	\$9,396,608	2.66%
<b>Total Requirements</b>	<b>\$9,453,110</b>	<b>\$9,450,306</b>	<b>-0.03%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Requirements: Fund transfers - expenses was lower than budgeted due to a slowdown in PGE's workflow on the Hydropower equipment. Projects will resume in FY2010-11 and into the future.

### FY 2009-10 Performance Measure Reporting

Overall, the Water Bureau continues to meet its performance measure goals. However, the performance measures selected for reporting in the BMP process do not sync exactly with stated Water Bureau Strategic Plan Implementation goals. In their strategic document they identify six areas out of twenty five where they did not achieve their service level goals. Financial Planning will work with the Water Bureau to update their performance measures to reflect current initiatives and service delivery targets for the FY 2011-12 Budget Process.

Currently the Water Bureau continues to work on several efforts to ensure quality water delivery. The six areas where goals were not met were

1. 100% compliance with state and federal water quality regulations
2. Answer 80% of calls within 60 seconds
3. No customer out of water more than 3 times per year
4. Complete 90% of service installs within 15 days
5. Meet at least 80% of inspection, testing, repair and replacement of assets standards that are identified as medium, high or extreme risk. Risk scenarios rated extreme merit immediate action.
6. Workforce diversity mirrors diversity in the Portland community.

In addition two goals had unclear results due to pending data measurements or surveys.

1. Maintain minimum service pressure of 20 psi during normal demand 99% of the time
2. 50% of employees report they are fully engaged in and enthusiastic about their work

The Water Bureau is continuing to work to improve its service delivery and has developed strategies for each of these measure to improve performance in the future as part of their Strategic Plan.

### FY 2009-10 Capital Project Reconciliation

The biggest change in the Water Bureau CIP last year was the decision not to move forward with the purchase of the Westside Emergency Staging Area. The CIP was reduced by \$19,311,821 from the Adopted Budget, \$9.5 million is for the Westside Emergency Staging Area, \$3.5 million was unfunded 5% CIP discount and \$6.5 million was due to the delay in the design work of the UV disinfection project.

The three capital programs with the biggest percentage variance between the Revised Budget and year end actuals in FY 2009-10 are:

**Distribution (-\$4,943,811; -18%)**

This is the largest bureau program. Some routine work for new meter and services request was down from the prior year. In addition, work crews were shifted to work in support of PBOT's Eastside Streetcar project and for BES sponsored projects. Two large projects, the Caroline pump station and Upper Linton pump station were delayed until FY 2010-11.

**Transmission/Terminal Storage (\$2,995,785; 13%)**

Construction work continued on large storage projects at Mt. Tabor and Washington Park. Work proceeded on LT2 exposed storage compliance, including site improvements at Powell Butte and design of Kelly Butte tank.

**Treatment (-\$1,019,591; -40%)**

Design work on the \$100 million UV disinfection project was delayed in FY 2009-10 and the budgeted work will continue into FY 2010-11.

### **FY 2010-11 Capital Project Reporting**

The two capital programs with the largest variance and nominal impact in the current year are:

**Transmission/Terminal Storage (-\$6,960,000; -33%)**

Work was shifted to account for revisions in project schedules. Less work is expected to be completed this fiscal year and will be shifted to out years.

**Treatment (-\$3,600,000; -30%)**

The Bull Run supply treatment project schedule has been modified, with less of the project expected to take place in FY2010-11 and more in the out years.

**Financial Planning Division Analysis  
FY 2010-11 Fall BMP**

**Bureau of Development Services**

Report Date: October 26, 2010

**Summary of Significant Issues**

The economy continues to recover at a slow pace and BDS does not anticipate a significant increase in real estate development activity until FY 2012-13. This results in a continued constraint on permit revenues and a lack of resources to handle the bureau's existing workload.

BDS received a \$1.5 million operating loan in FY 2009-10 to address short-term cash flow issues. The loan is expected to be repaid by the end of FY 2010-11.

In response to a FY 2010-11 Budget Note, OMF and BDS has convened a committee to review BDS's financial model and projections in light of a bureau request to replace its permit tracking system. BDS's goal is to leverage technology tools to enhance both the efficiency of its services and its customers' experience. See Technology Improvements in the Service Improvement Plan section below for more details.

**Recommended Requests**

*1. DS\_01/Rent Payment to BDS for Parking Space, \$1,392, 0 FTE*

In August 2010, the Bureau of Environmental Services (BES) requested one additional parking space in the 1900 Building garage. BDS's interagency with BES needs to be increased by \$1,392 to account for the rent for the additional parking space.

FPD Recommendation: \$1,392

*2. DS\_02/On-Line Building Permit Fee Estimator, \$55,000, 0 FTE*

The On-line Building Permit Fee Estimator IA is between BDS and the bureaus of Environmental Services, Parks, Transportation, and Water. Each bureau agrees to contribute \$13,750 to BDS for a total reimbursement of \$55,000.

FPD Recommendation: \$55,000, 0 FTE

*3. DS\_03/Reduction in IA with Risk Management, \$0, 0 FTE*

A reduction of \$10,000 in the bureau's IA with Risk Management to recognize the bureau's successful safety efforts and the resulting reductions in accidents and insurance claims in FY 2009-10.

FPD Recommendation: \$0, 0 FTE

## **Comments on FY 2009-10 Budget Notes, Add Packages, and Service Improvement Plans**

### **Budget Notes**

The FY 2009-10 Adopted Budget temporarily suspends funding from the Bureau of Development Services for the Regulatory Improvement Code Amendment Package program in the Bureau of Planning and Sustainability. Funding for the program will be reexamined as part of the FY 2010-11 budget process.

#### **Update**

The Bureau of Planning and Sustainability suspended its Regulatory Improvement Code Amendment Package program temporarily while their staff focuses on the Portland Plan. For this reason, no additional funding from BDS is requested by BPS.

### **Decision Packages**

#### **DS\_01 – 2.5% General Fund Reduction**

Council directed bureaus to develop reduction packages totaling 2.5% of the General Fund allocations in their operating budgets. For BDS, this equates to a reduction of \$50,308. The bureau is meeting this requirement by removing an Office Support Specialist II position in the Land Use Services Division that was supported by General Fund monies. This position became vacant during FY 2008-09 and was not filled due to the current economic climate and decreases in the number of incoming land use applications.

#### **Expected Results**

Removing this position will have minimal impact on the Land Use Services division because the position is currently vacant and the number of land use applications continues to decrease.

#### **Update**

The reduction package was implemented.

#### **DS\_02 – 5% General Fund Reduction**

Council directed bureaus to develop reduction packages totaling 5% of the General Fund allocations in their operating budgets. For BDS, this equates to a reduction of \$100,616. The bureau is meeting this requirement by removing a Planning Assistant position in the Land Use Services Division that was supported by General Fund monies. This position became vacant during FY 2008-09 and was not filled due to the current economic climate and decreases in the number of incoming land use applications.

#### **Expected Results**

Removing this position will have minimal impact on the Land Use Services division because the position is currently vacant and the number of land use applications continues to decrease.

#### **Update**

The reduction package was implemented.

#### **DS\_03 – Reduce Vacant Positions / Materials and Services**

In light of evolving economic conditions, BDS took proactive steps to help maintain cost recovery and safeguard the bureau's financial health, while maintaining a high level of customer service. These efforts included not filling staff positions that became vacant, eliminating all but the most essential overtime, and reducing other expenditures wherever possible. The bulk of this decision package includes a reduction of 35.66 FTE, composed of positions from throughout the bureau that became vacant during FY 2008-09 and have not been filled. The package also includes significant reductions in overtime and Materials and Services expenditures.

#### Expected Results

The bureau expects the impact of this decision package to be minimal due to current economic conditions resulting in continued decreases in the bureau's workload. The positions being eliminated are already vacant, so no current bureau staff will be affected.

#### Update

All of the vacant positions were cut (35.66 FTE), reductions in overtime and material and services were implemented.

#### **DS\_04 – Reduce Internal Materials and Services**

This package reflects further cost savings through reducing printing costs and from staff positions that are being removed from the budget. The bureau is making reductions to interagency agreements (IAs) with Printing and Distribution, the Bureau of Technology Services (BTS), and City Fleet Services as follows:

- Printing and Distribution – A reduction of \$145,000 achieved by reducing the bureau's printing.
- BTS – A \$119,116 reduction achieved through cost savings on telephone and computer services for positions that are being removed from the budget.
- City Fleet – A reduction of \$30,229 in vehicle costs for positions that are being removed from the budget.

#### Expected Results

Reducing these IAs will result in cost savings for the bureau with little to no impact on service levels. The reduction in the IA with Printing and Distribution is based on steps that have already been taken to reduce the number and cost of print requests. The reductions to the IAs with BTS and City Fleet are savings in phone and computer expenses for positions that are being removed from the budget.

#### Update

Reductions were made to IAs with the Fleet, Printing and Distribution, and Bureau of Technology Services.

#### **DS\_05 – Discontinue Interagency Agreement (IA) with the Bureau of Planning & Sustainability**

Through an Interagency Agreement, BDS has recently funded one full-time position in the Bureau of Planning & Sustainability's Code Development Division. This position supports BPS's efforts in on writing, revising, and updating the City Zoning Code (Title 33). While this work is important to BDS, the bureau can no longer fund the position due to its financial status.

#### Expected Results

Discontinuing the IGA will save the bureau \$131,048. It is BDS's hope that BPS will continue to place a high priority on code development work and will allocate needed resources to ensure that the City Zoning Code is clear, accurate, and enforceable.

#### Update

The IA has been discontinued. BPS is suspending its Regulatory Improvement Code Amendment Package program temporarily while their staff focuses on the Portland Plan.

#### **DS\_06 – FTE Reductions**

In spite of cost-cutting efforts, BDS has had to dip into its reserve fund to meet operating costs, and current projections show that without significant further action the reserves will fall to unacceptably low levels in FY 2009-10 and beyond. These projections take into account economic indicators, fee increases, current vacancies, and overall decreased expenditures. After detailed financial analysis, the bureau has determined that

position reductions are necessary to meet operating costs and maintain a prudent reserve. This decision package includes 18.5 FTE reductions to take place by July 1, 2009.

The positions being reduced come from various bureau divisions, and include non-represented and management positions as well as represented staff. All of these positions are currently filled. The bureau used the following criteria to determine which positions to reduce from the budget:

- Workload - current and anticipated
- Revenues - current and projected
- Bureau priorities and programs
- Distribution between represented, non-union, and management
- Distribution between entry level and higher level positions
- Union work not transferred to management
- Avoid working out of class

#### Expected Results

Removing the FTE will save the bureau over \$1.4 million in FY 2009-10. The bureau expects that much of the negative impact from reducing the positions will be mitigated by continuing decreases in workload.

#### Update

The FTE reduction package was implemented, the bureau cut 18.5 FTE.

### **Service Improvement Plans**

BDS continually strives to improve the service that it provides. In FY 2009-10, the bureau identified particular areas of focus including the collocation of permitting services, technology improvements, and the facilitation of sustainable development. These efforts have been tempered by the effects of the recession, including a significant reduction in bureau staff in summer and fall 2009 and spring 2010.

#### **Collocation - Improving Plan Review and Permitting Services**

Staff from as many as seven different City bureaus takes part in reviewing development permit applications. This decentralized review system unnecessarily complicates and lengthens the City's plan review process. To address this issue, City Council on April 16, 2009 directed that all programs and personnel necessary for development-related plan review and permit issuance be relocated from the infrastructure bureaus (most of which are located in the Portland Building) to the 1900 Building with BDS.

It was anticipated that the collocation of staff would lead to greater efficiency and enhanced customer service delivery through the standardization of benchmarks, fees, and processes related to plan review and permitting services.

An Interagency Team submitted status reports to City Council in July, September, and December 2009, and staff from the infrastructure bureaus was relocated to the 1900 Building in early December 2009. Several proposals have been adopted by Council to foster an improved permit review process, including SDC Code and Administrative Rule Changes, Fee Code changes, a combined appeals process for the infrastructure bureaus, and Interim Rules that allow for the rollout of the public works permitting process.

On July 28, 2010, BDS presented an update to City Council on the status of process improvements and a report on the status of the original April 16, 2009 Council directives. Council adopted the report and implementation of the Council's directives is ongoing and has been successful thus far.

## **Technology Improvements**

### Mobile TRACS

This concept uses technology to allow inspectors to work primarily from their cars, with limited time spent in the office. Inspectors would use laptops equipped with wide-area wireless network cards and web browsers for remote access to BDS's permit tracking system (TRACS). The proof of concept phase of the project demonstrated that the technology is workable and effective.

The bureau had hoped to pilot this technology in 2010 and then roll out to all inspection groups over the following year. However, due to staff reductions and the re-prioritization of other IT projects, the project has been put on hold.

### Online Access to Information and Services

The bureau has been exploring various initiatives to increase customers' ability to access bureau services and information online. Currently customers can purchase trade permits (that do not require plan review) on the BDS website, as well as look up information on their permit or case. Other initiatives included an automated fee calculator, upgrading the internet permits application, making additional permit types available for purchase online, and upgrading the online appeals application. However, due to the budget and staffing cuts at BDS in 2009, these initiatives have been scaled back or delayed. Incremental improvements to the Internet Permits application are being implemented and the automated fee calculator is expected to be implemented by the end of FY 2010-11.

Late in 2009, the bureau began investigating options for investing in long-range technology improvements. The research and analysis was completed in January 2010, and a recommendation was made to City Council to make a major investment that will significantly enhance BDS's technology tools. The bureau envisions a web-based permitting system that will include the following capabilities:

- Electronic access to all historic building permit and land use records for customers and staff
- Online land use and building permit application and plan submittal
- Electronic plan review
- Online fee payment and permit issuance
- Electronic entry of inspection results and real-time access for field staff and customers

This system will save customers and stakeholders time and money by giving them remote online access to information and services, decreasing the need to visit the Development Services Center (DSC) or BDS offices. The bureau should also experience efficiency gains in land use review, plan review, permitting, and inspection processes as it reduces its reliance on paper plans and records.

City Council discussed this proposal at a work session on February 9, 2010, and BDS's FY 2010-11 Requested Budget included a request for a \$5 million loan to cover the costs of the proposal. Council subsequently directed BDS to convene a Financial Advisory Committee to review BDS's long-term financial projections and affirm the bureau's ability to afford the project and repay the loan. The Financial Advisory Committee has completed its work and has prepared their recommendations which will endorse the bureau's financial projections and moving forward with the project. The bureau will return to City Council in early November 2010 to seek approval to move forward with the proposal.

## **Facilitating Sustainable Development / Green Building**

In FY 2009-10, BDS expanded its role as a sustainability and green building resource for the development community by working on initiatives geared toward encouraging builders to employ more sustainable building methods and technologies in their projects, while looking for opportunities to remove barriers to building "green".

### Portland Energy Efficient Home Pilot

The Portland Energy Efficient Home Pilot (PEEHP) is a competitive program that awards grants to generate residential construction that will provide the industry and public with information on the building methods and materials necessary to build cost-effective, energy-efficient homes. PEEHP grant funds offset the costs of constructing homes that perform 15% and 30% more efficiently than the requirements of the 2008 Oregon Energy Code.

To date three PEEHP grants have been awarded to various projects, including energy-efficient electric row houses, natural gas row houses, and electric detached single family homes. All of these homes are entry level or affordable housing. It is anticipated that the remaining PEEHP funds will be awarded by the end of calendar year 2010.

#### Green Building Local Code Amendment

BDS was pursuing the development of a local building code amendment addressing more sustainable buildings practices. In 2008 the bureau assembled a Technical Advisory Group (TAG) composed of building and sustainability experts to craft code provisions that would augment existing State building code requirements. The TAG completed proposed code language that was to be made available for public review and comment, and it intended to present a final draft amendment to City Council by the fall of 2009. However, due to the significant staffing reductions at BDS in 2009, the TAG's work on the building code amendment was suspended as of July 16, 2009. BDS intends to resume work toward a building code amendment once sufficient staffing is available.

#### Alternative Technology Advisory Committee

The Alternative Technology Advisory Committee (ATAC) was established in early 2009 to evaluate innovative, sustainable building technologies and construction methods. The committee is composed of building contractors and design professionals who are experts in sustainable development and who can advise the bureau on new technologies in the context of existing building code requirements. The ATAC is the first of its kind in the nation and is looked to as a model for other cities interested in promoting green building practices. As of September 2010 the ATAC had completed reviews of three applications for alternative heating and plumbing technologies, and three additional applications are under review.

#### Green Building Early Assistance Appointments

The Green Building Early Assistance Appointments proposal would provide green building assistance to BDS customers by establishing optional pre-submittal meetings for permit applicants with representatives from several green building /sustainability organizations. The appointments would focus on helping applicants make their projects more sustainable and energy efficient and would help customers learn about several aspects of green building, including building techniques, site development, financial incentives, and construction waste management. Due to budget and staffing cuts in 2009, this proposal has not been implemented.

## FY 2009-10 Reconciliation

Development Services Fund 203	FY 2009-10 Revised Budget	FY 2009-10 Year End Actuals	Percent Variance
<b>Resources</b>			
▶ Budgeted Beginning Fund Balance	8,927,808	2,896,743	-67.55%
▶ Licenses & Permits	24,082,310	15,739,374	-34.64%
▶ Charges for Services	9,618,942	6,008,844	-37.53%
▶ Interagency Revenue	1,062,287	895,627	-15.69%
Fund Transfers - Revenue	1,928,117	1,928,117	0.00%
Miscellaneous	1,817,896	1,967,433	8.23%
▶ <b>Total Resources</b>	<b>\$47,437,360</b>	<b>\$29,436,138</b>	<b>-37.95%</b>
<b>Requirements</b>			
Personal Services	27,439,818	18,527,438	-32.48%
External Materials and Services	1,885,797	1,205,810	-36.06%
Internal Materials and Services	7,206,551	6,302,622	-12.54%
Bond Expenses	842,625	627,062	-25.58%
Fund Transfers - Expense	2,264,514	2,264,514	0.00%
Contingency	7,798,055	508,692	-93.48%
<b>Total Requirements</b>	<b>\$47,437,360</b>	<b>\$29,436,138</b>	<b>-37.95%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

The current national economic crisis has affected all sectors of the economy, particularly the development industry. The actual revenue collections in all major revenue categories have been significantly lower than initially budgeted amounts and reflect the impact of the prolonged recession on the bureau's revenues. The variances in expenditure categories reflect the bureau's response to the worsening economic situation and significantly lower revenue collections. The variance in personnel services reflects the three phases of lay-offs implemented by the bureau in July-September of 2009; resulting in more than 150 bureau employees being laid off. The bureau also ceased or significantly reduced expenditures on external material and services. The variance in internal material and services is due to the vacation of two floors in the 1900 Building and the subsequent reduction in rent payments, as well as a reduction in the consumption of other internal material and services.

### FY 2009-10 Performance Measure Reporting

Variances in the workload performance measures are due to the current crisis in construction activity and difficulty in measuring the effects of the crisis. In July - Sept of 2009 the bureau laid off more than 150 employees in response to a significant drop in permit revenues. However, the drop in revenue was larger than the decrease in the workload due to the lack of larger projects. Variances in efficiency workload measures are due to the lack of resources to handle the existing workload.

**Financial Planning Division Analysis  
FY 2010-11 Fall BMP**

**Portland Housing Bureau**

Report Date: October 26, 2010

**Summary of Significant Issues**

The Portland Housing Bureau (PHB) is requesting \$30 million in new appropriation in non-general funds, primarily in the Tax Increment Financing (TIF) Reimbursement Fund. These adjustments, constituting a roughly 24% increase in total appropriation, are mostly related to the transition of housing development responsibilities from PDC to PHB as part of the creation of the new housing bureau. Because of the multi-year nature of housing projects, carryover of project budgets will become a typical feature of the PHB's Fall BMP requests going forward. The bureau has stated its intention to try to limit the magnitude of such requests by budgeting more carryover in the Approved and Adopted Budgets (and making the offsetting changes in the Spring and Over-Expenditure BMP processes). This will be contingent on synching with PDC budget processes.

**Recommended Requests**

1. *HC\_002/General Fund Encumbrance Carryover, \$522,871, 0 FTE,*

PHB requests Council approval for General Fund appropriation carryover to fund encumbered contracts. These contracts include \$218,000 for HAP's "Key Not A Card" program, \$130,000 for Salvation Army and Red Cross emergency shelter services, \$85,000 for Cascadia Behavioral Health services and \$45,000 for the PHB strategic plan.

FPD Recommendation: \$522,871 General Fund

2. *HC\_001/Grant Encumbrance Carryover, \$723,687, 0 FTE*

PHB requests Council approval to carry over appropriation associated with grant-funded encumbered contracts. The majority of the funding requested is HPRP funding for rent assistance programs and CDBG funding for culturally-specific homebuyer education & assistance programs.

FPD Recommendation: \$723,687 non-General Fund

3. *HC\_003/Other Revenue Encumbrance Carryover, \$195,081, 0 FTE*

PHB requests Council approval to carry over Section 108 Loan Guarantee and Housing Investment Fund resources to fund encumbered contracts. These contracts support the Roselyn Renewal, Walnut Park and Eastgate Station affordable housing projects.

FPD Recommendation: \$195,081 non-General Fund

4. *HC\_005/New Requests – New Revenue, \$30,092,975, 0 FTE*

PHB requests Council approval for a number of increases and several decreases to budgeted appropriations. These requests are necessary for two primary reasons. The first is that management of

TIF affordable housing development shifted to PHB on July 1, 2010, necessitating the transfer of unexpended FY 2009-10 TIF project budgets to PHB. The second is that the nature and timelines of housing development often requires project funding be carried across fiscal years. The most significant of PHB's requests are:

TIF – Total appropriation of \$18.4 million including:

- River District: Carry over \$12.9 million of TIF resources for the Resource Access Center (RAC) and budget \$500,000 during the Fall Notice of Funds Availability (NOFA) process.
- Interstate: A reduction in appropriation of \$3.1 million. Reduce resources by \$5.0 million to recognize transfer of responsibility for the Killingsworth Station project to PDC and an increase of \$1.5 million for affordable housing projects including Bridge Meadows (\$1.1 million).
- Convention Center URA: Appropriate \$3.4 million including carry over of \$2.4 million for the Miracles Club project and \$414,000 for King/Parks Affordable Housing.
- South Park Blocks: Appropriate \$4.1 million including carry over of \$2.6 million for the Chaucer Apartments and \$587,000 for the University Place project.
- The remainder (\$1.1 million) is additional appropriation for carryover in Lents, Gateway, Downtown Waterfront, and North Macadam URAs.

HIF-Total appropriation of \$4.7 million including:

- \$4.0 million for Section 108 loan proceeds, including: \$1.5 million for Bronaugh Apartments, \$400,000 for Upshur, and \$2.1 million for other affordable housing projects.
- \$400,000 of resources for investment in improvements to the loan services software application.
- \$253,725 for Clifford Apartments carryover.

HOME – Total appropriation of \$2.6 million including:

- \$1.1 million of prior year Gresham HOME allocations for the Gresham HOME contract
- \$561,000 of prior year HOME resources and \$550,000 of program income for the Rockwood Apartments project
- Appropriate carryover of \$400,000 for Villa de Suenos project

Community Development Block Grant (CDBG) – Total appropriation of \$1.3 million including:

- \$300,000 for Hewitt Place Innovation Housing
- \$1.0 million for other affordable housing projects

Federal (non-HOME or CDBG) – Total appropriation of \$3.0 million including:

- Neighborhood Stabilization Project (NSP) – Total appropriation of \$1.8 million including \$1.0 million of NSP grant resources and \$500,000 of program income resources for the Proud Ground-NAYA homeownership project.
- Carryover of \$507,000 for the Lead grant
- Carryover of over \$700,000 for other grants including Housing for People with Aides (HOPWA)

General Fund

- \$75,000 in the General Fund for JOIN funded by Multnomah County cost sharing for outreach and connections to services.

FPD Recommendation: \$30,092,975 in various funds.

### **Not Recommended Requests**

None

## **Comments on FY 2009-10 Budget Notes, Add Packages, and Service Improvement Plans**

### **Add Packages**

Overall, funds allocated during the FY 2009-10 budget process were expended in a timely fashion and with the intended outputs and outcomes. Full details are available in the bureau submission. There are several issues worth noting:

- Operation Home – This package was a one-time General Fund add of \$500,000 for homebuyer access programming including marketing, education, and counseling. Overall, contractors met deliverables in a timely manner. However, some contracts have been extended to allow time for deliverables to be met. No additional funding has been allocated for these extensions.
- Transitional Housing Youth Pass-through – This package was a one-time General Fund add of \$680,294 to support the Multnomah County program for youth transitional housing. The contract was completed and fully spent in FY 2009-10 and transitional housing goals were exceeded. However, placement goals were not met due primarily to the recession and high unemployment rates, particularly among entry level workers.
- Cully Boulevard Green Street – PHB was to provide \$1.5 million of CDBG to the Portland Bureau of Transportation (PBOT) to rebuild NE Cully Boulevard between NE Prescott and NE Killingsworth. Construction was delayed and the funds were removed from the FY 2009-10 budget and rebudgeted in FY 2010-11. Construction began in July 2010. As part of the arrangement, PHB received \$1.5 million of General Fund in FY 2009-10. These funds were utilized for homeless services such as short-term rent assistance, shelter services, and transitional housing.

### **Service Improvement Plans**

There are no significant issues related to PHB's Service Improvement Plan. For full reporting, see the bureau's submission.

## FY 2009-10 Reconciliation

<b>General Fund (100)</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals (thru AP12)</b>	<b>Percent Variance</b>
<b>Resources</b>			
▶ Intergovernmental Revenues	\$90,036	\$68,716	-23.68%
Interagency Revenue	\$11,500	\$11,500	0.00%
Miscellaneous	\$0	\$1,121	N/A
General Fund Discretionary	\$12,902,464	\$12,131,135	-5.98%
<b>Total Resources</b>	<b>\$13,004,000</b>	<b>\$12,212,472</b>	<b>-6.09%</b>
<b>Requirements</b>			
Personal Services	\$227,727	\$225,372	-1.03%
External Materials and Services	\$12,074,700	\$11,349,596	-6.01%
Internal Materials and Services	\$701,573	\$625,349	-10.86%
▶ Capital Outlay	\$0	\$12,155	N/A
<b>Total Requirements</b>	<b>\$13,004,000</b>	<b>\$12,212,472</b>	<b>-6.09%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget
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Overall PHB underspent its General Fund allocation of discretionary resources by \$771,329. Of this, PHB is requesting \$522,871 for encumbrance carryover in this BMP process. The remainder would be underspending of roughly 2% falling to General Fund balance.

INTERNAL M&S - PHB budgeted a \$150,000 interagency agreement with the EBS division of OMF for the loan servicing module/SAP interface development in the General Fund. However, at the end of the fiscal year when the expense was billed, PHB chose to record 50% of this in the TIF fund since this expense was eligible for TIF reimbursement under the PHB-PDC transition IGA. Thus, the general fund appropriation was underspent.

CAPITAL OUTLAY - The expense booked in this category is associated with GASB 51 and recording the value of bureau trademarks (e.g., housing connections web application). This expense was recorded in August 2010 by OMF Central Accounting, well after the bureau had an opportunity to shift appropriation to back this expense.

INTERGOVERNMENTAL REVENUES - This appropriation was over-budgeted because PHB had double-budgeted a \$16,000 Gresham contribution to the bureau for PHB's administration of the Portland Consortium and Housing and Community Development Commission.

<b>Grants Fund (217)</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals (thru AP12)</b>	<b>Percent Variance</b>
<b>Resources</b>			
▶ Intergovernmental Revenues	\$10,253,636	\$6,486,903	-36.74%
<b>Total Resources</b>	<b>\$10,253,636</b>	<b>\$6,486,903</b>	<b>-36.74%</b>
<b>Requirements</b>			
Personal Services	\$608,135	\$539,622	-11.27%
External Materials and Services	\$9,645,501	\$5,912,183	-38.71%
<b>Total Requirements</b>	<b>\$10,253,636</b>	<b>\$6,451,805</b>	<b>-37.08%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

As a general matter, expenses and revenues will match in the Grants Fund as all expenses are ultimately reimbursable. However, there is typically a lag on billings which will cause an ongoing mismatch between revenues and expenditures.

PERSONAL SERVICES - This salary appropriation was underspent due to less-than-anticipated staff time being charged to several grant-funded programs. Staff spent less time on administering these programs because the programs themselves underspent appropriation over the course of the fiscal year. (See External M&S below.)

EXTERNAL M&S - This variance is due to underspending in several grant-funded programs. These include lead abatement services, NSP-funded homeownership activities, HPRP-funded rent assistance services, OHCS-funded rental access activities and HOPWA-funded rental access and stabilization programs.

INTERGOVERNMENTAL REVENUES - The programs tracked in this fund are funded on a 100% reimbursement basis. Thus, since expenses were less-than-budgeted (see above), the revenues too were less-than-budgeted.

Housing Investment Fund (213)	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$1,138,634	\$2,514,567	120.84%
Charges for Services	\$0	\$7,000	NA
Intergovernmental Revenues	\$537,100	\$979,498	82.37%
▶ Bond and Note	\$14,471,000	\$7,506,731	-48.13%
▶ Miscellaneous	\$9,177,599	\$6,295,434	-31.40%
<b>Total Resources</b>	<b>\$25,324,333</b>	<b>\$17,303,230</b>	<b>-31.67%</b>
<b>Requirements</b>			
Personal Services	\$422,023	\$296,415	-29.76%
External Materials and Services	\$15,824,711	\$7,490,875	-52.66%
Bond Expenses	\$8,150,000	\$5,206,861	-36.11%
Fund Transfers - Expense	\$927,599	\$926,812	-0.08%
Ending Fund Balance	\$0	\$3,382,267	NA
<b>Total Requirements</b>	<b>\$25,324,333</b>	<b>\$17,303,230</b>	<b>-31.67%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

HIF fund balance was built up over the fiscal year through one-time transfers of HIF funds from PDC during the transition to the new bureau. This fund balance is utilized by the new bureau to serve as a cash float for the TIF fund. Additionally, there are several programs that require risk reserves – e.g. the landlord guarantee – which are set aside in sub-funds accessible only in cases of performance of the guarantee function.

PERSONAL SERVICES - This variance has two explanations. First, the principal financial analyst and housing program manger were both partly budgeted in the HIF and both positions remained vacant for significant portions of the year. Second, PHB staff charge time in direct relation to their actual allocation of time to different projects; thus, the savings are reflective of a slight variance of work anticipated (i.e., budget) and the actual work performed.

EXTERNAL M&S - This variance has two chief causes. First, the bureau appropriation for the Section 108 loan program was \$6.47 million. The bureau, however, only disbursed \$2.4 million in FY 2009-10 due to challenges PHB experienced in finding projects and developers that could meet the requirements of Section 108 loans.

Second, the bureau saw less-than-anticipated activity in the “HLOC” (homeownership line of credit) in the early part of FY 2009-10 and then officially eliminated the HLOC program in the final quarter of the fiscal year. Thus, actuals were lower-than-budgeted. (Note: HLOC activity was a four-step process that saw activity recorded in two revenue and two expense categories: bond and note revenues for the initial credit draw; external M&S to disburse funds to PDC; bond expenses to repay the credit draw; and miscellaneous revenues to record proceeds from the sale of the mortgage to Fannie Mae.)

BOND EXPENSES - This variance is due to reduced HLOC activity. (See "External M&S" above.) The result was less-than-anticipated expenses associated with HLOC draw repayments to the creditor.

INTERGOVERNMENTAL REVENUES - This variance was due to a Spring BMP request made in error. The appropriation was originally \$990,100 to account for both HIF program income and an initial HIF balance transfer (both from PDC). PHB received both these transfers from PDC, but PHB mistakenly reduced this appropriation in the Spring BMP, thinking this appropriation was double-budgeted.

BOND & NOTE REVENUES - This variance has two sources. The first is due to the less-than-anticipated Section 108 loan activity. (See "External M&S" above.) The lessened program activity resulted in less-than-anticipated loan proceeds booked in this revenue category.

The second relates to the HLOC program. (See "External M&S" above.) The lessened program activity resulted in less-than-anticipated line of credit revenues being booked in this revenue category.

MISCELLANEOUS REVENUES - This variance is due to lessened HLOC program activity. (See "External M&S" above.) The lessened program activity resulted in less-than-anticipated revenues associated with the sale of HLOC-facilitated mortgages to Fannie Mae.

<b>Community Development Fund (218)</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Beginning Balance	\$0	\$911,074	N/A
▶ Intergovernmental Revenues	\$11,850,760	\$10,653,293	-10.10%
Miscellaneous	\$0	\$20,940	N/A
<b>Total Resources</b>	<b>\$11,850,760</b>	<b>\$11,585,308</b>	<b>-2.24%</b>
<b>Requirements</b>			
Personal Services	\$1,353,619	\$1,239,070	-8.46%
External Materials and Services	\$9,997,237	\$8,925,539	-10.72%
Internal Materials and Services	\$255,904	\$247,185	-3.41%
Bond Expenses	\$9,000	\$3,856	-57.15%
Fund Transfers - Expense	\$235,000		-100.00%
Ending Balance	\$0	\$1,169,658	N/A
<b>Total Requirements</b>	<b>\$11,850,760</b>	<b>\$11,585,308</b>	<b>-2.24%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

As with the Grants Fund, expenses and revenues will match in this fund as all expenses are ultimately reimbursable.

EXTERNAL M&S - This expense category was underspent for two primary reasons. First, several contracts (e.g., PDC for affordable housing and economic opportunity programs) left \$335,000 unspent; PHB is requesting these funds be carried over to support the ongoing programs (in the PHB housing budget and in the PDC contract for economic opportunity contract). Second, a number of contracts were extended beyond June 30th; PHB is requesting this \$212k appropriation be carried forward as encumbrance carryover.

BOND EXPENSES - Section 108 loan principal and interest payments were less-than-anticipated because PHB experienced challenges in finding projects and developers that could meet the requirements for a Section 108 loan.

FUND TRANSFERS - Per agreement between PHB and the OMF financial planning division, the budgeted general fund overhead expense for the CDBG fund was, as in past years, not charged in FY 2009-10. As currently calculated, the overhead budget does not meet federal requirements for indirect allocations.

INTERGOVERNMENTAL REVENUES - The programs tracked in this fund are funded on a 100% reimbursement basis. Thus, since expenses were less-than-budgeted (see above), the revenues too were less-than-budgeted.

MISCELLANEOUS REVENUES - These unanticipated revenues are generated by liens associated with the neighborhood inspections code enforcement activities funded by CDBG.

<b>HOME Fund (219)</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Beginning Balance	\$0	-\$351,530	N/A
Intergovernmental Revenues	\$8,886,315	\$11,025,610	24.07%
<b>Total Resources</b>	<b>\$8,886,315</b>	<b>\$10,674,080</b>	<b>20.12%</b>
<b>Requirements</b>			
Personal Services	\$375,529	\$368,931	-1.76%
External Materials and Services	\$8,510,786	\$5,980,965	-29.72%
Ending Balance	\$0	\$4,324,184	N/A
<b>Total Requirements</b>	<b>\$8,886,315</b>	<b>\$10,674,080</b>	<b>20.12%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

EXTERNAL M&S - The PHB HOME appropriation was underspent due to delays in the Rockwood Apartments and Villa de Suenos affordable housing projects. PHB is requesting these appropriations be carried over in the FY 2010/11 Fall BMP.

INTERGOVERNMENTAL REVENUES - This revenue category shows activity exceeded budget due to a mistake in accrual processing for FY 2009-10. Revenues are overstated by \$4.4 million. Revenue that was received in that fiscal year was also accrued, causing a double-count (and an equal offset problem in FY 2010-11 where the negative revenues understate billings in that year. Financial Planning is working with the bureau, the grants office, and technical accounting to resolve the issue.

Tax Increment Financing Reimbursement Fund (221)	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
Intergovernmental Revenues	\$814,874	\$849,999	4.31%
Fund Transfers - Revenue	\$50,000	\$50,000	0.00%
▶ Miscellaneous		-\$1,133	N/A
<b>Total Resources</b>	<b>\$864,874</b>	<b>\$898,867</b>	<b>3.93%</b>
<b>Requirements</b>			
Personal Services	\$296,632	\$277,054	-6.60%
External Materials and Services	\$110,104	\$110,031	-0.07%
Internal Materials and Services	\$458,138	\$458,090	-0.01%
<b>Total Requirements</b>	<b>\$864,874</b>	<b>\$845,175</b>	<b>-2.28%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

MISCELLANEOUS REVENUES - This fund saw negative interest accrued due to fluctuations in fund balance. PHB transferred \$50,000 of float from the HIF to the TIF early in the fiscal year, but the fund balance did fall below zero at points over the fiscal year. This is unlikely to be repeated in FY 2010-11 as over \$2 million has been transferred from the HIF to the TIF early in the fiscal year for float. The larger cash float is necessary now that PHB is directly responsible for TIF spending on housing projects.

### FY 2009-10 Performance Measure Reporting

*Admin Costs As a % Of Bureau Level Budget*

Bureau administration as a percent of total budget exceeded target (9% of actuals versus 6% of budget) due to a reduction in the “denominator” of the calculation (i.e., administrative services functional area expenditures divided by total bureau expenditures). Programs that significantly underspent appropriations include the HLOC, Section 108, HPRP, NSP, HOME and CDBG. (See year-end reconciliations for more detail.) And while these programs were underspent, the administrative expenses did not because they include primarily fixed costs (e.g., personal services, internal M&S, lease obligations and PHB transition and move expenses.)

*Number of Sub-recipient Contracts Processed*

The bureau processed fewer subrecipient contracts (101 actual versus 135 target) as a result of a conscious decision to streamline business operations. In prior years, PHB would execute multiple contracts with single organizations over the course of the year. PHB has now moved towards single annual contracts with subrecipient contractors that encompass all services for a given fiscal year.

*Percent of exits from shelter into stable housing*

Percent has increased due to the increased availability of short-term rent assistance. The target was 36%. Actual was 58%.

*Percent of households exited from transitional housing into permanent housing*

The difference between the FY 2009-10 Revised Budget number (45%) and the FY 2009-10 Year End Actual (72%) is attributable to changes in the Homeless Management Information System (HMIS) data standards. Several reports included changes to the categorization of clients. The FY 2009-10 Revised Budget number was low.

*Percent of households exited into permanent housing*

The FY 2009-10 Revised Budget number (6%) includes all clients and programs across the regional consortium. The FY 2009-10 Year End actual number (92%) includes a limited set of clients and programs funded by PHB.

*Average length of stay in permanent supportive housing (in days)*

The FY 2009-10 Revised Budget (524) number includes all clients and programs across the regional consortium. The FY 2009-10 Year End actual number (365) includes a limited set of clients and programs funded by the PHB.

*Average length of stay in transitional housing (in days)*

The FY 2009-10 Revised Budget number (423) includes all clients and programs across the consortium. The FY 2009-10 Year End actual number (60) includes a limited set of clients and programs funded by the PHB.

*Percent of clients attaining sustaining incomes or benefits*

The difference between target and actual – 6% versus 18% - reflects Central City Concern's Benefits Team (B.E.S.T.) program outcomes.

*Number of households receiving eviction prevention rent assistance*

The difference between the FY 2009-10 Revised Budget number (868) and the FY 2009-10 Year End Actual (423) is attributable to changes in the Homeless Management Information System (HMIS) data standards. Several reports included changes to the categorization of clients. The FY 2009-10 Revised Budget target number was high.

*Number of permanent supportive housing (PSH) units funded*

In the past, the Bureau counted all PSH units and vouchers funded across the consortium. PHB has narrowed this count to units funded by PHB with regulatory agreements and participation in the Risk Mitigation Pool. As a result, the actual is 632 versus a target of 1,388.

*Number of households residing in permanent supportive housing units*

This variance (718 target versus 865 actual) is chiefly due to an increased emphasis on moving clients directly from shelter into permanent supportive housing.

*Number of clients purchasing home*

The variance – 405 target versus 338 actual - reflects the current state of the employment and housing markets.

*Number of households helped to purchase homes*

The variance between target (63) and actual (35) is chiefly due to the stricter lending standards banks have implemented in the recent past, since the households PHB assists to purchase homes are typically those with more barriers to mortgage approval.

*Number of clients attending Homeownership classes*

The figures provide are preliminary. PHB is still gathering data from the program manager and contractors.

*Amount of leveraged housing funds for every \$1 spent by PHB*

The variance between target (\$10.13) and actual (\$3.29) is predominantly due to the relative unavailability of private credit as compared to the pre-2009 period.

*Rental units built affordable for 61+ to 100% MFI*

The variance between target (84) and actual (16) is due to a shift in need and focus from new units to preservation and rehabilitation of existing affordable housing units.

*Rental Rehab Units 0 to 60% MFI*

The variance between target (219) and actual (397) is due to a shift in need and focus from new units to preservation and rehabilitation of existing affordable housing units.

**Financial Planning Division Analysis  
FY 2010-11 Fall BMP**

**Bureau of Planning & Sustainability**

Report Date: October 26, 2010

**Summary of Significant Issues**

**One-time Funding.** The bureau received just under \$800,000 in one-time funding for FY 2010-11, which represents 8% of its general fund operating budget. This is down from 18% of its operating budget in FY 2009-10 and 30% in FY 2008-09. BPS is currently in discussions with OMF to increase the funding it receives via General Fund Overhead as a means to further decrease reliance upon one-time funding; a recommendation will be forwarded to City Council for consideration before the end of the calendar year.

**Grants Oversight.** In FY 2009-10 BPS was awarded a \$20 million, three-year federal ARRA grant to expand its home energy retrofit financing program (Clean Energy Works Portland) statewide; this funding is being appropriated as part of the Fall BMP. City Council authorized the establishment of a new non-profit to implement this expansion. Of the grant award, \$2 million will stay within the bureau for oversight and coordination; the remainder will be passed-through to the newly formed non-profit Clean Energy Works Oregon. The grant is a three-fold increase in the bureau's FY 09-10 grants budget and a more than six-fold increase in its FY 2009-10 actual grant expenditures. This rapid expansion, combined with the relatively unusual structure and working relationship associated with the newly created non-profit and the pressure to expend dollars quickly, will require expanded oversight on the part of the bureau. BPS is in the process of ramping up grant oversight staffing and establishing protocols to meet this demand.

**Bureau Merger.** BPS continues to work towards physical consolidation of staff and functional consolidation of its operations since the Bureau of Planning and the Office of Sustainable Development merged in FY 2008-09. The bureau anticipates vacating its Ecotrust space prior to the expiration of its lease in June 2011 and consolidating within the 1900 building. FPD will monitor the costs associated with current year staff consolidation as well as the bureau's anticipated move in FY 2012-13 to the Oregon Sustainability Center, now in planning phase. This fall, OMF has worked with BPS to review its newly consolidated budget structure and promote its use of SAP's functionality so that the bureau's budget structure accurately reflects all of its operations.

**Staff Transitions.** In FY 2009-10 through the first quarter of FY 2010-11, the bureau absorbed approximately 12 staff people from the Bureau of Development Services due to lay-offs in that bureau and associated bumping and hiring. BPS in turn has eliminated 9.5 positions, resulting in turnover of approximately 10% of its staff. Project teams are currently in place and considered stable; for the most part the process of transition and integration is considered complete. In general, project benchmarks were met despite the significant disruption to both personnel and projects.

**Recommended Requests**

*Technical Adjustment Requests*

*PN\_01, PN\_05, PN\_07, PN\_09, PN\_12, PN\_08, PN\_13, PN\_21, PN\_22, PN\_30.*

These ten requests adjust budget between fund centers and functional areas to more accurately describe FY 2010-11 program plans and resources. All adjustments net to zero with the exception of PN\_09,

which reduces the bureau's current year District Planning budget and intergovernmental revenue by \$58,848 to reflect larger than anticipated expenditures in FY 2009-10.

FPD Recommendation: -\$58,848, 0 FTE

Grant Carryover Requests

*State Historic Preservation Grant/PN\_02 (\$15,427), Oregon DLCD Periodic Review/PN\_03 (-\$1,326), EECBG Block Grant/PN\_11 (\$997,835), Metro Build-It Green/PN\_14 (\$8,000), DEQ Portland Restore 2009/PN\_15 (\$20,000), DEX Skyline School pass-through/PN\_16 (\$13,070), Metro: Multifamily Recycling Program/PN\_17 (\$10,000), Metro Recycle at Work FY 09-10/PN\_19 (\$91,291), Climate Trust Energy Efficiency Grant/PN\_20 (\$10,000), ARRA Clean Diesel Grant/PN\_25 (\$1,032,671), DEQ Clean Diesel Grant/PN\_25 (\$21,420), DERA Clean Diesel Grant/PN\_26 (\$294,903), Urban Areas Security Initiative UASI 2007/PN\_29 (\$100,000)*

Total of \$2,615,943 requested for carryover associated with 14 grants.

FPD Recommendation: \$2,615,943, 0 FTE

Encumbrance Carryover Requests

*Multiple BPS contracts/PN\_28 (\$46,057)*

BPS ended FY 2009-10 with \$96,597 in General Fund under spending, sufficient to cover this encumbrance carryover request and the following (unencumbered) carryover request.

FPD Recommendation: \$46,057, 0 FTE

Carryover Requests

Biofuels Investment Grants one-time carryover of General Fund discretionary/PN\_27 (\$50,540)

Carryover is requested for payment due to Oregon State University, the last of three payments for a three year study of cropping practices to enhance winter canola and camelina production in Oregon. After BPS receives the final project report and determines that the terms of the grant have been met, the final grant payment will be made (anticipated in December 2010/January 2011). These funds should have been encumbered prior to June 31, 2010. General Fund under spending in BPS is sufficient to grant this request.

FPD Recommendation: \$50,540, 0 FTE

Allocation of Beginning Fund Balance: Solid Waste Fund  
Budget for BEST Awards Sponsorship/PN\_10 (\$10,000)

This request allocates sponsorship revenue to support the Business for an Environmentally Sustainable Tomorrow Awards Event that fell to balance in FY 2009-10 when expenditures were not realized.

FPD Recommendation: \$10,000, 0 FTE

New Request: West Hayden Island IGA/\$70,000 (PN 04)

Increases intergovernmental revenues from the Port of Portland from \$322,000 to \$392,000 and moves funds to appropriate fund center/functional area. Increased funds will support development of a legislative proposal for the annexation of West Hayden Island (with minimum 500 acres open space, maximum 300 acres marine terminal development).

FPD Recommendation: \$70,000, 0 FTE

New Request: Outer Powell PBOT Interagency/PN 06 (\$16,310)

Establishes a \$16,130 interagency agreement with PBOT for the Outer Powell Project, which is developing street corridor concepts. BPS design staff involvement includes participating in meetings with the project team, technical advisory committee, and community stakeholder groups.

FPD Recommendation: \$16,310, 0 FTE

New Request: Appropriate Clean Energy Works ARRA/EECBG Grant Funds (PN 10) (\$14,396,000)

Appropriates remaining unappropriated fund for EECBG/ARRA grant accepted by the bureau in late FY 2009-10. \$4,000,000 was appropriated via ordinance in September 2010; the remaining \$1,614,000 is planned to be appropriated as needed. Total grant award is \$20,000,000 to be expended within three years. The grant supports the expansion of BPS's Clean Energy Works Portland loan program for energy efficient residential retrofitting into a statewide program, Clean Energy Works Oregon. For this purpose, City Council authorized the establishment of a new non-profit Clean Energy Works Oregon Inc., to "improve energy efficiency or promote the use of renewable energy sources, reduce carbon emissions and create living wage jobs, including economic opportunities and career pathways for historically disadvantaged communities." The non-profit will accomplish this by providing direct loans and gap financing for residential and commercial projects throughout the state that demonstrate innovative energy efficiency and that would not occur without CEWO's financial support. The City will forward the non-profit up to \$2 million monthly for its use, to be reimbursed by the federal government within an estimated 5-6 weeks. The cost of lost interest earned to the General Fund from forwarding this money is estimated to be \$13,000 - \$14,000 annually.

FPD Recommendation: \$14,386,000, 0 FTE

## **Comments on FY 2009-10 Budget Notes, Add Packages, and Service Improvement Plans**

### **Budget Notes**

A budget note for the Bureau of Development Services states that the FY 2009-10 Adopted Budget temporarily suspends funding from BDS to BPS for the Regulatory Improvement Code Amendment Package (RICAP) program and that funding will be re-examined as part of the FY 2010-11 budget process.

This project remained on hold through FY 2009-10 and into FY 2010-11 due to the need to reallocate resources to the Portland Plan. In 2009-10 BPS reinstated funding for one RICAP staff position but reallocated that position elsewhere. BPS is unclear when it will be able to reinstate the program.

### **Cut and Add Packages**

The bureau's FY 2009-10 budget included nine program cuts and seven program proposals supported by one-time General Fund allocation or IGAs. Budget cuts were successfully implemented as anticipated, enabled by both changes in program workload and staffing adjustments. No outstanding issues are reported for FY 2009-10 program cuts.

Program additions in FY 2009-10 are outlined below along with major accomplishments:

- Portland Plan (\$527,072). In FY 2009-10 the Portland Plan's staffing was augmented by a Supervising Planning and a Public Engagement Manager. Of the total funding, \$235,000 was provided via IGAs with PBOT, BES and Parks. Accomplishments include state approval of the

City's Periodic Review and completion of the following: 12+ background reports, two phases of public outreach, initiation of two advisory committees and outreach to under-represented communities.

- Central Portland Plan (\$855,676). Accomplishments include code amendments for South Waterfront, PGE Parks and the Oregon Sustainability Center, staff participation in several Central City projects, coordination with PBOT's Central City transportation model and technical studies for several policy issues.
- River Plan (\$148,128). City Council adopted the River Plan/North Reach in FY 2009-10 and staff began developing administrative rules and implementation tools.
- Youth Planning (\$137,070). The youth staff completed the Powellhurst-Gilbert Pilot Study, a Portland Plan survey for youth and a Youth Engagement Manual adopted by City Council.
- West Hayden Island (\$285,375). Supported by a Port of Portland IGA. The project completed Economic and Environmental Foundation studies, and the Community Working Group submitted its recommendation to City Council in June 2009. Council voted to continue to develop concept plans to provide a land use framework.
- Restoration of position in historic preservation (\$85,000). Position restoration funded by one-time resources.
- Grey to Green (\$41,500). Supported by a BES IGA, increased in FY 2009-10 to fund a full FTE planner. In FY 2009-10 the project proposed amendments to the Portland Plant List, Zoning Code and Property Maintenance Requirements adopted by City Council in February 2010.

FY 2009-10 significant grant programs include Clean Energy Works Portland, supported by both ARRA and EECSBG funds. Initial program development took place in early 2009, and the program was launched in FY 2009-10. At fiscal year end, 461 households had had an initial home energy review through Clean Energy Works to determine which efficiency measures were needed. Of those, 246 had accepted contractor bids to carry out the work, 173 signed loan documents and 114 completed the "test-out" to verify that the work was complete properly. The remaining homes are in progress, with the 500 total for the pilot expected to be complete by January 2011. \$1.2 million in EECSBG funds appropriated in January 2010 supported program development and financed the initial retrofit projects. The program's success led to the bureau's award of a \$20 million ARRA grant to expand the program statewide.

### **Service Improvement Plans**

1. *Complete strategic plan by fall 2009 defining a single mission for the newly merged organization.*  
The bureau's mission statement and three-year plan is complete in content. A communication consultant is working on finalizing the plan and messaging for programs, anticipated by December 2010.
2. *Focus on equity as one of the three legs of sustainability.*  
Portland Plan public involvement has focused on culturally-based groups, people living in poverty, youth, people with disabilities, renters, social service agency clientele and others. Several groups have been consulted for culturally-appropriate outreach. Phase II public workshops included an equity exercise. The bureau reports several additional specific actions taken in its Fall BMP submission.
3. *Increase outreach to businesses to assist compliance with Portland's new requirement to recycle 75% of solid waste.*  
BPS contacted 6888 large generators of paper waste; 52% have submitted progress reports, 37% of which were Recycle at Work certified. Small paper waste generators were contacted (23,348); 10% have completed progress reports.

## FY 2009-10 General Fund Reconciliation

BPS General Fund 100	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
Service Charges & Fees	\$0	\$3,306	
▶ Federal, State and Local Sources	\$1,965,618	\$1,399,299	-28.81%
Misc Sources	\$32,500	\$37,123	14.22%
Interagency Revenues	\$1,214,813	\$1,119,116	-7.88%
Fund Transfers - Revenue	\$1,452,294	\$1,466,461	0.98%
General Fund Overhead	\$149,256	\$149,256	0.00%
General Fund Discretionary	\$9,385,111	\$9,288,514	-1.03%
<b>Total Resources</b>	<b>\$14,199,592</b>	<b>\$13,463,075</b>	<b>-5.19%</b>
<b>Requirements</b>			
Personal services	\$8,470,147	\$8,321,863	-1.75%
▶ External Materials & Services	\$3,323,113	\$2,721,388	-18.11%
Internal Materials & Services	\$2,406,332	\$2,419,824	0.56%
<b>Total Requirements</b>	<b>\$14,199,592</b>	<b>\$13,463,075</b>	<b>-5.19%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Both bureau revenues and expenses ended the year approximately 5% below budget, almost entirely driven by a shortfall in intergovernmental funding of \$566,000. The bureau's largest intergovernmental contracts are with PDC (for the Central City Plan) and the Port of Portland (for West Hayden Island). A delay in Central City Plan project kick-off led to reduced consulting expenditures (EM&S) and correspondingly reduced PDC reimbursement revenue. PDC has reallocated these funds to the project in FY 2010-11.

## FY 2009-10 Solid Waste Fund Reconciliation

BPS Solid Waste Fund	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
Beginning Fund Balance	\$4,143,967	\$4,319,203	4.23%
Licenses & Permits	\$2,282,964	\$2,331,097	2.11%
Charges for Services	\$1,473,877	\$1,504,536	2.08%
Intergovernmental Revenues	\$0	\$60,691	
Interagency Revenue	\$98,740	\$124,390	25.98%
Fund Transfers - Revenue	\$1,681	\$1,681	0.00%
Miscellaneous	\$74,133	\$84,683	14.23%
<b>Total Resources</b>	<b>\$8,075,362</b>	<b>\$8,426,281</b>	<b>4.35%</b>
<b>Requirements</b>			
Personal services	\$1,501,586	\$1,495,406	-0.41%
▶ External Materials & Services	\$1,455,164	\$1,102,753	-24.22%
Internal Materials & Services	\$1,067,007	\$968,145	-9.27%
▶ Bond Expenses	\$44,854	\$33,191	-26.00%
Fund Transfers - Expense	\$923,518	\$909,372	-1.53%
Contingency	\$35,774	\$0	
Unappropriated Fund Balance	\$3,047,459	\$3,917,414	28.55%
<b>Total Expenses</b>	<b>\$8,075,362</b>	<b>\$8,426,281</b>	<b>4.35%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

The largest variance in the Solid Waste Fund was beginning fund balance, which came in \$175,000 above budget. All other revenue sources were also above budget, resulting in total revenues \$351,000 above budget. Expenses were below budget, resulting in an increase in ending fund balance of just under \$1 million.

**FY 2009-10 Grants Fund Reconciliation**

BPS Solid Waste Fund	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
▶ Intergovernmental Revenues	\$6,323,094	\$1,658,956	-73.76%
<b>Total Resources</b>	<b>\$6,323,094</b>	<b>\$1,658,956</b>	-73.76%
<b>Requirements</b>			
▶ Personal services	\$1,421,085	\$1,265,820	-10.93%
▶ External Materials & Services	\$4,774,497	\$1,534,957	-67.85%
▶ Internal Materials & Services	\$127,512	\$80,672	-36.73%
Ending Fund Balance	\$0	-\$1,222,494	
<b>Total Expenses</b>	<b>\$6,323,094</b>	<b>\$1,658,956</b>	-54.43%

▶ Revenue was not within 10% of target, or expense exceeded budget

Both grants requirements and spending were far below budget, because the grants 2009-10 budget appropriated several multi-year grants in their entirety. A total of \$2.6 million is request in FY 2010-11 carryover; the remaining roughly \$850,000 of FY 2009-10 budgeted grants will be requested for carryover during the FY 2011-12 winter or spring BMP.

**FY 2009-10 Performance Measure Reporting**

The Bureau of Planning & Sustainability reports on numerous performance measures across seven of its program areas. Measures in which performance deviates significantly from target are noted below.

Measures in which performance appears to have exceeded expectations

- Green certified buildings: actual was just under 1,600; projected was 1,450
- Utility savings to City from energy efficiency: \$3.57 vs. \$3.20 million projected
- Solar energy systems installed: 1,168 vs. 608 projected
- Citizens participating in workshops: 2,475 vs. 1,850 projected
- Residents reached by sustainable training & outreach: 61,648 vs. 28,485 projected
- Projects for which green building assistance was provided: 16 vs. 12 projected

Success in solar energy system installation is attributed to Solarize Portland, an effort in which neighborhood coalitions aggregate residential demand to bulk buy solar installations (with technical support provided by BPS).

Measures in which performance appears to have fallen below expectations

- Number of professionals trained in green building practices: 768 vs. 1,800
- Percent of households built in the 4 county region within the City limits: 28% vs. 33% projected

The bureau attributes the decline in green building professional training to changes in its primary training series, ReThink. In FY 2009-10 the series targeted specific audiences who had not historically participated in sustainability efforts, resulting in fewer trainings with smaller but more diverse audiences.

The bureau is clarifying its household capture metric; actual capture may be above what is reported above. Central City housing starts may have declined more than starts in other parts of the City, however, due to the relatively larger decline in the condo housing market.

**Financial Planning Division Analysis  
FY 2010-11 Fall BMP**

**Office of Cable Communication and Franchise Management**

Report Date: October 15, 2010

**Summary of Significant Issues**

There are several errors in the Office of Cable Communications and Franchise Management's end of year actuals. At first glance, it seems as though they overspent their General Fund Discretionary by \$3,468. However, there are two problems with their revenue actuals. The first is they received two payments which

\$ 1,948,370	Revenue End of 09-10
\$ 1,951,837	Expense End of year 09-10
\$ (3,468)	Overexpenditure
\$ (48,007)	Incorrect GF coded Revenue
\$ (51,474)	Subtotal
\$ 60,543	Comp study 09-10 expenditures
\$ 9,069	Subtotal
\$ 4,854	Revolving audit 09-10 expenditures
\$ 13,923	Subtotal
\$ 13,946	COLA request CB_003
\$ (23)	TOTAL

totalled \$48,007 which were not OCCFM revenue but belong to the General Fund and were improperly coded to OCCFM. Additionally, as part of the Fall 2009-10 BMP the OCCFM requested and Council granted the budgetary authority to appropriate trust fund revenues that had accumulated over a number of years. However, though the budget authority for both the revenue and expenditure was created, the money was not transferred into the correct account.

After going back through and tracking where OCCFM would have ended up had these errors been caught in time to correct them in FY 2009-10, the OCCFM would have had enough underspending to request the return of their Compensation set-aside COLA from the Spring BMP. Several other adjustments are necessary. First the trust funds have to be re-appropriated for FY 2010-11. Their request for program carryover in the FY 2009-10 Spring BMP and their request CB\_002 are recommended against because they do not have the External Materials and Services spending to carryover. Instead the request is modified to re-appropriate the trust funds as new revenue rather than carry-over. Additionally, since the revenue was not received in FY 2009-10, this means that OCCFM spent \$65,397 of General Fund Discretionary on projects that were supposed to have dedicated funding. Therefore, \$65,397 of the trust fund transfer will go to the General Fund to repay this.

This highlights a continuing programmatic issue. OCCFM tracks and accounts for \$72 million of General Fund revenue. Typically, Financial Planning does not get involved with bureaus in fiscal year accounting corrections such as journal entries, appropriate functional area coding, internal order processing, et cetera. However, getting this revenue booked correctly is essential to managing the General Fund and issues such as incorrect coding of General Fund revenues or comingling of bureau program revenues and general fund revenue detract from efforts to accurately forecast and balance the General Fund.

**Recommended Requests**

1. *CB\_001/Franchise Fee Litigation, \$122,465*

Council has authorized (Res. 36639) \$150,000 in General Fund appropriation for conducting legal proceedings in consultation with the City Attorney's Office for enforcing franchise agreements of telecom companies. The bureau collected over \$4 million in unpaid franchise fees during FY 2009-10 from various telecom companies (Time Warner, Level 3 Communications, and McLeod). The bureau

requests to carry over the appropriation balance of \$122,465 to FY 2010-11 to continue perform these functions for the Utility Franchise Management Program.

FPD Recommendation: \$122,465

2. *CB\_002/Revolving Audit Fund, \$75,146*

In FY 2009-10, a revolving fund of \$80,000 was appropriated for audits, collection of audits of franchise fees, utility license fees, and privilege taxes. The bureau has an interagency with the Revenue Bureau to perform some of these audit functions. The cost incurred for the IA in FY 2009-10 was \$4,854, and the bureau recognized more than \$240,000 in additional franchise fees from these audits. The bureau requests to carry over the balance of \$75,146 to fiscal year 2010-11 for performing similar audits. The bureau will submit a request for replenishing the \$4,854 revolving funds expended in FY 2009-10 in the Winter BMP.

Financial Planning has modified this request. Funds were not actually transferred to Cable. In this case, the remedy is to appropriate \$75,146 of the original \$80,000 again as new revenue and to send \$4,854 to the General Fund since this expenditure was spent out of FY 2009-10 General Fund Discretionary.

FPD Recommendation: \$75,146

3. *CB\_003/Mid Year Reduction Replenishment, \$13,946*

The bureau received \$13,946 in compensation set-aside for FY 2009-10 with a corresponding reduction in FY 2010-11 appropriations. The bureau maintained a balance of \$11,564 in Personnel and a total of \$98,068 balance in general fund programs by implementing effective budget controls. The bureau requests to replenish the \$13,946 in fiscal year 2010-11. With cut absorbed by the bureau for fiscal year 2010-11, the replenishment of these funds are essential for keeping the bureau operation afloat.

As stated in the significant issues section, while OCCFM had available budget authority of \$98,068 they under-collected their revenues with a net result of overspending their General Fund discretionary by \$3,468. In order to receive their COLA adjustment back, money that was spent out of General Fund discretionary will be returned to the General Fund as part of the reappropriation of the trust funds.

FPD Recommendation: \$13,923

4. *CB\_004/Franchise Fee Litigation, \$20,000*

The bureau requests to appropriate \$20,000 in FY 2010-11 for covering expenditures related to administering the pole placement of the wireless companies. The bureau has been collecting \$2,000 from wireless companies to cover these costs. In FY 2009-10, OCCFM collected \$16,000 from various wireless companies to administer the placement and usage of the poles. The bureau is anticipating more than sufficient additional funds from wireless fees in the current fiscal year to fully defray the additional appropriation.

FPD Recommendation: \$20,000

## Comments on FY 2009-10 Budget Notes, Add Packages, and Service Improvement Plans

### Budget Notes

The only budget note for OCCFM in FY 2009-10 was repealed as part of the FY 2009-10 Winter BMP process. OCCFM had stated previously in their FY 2009-10 Spring BMP submission they would continue to report on the position. Financial Planning has not received any documentation on the cost-benefit analysis of the position from OCCFM.

### Service Improvement Plans

The OCCFM has made significant progress on the issues highlighted in its service improvement plan; Utility Franchise Program improvements, utility and franchisee audit process and schedule improvement, and the ascertainment study of community technology needs. OCCFM responded to all of the action items from its May 2009 Auditor's report, which included: developing audit schedules; standardizing and streamlining franchise application process; developing standard criteria for payment documentation, reporting, auditing, and retention; and reviewing utility codes for consistency and equity.

### **FY 2009-10 Reconciliation**

<b>General Fund (100)</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
▶ Licenses and Permits	\$0	\$64,007	NA
▶ Charges for Services	\$160,543	\$0	-100.00%
Interagency Revenue	\$12,000	\$7,000	NA
General Fund Discretionary	\$1,877,363	\$1,877,363	0.00%
▶ <b>Total Resources</b>	<b>\$2,049,906</b>	<b>\$1,948,370</b>	<b>-4.95%</b>
<b>Requirements</b>			
Personal Services	\$588,847	\$577,284	-1.96%
External Materials and Services	\$1,052,201	\$1,023,490	-2.73%
▶ Internal Materials and Services	\$408,585	\$351,064	-14.08%
▶ <b>Total Requirements</b>	<b>\$2,049,633</b>	<b>\$1,951,838</b>	<b>-4.77%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Resources: As detailed in the significant issues section, \$48,007 of General Fund utility license fees were incorrectly coded in licenses and permits. The other \$16,000 comes from reimbursements to OCCFM for processing placements of utility poles in the right of way. Charges for Services year-end actuals are zero due to the incomplete transfer described in the significant issues section.

Requirements: Internal Materials and Services was lower in FY2009-10 due to OCCFM's deferment of projects. The actual personnel services actuals were 8% higher than the adopted budget of \$532,901 due to a backlog of merit increases and position reclassifications within the bureau. This necessitated OCCFM to find savings within the fiscal year in materials and services in order to shift budget to personnel services.

<b>Cable Fund (206)</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$3,424,337	\$3,424,337	0.00%
▶ Licenses and Permits	\$1,256,827	\$5,075,760	303.86%
Charges for Services	\$12,000	\$38,000	216.67%
▶ Intergovernmental Revenue	\$2,478,676	\$0	-100.00%
Interagency Revenue	\$283,579	\$283,579	0.00%
Fund Transfers - Revenue	\$867	\$867	0.00%
▶ Miscellaneous	\$70,500	-\$596,064	-945.48%
<b>Total Resources</b>	<b>\$7,526,786</b>	<b>\$8,226,479</b>	<b>9.30%</b>
<b>Requirements</b>			
Personal Services	\$418,715	\$408,968	-2.33%
▶ External Materials and Services	\$5,356,598	\$4,001,705	-25.29%
Internal Materials and Services	\$72,575	\$70,207	-3.26%
Fund Transfers - Expense	\$18,668	\$18,668	0.00%
Contingency	\$862,220	\$0	-100.00%
Unappropriated Fund Balance	\$798,010	\$3,726,931	367.03%
<b>Total Requirements</b>	<b>\$7,526,786</b>	<b>\$8,226,479</b>	<b>9.30%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Resources: Licenses and Permits increased substantially. This is due to two factors, first is that OCCFM had difficulty budgeting in the new SAP format. Revenues they thought were intergovernmental ended up needing to be booked as licenses and permits. The second reason is that PEG revenues from existing cable companies increased over projections, as the projections showed a revenue dip due to a down economy. Additionally, several new cable providers had a much larger market penetration than originally anticipated.

Requirements: External Materials and Services actuals are down from budget due to a new round of grant making for PEG grant funds. These funds will be rebudgeted in FY 2010-11 and granted once the grant application process has completed.

### FY 2009-10 Performance Measure Reporting

The OCCFM's overall performance measure compliance is positive. Of note:

Cable Communications:

CB\_002 Grant Funds Provided to Non profits, Schools, and Local government Agencies – this target was 45% higher than target due to an increase in grants during this fiscal year as some projects had been delayed in the prior fiscal year.

CB\_0008 Portland Community Media – Number of Equipment Hours Used – increase of almost 52,500 over the target of 78,986. This target might need adjusted as PCM see a higher equipment usage.

Franchise Management:

CB\_0003 Franchises/Utility Licenses Administered and CB\_0005 Cost per \$1,000 of General Fund Revenue Collected – Both measures increased over the goals. OCCFM now administers 295 licenses where previously

it had administered 135. This might have contributed to a higher cost of revenue collected as the additional licenses are typically small amounts but still take staff time to prepare, administer, report, track, and audit.

**Financial Planning Division Analysis  
FY 2010-11 Fall BMP**

**Office of Neighborhood Involvement**

Report Date: October 15, 2010

**Recommended Requests**

1. *NI\_001/Technical Adjustments to the Adopted budget, \$0*

ONI made correcting adjustments to its adopted budget. The adjustments move budget within major object categories and has a net zero effect.

FPD recommends the technical adjustments.

FPD Recommendation: \$0

2. *NI\_002/Last Thursday coordination, \$14,732*

Select bureaus have been directed by Council to pay for vendor and security services to support the Alberta Arts District Last Thursday events. This request is to reimburse ONI the portion of the expenses that they've incurred between July and October 2010. ONI did not budget for these expenditures in their FY 2010-11 Adopted Budget, and if no reimbursement is provided, they would be required to reduce funding for the other services they provide.

FPD recommends that ONI receives the \$14,732 requested as Council directed bureaus to incur the cost and bureaus did not have the opportunity to request the additional funding as part of the FY 2010-11 Budget process.

FPD Recommendation: \$14,732 General Fund one-time

3. *NI\_003/Encumbrance Carryover, \$36,531*

ONI is requesting \$36,531 in General Fund one-time resource to budget for contracts carried over from FY 2009-10. The contracts and amounts are: Goodbye Graffiti - \$21,493; NECN Graffiti Clean-up - \$6,138; OPAL East Portland Action Grant - \$2,000; Jeffrey Ong East Portland Neighborhood Office Web - \$2,500; PSU Disability Grant - \$1,500; and Omni Media Disability Grant - \$1,500.

FPD recommends the request for funding the contract encumbrances.

FPD Recommendation: \$36,531 General Fund one-time

4. *NI\_004/ODOT Grant for Bryant Overpass, \$50,000*

ONI is requesting to re-appropriate a \$50,000 ODOT grant that funds pedestrian safety improvements to the Bryant Street Overpass. The Piedmont Neighborhood association applied for and received the grant and ONI is serving as the fiscal agent to receive the funds. ONI is not leading the efforts of how or when the funds will be spent but may assist with the contracting needs for the project. The terms of the grant are through April 2013.

FPD recommends appropriating \$50,000 for the ODOT grant in FY 2010-11.

FPD Recommendation: \$50,000 appropriation in Grants Fund 217

5. *NI\_005/FY 2009-10 Revenue over budget, \$28,486*

ONI is requesting \$28,486 in higher-than-budgeted revenues they received in FY 2009-10. They received \$25,886 in higher revenues from the Liquor License program and \$2,600 in higher revenues from the Crime Prevention program.

If this request is approved ONI proposes to utilize the additional Liquor License revenues for expanding the database to track liquor licenses applications and any alcohol-related problems associated with those locations as well as cover \$6,000 in unanticipated unemployment claims resulting from the lay off of an Office Support Specialist II position in the Disability program. The additional Crime Prevention revenue would purchase neighborhood watch signs to replenish the program's diminished inventory.

FPD recommends \$19,886 of the \$25,886 request for excess Liquor License program revenue because the revenue would be used to enhance the Liquor License program capacity. FPD recommends the request for \$2,600 of excess Crime Prevention program revenues as the revenues will fund Neighborhood Watch supplies and materials.

FPD does not recommend \$6,000 of the request for excess Liquor License revenues to pay for Disability program unemployment claims as this expense is not related to the program that generated the revenues. Per City financial policy 2.06, "Surpluses above the budgeted revenue estimate.... will be used for activities that support the function or program generating the additional fees."

FPD Recommendation: \$22,486 General Fund one-time

## **Comments on FY 2009-10 Budget Notes, Add Packages, and Service Improvement Plans**

### **Budget Notes**

ONI had no budget notes in FY 2009-10

### **Add Packages**

#### **Mediation and Facilitation program**

The add package provided funding of \$118,236 one-time and \$106,309 ongoing to continue mediation and facilitation services provided by the grantee non-profit organization, Resolutions NW. ONI and Resolutions NW have maintained a partnership to provide mediation services to the residents of Portland since 2003. The program also has focused efforts on training and development of volunteer mediators. To align with ONI's goals, the effort to train volunteer mediators from communities of color was emphasized in FY 2009-10 and as a result there was a 38.9% increase in volunteer application from Asian, Native Americans, African American, Hispanic/Latino, and multi-race applicants.

#### **Graffiti Abatement program**

ONI received \$409,822 in one-time resources to continue the Graffiti Abatement program. This provided funding for graffiti reporting, graffiti code enforcement, volunteer coordination, and free clean-up services. In 2009-10 the program accomplished coordinating eight neighborhood/business area cleanups, employed 18 youths in summer jobs, provided training to 900 youths and adults for an additional 36 cleanup events, and partnered with Central City Concern for a graffiti volunteer program. ONI estimates that over 6,200 volunteer hours resulted from the Graffiti Abatement and Prevention program efforts in FY 2009-10.

## Service Improvement Plans

### **Strategic Planning Process – Finalize the Office of Neighborhood Involvement Mission, Goals, and Values**

ONI's Bureau Advisory Committee developed and adopted draft mission, goals, and values in FY 2008-09 and in FY 2009-10 ONI conducted community outreach which resulted in finalizing the adopted mission, goals, and values.

### **Neighborhood Resource Center – Increase capacity within ONI to coordinate implementation of the Five Year Plan to Increase Community Involvement**

The NRC has integrated performance measure requirements into its grant agreements with five Diversity and Civic Leadership program organizations and with the district coalitions. Additionally the NRC has implemented a digital storytelling project in partnership with neighborhood coalitions, Portland State University, and Portland Community Media and has produced short success stories about neighborhood projects, an overview video of ONI, and video and media trainings for neighborhoods.

### **Expand Crime Prevention Services**

The program expanded its Enhanced Safety Properties (ESP) and crime prevention training efforts in FY 2009-10. The ESP program, which does safety certifications of rental properties, expanded the number of its participating properties from 20 to 96. The Crime Prevention training program expanded its number of trainings by 50%.

## **FY 2009-10 Reconciliation**

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
Personal Services	\$3,303,929	\$3,273,654	-0.92%
▶ External Materials & Services	\$3,062,275	\$3,587,442	17.15%
Internal Materials & Services	\$482,760	\$481,473	-0.27%
<b>Total Resources</b>	<b>\$6,848,964</b>	<b>\$7,342,569</b>	<b>7.21%</b>
<b>Requirements</b>			
Charges for Services	\$184,468	\$217,872	18.11%
Intergovernmental Revenues	\$283,989	\$228,681	-19.48%
Interagency Revenue	\$77,054	\$77,055	0.00%
▶ Miscellaneous	\$9,837	\$12,462	26.68%
▶ General Fund Discretionary	\$6,139,891	\$6,652,774	8.35%
General Fund OH	\$153,725	\$153,725	0.00%
<b>Total Requirements</b>	<b>\$6,848,964</b>	<b>\$7,342,569</b>	<b>7.21%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

In FY 2009-10, the CAFR will show the bureau having overspent its budget by \$493,605. This was caused by FY 2008-09 advances clearing and consuming budget in FY 2009-10. SAP, however, shows the expense in FY 2008-09 and consuming budget when the advance was initiated. Since the bureau used SAP as the system of record, they were unaware that the advance would be shown in the CAFR as consuming budget in FY 2009-10, and assumed that the advance had already consumed budget in FY 2008-09. No additional budget adjustments were made in FY 2009-10 to account for the posting of the advance. Since SAP and the CAFR are currently not in sync in terms of posting advances, FPD will not penalize ONI for FY 2009-10

budget overspending and recommends their Fall BMP request for carryover of encumbrances and excess program revenues.

Charges for Service and Miscellaneous Revenues came in 18% and 26.7% respectively over budget due to higher revenues from the Liquor License and Crime Prevention programs.

### **FY 2009-10 Performance Measure Reporting**

It appears that ONI has met or exceeded most of the targets that it set for program performance in FY 2009-10.

Following are some of the performance measures with significant variances between FY 2009-10 targets and actuals and explanations for the variances:

- NI\_0051 Number of Crime Prevention Groups supported, in which the target was 250 and the actual groups supported was 406. ONI reports that there were many groups that were no longer active so Crime Prevention program staff did a survey to contact the inactive groups. The FY 2009-10 target number reflects the number of groups that the Crime Prevention staff thought would remain active after the survey efforts, and the actual number is an estimate of the groups ONI believed to be active last year.
- NI\_0017 Number of calls and emails responded to (I&R) for which the target was 155,000 and the actuals were 134,470. ONI's target factored in the expectation of a higher volume of I&R inquiries due to the City's "Better Together" campaign, which in reality did not materialize and resulted in the lower number showing in the actuals.
- NI\_0057 Percent of liquor licenses with complaints addressed through TPM enforcement which target as 50% and the actual was 63%. The higher than projected actuals are due to more people using the online reporting tool when a specific liquor-selling location is known to be a problem, more diligence on the part of the ONI program staff to pursue complaints and validate cases, and more cases warranted enforcement.
- All of the NRC performance measures actuals were significantly greater than the targets. In the prior year, ONI began phasing in their requirement for NRC partners to track and report performance measure data. As a result of this, the numbers have increased and ONI anticipates that the numbers will continue to increase as the more NRC partners begin to implement and monitor performance measures.

See the attached BRASS report for details on ONI's performance measures.

**Financial Planning Division Analysis  
FY 2010-11 Fall BMP**

**Bureau of Transportation**

Report Date: October 22, 2010

**Summary of Significant Issues**

**Utility License Fees** As per ordinance # 182094 dated August 6, 2008, “(a)ll Utility License Fee (ULF) revenue above the March 2008 General Fund five-year forecast will be allocated to the Portland Office of Transportation for operations, maintenance, and safety.” At the end of FY2009-10, the City’s forecast assumed that PBOT would receive \$3.3 million in ULF and the bureau planned accordingly. After a true-up of actual receipts received from the private utilities (net of audit recoveries), rate increases and a review of the \$1.1 million mid-year cuts proposed for this transfer, PBOT’s final ULF figure for FY2010-11 was calculated to be \$1,091,533. As a result, PBOT submitted \$2.2 million in reductions primarily to six projects that had been added during the Adopted budget after receiving an increase in state (HB2001) funding.

The \$1.1 million FY2009-10 mid year cut was implemented in response to concerns that the FY2010-11 beginning fund balance would be lower than originally anticipated. Due to a variety of factors, the General Fund exceeded its beginning balance estimate. Therefore, Financial Planning recommends reversing the \$1.1 million in ULF cuts and allowing PBOT to partially restore the cuts submitted during the BMP.

**Grant Fund** PBOT has implemented organizational and procedural changes which have led to progress toward timely grant reimbursement. Over the past six months, the bureau has gone from \$34 million in outstanding reimbursements (comprised primarily for work completed in prior fiscal years) to \$29 million outstanding (comprised primarily of current year work). Of the \$29 million yet to be reimbursed, slightly more than \$20 million is attributable to one project – the Eastside Streetcar TR000062 – which has paperwork in progress for reimbursement. For the financial stability of the fund and for the city, bureaus should have no more than charges associated with three months worth of current work being carried within the grants funds.

**Interfund loan** PBOT has not yet requested to execute a \$22 million interfund loan with the Bureau of Environmental Services that had been authorized (as per Resolution # 36727 August 26, 2009) between the Sewer System Rate Stabilization Fund and the Transportation Operating fund for the Eastside Streetcar Loop Project. Access to federal funds has been available sooner than PBOT originally anticipated, however the bureau will complete a cash flow analysis to determine if any part of the loan will be needed in the current fiscal year.

**Contingency** As of the FY2010-11 Adopted Budget, the bureau had \$19.6 million in contingency across all funds. With the Fall BMP submission, PBOT is requesting draws on contingency to fund a variety of projects and programs totaling \$2.8 million dollars all within the Transportation Operating Fund (200). The revised contingency will be \$16.7 million which represents 5.6% of the bureau’s total revised budgeted appropriation of \$296.4 million across all funds.

## Recommended Requests

1. *TR\_001/ULF and HB2001 True UP, (\$2,284,738); 0 FTE*

Due to the lower than anticipated ULF funds, PBOT applied cuts to six HB2001 projects:

Description	Adopted Budget 2010-11	Total Cuts	Total Expected Revised Budget 2010-11
City & Regional Priorities CIP Match	\$3,470,250	(\$1,224,366)	\$2,245,884
Arterial Streets - Contract Paving	\$2,960,124	(\$1,052,067)	\$1,908,057
Deficient Bridges/Overpasses (Non-Willamette River Bridges)	\$867,563	(\$308,342)	\$559,221
Signal Rehab & Signal Optimization Program	\$433,781	(\$154,172)	\$279,609
Street Light Replacement (Poor & Very Poor)	\$433,781	(\$154,172)	\$279,609
Trip Reduction Program	\$86,756	(\$30,834)	\$55,922
<b>Totals</b>	<b>\$10,310,255</b>	<b>(\$2,923,953)</b>	<b>\$7,386,302</b>

Additional funding was rearranged in order to preserve planned funding in the following programs totaling \$1,085,000:

- Sunday Parkways \$100,000
- Last Thursday traffic control \$25,000
- Sustainable Freight \$30,000
- Lake Oswego Streetcar \$183,000
- Columbia River Crossing independent review and PBOT labor \$94,000
- Sellwood Bridge \$200,000
- Central Eastside Industrial District Parking Study \$245,000
- NW Parking Study \$208,000

Financial Planning recommends adding back in \$1.1 million dollars due to the higher than anticipated FY2010-11 beginning fund balance and will work with the bureau to program the funds appropriately.

FPD Recommendation: *(\$1,184,738)*

2. *TR\_002/ARRA Parking Garage Lighting Upgrade, 0, FTE*

Moving \$170,000 from capital outlay to IM&S with Facilities within the grants fund in order to pay for a lighting upgrade a four parking garages: Fist Avenue; 3<sup>rd</sup> and Alder; 4<sup>th</sup> and Yamhill and O'Bryant Square.

FPD Recommendation: 0

3. *TR\_003/One-time General Fund Projects, \$0, FTE*

Moving \$83,312 out of contingency into PS and EM&S in order to complete to Council-approved projects related to the East Portland Action Plan. Funds had originally been approved in the FY2008-09 Spring BMP and then carried forward during the FY2009-10 Fall BMP (TR\_016 – East Portland Action Plan).

FPD Recommendation: \$0

4. *TR\_004/FY09-10 HB2001, \$0, FTE*

Moving \$30,000 out of contingency into EM&S in order to fund the completion of the Sustainable Freight Strategy Phase I which will be completed by the end of October 2010. This initiative is in support of the City's Climate Action Plan.

FPD Recommendation: \$0

5. *TR\_005/Smartmeter Debt Issuance Costs, \$0, FTE*

Moving \$30,000 out of contingency into EM&S in order to fund Smartmeter debt service. The line of credit is in place as of the end of September 2010.

FPD Recommendation: 0

6. *TR006/ Fleet Inventory; TR\_007 Landscape Equipment; TR\_009 Snow Plows and Sanders, \$0; FTE*

These requests move \$1.7 million from contingency into IM&S to increase the interagency agreement with CityFleet in order to purchase or upgrade vehicles. New equipment to be purchased includes grinders, pavement cutters, vans, asphalt heaters utility trailers, mowers, brush cutters, snow plows, sanders a fork lift and safety equipment. The bureau had \$575,000 in the vehicle replacement fund which offset the total draw on contingency. PBOT will continue and enhance its participation in the vehicle replacement program in order to smooth out the cost of future equipment.

FPD Recommendation: \$0

7. *TR\_010/Safety Incentive Program, \$0, FTE*

PBOT earned \$2,899 in safety incentive credits during FY 2009-10 from Risk Management. The IA with Risk will be reduced and EM&S will be increased by the same amount so that the bureau may fund additional safety initiatives.

FPD Recommendation: \$0

8. *TR\_012/Sidewalk Management Program, \$0; 1.0 FTE*

The Mayor's Office has asked PBOT to implement a Sidewalk Management Program which includes painting markings on sidewalks and creating / installing signage. An appropriations adjustment of \$90,000 is requested from contingency in addition to one permanent Engineering Tech I in order to manage this program on an ongoing basis.

As this is a brand new program which has not been fully implemented, FPD recommends that the position starts as limited term as suggests that the bureau submit an add package during the FY2011-12 Requested Budget process.

FPD Recommendation: \$0; 0 FTE

9. TR\_013/Grant Adjustments, \$952,356; 0 FTE

Appropriations adjustments are requested for the following grant funded programs:

- Sunday Parkways \$30,000 [Metro, ordinance 183899]
- SmartTrip \$100,000 [Metro, ordinance 182132]
- Russell Street Improvements \$798,500 [PDC ordinance 181952]
- Kenton I-5 Delta Park \$75,000 [ODOT ordinance 180913]
- Pearl Circulation Plan \$54,411 [PDC ordinance 181631/183429]
- Outer Powell (\$105,555) [ODOT ordinance 183662]

FPD Recommendation: \$952,356

10. TR\_014/New Positions, \$112,000; 7.0 FTE

In response to an increase in project workload related to increased state funding (HB 2001 funds) the bureau is requesting the following full time permanent positions. All positions will be funded via shifts from existing project funding with the exception of \$112,000 which will be funded via an increase in SDC funds.

HB2001 project positions new or converted to permanent from limited term:

- Surveyor I (3000225) - \$76,000
- Surveying Aide II (30000224) - \$65,000
- Supervising Engineering (3000681) - \$122,500
- Sr Engineering Assoc (30000358) - \$112,000
- CAD Tech II (30000326) - \$81,000
- PW Inspector (3000228) - \$86,000

FPD recommends the majority of this request, but cautions PBOT on forecasting SDC revenue increases during the fiscal year as this revenue source was down in FY2009-10; toward that end, FPD recommends that the Civil Engineer (30000365) \$112,000 related to Development Permits is hired as a limited term position and that a permanent position is not created at this time. If actuals demonstrate that funds are, in fact, coming in higher than originally planned, PBOT may request this position as permanent during the Requested Budget process.

FPD Recommendation: \$112,000; 6.0 FTE

11. TR\_015/Block J Paystations, \$24,300

This request increases appropriations by \$24,300 in miscellaneous revenues in order to transfer three parking paystations to Parks. The area, Block J, is located between SW Naito Parkway and Harbor Drive from Market to Harrison. As of July 2010 new agreement with Parks the paystations will be transferred to Parks; PBOT will be paid a one time amount for the transfer; PBOT will provide paystation operations, maintenance collection; Parks will pay a small ongoing fee for these services. Gross revenue from the paystations will go directly to Parks. Parks' expense request related to this is within PK\_002.

FPD Recommendation: \$24,300

12. TR\_016/1% for Green Streets – Transfer to BES, \$0,

Moving \$16,647 from contingency into fund transfer expense in order to pay BES the appropriate FY2009-10 and FY2010-11 1% for Green Streets payment. The prior year contribution of \$27,997 was

inadvertently not billed. The total payment for FY 2010-11 is \$38,650 for a total two year payment of \$66,647. This request will increase the existing fund transfer of \$50,000.

FPD Recommendation: \$0

13. *TR\_017/Foster-Lents integration Partnership Study, \$0,*

Moving \$50,000 from contingency to PS and EM&S in order to fund the Foster-Lents Integration Partnership Study (FLIPS). This is a strategic study regarding a major transportation corridor within these neighborhoods. FLIPS is a multi agency effort which includes PDC, TriMet and Metro as well as other City bureaus such as BPS, Parks and BES.

FPD Recommendation: \$0

14. *TR\_018 Tree Maintenance – Prevention/Emergency; TR\_019/Tree Maintenance, \$0,*

Moving \$304,576 from contingency into materials and services in order to fund tree maintenance projects and to prepare for potential winter emergencies. Of this amount \$154,576 was originally funded by PGE in order to prune trees around street lights. This works was started in FY2009-10 but not completed. PBOT will enter into an IA with Parks during the Winter BMP to complete the streetlight tree pruning.

FPD Recommendation: \$0

15. *TR\_020/Interagency Adjustments, \$35,200,*

PBOT provides services for several bureaus and has asked to increase their appropriation in order to take on additional responsibilities: \$13,000 for BES in Greenstreets coordination and survey services; \$22,200 in Springwater Repaving for Parks. Additionally, PBOT is increasing its IA with BDS to pay for its portion of the Online Building Fee Estimator.

FPD Recommendation: \$35,200,

16. *TR\_021/First Stop Portland Contribution, \$0*

Shifting \$2,000 from EM&S to IM&S for PBOT's contribution to First Stop Portland which assists with planning for delegation visits. Funds are located in the City's Special Appropriations managed my OMF.

FPD Recommendation: \$0

17. *TR\_022/General Fund Request – Last Thursday Event, \$8,483*

Each bureau involved with the Last Thursday events is requesting reimbursement from the City's General Fund for invoices related to security and vendor services. ONI and Police have made separate requests.

FPD Recommendation: \$8,483

18. *TR\_023/Maintenance Facility Improvement, \$0*

Moves \$100,000 from contingency into the interagency with Facilities in order to fund upgrades and new installations for video equipment in the North and South conference rooms as well as Corlett training

room all within Maintenance Operations building on North Kerby. The project was planned and started in FY2009-10 and is underway.

FPD Recommendation: \$0

## **Comments on FY 2009-10 Budget Notes, Add Packages, and Service Improvement Plans**

### **Decision Packages**

A few highlights below:

- Reductions. Many of PBOT's decision packages for FY 2009-10 were cut packages that were implemented immediately.
- Revenue Enhancements. Many rate increases were submitted as revenue enhancements.
  - Parking Meter rates downtown and Marquam Hill increased hourly rates by \$.35 to be comparable to off-street garage rates. The goal of a \$3 million increase was achieved.
  - Parking Garage rates increased to be comparable to private garages and on-street meter rates. Revenues were slightly lower than the \$1.5 million anticipated due to lower activities in all garages.
  - Parking Meter operations extended to Sunday from 1:00 p.m. to 7:00 p.m. for downtown meter district. The goal of collecting 1 \$1.3 million was achieved.
  - Parking Meter Rates Lloyd District increased hourly rate by \$.25 to reflect the market. The increase in revenue was close, \$124,590, but did not quite achieve the \$140,000 goal.
  - Cost of Service Fees were increased in order to fully capture the cost of providing the service. The \$2.3 million goal was achieved.
- Add Packages of \$12.3 million. Projects are in progress or completed with one exception. Projects related to the Safe Routes to School and SmartTrips programs funded via Energy and Environmental Block Grant fund will be completed in FY2011-12.

Please see the bureau's full submission for more details.

### **Service Improvement Plans**

The bureau has made significant progress toward its three service improvement areas:

- *Development and implementation of small scale pedestrian and bicycling capital projects* - Completed.
  - Council passed Resolution #36721 to streamline the process for building bicycle boulevards and traffic calming features.
  - In the update of the Bicycle Master Plan, a prioritized list of bicycle projects was included.
- *Pavement Management System* – Completed
  - New software has been chosen, purchased and installed.
  - Training and data uploads are underway.
- Parking garage improvements – Completed
  - Cleanliness has been improved while reducing janitorial costs
  - Marketing and parking amnesty days successfully impacted overall garage utilization. This was measured by comparing merchant validation transactions from 2008 to 2009 and noting a 31% increase in activity.

## FY 2009-10 Reconciliation

Transportation Operating Fund - 200	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
▶ Budgeted Beginning Fund Balance	21,641,887	9,435,675	-56.40%
▶ Licenses & Permits	1,559,936	2,494,039	59.88%
▶ Charges for Services	33,621,773	29,637,716	-11.85%
Intergovernmental Revenues	48,063,951	49,317,596	2.61%
Interagency Revenue	29,846,691	27,788,711	-6.90%
Fund Transfers - Revenue	42,067,531	39,641,173	-5.77%
▶ Bond and Note	2,184,000	352,279	-83.87%
▶ Miscellaneous	4,473,607	2,186,321	-51.13%
<b>Total Resources</b>	<b>\$183,459,376</b>	<b>\$160,853,510</b>	<b>-12.32%</b>
<b>Requirements</b>			
Personal Services	61,575,493	57,250,452	-7.02%
External Materials and Services	41,034,337	34,676,065	-15.50%
Internal Materials and Services	22,368,381	19,555,354	
Capital Outlay	39,116,463	28,422,748	-27.34%
Bond Expenses	5,331,255	4,487,407	-15.83%
Fund Transfers - Expense	9,289,511	9,054,420	-2.53%
Contingency	4,743,936	0	-100.00%
Unbudgeted Balance		7,407,065	n/a
<b>Total Requirements</b>	<b>\$183,459,376</b>	<b>\$160,853,510</b>	<b>-12.32%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

### Revenues

*Beginning Fund Balance* The balance is \$12 million dollars lower than had been originally assumed. Of this amount, \$2.4 million is the result of financing that did not take place due to market conditions and about \$450,000 is due to an interagency payment that was not received from BDS (they have since paid). The remaining \$9.3 million is from anticipated carryover that did not occur. The activities and associated expenses took place in FY2008-09 rather than FY2009-10.

*License and Permit.* This revenue source was unexpectedly higher than planned by 160%. The first time home buyers tax credit created a demand for housing, which created a demand for residential development which, in turn, increased the number of licenses and permits applied for.

*Charges for Service* This source achieved 88% of budget, largely due to a reduction in large developments which impacted SDCs, land use reviews, inspections, engineering design and plans review and approval revenues. Additionally, parking fee revenues declined and the leaf removal fee was not implemented until the current fiscal year.

*Bond and note* There was a delay in securing a line of credit for paystations purchased in FY 2009-10. The LOC is currently in place.

*Miscellaneous* Sources lower due to fewer financed SDC permit fees and financed sidewalk repair charges. Sales from Sunderland Yard (the recycling operations) were lower as well. Additionally, lower interest rates against a lower base contributed to the 50% loss.

**Expenses**

*External Materials and Services and Capital Outlay* both are lower due to the lag in several CIP projects. Four projects primarily contributed to this: Burnside Bridge-14<sup>th</sup>; Moody Avenue/River Parkway to Gibbs; Paving Preservation and West Burnside-Couch. Work on these projects continues into the current fiscal year.

*Internal Materials and Services* The low spending is mostly due to the CityFleet IA – fuel savings, delays in the purchase of new vehicles, lower spending on leases and savings from some direct bill services.

<b>Transportation Reserve Fund - 212</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
▶ Budgeted Beginning Fund Balance	1,632,889	1,137,878	-30.32%
Fund Transfers - Revenue	1,345,000	1,345,000	0.00%
▶ Miscellaneous	35,000	15,414	-55.96%
<b>Total Resources</b>	<b>\$3,012,889</b>	<b>\$2,498,292</b>	<b>-17.08%</b>
<b>Requirements</b>			
Contingency	3,012,889		-100.00%
Unbudgeted Balance		2,498,292	n/a
<b>Total Requirements</b>	<b>\$3,012,889</b>	<b>\$2,498,292</b>	<b>-17.08%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

**Revenues**

*Beginning Fund Balance* Actuals are lower by \$495,000; the budget should have been lowered as part of last fiscal year's BMP process when the bureau knew that fund transfers had increased.

*Miscellaneous* Lower actuals due to lower interest rates.

<b>Gas Tax Bond Redemption Fund - 308</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	4,717	5,365	13.74%
Fund Transfers - Revenue	1,133,458	1,091,364	-3.71%
Miscellaneous		95	n/a
<b>Total Resources</b>	<b>\$1,138,175</b>	<b>\$1,096,824</b>	<b>-3.63%</b>
<b>Requirements</b>			
Bond Expenses	1,133,458	1,092,292	-3.63%
Contingency	4,717		-100.00%
Unbudgeted Balance		4,532	n/a
<b>Total Requirements</b>	<b>\$1,138,175</b>	<b>\$1,096,824</b>	<b>-3.63%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Expenses and revenues are all within 10% of budget.

<b>Parking Facilities Fund - 606</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	11,353,675	11,314,757	-0.34%
▶ Charges for Services	11,700,000	10,460,887	-10.59%
Intergovernmental Revenues		69,342	n/a
▶ Interagency Revenue	780,108	582,712	-25.30%
Fund Transfers - Revenue	3,535	3,535	0.00%
Miscellaneous	353,000	344,448	-2.42%
<b>Total Resources</b>	<b>\$24,190,318</b>	<b>\$22,775,681</b>	<b>-5.85%</b>
<b>Requirements</b>			
Personal Services	121,247	101,404	-16.37%
External Materials and Services	4,307,626	3,141,261	-27.08%
Internal Materials and Services	6,030,581	3,592,105	-40.44%
Bond Expenses	2,944,275	1,943,935	-33.98%
Fund Transfers - Expense	3,500,554	3,500,554	0.00%
Contingency	7,286,035		-100.00%
Unbudgeted Balance		10,496,423	n/a
<b>Total Requirements</b>	<b>\$24,190,318</b>	<b>\$22,775,682</b>	<b>-5.85%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

## Revenues

*Charges for Services* Lower car volumes in the garages due to the slowed economy.

*Intergovernmental Revenues* This reflects a payment from PDC for the Station Place garage transition and reimburses PBOT for expenses previously incurred.

*Interagency Revenues* Due to an administrative error, the Facilities Services was not billed \$168,588 for space rental in the garages. PBOT plans to re-budget for the difference and bill in the current year and to establish better procedures to ensure that the oversight does not re-occur.

## Expenses

*Personal Services* The underspending was due to vacancies that have since been filled. The fund was budgeted for 1.5 FTE, but only 1.1 FTE worth of actuals were charged.

*External Materials and Services* This category was under-spent due to a study on the downtown validation program that was never conducted.

*Internal Materials and Services* This category was under-spent due to some major maintenance Facilities work that was never scheduled. Work includes awning replacements, lighting upgrades, exterior cleaning, HVAC/boiler repair and repainting of various fixtures. The work will be rebudgeted and completed in the current fiscal year.

<b>Transportation Grants Fund - 217</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
▶ Intergovernmental Revenues	122,161,927	62,954,591	-48.47%
Miscellaneous		63,130	n/a
<b>Total Resources</b>	<b>\$122,161,927</b>	<b>\$63,017,721</b>	<b>-48.41%</b>
<b>Requirements</b>			
Personal Services	12,564,645	4,694,884	-62.63%
External Materials and Services	15,987,336	10,788,219	-32.52%
Internal Materials and Services	4,635,588	1,934,179	-58.28%
Capital Outlay	88,974,358	47,249,253	-46.90%
<b>Total Requirements</b>	<b>\$122,161,927</b>	<b>\$64,666,535</b>	<b>-47.06%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

### Revenues

Grants reimbursement will only occur after work has been completed and submitted to the granting agency. The explanations below describe the reasoning behind the underspending.

### Expenses

Overall, all projects have been slower than planned, but work continues in to the current fiscal year. In some instances, the bureau delayed some project starts in order to ensure that adequate appropriation was available and dedicated time to re-engaging community partners within the impacted neighborhoods.

*Personal Services* The underspending is primarily due to five projects: Burnside Bridge-14<sup>th</sup> Avenue; Paving Preservation program; 82<sup>nd</sup>/Columbia Intersection improvement; Barbur Sidewalk infill; ARRA- Bike Boulevard Signage and Marking and ARRA- Hawthorne, Madison 39<sup>th</sup> Road Rehab. There was an inadvertent double count in the budgeting for the Paving Preservation Program which has since been corrected.

*External Materials and Services* Eight projects drive the underspending in this category: 47<sup>th</sup> & Columbia; Gibbs Pedestrian Bridge; Columbia Blvds/MLK Blvd; Going Street Bridge; Gateway Phase II; NW Naito Crossing; Capitol Hwy: Mult-Taylor's Ferry and Cully Blvd/Prescott-Killingworth.

*Internal Materials and Services* Four projects drive this underspending: Portland Streetcar Eastside Extension; Cully Blvd; Prescott-Killingworth; Burgard Rd Over Abandon railroad and Leadbetter Railroad Crossing.

*Capital Outlay* Nine project drive the underspending: Streetcar Vehicle Purchase [should be completed in the current fiscal year]; Paving Preservation Program; Going Street Bridge; Gibbs Pedestrian Bridge; Burnside: Bridge-14<sup>th</sup> Avenue; South Auditorium Streetlighting; Burgard Road Over Abandoned Railroad; Barbur Sidewalk Infill and Cully Blvd:Prescott-Killingworth.

### Performance Measure Reporting FY 2009-10

The bureau's performance measure were met or exceeded in most cases. The items below explain the areas where significant variances exist:

- *TR\_0031 PBOT Recycling efficiency* This measure calculates the estimated cost savings gained by recycling material from PBOT job sites instead of hauling the material to a landfill and paying to dispose of them. The components of the calculation are: costs of disposal + cost of material replacement (-) costs of the PBOT recycling operations + the revenue received from the sale of the

recycled materials. Actuals for this measure were \$6.6 million versus a goal of \$7.8 million. The goal overestimated costs avoided and the revenues anticipated.

- *TR\_0030 PBOT Recycling cost per cubic yard* This measure calculated by dividing the total recycling operations costs by the total cubic yards recycled. The actual of \$8.55 per yard was \$2.33 or nearly 40% more than the goal amount of \$6.32. This variance is the result of fewer material to be recycled rather than an increase in costs. Shifting capital project schedules contributed to a lower threshold of available material.
- *TR\_0029 Recycling cubic yard of debris* Actuals of 118,812 were 42,000 cubic yards lower or 25% fewer, than the goal of 160,000. The variance is due to changes in the Leaf Season program. This program experienced a 30% reduction in the volume of leaves collected from the previous year.
- *TR\_0032 Residential and Commercial Permits Issued.* The actuals of 1,599 were 375 or 30% higher than the estimate of 1,224. The increase in smaller scale projects requiring permits had not been anticipated.

See the bureau's submission for more details.

### **FY 2009-10 Capital Project Reconciliation**

There is significant underspending across all capital programs totaling \$69.2 million.

The largest underspending is within the Centers and Main Streets program area (\$30.5 million). Of this amount, approximately \$20 million may be attributed to underspending in the East Burnside/Couch and Gibbs Street Bridge projects. Those projects are continuing into the current fiscal year.

The next largest underspending is within Preservation and Rehabilitation (\$17 million). Of this amount is due to the slow processing of ARRA payments for work that has been completed. Additionally, funds that had originally been planned for Road Rehabilitation Program were redirected and used to backfill other funding shortfalls as the funds are discretionary.

The third program with significant underspending is Freight and Industrial Area (\$10.7 million). Contributing factors – some construction bids came in lower than anticipated; construction bridge projects were rescheduled until FY2010-11 and two projects were bid together and will proceed sequentially rather than concurrently, Alderwood and 47<sup>th</sup>/ Columbia.

See the bureau's submission for more details.

### **FY 2010-11 Capital Project Reporting**

Very few capital programs were updated during the Fall BMP process. Please see below for a detailed breakout:

The large increase within Centers and Main Streets of \$6.8 million is primarily reflecting an increase which happened via ordinance after the Adopted Budget. Ordinance #184001 dated July 21, 2010 increased the Moody Parkway project (T00185) by \$7.1 million in recognition of a federal grant, Transportation Investment Generating Economic Recovery (TIGER). All other changes are minimal and are in response to the bureau's reallocating funds due to the lower than anticipated Utility License Fees in FY2009-10.

**Financial Planning Division Analysis  
FY 2010-11 Fall BMP**

**Office of the City Attorney**

Report Date: October 26, 2010

**Recommended Requests**

1. *AT\_001/Comp Set Aside Surplus, \$177,000*

The office requested reimbursement for the reduction it took in FY 2010-11 to offset the Compensation Set-Aside funding it received in FY 2009-10. At the end of the year, total spending in personal services was less than originally projected, and it has been determined that the additional set-aside funding was not needed. Financial Planning agrees that sufficient under spending existed to validate the request for full reimbursement.

FPD Recommendation: \$177,000 One-Time General Fund Discretionary

**Comments on FY 2009-10 Budget Notes, Add Packages, and Service Improvement Plans**

**Service Improvement Plans**

The office's goals in the prior year were to improve the timeliness of responses to inquiries, provide consistent legal advice, and provide additional training to bureaus and Council offices. According to customer service surveys conducted by the office in 2008 and 2010, 80% of customers rated the initial timeliness of responses as high or very high. The office requested feedback from the 20% that rated timeliness as neutral or low for ideas on how to improve their ratings. The office is also in its second year of its reorganization into practice groups. The groups allow for knowledge transfer among the attorneys in the office to increase the consistency of legal advice given. The office has also seen a significant increase in the number of training hours provided (see discussion under Performance Measure Reporting below).

**FY 2009-10 Reconciliation**

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
Charges for Services	\$0	\$2,109	NA
Interagency Revenue	\$4,384,706	\$4,374,506	-0.23%
Miscellaneous	\$0	\$151	NA
General Fund Discretionary	\$2,069,565	\$1,829,647	-11.59%
General Fund Overhead	\$2,209,030	\$2,209,030	0.00%
<b>Total Resources</b>	<b>\$8,663,301</b>	<b>\$8,415,443</b>	<b>-2.86%</b>
<b>Requirements</b>			
Personal Services	\$7,453,064	\$7,265,656	-2.51%
External Materials and Services	\$414,270	\$370,644	-10.53%
Internal Materials and Services	\$795,967	\$779,143	-2.11%
<b>Total Requirements</b>	<b>\$8,663,301</b>	<b>\$8,415,443</b>	<b>-2.86%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

There were no significant variances in personal services or internal materials and services spending for FY 2009-10. External materials and services expenses were lower than budgeted because the bureau made temporary reductions in education, travel, and legal publications to help with the City's financial struggles. The reductions in education and travel delayed the Continuing Legal Education requirements for the attorney's in the office. The Oregon State Bar requires that all active members complete a minimum of 45 credit hours every three years. Since the requirements have been delayed for two years, and the reporting is on a three-year period, the office will need to fund the educational trainings in FY 2010-11 to meet state standards.

### **FY 2009-10 Performance Measure Reporting**

The number of City contracts reviewed increased by 8.8% from the original target for the year, and the number of training hours provided to bureaus and Council offices increased 52.3%. The office was able to handle the increased workload with existing staff. The increase in training hours provided corresponds to one of the office's Service Improvement Plan goals to increase the knowledge base of the City on matters related to public records, public meetings, ethics, and other legal matters.

According to the office's Service Improvement Plan, they initiated a 24-hour goal for initial response to legal inquiries in 2008. Financial Planning recommends that they track this goal as a performance measure, which will give them an efficiency measure in addition to their four workload measures currently tracked. Financial Planning will work with the office to include this measure in the FY 2011-12 Requested Budget.

**Financial Planning Division Analysis  
FY 2010-11 Fall BMP**

**Auditor's Office**

Report Date: October 26, 2010

Analysis by: Kezia Wanner

**Recommended Requests**

1. *AU\_001/Increase LID to Auditor's IA for Lien Replacement, \$145,000, 0.0 FTE*

In FY 2010-11, \$145,000 in additional BTS expenses will be incurred by the Local Improvement District Construction Fund for a Lien Asset Replacement project. An IA will be established between the LID Fund and the Auditor's Office operating budget for the transfer of the \$145,000. This is the first step in a two step transaction; AU\_002 is the second of the two steps.

FPD recommends the request to establish the IA between the LID Fund and the Auditor's Office.

FPD Recommendation: \$145,000 IA between LID Fund 401 and Auditor's Office

2. *AU\_002/Increase Auditor IA to BTS for Lien Replacement, \$145,000, 0.0 FTE*

The Auditor's Office wishes to increase its IA by \$145,000 with BTS for implementation of a Lien Accounting System Replacement Project. The funding for the IA increase is coming from LID Fund contingency. This is the second step of a two step transaction; the first step is AU\_001.

FPD Recommendation: \$145,000 IA between Auditor's Office and BTS

3. *AU\_004/Encumbrance Carryover Auditor's Office, \$186,351, 0.0 FTE*

This request identifies seven contracts that the Auditor's Office wishes to carryover from FY 2009-10 to FY 2010-11. The carryover request includes a contract for \$518 for Independent Police Review arbitration, \$10,800 for Trim/Efiles contract, \$3,555 for transcription services, \$52,894 for service in producing the James Chasse report, \$61,350 for the external auditor to conduct the Comprehensive Annual Financial Report, \$324 for janitorial services, and \$56,910 for public web access to lien information.

FPD recommends the encumbrance carryover request of \$186,351.

FPD Recommendation: \$186,351 General Fund one-time

4. *AU\_005/Carryover for Automated, Accessible Doors, \$29,000, 0.0 FTE*

This request is for one-time General Fund resources to fund an IA with OMF Facilities for the installation of ADA accessible doors for the Auditor's Office. The project was originally budgeted for in FY 2009-10. OMF Facilities informed the Auditor's Office that the project would be completed and billed by fiscal year end but the project was not completed by June 30, 2010 and therefore the unspent project funds fell to GF balance. The Auditor's Office is requesting the funding in FY 2010-11 to pay OMF Facilities for the work.

FPD recommends the request for \$29,000 in one-time General Fund resources although this is a departure from the City's financial policies. FPD typically does not recommend requests for Fall BMP

carryover that are not identified in the prior year Spring BMP, but in this case the Auditor's Office was unaware that the project would not be completed and billed by end of year, at the time of last year's Spring BMP.

FPD Recommendation: \$29,000 General Fund one-time

## **Comments on FY 2009-10 Budget Notes, Add Packages, and Service Improvement Plans**

### **Budget Notes**

The Auditor's Office had no budget notes in FY 2009-10.

### **Add Packages**

#### **First Mandatory Reduction (\$83,776) – ongoing reduction**

Status: The package reduced funding for hiring outside experts on contract, technology services, and travel and training.

#### **Second Mandatory Reduction (\$83,776) – ongoing reduction**

Status: The reduction reduced funding for a .50 FTE complaint investigator in the Independent Police Review program, technical support for the Lobbyist and Efiles programs, staff and materials for the Archives center, and PTE contracts.

#### **Archives Center Operations - \$85,190**

This package requested operations and maintenance (O&M) for the new Archives and Records Center located on the campus of Portland State University. The new archives center has greater square footage and more sophisticated archival systems than the former one, both of which result in greater operational and maintenance expense.

Status: The Auditor's Office expended the O&M funding from May 2010, at the time of the move to the new facility, through June 30, 2010. Currently the Auditor's Office and OMF Facilities are solidifying the new facility lease agreement and related O&M requirements for FY 2010-11 and beyond. The fiscal impacts will be known and budgeted for in the Winter BMP.

#### **Assistant Archivist Positions - \$78,004 one-time funding**

The Auditor's Office requested two full-time Assistant Archivist positions and a 0.5 FTE Records Center Assistant. The Adopted Budget included one-time funding for one limited term Assistant Archivist position. Status: The limited-term Assistant Archivist position was filled in August 2009. The position assisted with the move of the archives to the new facility and was trained to provide public reference and research assistance at the new location. In the FY 2010-11 Adopted Budget, the position was made permanent by the realignment of existing resources.

#### **Efiles and Trim Software purchases for OMF Accounting and Bureau of Planning and Sustainability (BPS) - \$69,800**

The Auditor's Office requested funding to purchase new licenses for OMF Accounting and BPS.

Status: The Auditor's Office purchased 250 licenses for POEM, the Fire Bureau, Human Resources, the Accounting Division of OMF, the OMF Leadership Team, and other OMF divisions. The Auditor's Office plans to deploy Trim and Efiles to BPS in FY 2010-11.

#### **City Council Agenda and Transcription Software - \$41,000**

The Auditor's Office requested and received one-time General Fund resources to purchase transcription software for council agenda and minutes.

Status: The Auditor's Office, in partnership with BTS, was unable to find any off the shelf software that would meet the city's needs and therefore the funding was unspent in FY 2009-10 and fell to GF balance.

Currently the Auditor's Office and BTS are working on developing an in-house solution, for which the Auditor's Office does not anticipate requesting additional resources.

### **Service Improvement Plans**

#### **Improve the usefulness of the Service Efforts and Accomplishments (SEA) report and reduce the number of staff hours spent each year on this project**

The Audit Services division has historically spent between 3,500 and 4,000 staff hours annually to produce the SEA that included all participating bureaus. In FY 2009-10, in an effort to minimize the staff time spent on this effort, the SEA reporting included half of the participating bureaus and in FY 2010-11 will include the other half of the participating bureaus. The Auditor's Office plans to continue this two-year reporting cycle in order to free up Audit Services staff to focus on audits.

Status: The Auditor's Office will review the usefulness of the new SEA reporting schedule with the Mayor, Commissioners, and bureaus in order to determine if further schedule changes should be made.

#### **Improve the fraud reporting process and launch a tip line for anonymous reporting of suspected fraud and other misconduct**

The Office of the Ombudsman developed a fraud policy to clarify the fraud reporting process in the City, and a fraud tip hotline for reporting suspected fraud and misconduct.

Status: The Fraud Alert Line was established in February 2010 and has received 10 calls and 15 online reports.

#### **Build capacity for routine audits of information technology (IT) systems and ongoing reviews of the City's new SAP system**

The Auditor's Office intended to hire one auditor with expertise in IT auditing in order to conduct audits of the City's many IT systems.

Status: Audit Services hired a Senior IT Auditor in December 2009 who has since been conducting an audit of the City's new financial system, SAP. This audit is planned for release in fall 2010. Audit staff has also been trained in audit analysis software which will expand the capacity of the division to conduct IT audits.

## FY 2009-10 Reconciliation

Bureau Business Area - AU	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
Charges for Services	\$75,900	\$309,872	308.26%
Intergovernmental Revenues	\$219,456	\$0	-100.00%
▶ Interagency Revenue	\$1,038,927	\$795,300	-23.45%
▶ Miscellaneous	\$15,000	\$6,456	-56.96%
General Fund Discretionary	\$4,149,662	\$3,364,654	-18.92%
General Fund Overhead	\$3,303,301	\$3,303,301	0.00%
<b>Total Resources</b>	<b>\$8,802,246</b>	<b>\$7,779,583</b>	<b>-11.62%</b>
<b>Requirements</b>			
Personal Services	\$4,797,637	\$4,734,891	-1.31%
External Materials & Services	\$1,669,205	\$1,021,770	-38.79%
Internal Materials & Services	\$2,335,404	\$2,022,922	-13.38%
<b>Total Requirements</b>	<b>\$8,802,246</b>	<b>\$7,779,583</b>	<b>-11.62%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

The underspending in External Materials and Services was due to lower lien search activity and fewer charges for that service in the Assessment, Finance, and Foreclosure program. As a result from the underspending in EM&S, there is a correlating under-collecting in the Interagency Revenue category as the Auditor's Office did less reimbursable work for bureaus.

LID Construction Fund 401	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
Beginning Fund Balance	\$6,358,902	\$6,407,173	0.76%
Charges for Services	\$806,320	\$957,321	18.73%
Fund Transfers - Revenue	\$7,264	\$7,264	0.00%
Bond and Note	\$42,395,677	\$40,074,261	-5.48%
Miscellaneous	\$11,205,900	\$11,393,470	1.67%
<b>Total Resources</b>	<b>\$60,774,063</b>	<b>\$58,839,489</b>	<b>-3.18%</b>
<b>Requirements</b>			
External Materials and Services	\$10,000	\$4,625	-53.75%
Internal Materials and Services	\$1,464,866	\$1,236,689	-15.58%
Bond Expenses	\$25,691,187	\$25,553,160	-0.54%
Fund Transfer - Expense	\$28,822,310	\$26,687,713	-7.41%
Contingency	\$4,785,700	\$5,357,302	11.94%
<b>Total Requirements</b>	<b>\$60,774,063</b>	<b>\$58,839,489</b>	<b>-3.18%</b>

Charges for Services revenues were 19% higher than budget due to increased assessment collection program revenues resulting largely from the BDS Amnesty program as well as the foreclosure program.

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Assessment Collection Fund 201</b>			
<b>Resources</b>			
Beginning Fund Balance	\$79,157	\$79,946	1.00%
Miscellaneous	\$3,000	\$1,068	-64.40%
<b>Total Resources</b>	<b>\$82,157</b>	<b>\$81,014</b>	<b>-1.39%</b>
<b>Requirements</b>			
Internal Materials & Services	\$411	\$411	0.00%
Fund Transfers - Expense	\$153	\$153	0.00%
Contingency	\$81,593	\$80,450	-1.40%
<b>Total Requirements</b>	<b>\$82,157</b>	<b>\$81,014</b>	<b>-1.39%</b>

Miscellaneous Revenue actuals came in 65% lower than budgeted due primarily to the decrease in earnings on investment revenue. Additionally there were no lien revenues collected for the year which contributed to a 16% reduction in estimated revenues.

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Campaign Finance Fund 214</b>			
<b>Resources</b>			
Beginning Fund Balance	\$1,311,000	\$1,289,664	-1.63%
▶ Miscellaneous	\$50,000	\$11,170	-77.66%
<b>Total Resources</b>	<b>\$1,361,000</b>	<b>\$1,300,834</b>	<b>-4.42%</b>
<b>Requirements</b>			
External Materials & Services	\$748,061	\$143,745	-80.78%
Internal Materials & Services	\$60,186	\$60,186	0.00%
Fund Transfers - Expense	\$552,753	\$552,753	0.00%
Ending Fund Balance	\$0	\$544,150	na
<b>Total Requirements</b>	<b>\$1,361,000</b>	<b>\$1,300,834</b>	<b>-4.42%</b>

Miscellaneous Revenue actuals came in 77% lower than budgeted due primarily to the decrease in earnings on investment revenue. External M&S was significantly underpensed due to the fact that fewer candidates participated in the program in FY 2009-10 than anticipated. Each year, the amount budgeted is an estimate drawn from historical trends of number of candidates drawing on the fund.

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Bancroft Bond Fund Fund 311</b>			
<b>Resources</b>			
Beginning Fund Balance	\$14,255,842	\$14,064,479	-1.34%
Bond and Note	\$0	\$1,450	na
▶ Miscellaneous	\$7,623,055	\$7,508,400	-1.50%
<b>Total Resources</b>	<b>\$21,878,897</b>	<b>\$21,574,329</b>	<b>-1.39%</b>
<b>Requirements</b>			
Unappropriated Fund Balance	\$15,408,636	\$16,035,679	4.07%
Bond Expenses	\$6,470,261	\$5,538,650	-14.40%
<b>Total Requirements</b>	<b>\$21,878,897</b>	<b>\$21,574,329</b>	<b>-1.39%</b>

## **FY 2009-10 Performance Measure Reporting**

Explanations of the notable variances in the Auditor's Office FY 2009-10 performance measure goals and actuals are as follows:

**Number of reports issued by Audit Services (AU\_0001)** – target was 13 and actuals were 9

Due to the city hiring freeze, Audit Services did not rehire for an employee who retired and did not fill a newly-added position. These vacancies resulted in fewer reports released.

**Direct cost per retrieval and delivery of records from Records Center (AU\_0010)** – target was \$4.50 and actuals was \$5.98

This variance resulted from higher overhead costs of the new Records Center and the decreased rate at which the division retrieved documents during the period of transition moving into the new building.

**Number of new documents added to Efiles/TRIM (AU\_0028)** – target was 148,934 and actuals were 105,345

The variance is due primarily to slower deployment and installation of Efiles/TRIM software to bureaus, as the number of software users drives the number of new documents added to the systems. Also, unlike previous years, the division did not have a large, one-time import of bureau records from the FileNet system.

**Percentage of complainants who were satisfied with the thoroughness of the IPR investigation (AU\_0025)** – target was 30% and actuals was 24%

The variance of this measure is likely due to the low response rate and the fewer number of respondents to IPR's complainant survey. IPR received responses from 20% of complainants who were mailed a survey, totaling 68 completed surveys. The satisfaction percentage of complainants is highly variable and subjective.

**Percentage of respondents who were satisfied with the service they received from Ombudsman Office (AU\_0017)** – target was 70% and actuals was 57%

Like the IPR complainant survey, the variance of this measure is likely due to the low response rate and the fewer number of respondents. The Ombudsman Office received only 14 responses to the survey sent to persons who had received their services.

**Financial Planning Division Analysis  
FY 2010-11 Fall BMP**

**Office of Government Relations**

Report Date: October 26, 2010

**Summary of Significant Issues**

The office requested an additional position to focus on the federal legislative agenda. Financial Planning's recommendation is noted below.

**Not Recommended Requests**

1. *GR\_001/New Position – Federal Assistant, \$20,776, 0.58 FTE*

The office requested \$20,776 of one-time General Fund discretionary for a limited term management assistant position with a start date of December 2010. The remaining \$16,939 of funding for the position (full cost of the position for seven months is \$37,715) would come from salary savings expected in the current fiscal year. Based on current year spending patterns in personal services, FPD believes that the entire position could be absorbed within the existing budget through salary savings. Financial Planning recommends approval of the creation of the limited term position, but does not recommend any additional General Fund discretionary support. Financial Planning will review the status of the bureau's personal services budget in the Winter and Spring BMPs, and if it is found that sufficient savings to fund the position have not materialized, additional recommendations will be made. Recommendations may include a request for General Fund Compensation Set-Aside or reduction in materials and services.

FPD Recommendation: \$0 One-Time General Fund Discretionary, 0.58 FTE

**Comments on FY 2009-10 Budget Notes, Add Packages, and Service Improvement Plans**

**Add Packages**

The one-time funds awarded for the League of Oregon Cities conference were spent as directed by Council.

**Service Improvement Plans**

The office's Service Improvement Plan focused on improvements needed to adequately prepare for the upcoming state and federal legislative sessions. The office was working with the Bureau of Technology Services (BTS) to upgrade their legislative tracking system before the session started, however, BTS has since informed the office that they no longer have the available staff time to work on the project. To increase public outreach efforts, the office has moved up its legislative planning calendar and developed a three-part community involvement strategy. As noted above, the office has also requested funding for an additional position to assist in the development of the federal legislative agenda.

## FY 2009-10 Reconciliation

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
Interagency Revenue	\$71,415	\$71,415	0.00%
General Fund Discretionary	\$487,001	\$435,752	-10.52%
General Fund Overhead	\$652,488	\$652,488	0.00%
<b>Total Resources</b>	<b>\$1,210,904</b>	<b>\$1,159,655</b>	<b>-4.23%</b>
<b>Requirements</b>			
Personal Services	\$747,350	\$711,493	-4.80%
External Materials and Services	\$310,459	\$299,578	-3.50%
Internal Materials and Services	\$153,095	\$148,584	-2.95%
<b>Total Requirements</b>	<b>\$1,210,904</b>	<b>\$1,159,655</b>	<b>-4.23%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget
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There were no significant variances in spending for FY 2009-10.

### FY 2009-10 Performance Measure Reporting

There were no variances in the planned versus actual performance measure data for FY 2009-10. The bureau needs to work on identifying measures that track the efficiency and effectiveness of the office. The current measures only track workload, and don't have clear objectives or areas for improvement. Financial Planning will work with the office over the next few months to try and enhance their performance reporting.

**Financial Planning Division Analysis  
FY 2010-11 Fall BMP**

**Office of Human Relations**

Report Date: October 26, 2010

**Summary of Significant Issues**

OHR has no significant issues in the Fall BMP.

**Recommended Requests**

1. *HN\_001/Human Relations Program Carryover, \$22,000, 0.0 FTE*

The Office of Human Relations identified \$22,000 in the Spring BMP that they would need as a carryover to FY 2010-11. Their budget was reduced by this amount at that time. They are now requesting that the funding is added to their FY 2010-11 budget. The funding will provide resources to support the Human Rights Commission trainings.

FPD Recommendation: \$22,000

**Comments on FY 2009-10 Budget Notes, Add Packages, and Service Improvement Plans**

**Budget Notes**

**Immigrant and Refugee Program funding**

*Beginning in FY 2010-11 OHR will receive ongoing funding of \$103,250 for the Immigrant and Refugee Program which the city economist will add to the Office's Current Appropriation Level.*

In FY 2010-11 the program is supported by ongoing General Fund resources. The funding is being used to support a program coordinator who implements strategies to integrate newcomer communities into the economic, cultural, and social fabric of the city. Strategies include educational presentations focused on demographic shifts and the assets that new families bring as they make a home in Portland; connecting and cross-training city entities with cultural communities; and providing guidance to new Portlanders on accessing City contracts and jobs.

Accomplishments of the I&R program in FY 2009-10 were assisting newcomer families during economic distress; developing the "Colored Pencils" program event that highlights the artistic and cultural contributions of diverse communities in Portland; and working as a liaison between Police, PBO'T, and Parks bureaus to integrate newcomer communities into City and community events.

**Decision Packages**

**Community Education and Peace Building Program Add Package**

The package provided \$116,705 in ongoing General Fund resources to support this program. The program primary focus is to help communities learn about human rights, promote positive human relations, and resolve issues of racial and inter-group conflict. The funding supports a program coordinator.

**Human Rights Commission Add Package**

The package adds \$50,000 in ongoing General Fund resources to support the Human Rights Commission (HRC). Funding is allocated for meeting and training expenses. In FY 2009-10 the HRC developed a strategic plan and launched the Inter-group Dialogue Project.

**DEEP Continued Funding**

The package provided \$18,000 in ongoing General Fund resources to support the work of the Diverse and Empowered Employee Program (DEEP). In 2009-10 the funding supported the activities of ten employee affinity groups.

**Service Improvement Plans**

The Office of Human Relations did not submit a Service Improvement Plan for FY 2009-10. They submitted their first one for FY 2010-11 and therefore do not have a status report to provide at this time.

**FY 2009-10 Reconciliation**

	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
General Fund Discretionary	\$689,438	\$671,692	-2.57%
<b>Total Resources</b>	<b>\$689,438</b>	<b>\$671,692</b>	<b>-2.57%</b>
<b>Requirements</b>			
Personal Services	\$408,516	\$398,656	-2.41%
External Materials & Services	\$246,171	\$248,167	0.81%
Internal Materials & Services	\$34,751	\$24,869	-28.44%
<b>Total Requirements</b>	<b>\$689,438</b>	<b>\$671,692</b>	<b>-2.57%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

OHR under spent their Internal M&S by 28% due primarily to underspending their Printing and Distribution budget. Instead of doing large scale print jobs, they did printing in-house on their own copier and postponed some printing jobs. OHR over spent their External M&S by 1% because they paid on a PO for expenditures that they anticipated would be incurred in FY 2010-11 and were incurred in FY 2009-10.

**FY 2009-10 Performance Measure Reporting**

OHR tracked their bureau performance measure data internally in FY 2009-10 but plan to begin tracking their measures in the budget system in FY 2010-11 and reporting on the data in the FY 2011-12 budget document.

**Financial Planning Division Analysis  
FY 2010-11 Fall BMP**

**Council Offices**

Report Date: October 26, 2010

**Office of the Mayor**

**Recommended Requests**

1. *MY\_001/Mayor – Office of Youth Violence Prevention, \$70,000, 0 FTE*

This new request will increase the appropriation of the Mayor's Office by \$70,000 using unspent funds in FY 2009-10. In FY 2010-11, this amount will be transferred to the bureau of Parks & Recreation to fund additional employment opportunities for youths in the Portsmouth neighborhood.

FPD Recommendation: \$70,000

2. *MY\_002/Encumbrance Carryover, \$122,804, 0 FTE*

This encumbrance carryover request will provide additional appropriation for the Mayor's Office to fund three existing contracts created in FY 2009-10.

FPD Recommendation: \$122,804

**Comments on FY 2009-10 Budget Notes, Add Packages, and Service Improvement Plans**

**Add Packages**

The Youth Corps program in the Mayor's Office is finished, and the \$318,250 of one-time funds have been fully expended in FY 2009-10.

**FY 2009-10 Reconciliation**

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
Intergovernmental Revenue	\$108,902	\$108,902	0.00%
Interagency Revenue	\$519,544	\$519,544	0.00%
▶ Miscellaneous	\$22,142	\$24,764	11.84%
▶ General Fund Discretionary	\$1,655,680	\$1,349,265	-18.51%
General Fund Overhead	\$968,548	\$968,548	0.00%
<b>Total Resources</b>	<b>\$3,274,816</b>	<b>\$2,971,023</b>	<b>-9.28%</b>
<b>Requirements</b>			
Personal Services	\$2,061,807	\$2,055,958	-0.28%
External Materials and Services	\$836,379	\$537,697	-35.71%
Internal Materials and Services	\$376,630	\$377,369	0.20%
<b>Total Requirements</b>	<b>\$3,274,816</b>	<b>\$2,971,023</b>	<b>-9.28%</b>

► Revenue was not within 10% of target, or expense exceeded budget

Miscellaneous revenue is slightly over the budgeted amount. General Fund Discretionary is about 19% less than budgeted due to underspending in External Materials & Services in the Education Program Summer Initiatives and the Office of Youth Violence Prevention programs. In the Fall BMP, both programs request unspent funds from last fiscal year.

### Commissioner of Public Affairs (Saltzman)

#### Recommended Requests

1. *PA\_001/Commissioner of Public Affairs – Encumbrance Carryover, \$334,758, 0 FTE*

This encumbrance carryover request will increase appropriation for the Commissioner's Office for expenditures related to the Gateway Center for Domestic Violence.

FPD Recommendation: \$334,758.

2. *PA\_002/Commissioner of Public Affairs – Additional Funding for Gateway Center for Domestic Violence, \$768,900, 0 FTE*

This new request will provide additional funding for the Commissioner's Office to fund expenditures related to the Gateway Center for Domestic Violence. These expenditures are part of signed agreements approved by Council in May 2010. The requested amount represents the unspent funds of this program in FY 2009-10.

FPD Recommendation: \$768,900.

3. *PA\_003/Commissioner of Public Affairs – Grant Award, \$225,000, 0 FTE*

This request will appropriate grant proceeds to fund expenditures related to the Gateway Center for Domestic Violence.

FPD Recommendation: \$225,000.

## FY 2009-10 Reconciliation

### Commissioner of Public Affairs – General Fund

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
▶ General Fund Discretionary	\$3,030,322	\$1,106,962	-63.47%
General Fund Overhead	\$680,818	\$680,818	0.00%
<b>Total Resources</b>	<b>\$3,711,140</b>	<b>\$1,787,780</b>	<b>-51.83%</b>
<b>Requirements</b>			
Personal Services	\$1,002,738	\$956,758	-4.59%
External Materials and Services	\$2,559,641	\$671,454	-73.77%
▶ Internal Materials and Services	\$148,761	\$159,568	7.26%
<b>Total Requirements</b>	<b>\$3,711,140</b>	<b>\$1,787,780</b>	<b>-51.83%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

The under-expenditure in External Materials & Services is due to multi-year contracts for the Gateway Center for Domestic Violence. Unspent balance for these contracts is being requested in Fall BMP. The under-expenditure in expenditure has caused the actuals for General Fund Discretionary to be lower than budgeted. The Commissioner's Office spent more in Internal Materials and Services than budgeted due to higher Printing & Distribution costs than anticipated.

### Commissioner of Public Affairs – Childrens' Investment Fund

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
Budgeted Beginning Balance	\$4,551,687	\$2,072,912	-54.46%
Taxes	\$13,129,838	\$13,581,471	3.44%
Miscellaneous		\$119,053	N/A
<b>Total Resources</b>	<b>\$17,681,525</b>	<b>\$15,773,436</b>	<b>-10.79%</b>
<b>Requirements</b>			
Personal Services	\$415,966	\$410,112	-1.41%
External Materials and Services	\$14,839,772	\$12,938,189	-12.81%
Internal Materials and Services	\$110,391	\$109,739	-0.59%
Fund Transfers - Expense	\$25,000	\$25,000	0.00%
Contingency	\$980,000	\$980,000	0.00%
Unappropriated Fund Balance	\$1,310,396	\$1,310,396	0.00%
<b>Total Requirements</b>	<b>\$17,681,525</b>	<b>\$15,773,436</b>	<b>-10.79%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

There is an underexpenditure in External Materials & Services because the budget includes all grants that might have been awarded in FY 2009-10. Some grants were awarded late in the fiscal year and were not started until next fiscal year; therefore related expenditures will be recorded in FY 2010-11.

### Commissioner of Public Safety (Leonard)

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
General Fund Discretionary	\$302,973	\$289,455	-4.46%
General Fund Overhead	\$433,497	\$433,497	0.00%
<b>Total Resources</b>	<b>\$736,470</b>	<b>\$722,952</b>	<b>-1.84%</b>
<b>Requirements</b>			
Personal Services	\$598,140	\$582,081	-2.68%
▶ External Materials and Services	\$14,130	\$22,971	62.57%
Internal Materials and Services	\$124,200	\$117,901	-5.07%
<b>Total Requirements</b>	<b>\$736,470</b>	<b>\$722,952</b>	<b>-1.84%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

The over-expenditure in External Materials & Services is due to a contract to support the facilitation services for the Police Oversight Stakeholder Group. This contract was not budgeted, but can be covered through Personal Services and Internal Materials & Services savings.

### Commissioner of Public Utilities (Fritz)

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
Intergovernmental Revenue	\$2,500	\$2,500	0.00%
Interagency Revenue	\$74,238	\$74,238	0.00%
General Fund Discretionary	\$315,805	\$288,585	-8.62%
General Fund Overhead	\$445,903	\$445,903	0.00%
<b>Total Resources</b>	<b>\$838,446</b>	<b>\$811,226</b>	<b>-3.25%</b>
<b>Requirements</b>			
Personal Services	\$670,375	\$666,414	-0.59%
External Materials and Services	\$29,612	\$7,909	-73.29%
Internal Materials and Services	\$138,459	\$136,903	-1.12%
<b>Total Requirements</b>	<b>\$838,446</b>	<b>\$811,226</b>	<b>-3.25%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

The under-expenditure in External Materials & Services is due to an appropriation transfer from the Internal Materials & Services because of lower than expected usage of services from the Bureau of Technology Services. The transfer to External Materials & Services was not needed.

**Commissioner of Public Works (Fish)**

	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
Interagency Revenue	\$39,400	\$39,400	0.00%
General Fund Discretionary	\$318,993	\$310,211	-2.75%
General Fund Overhead	\$466,836	\$466,836	0.00%
<b>Total Resources</b>	<b>\$825,229</b>	<b>\$816,447</b>	<b>-1.06%</b>
<b>Requirements</b>			
Personal Services	\$677,914	\$672,343	-0.82%
External Materials and Services	\$14,537	\$12,890	-11.33%
Internal Materials and Services	\$132,778	\$131,214	-1.18%
<b>Total Requirements</b>	<b>\$825,229</b>	<b>\$816,447</b>	<b>-1.06%</b>

 Revenue was not within 10% of target, or expense exceeded budget
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No significant issues to report.

**Financial Planning Division Analysis  
FY 2010-11 Fall BMP**

**OMF General Fund Bureaus**

Report Date: October 26, 2010

**Summary of Significant Issues**

Revenue Bureau Positions

The FY 2009-10 Adopted budget includes a budget note directing the Revenue Bureau to hire an outside auditing firm to perform an audit of revenues collected and the methodology for attributing those revenues to seven limited-term positions that were approved in the FY 2009-10 and FY 2010-11 Adopted Budgets. These positions were funded with assumed revenues. The budget note states that if the audit determines the positions have not collected a return on investment of at least 2:1, they will be absorbed within the bureau's ongoing appropriation or terminated.

The Audit was completed in September of 2010. When the revenue generated from the added positions was looked at in the aggregate the audit results found a return on investment of about 4:1 (or a cumulative return on investment of 399 percent). When the positions are looked at on an individual basis, three positions (two delinquent collections positions and one Transient Lodging Auditor) have a return on investment that is less than 2:1. The Audit recommends that the Transient Lodging Auditor be analyzed by using the net benefit approach instead of the currently used net revenue approach. The net benefit approach compares the three year period 2004-2007 to the three year period 2007-2010 in which transient lodging revenues increased by \$214,388 or 429 percent. The bureau added a dedicated Transient Lodging Auditor in the FY 2007-08 Adopted Budget. Additionally the Audit recommends crediting the Delinquent Collections Team for work that is currently credited to the Legal Collections Team due to the work the Delinquent Collections Team does that is required to pursue legal collections. This would increase the Delinquent Collections Team return on investment to 2:1.

Based on the audit results FPD recommends adding \$592,146, which is the current year budget for these positions, plus inflation to Revenue Bureau's FY 2011-12 ongoing discretionary target.

**Recommended Requests**

*1. MF\_019/HR\_Diversity Conference, \$8,329*

The City of Portland and seven additional public agencies jointly funded the FY 2009-10 Annual Public Employees Diversity Conference. The City of Portland was the fiscal agent for the conference and received funding from the outside agencies. The total budget for the conference was \$70,375.49 and actual expenses were \$62,046.47 which left a balance of \$8,329.02 of unexpended funds contributed by all of the agencies. The Diversity Conference planning committee has requested that the unspent funds from FY 2009-10 be returned to support the Diversity Conference that will take place in the FY 2010-11.

The cost of this year's conference is estimated to be \$2,500 less than last year's conference mainly due to a less expensive cost per participant. The City of Portland Bureau of Human Resources (BHR) contributed \$33,375 to last year's conference which was \$13,375 over what they had budgeted. If the bureau uses the unspent funds from last year's conference on this year's conference, each contributing agency would pay the same amount as last year (except for one agency that is no longer participating) and the City would contribute its budgeted amount of \$20,000 which is \$13,375 less than they contributed last year. The City will not be the fiscal agent for the current year's conference and any unspent funds will be directly refunded to the contributing agencies. Therefore, this will not be an issue for the 2011 Fall BMP.

FPD recommends this request due to the fact that these program revenues were contributed by outside agencies with the understanding that the resources would support the Diversity Conference. Additionally, FPD believes that it economically benefits the City of Portland to allow these program revenues to be carried over to FY 2010-11.

FPD Recommendation: \$8,329.02 one-time funding

2. *MF\_041/BO Encumbrance Carryover, \$19,549*

This is a request to carryover \$19,549 of encumbered funds for OMF's Business Operation's contract with Olympic Performance from FY 2009-10 to FY 2010-11. Olympic Performance provides consulting services for OMF EBS organizational development and the OMF customer service survey. The scope of work under the contract was not finished in FY 2009-10 and will continue into the current fiscal year.

FPD Recommendation: \$19,549 one-time funding

3. *MF\_048/Revenue-Leaf Removal LA, \$0*

This is a technical adjustment to add a limited term position and to reallocate \$250,000 to a different cost center for an interagency between the Portland Bureau of Transportation (PBOT) and the Revenue Bureau. In the FY 2010-11 Adopted Budget the Revenue Bureau received \$250,000 from PBOT to provide customer account management, billing, and collection functions for Leaf Removal Fee services. PBOT will be providing a leaf removal service in identified high-canopy neighborhoods during high leaf fall season throughout the City. This is a new leaf fee as of FY 2010-11 and therefore it is the first time the Revenue Bureau has provided this particular billing service. Revenue bureau estimates the billing service to cost \$250,000 which includes funding for a limited-term FTE. The Revenue Bureau will adjust the interagency revenue to the actual cost for service in the Winter BMP. The bureau anticipates submitting a request to convert the limited-term position into a fulltime permanent position in the FY 2011-12 budget process.

FPD Recommendation: \$0

4. *MF\_55/Revenue-CF Audit Review, \$9,180*

This is a request to carryover \$9,180 of encumbered funds for the Revenue Bureau's external audit review of its revenue generating positions as required by the budget note in the FY 2009-10 Adopted Budget. The scope of work under the contract began in the current fiscal year and was completed in September 2010. See the "Significant Issues" section of this review for details regarding the external audit.

FPD Recommendation: \$9,180 one-time funding

5. *MF\_056/Human Resources-Oregonian Publishing, \$25,818*

This is a request to carryover \$25,818 of encumbered funds for BHR's Oregonian publishing contract for the Employment and Development Division. This contract is used to advertise positions. BHR advertised less than originally anticipated in FY 2009-10 due to the hiring freeze that began in April 2010. The hiring freeze has been discontinued for non-General Fund bureaus. BHR will use the carryover to address the hiring backlog that resulted from the hiring freeze.

FPD Recommendation: \$25,818 one-time funding

6. *MF\_065/Revenue\_Increase Regulatory Revenues, \$154,000*

This is a Revenue Bureau request to recognize increased regulatory revenue resulting from higher permit fees and penalties from increased enforcement activity.

The Revenue Bureau has been working to increase Regulatory revenue to attain full cost recovery of program expenses. The Regulatory Division has increased fees by 10%, is now regulating branches of the industry that have not been regulated in the past, and has improved enforcement which has resulted in increased penalty revenue. These steps help work toward the goal of the Regulatory Division becoming wholly self-sufficient.

Currently Revenue Bureau General Fund Discretionary funding is subsidizing \$229,000 of the Regulatory Division. If this request is approved, General Fund Discretionary funding would be subsidizing \$75,000 of the Regulatory Division.

In FY 2009-10 the bureau lost revenue that was previously received from ITAX and school surcharge activities. Now that the ITAX program has ended the General Fund Discretionary resources that were subsidizing the Regulatory Division are needed to fund other functions within the bureau such as Business License, Transient Lodging, rent and some overhead.

Recognizing this regulatory revenue will bring the Regulatory Division much closer to reaching its goal of self-sufficiency and will free up General Fund Discretionary resources to fund other functions within the bureau.

Based on FY 2009-10 Actuals, the bureau projects its Regulatory revenue to increase by at least \$154,000. FPD has reviewed these projections and agrees with the bureau. FPD recommends recognizing the increased revenue in the FY 2010-11 Budget.

*FPD Recommendation: \$154,000 ongoing increase in Regulatory revenues*

7. *MF\_067/FPD Maintenance for Publishing Software, \$70,000, FTE*

This is a request to fund Publisher software, implementation, and maintenance. The software necessary to publish the budget requires replacement. In the FY 2009-10 Spring BMP, Council set aside one-time funding of \$150,000 to fund the implementation of the new publishing software. However, the one bid the City received came in at about \$200,000. Financial Planning requests \$70,000 in one-time resources to fund the additional \$50,000 cost of the software and implementation that is above the original estimate. FPD plans to use the remaining 20,000 of the current request, as well as the ongoing \$27,000 that is in its budget for the current maintenance contract, to build the next two to three years of maintenance expenses into the new Publisher contract. Negotiations with the Publisher software vendor are currently under way and should be completed by the end of October.

FPD recommends \$50,000 in one-time General Fund Discretionary resources to fund the additional cost of the software and implementation. The ongoing maintenance costs are estimated to be about \$16,000 per year which can be funded within FPD's existing Publisher maintenance budget.

FPD Recommendation: \$50,000 one-time funding

8. *MF\_103/FPD Increase .6 to 1 FTE, \$63,434, 0.4 FTE one-time funding*

The Financial Planning Division (FPD) requests \$63,434 to increase a 0.6 FTE, currently in its budget, to 1.0 FTE. FPD is requesting \$43,434 to increase the FTE to a full-time position and \$20,000 for associated materials and services costs. The additional 0.4 FTE will provide support for geographic mapping of City revenues and expenditures as well as citywide performance management. The mapping

project was underway during last year's budget development; however the full scope of the project and the amount of work required was not realized until after the FY 2010-11 Budget was adopted. Additionally OMF lost an intern who was providing significant assistance to the geographic mapping project. The performance management project is in its beginning stages and is anticipated to build on remnants of Managing for Results while meeting city goals of accountability and process/service improvement. The \$20,000 in materials and services will fund staff support costs (such as computer, phones, etc.), BTS charges for Geographic Information Systems (GIS) mapping, performance management training for staff, and some information technology related costs for publication and presentation of performance management data.

FPD anticipates that these projects will continue indefinitely and the 0.4 FTE will therefore be an ongoing staffing need. FPD plans to request ongoing resources in the FY 2011-12 Budget. Both projects will require intense work during the implementation phase and will additionally require staff for the ongoing project coordination.

The FPD analyst agrees that the geographic mapping and performance management work requires additional staff and recommends approving the 0.4 FTE on a limited-term basis. Due to the fact that the entire City benefits from this work, FPD recommends funding the additional staff and associated materials and services cost through interagencies during the current fiscal year. FPD should request an ongoing 0.4 FTE in the FY 2011-12 budget process.

FPD Recommendation: \$63,434 in interagency one-time funding, 0.4 FTE

9. *MF\_114/BDS Financial Forecast Review, \$6,800 one-time funding*

This is a request to carryover \$6,800 from FY 2009-10 for a consulting service to review the BDS Financial Forecast. FPD received \$10,000 and established an interagency with the Portland Development Commission (PDC) in the FY 2010 Spring BMP for this purpose. PDC had a contract in place with the vendor (Johnson Reid) and therefore acted as a pass-through agency for this payment. The work done was at the end of FY 2009-10. The invoice was sent from PDC on June 28<sup>th</sup>, 2010 and it was received by the City in early July of 2010. The payment was sent to PDC on August 4<sup>th</sup>, 2010. The remaining \$3,200 from the original amount allocated in the Spring BMP is not needed due to the fact that the vendor bid came in lower than originally estimated.

FPD rarely does a pass-through of funds to PDC and due to an oversight this payment was not accrued back to the prior fiscal year. These funds were directed by Council to be used for the BDS Financial Forecast Review. Approving this carryover ensures that those funds will be used as Council directed.

*FPD Recommendation: \$6,800 in one-time funding*

## **Comments on FY 2009-10 Budget Notes, Add Packages, and Service Improvement Plans**

### **Budget Notes**

See the "Significant Issues" section of this review for details regarding OMF's budget note update.

### **Add Packages**

Overall, funds allocated during the FY 2009-10 budget process were expended in a timely fashion and with the intended outputs and outcomes. Full details are available in the bureau submission.

### Service Improvement Plan

The following OMF Service Improvement Plan update is worth noting. For the full reporting, see the bureau's submission.

#### Reorganization of OMF Business Operations:

OMF notes that this reorganization requires substantial code changes to correctly align with the new structure. In addition there are code changes needed to reflect organizational changes to the office now referred to as Public Finance and Treasury. OMF is working with the City Attorney's Office to finalize necessary changes to City Code. OMF anticipates Council action to adopt these code changes in the fall of 2010.

### **FY 2009-10 Reconciliation**

<b>OMF GF Bureaus</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Licenses & Permits	\$740,000	\$867,234	17.19%
▶ Service Charges & Fees	\$424,662	\$242,120	-42.99%
▶ Federal, State, and Local Sources	\$1,308,298	\$1,132,971	-13.40%
Miscellaneous Sources	\$1,251,142	\$1,216,112	-2.80%
General Fund Discretionary	\$11,918,379	\$11,804,775	-0.95%
General Fund Overhead	\$6,654,480	\$6,654,480	0.00%
Interfund Cash Transfer Revenues	\$390,171	\$390,171	0.00%
Interagency Revenues	\$7,598,079	\$6,953,954	-8.48%
<b>Total Resources</b>	<b>\$30,285,211</b>	<b>\$29,261,817</b>	<b>-3.38%</b>
<b>Requirements</b>			
Personal Services	\$21,317,049	\$20,926,948	-1.83%
External Materials and Services	\$4,015,036	\$3,437,849	-14.38%
Internal Materials and Services	\$4,953,126	\$4,897,020	-1.13%
<b>Total Requirements</b>	<b>\$30,285,211</b>	<b>\$29,261,817</b>	<b>-3.38%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

The above table includes financial information for the following agencies: Office of Chief Administrative Officer, Bureau of Financial Services, Bureau of Human Resources, Revenue Bureau and Business Operations – General Fund. The Office of Management and Finance was managed at the fund level rather than the Division/Bureau level. As the above table shows, when looked at in the aggregate, the OMF General Fund Bureaus finished FY 2009-10 within budget. Below are details regarding the prior year's financials for the individual General Fund bureaus within OMF.

The Office of Chief Administrative Officer under spent its FY 2009-10 budget by about \$22,000. The remaining balance was mostly due to temporarily allocating the Chief Administrative Officer's time out to Treasury during the period of time the Treasurer position was vacant.

The Bureau of Financial Services came in almost exactly at the budgeted amount. It under spent its budget by only \$2,000.

The Bureau of Human Resources (BHR) under spent their budget by about \$86,000. BHR has requested to carryover about \$34,000 of its remaining balance which leaves a surplus of \$51,817.

Business Operations over spent its budget by about \$125,000. This is primarily due to \$25,000 for SAP reporting software called Business Objects and an additional \$100,000 payment for OMF SAP licenses.

The Revenue Bureau had a surplus of about \$127,000. Of the \$127,000, \$56,000 was due to personnel vacancies, and \$10,000 is being requested as carryover which leaves a balance of \$61,000.

Federal, State, and Local fees were down due to Debt Management billing PDC for fewer services in FY 2009-10. Service charges and fees were below budget due to a lower collection of fees mainly in Treasury and Deferred Comp.

### FY 2009-10 Reconciliation

Fund 204: Property Management License Fund	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
Licenses & Permits	\$4,464,481	\$4,658,500	4.35%
▶ Charges for Services	\$12,500	\$11,127	-10.98%
Miscellaneous	\$7,525	\$6,830	-9.24%
Beginning Fund Balance	\$0	\$81,223	N/A
<b>Total Resources</b>	<b>\$4,484,506</b>	<b>\$4,757,681</b>	<b>6.09%</b>
<b>Requirements</b>			
External Materials and Services	\$4,436,000	\$4,431,262	-0.11%
Internal Materials and Services	\$48,506	\$47,440	-2.20%
Ending Fund Balance/Contingency	\$0	\$278,979	N/A
<b>Total Requirements</b>	<b>\$4,484,506</b>	<b>\$4,757,681</b>	<b>6.09%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Fund 204 charges for services were below budget because there were less FY 2009-10 penalty charges due to increased compliance. This table looks as though actuals exceeded budget in FY 2009-10 but in reality actuals did not exceed budget because ending fund balance was not budgeted in FY 2009-10. Excluding ending fund and beginning fund balance this fund under spent its budget by \$5,804 and collected \$191,952 more revenue than budget.

There is a chance that Fund 204 could over expend its FY 2009-10 budget due to an unanticipated payment of \$237,665 that was received from a new business in May (after the Spring BMP). This Fund is essentially a pass-through fund, thus the \$237,665 that was received from the business was passed on to the Portland Downtown Services group in July of FY 2010-11. The unexpected payment was the effect of a code change that resulted in a payment from a business that had not previously paid.

Accounting may accrue the \$237,665 expense to FY 2009-10. Accruing the expense back to FY 2009-10 would cause Fund 204 to over expend its budget.

### FY 2009-10 Reconciliation

Fund 207: Private for Hire Transportation Safety Fund	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$139,074	\$218,265	N/A
Miscellaneous	\$2,790	\$2,939	5.33%
<b>Total Resources</b>	<b>\$141,864</b>	<b>\$221,204</b>	<b>55.93%</b>
<b>Requirements</b>			
Fund Transfers - Expense	\$1,389	\$1,389	0.00%
Contingency/Ending Fund Balance	\$8,168	\$219,815	N/A
Unappropriated Fund Balance	\$132,307	\$0	N/A
<b>Total Requirements</b>	<b>\$141,864</b>	<b>\$221,204</b>	<b>55.93%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Due to under utilization of resources in this fund, City Code has changed and permit fees are no longer being collected for the Private for Hire Transportation Safety Fund. Miscellaneous revenue is higher than budget due to more interest on investments than anticipated. The remaining balance is overseen by the Private for Hire Transportation Review Board and will be used for future private for hire safety programs.

### FY 2009-10 Reconciliation

Fund 208: Business License Surcharge Fund	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$12,747	\$12,823	N/A
Miscellaneous	\$30	\$32	6.00%
<b>Total Resources</b>	<b>\$12,777</b>	<b>\$12,855</b>	<b>0.61%</b>
<b>Requirements</b>			
Internal Materials and Services	\$11	\$11	0.00%
▶ Fund Transfers - Expense	\$10,000	\$12,843	28.43%
Unappropriated Fund Balance	\$2,766	\$1	NA
<b>Total Requirements</b>	<b>\$12,777</b>	<b>\$12,855</b>	<b>0.61%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

There is a Council ordinance (#183918) directing Fund 209 to close in FY 2009-10. This fund over spent its budget by \$77 in FY 2009-10 due to the cash transfer of the interest revenue.

## FY 2009-10 Reconciliation

Fund 209: Convention & Tourism Fund	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$1,009,958	\$1,007,330	N/A
▶ Taxes	\$2,834,270	\$2,287,477	-19.29%
Fund Transfers - Revenue	\$735	\$735	0.00%
Miscellaneous	\$7,533	\$7,312	-2.93%
<b>Total Resources</b>	<b>\$3,852,496</b>	<b>\$3,302,855</b>	<b>-14.27%</b>
<b>Requirements</b>			
External Materials and Services	\$3,093,541	\$2,839,258	-8.22%
▶ Internal Materials and Services	\$201,709	\$142,732	-29.24%
Fund Transfers - Expense	\$13,831	\$13,829	-0.01%
Contingency/Ending Fund Balance	\$45,775	\$307,036	N/A
Unappropriated Fund Balance	\$497,640		N/A
<b>Total Requirements</b>	<b>\$3,852,496</b>	<b>\$3,302,855</b>	<b>-14.27%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Tax revenues were \$546,977 under budget because Transient Lodging revenue was down due to the slow economy. Revenue Bureau charges Fund 209 for administrating this fund. Administration fees were lower than anticipated therefore internal materials and services expenses where less than the budgeted amount.

### FY 2009-10 Performance Measure Reporting

The following performance measure issues are worth noting. For full reporting, see the bureau's submission.

Financial Services: Several performance measure goals for Accounting may need to be updated. The current goals were entered without knowing exactly how SAP would impact operations. Accounting should have a better idea of how SAP has affected their ability to operate soon and will update its performance measure goals accordingly.

Revenue Bureau: Revenue Bureau came in \$2.3 million under their goal for the business license fee/tax gap which is the difference between business taxes and fees paid and estimated taxes and fees owed. According to the Revenue Bureau this was due to an increase in start-up businesses which has been fueled by the current state of the economy. Many of these new businesses have not filed tax forms which enable Revenue Bureau to determine if an outstanding tax is owed so the Bureau makes a presumption or estimate as to what may be owed.

Business Operations: Business Operations has at least one goal that will need to be updated due to a miscalculation of the number of bureau time keepers. In addition they have a few performance measures that may need to be reevaluated in terms of their relevance.

### Human Resources:

- Percent of female applicants recruited: Goal = 38%, FY 09-2010 actuals = 22%. The City received 11,825 applicants in FY 2009-10. Of the total, 514 applicants did not volunteer their gender information. However, even if all of those unidentified applicants were female the percentage of female applicants would rise to about 27% which means that the City did not meet its goal. BHR believes that the low percentage of female applicants may be due to the FY 2009-10 Fire Fighter recruitments for which they received 5,000 applicants. Of the 5,000 applicants a very small percentage was female. BHR is working with the Fire Bureau on female focused recruiting strategies.
- Recruitments meeting original or agreed upon timelines: Goal = 100%, 09-10 actuals = 96%. FY 2009-10 was the first year BHR used the new online recruitment customer service survey tool. Additionally staff turnover adversely impacted recruitment timelines.
- Training hours coordinated or presented by BHR: Goal = 10,000, FY 2009-10 actuals = 8,019. Due to FY 2009-10 layoffs and budget cuts, City bureaus did not schedule or approve as many training opportunities for staff which was reflected in a lower number of training hours coordinated and offered by BHR.
- Number of labor relations training sessions: Goal = 22, FY 2009-10 actuals = 15. All bargaining contracts were open for negotiation in FY 2009-10. The Labor Relations Division has spent most of their time and resources on bargaining activities and has therefore spent less time training.
- Cost of providing HR service per City FTE: Goal = \$1,039, FY 2009-10 actuals = \$1,097. The number of City employees decreased due to layoffs in FY 2009-10 and BHR's cost of service remained the same.

**Financial Planning Division Analysis  
FY 2010-11 Fall BMP**

**Bureau of Internal Business Services**

Report Date: October 26, 2010

This analysis includes the following internal services funds: CityFeet Operating Fund, Printing & Distribution Services Operating Fund, Facilities Services Operating Fund, Insurance & Claims Operating Fund, Workers' Compensation Self Insurance Operating Fund, Spectator Facilities Operating Fund, and BFRES Facilities GO Bond Construction Fund. This review also includes of the Bureau of Procurement Services which is funded primarily by the General Fund.

All requests in the Fall BMP are recommended as proposed. The significant requests are presented below.

**Recommended Requests**

1. *MF-042/Procurement Services – Encumbrance Carryover, \$427,854, 0 FTE*

This request will increase the appropriation of the Bureau of Procurement Services to provide funding for the Disparity Study (\$397,854) and the procurement data tracking system (\$30,000).

FPD Recommendation: \$427,854

2. *MF\_076/Facilities Services – Union Station Grant, \$833,000, 0 FTE*

This request will increase the appropriation of the Facilities Services Fund due to a grant proceed from the American Recovery & Reinvestment Act (ARRA) to improve the Union Station.

FPD Recommendation: \$833,000

3. *MF\_077/Facilities Services – ARRA Grant for Portland Building, \$175,000, 0 FTE*

The Facilities Services Fund has received another ARRA grant from the Oregon Department of Energy to improve the HVAC system in the Portland Building.

FPD Recommendation: \$175,000

4. *MF\_080/Facilities Services – Increase Interagency with Bureau of Environmental Services, \$446,835, 0 FTE*

This action will provide funding for the replacement of the HVAC system at the Water Pollution Control Lab and the eco-roof at City Hall.

FPD Recommendation: \$446,835

5. *MF\_040/Spectator Facilities – Memorial Coliseum Repairs, \$0, 0 FTE*

This request will transfer \$500,000 from fund contingency to provide additional funding for the repairs at the Memorial Coliseum. Because the revenue will be drawn from the Spectator Facilities Fund contingency, there is no fiscal impact at the fund level.

FPD Recommendation: \$0

6. *MF\_106/CityFleet – PBOT New and Upgraded Equipment, \$1,973,415, 0 FTE*

The Bureau of Transportation has requested new and upgraded equipment for its operations. Existing procedures require Council approval for these requests. The decision making point for these requests is at the bureau requesting the equipment: Bureau of Transportation.

FPD Recommendation: \$1,973,415

## **Comments on FY 2009-10 Budget Notes, Add Packages, and Service Improvement Plans**

### **Decision Packages**

#### **CityFleet**

Lease and Rental Vehicle Reduction: This package results in a \$58,058 reduction in interagency funding for lease/rental units where it is inefficient to continue long-term leases of rentals.

Status Report: Complete.

Take Home Vehicle Reduction: This package results in a \$230,370 reduction in interagency funding by reducing the number of take home vehicles. This figure is comprised of fuel, operations, and maintenance costs for the 250 vehicles that are take-home vehicles.

Status Report: Complete.

Vehicle Utilization Reduction: This package results in a \$409,561 reduction in interagency funding through voluntary fleet reductions. Three bureaus have expressed an interest in reducing the size of their fleet.

Status Report: Complete.

#### **Facilities Services**

Project Manager Position Reduction: This package results in an \$83,982 reduction to the Facilities Service Fund by eliminating one Facilities Services Project Manager position.

Status Report: Complete.

Northeast Precinct Rental Rate Reduction: This package results in an approximately \$400,000 reduction in interagency funding for the Police Bureau's NE precinct rental rate due to the reconstruction debt retirement for the facility.

Status Report: Complete.

1900 Building Rental Rate Reduction: This package results in a \$63,200 reduction in interagency funding by reducing the 1900 Building rental rate by \$0.45 per square foot. This reduction would return the savings to the bureaus occupying space in the building rather than directing it toward major maintenance.

Status Report: Complete.

New Archives Center - Cash Financed Costs: This package provides \$197,952 in General Fund one time to cover cash financed costs for the New Archives Center. Cash financed costs are for costs related to technology equipment and RACC public art that cannot be bond-financed because they are not capital in nature.

Status Report: Complete.

Cost Recovery of Renewable Energy Credits: This package provides \$31,091 in ongoing interagency funds to recover costs associated with purchasing Renewable Energy Credits from buildings where Facilities Services pays for electricity based on the estimated cost to achieve 25% of electricity from renewable energy.

Status Report: Complete.

### **Spectator Facilities**

Spectator Facilities Major League Soccer/Triple-A Project: This package provides \$2,500,000 from the Spectator Facilities Fund contingency account to pay for professional service costs related to pursuing financing for the Peregrine LLC Major League Soccer/Triple-A proposal per Resolution 36687 approved by City Council on March 11, 2009.

Status Report: Complete. There is no longer a Triple A baseball component.

### **Budget Note**

Regional Training Center

Land acquisition for the Public Safety Regional Training Center is based on the expectation that regional partners will contribute \$500,000 to the project before June 30, 2010.

Update: Cancelled.

### **Printing & Distribution Services**

Tighten Printing Standards: This package results in a \$71,000 reduction in the Printing and Distribution Fund by requiring all bureaus to get signed approval from the Commissioner in Charge for exemption from existing City printing standards.

Status Report: Complete.

Tighten Mailing Standards: This package results in a \$71,000 reduction in the Printing and Distribution Fund by requiring all bureaus to get signed approval from the Commissioner in Charge for exemption from existing City mailing standards.

Status Report: Complete.

### **Risk Management**

Reduce Liability Fund Claims Reserves: This package results in a \$97,200 reduction in Liability Fund claims reserves.

Status Report: Complete.

Reduce Workers' Compensation Claim Reserves: This package results in an \$88,400 reduction in Workers' Compensation Fund Claim Reserves.

Status Report: Complete.

Risk Management Information System: This package provides \$50,000 in five-year interagency funding to purchase, install, and maintain a modern Risk Management Information System (RMIS).

Status Report: Underway.

### **Procurement Services**

Procurement Services - Budget Reductions: All budget reductions were implemented as directed.

Procurement Services – Restore Budget Reduction: This package restores \$33,894 in cuts to fund technology upgrades.

Status Report: Underway.

Strategic Sourcing Program Coordinator: This package will create a Strategic Sourcing Program Coordinator position funded with existing resources.

Status Report: Complete.

Sweat Free Communities Grant: This package provides \$10,000 for a grant for Sweat-Free Communities.

Status Report: Complete.

Carryover: The Bureau of Procurement Services will carryover \$650,000 from FY 2008-09 for the Construction Disparity Study.

Status Report: Underway.

### **Service Improvement Plans**

A major change affecting the Bureau of Internal Business Services (BIBS) is the reorganization of the Business Operations Division. BIBS provide a number of direct OMF central services to other bureaus and customers. CityFleet, Printing & Distribution, Facilities Services, Risk Management, and Procurement Services are now combined to form the new bureau.

## FY 2009-10 Reconciliation

Fund 400 BFRES GO Bond Construction Fund	FY 2009-10 Revised Budget	FY 2009-10 Year-End Actuals	Percent Variance
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$10,952,027	\$9,263,417	-15.42%
Fund Transfers - Revenue	\$2,553	\$2,553	0.00%
Bond and Note	\$111,585	\$111,585	0.00%
▶ Miscellaneous	\$169,706	\$124,338	-26.73%
<b>Total Resources</b>	<b>\$11,235,871</b>	<b>\$9,501,893</b>	<b>-15.43%</b>
<b>Requirements</b>			
Personal Services		\$377	N/A
External Materials and Services	\$1,734,590	\$652,759	-62.37%
Internal Materials and Services	\$481,075	\$246,158	-48.83%
Capital Outlay	\$4,159,658	\$3,750,706	-9.83%
Bond Expenses	\$111,585	\$103,480	-7.26%
Fund Transfers - Expense	\$118,875	\$118,326	-0.46%
Contingency	\$4,630,088	\$4,630,088	0.00%
<b>Total Requirements</b>	<b>\$11,235,871</b>	<b>\$9,501,893</b>	<b>-15.43%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget
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Miscellaneous revenue is less than budgeted due to lower than projected interest rate. External and Internal Materials & Services are less than budgeted due to savings from the Fire Station I project and the delay on the Fire Stations 18 and 31 projects.

<b>Fund 607 Spectator Facilities Operating Fund</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$6,200,000	\$3,982,540	-35.77%
Charges for Services	\$5,975,332	\$6,902,613	15.52%
Intergovernmental Revenues	\$1,895,020	\$1,895,019	0.00%
Fund Transfers - Revenue	\$2,443	\$2,443	0.00%
▶ Bond and Note	\$3,000,000	\$2,059,854	-31.34%
▶ Miscellaneous	\$200,000	\$160,184	-19.91%
<b>Total Resources</b>	<b>\$17,272,795</b>	<b>\$15,002,654</b>	<b>-13.14%</b>
<b>Requirements</b>			
External Materials and Services	\$3,158,000	\$1,920,643	-39.18%
Internal Materials and Services	\$323,419	\$275,320	-14.87%
Capital Outlay	\$3,000,000	\$2,059,854	-31.34%
Bond Expenses	\$6,114,588	\$6,070,050	-0.73%
Fund Transfers - Expense	\$149,327	\$149,327	0.00%
Contingency	\$4,527,461	\$4,527,461	0.00%
<b>Total Requirements</b>	<b>\$17,272,795</b>	<b>\$15,002,654</b>	<b>-13.14%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Bond and Note revenue and Capital Outlay expenditures are both less than budgeted due to lower than projected capital costs related to the PGE Park Renovation. Miscellaneous revenue is 20% less than budgeted due to lower than projected interest earnings. External Materials and Services are less than budgeted due to lower than projected legal costs for the Major League Soccer project.

<b>Fund 701 Facilities Services Operating Fund</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$18,577,724	\$6,000,000	-67.70%
▶ Charges for Services	\$2,496,712	\$768,524	-69.22%
▶ Intergovernmental Revenues	\$229,334	\$1,742,483	659.80%
▶ Interagency Revenues	\$27,714,704	\$24,066,217	-13.16%
Fund Transfers Revenues	\$2,927,382	\$2,927,382	0.00%
▶ Bond and Note	\$4,000,000	\$51,602	-98.71%
▶ Miscellaneous	\$250,000	\$887,605	255.04%
<b>Total Resources</b>	<b>\$56,195,856</b>	<b>\$36,443,813</b>	<b>-35.15%</b>
<b>Requirements</b>			
Personal Services	\$3,280,727	\$3,141,408	-4.25%
External Materials and Services	\$30,801,550	\$16,786,978	-45.50%
Internal Materials and Services	\$2,644,428	\$2,398,315	-9.31%
Capital Outlay	\$6,537,449	\$981,436	-84.99%
Bond Expenses	\$5,815,892	\$5,829,567	0.24%
Fund Transfers - Expense	\$1,461,681	\$1,461,681	0.00%
Contingency	\$5,654,129	\$5,654,129	0.00%
<b>Total Requirements</b>	<b>\$56,195,856</b>	<b>\$36,253,513</b>	<b>-35.49%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

External Materials & Services expenditure is less than budgeted due to delay in major maintenance projects, such as the Portland Building exterior waterproofing project. Capital expenditure is less than budgeted due to the high density shelving in the New Archives Center project not being installed until FY 2010-11 and the Emergency Coordination Center taking longer than planned to design, so no construction took place in FY 2009-10.

The new Emergency Coordination Center will not be built this fiscal year; as a result no bonds will be sold. The projected Miscellaneous Revenue includes interest and reimbursable maintenance revenues budgeted under Charges for Services category. The variances in the Charges for Services, Intergovernmental Revenues, and Miscellaneous are due to the changes in the coding of revenue sources when SAP was implemented in 2008. FPD recommends that OMF continues its efforts to resolve this issue as soon as possible so that financial reports can reflect accurate and useful information for Council and the public.

<b>Fund 702 CityFleet Operating Fund</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$16,737,369	\$13,594,731	-18.78%
▶ Charges for Services	\$15,000	\$4,071	-72.86%
▶ Intergovernmental Revenues	\$120,000	\$108,238	-9.80%
Interagency Revenues	\$27,903,463	\$24,789,296	-11.16%
Fund Transfers Revenues	\$310,333	\$310,333	0.00%
▶ Miscellaneous	\$960,000	\$1,322,915	37.80%
<b>Total Resources</b>	<b>\$46,046,165</b>	<b>\$40,129,585</b>	<b>-12.85%</b>
<b>Requirements</b>			
Personal Services	\$6,479,552	\$6,347,406	-2.04%
External Materials and Services	\$12,915,975	\$10,789,209	-16.47%
Internal Materials and Services	\$1,704,449	\$1,714,815	0.61%
Capital Outlay	\$9,106,175	\$5,525,872	-39.32%
Bond Expenses	\$337,407	\$249,676	-26.00%
Fund Transfers - Expense	\$1,315,020	\$1,315,020	0.00%
Contingency	\$14,187,587	\$14,187,587	0.00%
<b>Total Requirements</b>	<b>\$46,046,165</b>	<b>\$40,129,585</b>	<b>-12.85%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Revenues from Charges for Services and Intergovernmental are less than budget due to lower fuel price and more repair work being done in-house. Miscellaneous revenue is greater than budgeted due to larger than projected volume of vehicles and equipment for sale.

External Materials & Services expenses are less than budget due to the lower costs for leased vehicles, vended mechanical repairs, and fuel price. Capital Outlay expenditures are underspent because some vehicles scheduled for receipt in FY 2009-10 but were delivered in July 2010.

<b>Fund 703 Printing &amp; Distribution Services Operating Fund</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$2,030,769	\$2,073,637	2.11%
Charges for Services	\$82,000	\$85,031	3.70%
▶ Intergovernmental Revenues	\$1,061,796	\$918,823	-13.47%
▶ Interagency Revenues	\$6,797,116	\$5,639,501	-17.03%
Fund Transfers Revenues	\$3,569	\$3,569	0.00%
Miscellaneous	\$86,495	\$93,372	7.95%
<b>Total Resources</b>	<b>\$10,061,745</b>	<b>\$8,813,932</b>	<b>-12.40%</b>
<b>Requirements</b>			
Personal Services	\$1,979,212	\$1,800,216	-9.04%
External Materials and Services	\$4,418,584	\$4,043,486	-8.49%
Internal Materials and Services	\$722,525	\$595,230	-17.62%
Capital Outlay	\$599,250	\$62,558	-89.56%
Bond Expenses	\$114,341	\$84,610	-26.00%
Fund Transfers - Expense	\$450,353	\$450,353	0.00%
Contingency	\$1,777,480	\$1,777,480	0.00%
<b>Total Requirements</b>	<b>\$10,061,745</b>	<b>\$8,813,932</b>	<b>-12.40%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Revenues from Intergovernmental, Interagency, and Miscellaneous categories are less than budgeted reflecting less than projected demands from customers both within and outside of the City. Under-expenditure in capital outlay is caused by the delay of planned purchase of replacement equipment until next fiscal year.

<b>Fund 704 Insurance and Claims Operating Fund</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$20,334,785	\$17,006,436	-16.37%
Interagency Revenues	\$10,041,813	\$10,041,813	0.00%
Fund Transfers Revenues	\$129,757	\$129,757	0.00%
▶ Miscellaneous	\$624,744	\$380,179	-39.15%
<b>Total Resources</b>	<b>\$31,131,099</b>	<b>\$27,558,185</b>	<b>-11.48%</b>
<b>Requirements</b>			
Personal Services	\$1,098,809	\$1,035,879	-5.73%
External Materials and Services	\$8,656,715	\$5,432,355	-37.25%
Internal Materials and Services	\$2,243,862	\$2,231,621	-0.55%
Capital Outlay	\$257,000		-100.00%
Bond Expenses	\$63,005	\$46,623	-26.00%
Fund Transfers - Expense	\$476,696	\$476,696	0.00%
Contingency	\$18,335,012	\$18,335,012	0.00%
<b>Total Requirements</b>	<b>\$31,131,099</b>	<b>\$27,558,185</b>	<b>-11.48%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Miscellaneous revenue is less than budgeted due the lower than projected interest rate. The budget for Capital Expenses includes half of the estimated cost of a new Risk Management Information System (RMIS). Risk Management is working with EBS project management to implement the new RMIS.

<b>Fund 705 Workers Compensation Self Insurance Operating Fund</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$18,848,696	\$17,922,228	-4.92%
Interagency Revenues	\$3,907,609	\$3,907,609	0.00%
Fund Transfers Revenues	\$127,126	\$127,126	0.00%
Miscellaneous	\$544,914	\$508,332	-6.71%
<b>Total Resources</b>	<b>\$23,428,345</b>	<b>\$22,465,295</b>	<b>-4.11%</b>
<b>Requirements</b>			
Personal Services	\$957,757	\$915,417	-4.42%
External Materials and Services	\$3,392,955	\$2,772,434	-18.29%
Internal Materials and Services	\$519,034	\$491,169	-5.37%
Capital Outlay	\$257,000		-100.00%
Bond Expenses	\$58,933	\$43,610	-26.00%
Fund Transfers - Expense	\$280,107	\$280,107	0.00%
Contingency	\$17,962,559	\$17,962,559	0.00%
<b>Total Requirements</b>	<b>\$23,428,345</b>	<b>\$22,465,295</b>	<b>-4.11%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Similar to the explanation in the Insurance & Claims fund, the budget for Capital Expenses includes half of the estimated cost of a new Risk Management Information System (RMIS). Risk Management is working with EBS project management to implement the new RMIS.

## **FY 2009-10 Performance Measure Reporting**

OMF has developed and implemented various performance measures for each of its Divisions and funds. Overall, these performance measures trended well in FY 2009-10. Some significant variances between budget and actuals are presented below:

### **Facilities Services:**

The Portfolio Management and Portfolio Size have significant variances due to the increase in lease dealings for the City. This includes ground leases with no buildings, surface parking, BES leases and internal agreements.

### **Procurement Services:**

The 62% of actual Minority/Women/Emerging Small Business (M/W/ESB) contracts awarded compared to a budget of 32% is due to a mandate by Council to practice inclusive contracting. Additionally, a Council-mandated local stimulus effort promoting fast-track awarding of shovel-ready construction contracts also contribute to the higher than projected number of M/W/ESB contracts awarded.

### **Liability**

The actual Incurred Cost of Fleet Liability Claims per 100,000 miles is about 33% less than budgeted reflecting the lower than expected number of vehicle accidents.

## **FY 2009-10 Capital Project Reconciliation**

In FY 2009-10, all Capital Improvement Programs in the Bureau of Internal Business Services underspent their budget. CityFleet underspent its capital budget by 14%. This is due to vehicles and equipment scheduled for receipt in FY 2009-10, but were not actually delivered until next fiscal year. Facilities Services underspent its capital budget by 4% due to savings from the Fire Station I project and the delay on the Fire Stations 18 and 31 projects. Also, the Emergency Coordination Center is still at the design phase. The Spectator Facilities expenses for the PGE Park renovation are projected to be within budget.

## **FY 2010-11 Capital Project Reporting**

Unspent balance of capital projects in FY 2009-10 are carried over in the Fall BMP and re-appropriated in this fiscal year. At this time, the bureau is projected to complete its capital projects as budgeted.

**Financial Planning Division Analysis  
FY 2010-11 Fall BMP**

**OMF Technology Services: BTS and EBS**

Report Date: October 26, 2010

This analysis includes the Bureau of Technology Services (BTS) and the Enterprise Business Solution (EBS) Division. All requests in the Fall BMP are recommended as proposed. The significant requests are presented below.

**Summary of Significant Issues**

**Enterprise Business Solutions Services**

As part of the FY 2009-10 Winter BMP, EBS received increased appropriation for consulting services and authority to hire five additional positions for post-production support. These costs were covered on a one-time basis in FY 2009-10 and FY 2010-11 by a \$1,920,000 transfer from the Pension Obligation Bond Fund. As noted in last year's Winter BMP and the FY 2010-11 budget review, EBS plans to include these ongoing costs (estimated at about \$1.8 million going forward) in the interagency agreements that will be sent to City bureaus in early December.

FPD recommends the use of interagency revenues in FY 2011-12 and beyond to provide ongoing resources for the EBS post production costs. FPD further recommends that Council approve target adjustments for General Fund bureaus to alleviate the financial burden caused by the above interagency charges from EBS. Council approval is required in the Fall BMP in order to include these costs in the FY 2011-12 CAL targets.

**Recommended Requests**

1. *MF\_005/BTS – ACD Upgrade, \$0, 0 FTE*

This request is to carryover \$562,831 to complete the Automatic Call Distribution (ACD) upgrade project. Because the revenue will be drawn from the contingency of the Technology Services Fund, there is no fiscal impact at the fund level.

FPD Recommendation: \$0

2. *MF\_011/BTS – Windows 7 Upgrade, \$0, 0 FTE*

This request is to appropriate \$200,000 to upgrade the City's operating system to Windows 7. The budget includes costs for training, infrastructure, and consulting services. The funding will be drawn from the contingency of the Technology Services Fund, therefore there is no fiscal impact at the fund level.

FPD Recommendation: \$0

3. *MF\_016/BTS – Walters Hill Purchase, \$0, 0 FTE*

This decision package will increase the appropriation for BTS by \$393,900 to purchase the 800MHz Walters Hill site. The budget includes the costs for the site, related fees, and closing costs. The funding

will be drawn from the contingency of the Technology Services Fund, therefore there is no fiscal impact at the fund level.

FPD Recommendation: \$0

## **Comments on FY 2009-10 Budget Notes, Add Packages, and Service Improvement Plans**

### **Decision Packages**

#### **Bureau of Technology Services**

The Bureau of Technology Services took a number of reductions in the FY2009-10 budget process, all of which were completed as directed. In addition, they received \$145,900 via interagency agreement to implement PCI compliance for Parks and the Parking Fund. This project was completed as planned.

#### **Enterprise Business Solutions Services (EBS)**

Two budget reductions in FY 2009-10 totaling \$52,272 were not sustainable and were restored in Fall BMP. A carryover balance of \$1,500,000 from the EBS Fund to the EBS services was completed as planned.

### **Service Improvement Plans**

The OMF Service Improvement Plan focuses on the following three projects: updating the OMF Strategic Plan, the OMF Business Operations reorganization, and EBS Support Services. OMF began work on The 2010-12 OMF Strategic Plan in spring 2010. Please see the OMF Bureau of Internal Business Services (BIBS) Review for a discussion of the OMF Business Operations reorganization.

EBS support service division is currently developing a work plan for updating and maintaining the current system as well as implementing additional functionality. Staffing for the division has increased in order to keep knowledge of the system within the City and to reduce reliance on outside consulting.

## FY 2009-10 Reconciliation

<b>Fund 706 Technology Services Fund</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$23,977,651	\$11,072,586	-53.82%
▶ Charges for Services	\$5,329,493	\$52,027	-99.02%
▶ Intergovernmental Revenues	\$953,256	\$4,855,537	409.36%
Interagency Revenue	\$47,147,237	\$45,869,964	-2.71%
Fund Transfers - Revenue	\$14,515,771	\$14,515,771	0.00%
Bond and Note	\$0	\$2,656,757	N/A
Miscellaneous	\$1,348,700	\$1,257,650	-6.75%
<b>Total Resources</b>	<b>\$93,272,108</b>	<b>\$80,280,291</b>	<b>-13.93%</b>
<b>Requirements</b>			
Personal Services	\$24,989,215	\$24,116,642	-3.49%
External Materials and Services	\$26,515,312	\$12,570,988	-52.59%
Internal Materials and Services	\$4,436,292	\$3,988,263	-10.10%
Capital Outlay	\$550,000	\$186,978	-66.00%
▶ Bond Expenses	\$1,815,751	\$4,452,902	145.24%
Fund Transfers - Expense	\$8,004,299	\$8,003,279	-0.01%
Contingency	\$26,961,239	\$26,961,239	0.00%
<b>Total Requirements</b>	<b>\$93,272,108</b>	<b>\$80,280,291</b>	<b>-13.93%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget
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The over-expenditure in Bond Expenses is due to a bond refinancing in which old debt was paid off and new debt incurred to take advantage of the lower interest rates. The variances in the Charges for Services and Intergovernmental Revenues are due to the changes in the coding of revenue sources when SAP was implemented. In FY 2010-11, OMF has adopted different budgeting practices to resolve these variances.

<b>Fund 708 EBS Services Fund</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$2,317,367	-\$76,559	-103.30%
▶ Interagency Revenue	\$270,000	\$345,000	27.78%
Fund Transfers - Revenue	\$14,984,197	\$14,984,197	0.00%
Bond and Note	\$11,500,000	\$10,346,911	-10.03%
Miscellaneous		\$22,070	N/A
<b>Total Resources</b>	<b>\$29,071,564</b>	<b>\$25,621,620</b>	<b>-11.87%</b>
<b>Requirements</b>			
Personal Services	\$2,285,383	\$2,101,063	-8.07%
External Materials and Services	\$4,471,540	\$3,367,803	-24.68%
Internal Materials and Services	\$4,499,456	\$4,395,834	-2.30%
Bond Expenses	\$16,027,200	\$13,968,936	-12.84%
Contingency	\$1,787,985	\$1,787,985	0.00%
<b>Total Requirements</b>	<b>\$29,071,564</b>	<b>\$25,621,620</b>	<b>-11.87%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

The variance in External Materials & Services is due to under-spending on projects such as the Business Objects and other EBS related software. These projects are scheduled for completion in FY 2010-11. Interagency Revenue was higher than budgeted due to additional request from Financial Planning for services related to budget software.

### FY 2009-10 Capital Project Reconciliation

#### Bureau of Technology Services

BTS underspent its capital budget by approximately 70%, because several projects were not completed as planned due primarily to contract delays and staff availability. These projects are carried over into next fiscal year.

#### Enterprise Business Solution Services

The EBS Services Division spent \$150,652 in this fiscal year for work related to the Business Objects project. This project is scheduled for completion in FY 2010-11. The budget for this project in FY 2009-10 was not loaded in system.

### FY 2010-11 Capital Project Reporting

#### Bureau of Technology Services

BTS has a total capital budget of \$2,590,068 in FY 2010-11. At this time, the bureau is projected to complete its capital projects as planned.

#### Enterprise Business Solution Services

In FY 2010-11, the budget for the Business Objects project is \$384,077. The EBS Services Division is expected to complete this project in this fiscal year.

**Financial Planning Division Analysis  
FY 2010-11 Fall BMP**

**OMF Citywide Projects – Public Safety Systems Revitalization Project  
(PSSRP)**

Report Date: October 26, 2010

**Summary of Significant Issues**

**Budgeting Capital Costs in the General Fund** – The budgeting of multi-year capital projects in the General Fund has become a cause of concern to PSSRP. The City’s financial policies require that unspent General Fund resources fall to balance at the end of the year so that Council can decide how to use the funds the following year, and so the General Fund is designed to work with revenues and expenditures for a single year. However, capital projects tend to be multi-year, often receiving revenues one year but spending the funds during later years. PSSRP would like to be able to retain unspent General Fund dollars for its capital projects from year to year.

Currently, there are two ways for PSSRP to retain General Fund dollars across years. First, it can request to carryover funds that have been encumbered. While this method requires Council approval, it is still more likely to be approved than a simple carry over request that does not involve encumbrances. There are several challenges with this method: 1) funds are only carried over from one year to the next, not over more than those two years, 2) the project has to actually have the funds encumbered, and 3) the carryover of the funds requires Council approval. The only other method of retaining General Fund dollars for the project is to transfer them to another fund, either the Technology Services Fund or the Emergency Communications Fund. While this is simply a technical adjustment since the funds are kept within PSSRP, it also requires Council approval. In the past, PSSRP has transferred funds for the Police Records Management System (RMS) out of the General Fund in order to retain them. PSSRP would then have to transfer the funds back to the General Fund when it wanted to spend them since the assets pertaining to those particular projects are associated with the General Fund, i.e. the Police RMS is a General Fund bureau asset.

Possible solutions include the creation of a new fund or the creation of a sub-fund within the General Fund. If a new fund is created, the same problem as that of transferring to the Technology Services Fund or the Emergency Communications Fund still exists, i.e. transfers from the General Fund to this new fund for retainment purposes would have to be reversed in order to spend the dollars on General Fund bureau capital projects. The other solution of creating a sub-fund within the General Fund is also not ideal. While it would be possible to track the balances and expenditures of the projects within this sub-fund, PSSRP would still have to ask Council for the funds each year. Financial Planning is working on a solution and plans to have a recommendation before the budget development process for the next fiscal year begins.

**Recommended Requests**

1. *MF\_081/EC (CAD-Next) Fund Balance Recognition, \$1,943,090, 0 FTE*

PSSRP requests to recognize \$1.9 million in unspent FY 2009-10 CAD-Next project resources as beginning fund balance in the Emergency Communications Fund to cover current year project expenditures initially budgeted for the last fiscal year. Adding the additional \$1.9 million to the beginning balance in the Adopted Budget gives a new beginning balance of \$8.1 million. Financial Planning notes that the PSSRP portion of the Emergency Communications Fund ended last year with a balance of \$8.1 million, exactly the amount of the new beginning balance.

FPD Recommendation: \$1,943,090, 0 FTE

2. *MF\_082/Technology Services – PSSRP Beginning Fund Balance Recognition, \$6,828,508, 0 FTE*

PSSRP requests to recognize \$6.8 million in unspent FY 2009-10 PSSRP resources as beginning fund balance in the Technology Services Fund to cover current year project expenditures initially budgeted for the last fiscal year. Adding the additional \$6.8 million to the beginning balance in the Adopted Budget gives a new beginning balance of \$14.2 million. Financial Planning notes that the PSSRP portion of the Technology Services Fund ended last year with a balance of \$14.2 million.

FPD Recommendation: \$6,828,508, 0 FTE

3. *MF\_083/PSSRP Radio Replacement Project Public Safety Interoperable Communications (PSIC) Grant Carryover, \$592,691, 0 FTE*

This request seeks to recognize \$592,691 in unspent PSIC grant funds for the Radio System Replacement Project as FY 2010-11 grant revenue carryover. These funds are anticipated to be spent by February 2011.

FPD Recommendation: \$592,691, 0 FTE

4. *MF\_085/Technology Services – Radio Replacement Project Health COLA Adjustment, \$0, 0 FTE*

PSSRP is moving \$1,001 in health inflationary increases out of contingency into the benefits cost account in order to more closely match budgeted expenditures with anticipated actuals in the Technology Services Fund.

FPD Recommendation: \$0, 0 FTE

5. *MF\_086/PSSRP Fire to CAD Fire Alerting Cost Reallocation, \$0, 0 FTE*

The project requests to transfer \$50,730 from the personal services budget in the Fire Records Management Systems (RMS) Project in the General Fund to the Emergency Communications Fund to cover staffing costs for the CAD-Next/Fire Alerting System Project.

FPD Recommendation: \$0, 0 FTE

6. *MF\_087/PSSRP Technical Adjustments, \$0, 0 FTE*

There are six components to this technical adjustment request that seeks to true up External and Internal Materials and Services costs in several projects:

- \$1.2 million is transferred to the correct functional area for General Fund discretionary resources
- \$64,000 is reduced in transfers from the General Fund to the Technology Services Fund to fund costs for the Police Data Systems project in the General Fund
- \$7.5 million is moved from policy reserves to unrestricted contingency in the Technology Services Fund
- transfers within the Emergency Communications Fund between policy reserves, unrestricted contingency, and bonded debt accounts between the CAD-Next project and non-project programs totaling \$2.3 million

- In the Fire RMS replacement project budget in the General Fund, transfer \$4,000 between various cost accounts
- Transfer \$61,403 between various BTS and Facilities Services Internal Materials and Services accounts within the General Fund.

FPD Recommendation: \$0, 0 FTE

## **Comments on FY 2009-10 Budget Notes, Add Packages, and Service Improvement Plans**

### **Budget Notes**

Note: This budget note is from FY 2008-09.

In the FY 2008-09 budget development process, Council directed OMF to commit \$4.5 million of FY 2009-10 General Fund one-time resources in the forecast to complete the CAD and Police Data Systems replacement project, as well as develop a funding plan for completing the remaining PSSRP projects for Council's review by December 2008.

The \$4.5 million in one-time General Fund resources was provided in FY 2009-10 to fund the CAD-Next and Police Data Systems replacement projects, and both projects are progressing. The Project Team updated costs estimates for the FY 2010-11 to FY 2014-15 CIP during the FY 2010-11 budget developing process, with an overall projected shortfall of \$49 million. PSSRP submitted a funding plan, and Council approved a decision package requesting ongoing General Fund money each year beginning in FY 2011-12 to pay the debt service on additional debt sales. As a result of its acceptance of the decision package, in a FY 2010-11 budget note, Council dedicated an additional \$1.2 million in ongoing General Fund resources to the project beginning in FY 2011-12. With this action, the project still had a significant programmatic shortfall.

### **Add Packages**

PSSRP Staffing – The Adopted Budget provided \$828,860 in ongoing General Fund resources to fund six positions in order to address gaps identified in the baseline PSSRP Quality Assessment and to provide support to install, configure, and test the new technical environments and infrastructure of the replacement systems. All positions have been filled with the exception of one Principal Information Systems Analyst – Generalist which the program expects to fill during the fourth quarter of 2010 or the first quarter of 2011.

## FY 2009-10 Reconciliation

The following tables and narratives refer to the General Fund, Technology Services Fund, and Grants Fund portions of PSSRP. For a discussion of the Emergency Communications Fund portion, please refer to the review of the Bureau of Emergency Communication's Fall BMP.

<b>General Fund (100)</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
General Fund Discretionary	\$1,286,101	\$1,121,522	-12.80%
<b>Total Resources</b>	<b>\$1,286,101</b>	<b>\$1,121,522</b>	<b>-12.80%</b>
<b>Requirements</b>			
Personal services	\$707,336	\$642,452	-9.17%
▶ External Materials & Services	\$259,800	\$177,068	-31.84%
Internal Materials & Services	\$318,965	\$302,001	-5.32%
<b>Total Requirements</b>	<b>\$1,286,101</b>	<b>\$1,121,522</b>	<b>-12.80%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

External Materials and Services were underspent by a little over \$80,000 (or 32%) due, in part, to unanticipated PSSRP office relocation savings realized at the end of the fiscal year.

<b>Technology Services Fund (706)</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Beginning fund balance	\$1,132,582	\$1,132,582	0.00%
Interfund Cash Transfer Revenues	\$14,174,046	\$14,174,046	0.00%
<b>Total Resources</b>	<b>\$15,306,628</b>	<b>\$15,306,628</b>	<b>0.00%</b>
<b>Requirements</b>			
Personal services	\$114,404	\$108,023	-5.58%
▶ External Materials & Services	\$7,584,538	\$1,124,161	-85.18%
▶ Internal Materials & Services	\$241,247	\$819	-99.66%
Ending Balance / Contingency	\$7,366,439	\$14,073,625	91.05%
<b>Total Requirements</b>	<b>\$15,306,628</b>	<b>\$15,306,628</b>	<b>0.00%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

External Materials and Services were underspent by almost 85% due to modifications to the Motorola contract that were made in June. In regards to Internal Materials and Services, the PSSRP program had budgeted over \$240,000 for Operations Billable expenses but did not incur any expenses.

<b>Grants Fund (217)</b>		<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>				
▶	Federal, State, and Local Sources	\$1,021,858	\$429,167	-58.00%
	<b>Total Resources</b>	<b>\$1,021,858</b>	<b>\$429,167</b>	<b>-58.00%</b>
<b>Requirements</b>				
▶	External Materials & Services	\$1,021,858	\$429,167	-58.00%
	<b>Total Requirements</b>	<b>\$1,021,858</b>	<b>\$429,167</b>	<b>-58.00%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Consultant-related issues have caused a delay in spending on the Radio System Replacement project in the Grants Fund so that only 58% of the funds were actually spent. PSSRP expects the work to resume this fiscal year and have requested to carryover the remaining funds (see request MF\_083 above).

### **FY 2009-10 Capital Project Reconciliation**

There was an 82% variance between budget and actuals in FY 2009-10. The Revised Budget was \$29.9 million, while actual expenditures were slightly above \$5.4 million. Delays in the Public Safety Radio System Replacement project and the \$13.5 million held in contingency contributed to this underspending. In this BMP, PSSRP is requesting to carry over the unspent funds for the project.

### **FY 2010-11 Capital Project Reporting**

In this BMP, PSSRP is requesting to carryover funds for all four of the PSSRP projects that were unused last year and is resuming work on the projects. This accounts for the 118% variance in the budget from the Adopted to the Revised, from \$7.2 million to \$15.8 million. The CAD-Next project is scheduled to go live April 2011, but a potential exists for minor delays on the Fire RMS project. As of the end of AP 3, \$841,000 has been spent (11.6% of the Adopted Budget or 5.3% of the Revised).

**Financial Planning Division Analysis  
FY 2010-11 Fall BMP**

**Health Fund**

Report Date: October 26, 2010

**Recommended Requests**

1. MF\_090/Health Fund BMP Adjustment, \$0

This action will correct the actual beginning fund balance to the Health Fund by adding approximately \$3.1 million. In addition, this request will reduce miscellaneous revenues by \$3 million and service charges and fee revenue by \$100k. The reduction in miscellaneous revenues reflects the difference in coding revenues from the old IBIS system to SAP.

FPD Recommendation: \$0

**FY 2009-10 Reconciliation**

<b>Health Insurance Operating Fund - 700</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$16,327,965	\$0	-100.00%
▶ Charges for Services	\$35,997,671	\$42,145,149	17.08%
Interagency Revenues	\$0	\$792,029	NA
▶ Miscellaneous	\$4,423,700	\$1,079,315	-75.60%
<b>Total Resources</b>	<b>\$56,749,336</b>	<b>\$44,016,493</b>	<b>-22.44%</b>
<b>Requirements</b>			
Personal Services	\$942,222	\$897,372	-4.76%
External Materials and Services	\$42,412,994	\$38,444,144	-9.36%
Internal Materials and Services	\$495,850	\$469,444	-5.33%
▶ Bond Expenses	\$26,660	\$19,728	-26.00%
Fund Transfers - Expense	\$314,059	\$314,059	0.00%
Contingency	\$12,557,551	\$0	-100.00%
<b>Total Requirements</b>	<b>\$56,749,336</b>	<b>\$40,144,747</b>	<b>-29.26%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Resources: Charges for services was higher and Miscellaneous revenue was lower due to \$3.3 million of revenues which were originally thought to be miscellaneous but were actually charges for services. Interagency revenues were collected last year due to layoffs in FY2009-10 which fell under the American Recovery Reconciliation Act. These extended severance and safety net benefits were bill to the bureaus and reimbursed 65% from the federal government.

Requirements: Bond expenses were lower last year due to a drop in required payments on bonded debt interest due to lower interest rates. The Health Fund pays for the pension obligation bond debt services for the human resources personnel that work for the health fund.

**Financial Planning Division Analysis  
FY 2010-11 Fall BMP**

**General Fund Special Appropriations**

Report Date: October 26, 2010

**Recommended Requests**

1. *SA\_001/First Stop Portland, \$12,000, 0 FTE*

This request offers financial assistance to Portland State University to provide logistics and planning services to visiting delegations interested in Portland's sustainability and livability practices. This program will be funded by interagency revenues from the following bureaus: Transportation, Housing, Water, Environment Services, Parks & Recreation, and Planning & Sustainability.

FPD Recommendation: \$12,000

**Comments on FY 2009-10 Budget Notes, Add Packages, and Service Improvement Plans**

The following one-time special appropriations were approved in FY 2009-10

1. African American Chamber – Small Business Outreach, \$250,000

This appropriation provides funding for the African American Chamber of Commerce to support small business outreach to businesses throughout greater Portland area.

Status Report: The funding for this Special Appropriation has been transferred to PDC.

2. Business Express Website, \$15,000

This one-time funding is for the Business Express Website

Status Report: No activities in FY 2009-10 and no request to carryover into FY 2010-11. The unspent balance has been included in General Fund Contingency.

3. Community Gardens Strategic Plan, \$50,000

This funding is for strategic funding to expand the City's community gardens program.

Status Report: \$35,000 has been expended and the remaining balance was transferred to the Bureau of Parks & Recreation to support the Summer Playground Program.

4. Farmer's Market Expansion, \$15,000

This funding is to support the expansion of the Farmer's Market.

Status Report: Fund has been expended.

5. Free Tax Assistance for Families and Individuals, \$75,000

This appropriation provides funding for the CASH Oregon to provide free tax preparation for low-income families and individuals.

Status Report: Project complete. Fund has been expended.

6. Hispanic Chamber – Small Business Outreach, \$250,000

This funding will be used to support the establishment of one-on-one technical assistance to small businesses.

Status Report: The funding for this Special Appropriation has been transferred to PDC.

7. Job & Small Business Outreach, \$75,000

This appropriation provides funding for jobs and small business outreach.

Status Report: No activities in FY 2009-10 and no request to carryover into FY 2010-11. The unspent balance has been included in General Fund Contingency.

8. Lewis & Clark Small Business Outreach & Connect, \$120,000

This budget provides funding to partially fund staff at the Lewis & Clark Small Business Legal Clinic.

Status Report: Project complete. Fund has been expended.

9. Oregon Food Bank, \$50,000

The funding is for food purchase for the Oregon Food Bank.

Status Report: Project complete. Fund has been expended.

10. Portland State University Sustainability Conference, \$15,000

This funding is for a sustainability conference scheduled for fall 2009.

Status Report: Fund has been expended.

11. VOZ Worker's Rights Education Project, \$50,000

This appropriation is to support the Day Labor Center to assist low-wage workers in Portland.

Status Report: Project complete. Fund has been expended.

12. Artists Repertory Theatre (ART), \$190,000

This appropriation provides resources for the second year of a two year commitment for facilities expenses including capital upgrades to improve access to people with disabilities.

Status Report: Payment was made as part of the December 2009 invoice from Regional Arts & Culture Council.

13. Rose Parade Restrooms, \$19,650

This program provides funding for temporary bathrooms along parade route. The program will also provide enforcement rules regarding the prohibition of marking space in public right-of-way.

Status Report: Project complete. Fund has been expended.

14. Sports Fields Improvements, \$100,000

This appropriation is for improving high school sports fields.

Status Report: Fund has been expended.

15. First Stop Portland, \$12,000

This appropriation offers financial assistance to Portland State University to provide logistics and planning services to visiting delegations interested in Portland's sustainability and livability practices.

Status Report: Project complete. Fund has been expended.

16. International Air Service, \$300,000

This appropriation is to fund the intergovernmental agreement with the Port of Portland related to the retention of the international air service to the Portland International Airport.

Status Report: Project complete. Fund has been expended.

17. Outreach efforts for 2010 Census, \$25,000

This funding is to support the United Way of the Columbia-Willamette to support outreach efforts for the 2010 Census.

Status Report: Project complete. Fund has been expended.

18. Black Citizen Coalition, \$25,000

This special appropriation provides \$25,000 in one-time funding to assist displaced Katrina victims. These funds will be administered by the Mayor's Office.

Status Report: Project complete. Fund has been expended.

**FY 2009-10 Reconciliation**

<b>General Fund Special Appropriations</b>	<b>FY 2009-10 Revised Budget</b>	<b>FY 2009-10 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Interagency Revenue	\$275,921	\$271,349	-1.66%
General Fund Discretionary	\$14,254,232	\$13,313,117	-6.60%
General Fund Overhead	\$152,418	\$152,418	0.00%
<b>Total Resources</b>	<b>\$14,682,571</b>	<b>\$13,736,884</b>	<b>-6.44%</b>
<b>Requirements</b>			
External Materials and Services	\$14,537,586	\$13,608,762	-6.39%
Internal Materials and Services	\$144,985	\$128,122	-11.63%
<b>Total Requirements</b>	<b>\$14,682,571</b>	<b>\$13,736,884</b>	<b>-6.44%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget

Per the Mayor's direction, the compensation set-aside in the Special Appropriation was eliminated to achieve the mid-year budget reduction for the General Fund. Overall the Special Appropriation ended with 93.56% of its appropriation spent by the end of FY 2009-10; however, the City Membership Dues item was overspent by \$30,915. This trend is likely to continue in FY 2010-11.