

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

**City of Portland, Oregon**

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**Prepared by:**

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

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

**Bureau of Emergency Communications**

**Comments on FY 2010-11 Budget Notes, Decision Packages, and Service Improvement Plans**

**Budget Notes & Fall BMP Non-Technical Requests**

Public Safety Systems Revitalization Program (PSSRP) – Council directed the public safety bureaus and OMF to continue refining the funding plan for PSSRP and report back to Council in a work session presentation. In the development of the City's FY 2011-12 budget, ongoing funds of \$1.2 million will be dedicated to PSSRP to continue progress on the development and replacement of the projects. On December 16, 2010, PSSRP conducted the work session, reporting on cost projections and project statuses while OMF presented the funding plan. In November 2010, the voters of Portland approved a General Obligation (GO) bond funding the Radio System replacement project with \$38,940,000. All the PSSRP projects are now fully funded with the revenues from the bond sales adding to other dedicated funding from grants and the Technology Services Fund.

**Reduction Packages**

Overtime Reduction – The bureau reduced its overtime budget by \$344,068 (half ongoing and half one-time) in order to meet the directive for City bureaus to submit reduction packages during the budget development process. BOEC has been able to manage its overtime expenditures without any problems during the current fiscal year.

**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.

With the implementation of the Quality Awareness program, there has been a decrease in customer service complaints, and out of those received, few were substantiated against BOEC staff. The bureau believes that the decrease in complaints is directly correlated to its conducting of supervisor evaluations and transitioning the achieved results directly into the improved performance of call takers and dispatchers.

## FY 2010-11 Projection

Emergency Communications Fund (202)	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Beginning Fund Balance	\$9,757,937		\$11,059,180	13.34%
Charges for Services	\$200,000	\$144,556	\$200,000	0.00%
Intergovernmental Revenues	\$6,523,800	\$1,832,971	\$6,423,800	-1.53%
▶ Interagency Revenue	\$230,511	\$0	\$150,000	-34.93%
Fund Transfers - Revenue	\$10,371,321	\$4,300,246	\$10,371,321	0.00%
Miscellaneous	\$50,000	\$26,810	\$48,971	-2.06%
<b>Total Resources</b>	<b>\$27,133,569</b>	<b>\$6,304,583</b>	<b>\$28,253,272</b>	<b>4.13%</b>
<b>Requirements</b>				
Personal Services	\$14,271,816	\$5,532,029	\$13,399,744	-6.11%
External Materials and Services	\$5,082,569	\$2,014,146	\$4,785,448	-5.85%
Internal Materials and Services	\$3,573,935	\$1,246,295	\$3,134,456	-12.30%
Bond Expenses	\$1,316,236	\$154,930	\$1,316,236	0.00%
Fund Transfers - Expense	\$490,881	\$202,504	\$490,876	0.00%
Contingency & Ending Balance	\$2,398,132	\$0	\$5,126,512	113.77%
<b>Total Requirements</b>	<b>\$27,133,569</b>	<b>\$9,149,904</b>	<b>\$28,253,272</b>	<b>4.13%</b>

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

### Resources

With the exception of Interagency Revenue, all revenues are projected to be close to the budgeted amounts. Interagency Revenue is projected to be 35% below budget due to lower than anticipated overtime costs during the week of the implementation of CAD-Next in April. The interagency agreement is with the Public Safety Systems Revitalization Project (PSSRP), which agreed to assist BOEC with overtime costs resulting from the implementation of CAD-Next.

### Requirements

All expenses are projected to be within budget. Internal materials and services are projected to be 12% below budget due to lower than anticipated usage of the Bureau of Technology Services' (BTS) services pertaining to CAD-Next. There is a possibility that BTS's services will be utilized more as the implementation of CAD-Next progresses during the last several months of the fiscal year (the new system is set to go-live in April).

Grants Fund (217)	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Intergovernmental Revenues	\$100,245	\$0	\$100,245	0.00%
<b>Total Resources</b>	<b>\$100,245</b>	<b>\$0</b>	<b>\$100,245</b>	<b>0.00%</b>
<b>Requirements</b>				
External Materials and Services	\$100,245	\$10,000	\$100,245	0.00%
<b>Total Requirements</b>	<b>\$100,245</b>	<b>\$10,000</b>	<b>\$100,245</b>	<b>0.00%</b>

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

BOEC is projecting to receive and spend its entire grants budget by year-end. \$15,245 is for an Urban Area Security Initiative (UASI) grant from FY 2006-07 to pay a consultant to produce a Continuity of Operations Plan for BOEC as well as other emergency call centers in the region. \$85,000 is for an UASI grant from FY 2007-08 for CAD interface programming and unit-to-unit messaging programming services work.

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

**Bureau of Fire & Police Disability & Retirement**

**Summary of Significant Issues**

In the FY 2010-11 budget process, Financial Planning recommended that City Council and the FPDR Board examine the final pay calculations for retirements, specifically concerning the look-back periods that contain 27 pay dates. In certain years, there is an extra pay date which increases the final received pay from which benefit calculations are based. The additional pay date may motivate fire and police employees to retire in larger numbers during one of these special years, causing a spike in retirement payouts. Any change to the current calculation would require a change in Charter. The bureau has reported that the FPDR Board is currently discussing possible Charter changes, including the pay date phenomenon, but has no fixed timeline for making any recommendations.

**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, an informational notice on how to access FPDR benefits, and a resource guide for members. FPDR also offers full and half-day retirement workshops.

**FY 2010-11 Projection**

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$8,793,144	\$0	\$11,591,042	31.82%
Taxes	\$109,330,290	\$69,952,805	\$110,120,000	0.72%
Interagency Revenue	\$7,200	\$3,600	\$7,200	0.00%
▶ Fund Transfers - Revenue	\$750,000	\$0	\$0	-100.00%
▶ Bond and Note	\$32,450,000	\$22,170,272	\$22,170,272	-31.68%
▶ Miscellaneous	\$475,000	\$212,306	\$312,000	-34.32%
<b>Total Resources</b>	<b>\$151,805,634</b>	<b>\$92,338,983</b>	<b>\$144,200,514</b>	<b>-5.01%</b>
<b>Requirements</b>				
Personal Services	\$1,584,867	\$793,689	\$1,559,636	-1.59%
External Materials and Services	\$103,173,727	\$41,291,166	\$99,879,654	-3.19%
Internal Materials and Services	\$5,218,860	\$581,977	\$4,056,467	-22.27%
Capital Outlay	\$0	\$0	\$35,000	NA
Bond Expenses	\$32,844,224	\$21,599	\$22,277,124	-32.17%
Fund Transfers - Expense	\$384,734	\$191,838	\$384,734	0.00%
Contingency	\$8,599,222	\$0	\$0	-100.00%
Unappropriated Fund Balance	\$0	\$0	\$16,007,899	NA
<b>Total Requirements</b>	<b>\$151,805,634</b>	<b>\$42,880,269</b>	<b>\$144,200,514</b>	<b>-5.01%</b>

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

Fund transfer revenues remain uncollected 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 are 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 bond expenses reflects the lower than anticipated repayment of TANs. Miscellaneous revenues are projected below budget due to continuing low interest rates. Financial Planning's projections are consistent with the bureau's projections as reflected above.

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

**Portland Police Bureau**

**Summary of Significant Issues**

**Funding New Hires**

The Bureau's primary fiscal concern in the current year has been curtailing spending to an extent that allows for hiring, both to backfill 31 sworn vacancies as of January 1, 2011 and to prepare for anticipated July 2011 retirements. Generating savings is necessary to cover these expenses because external revenues are projected to be short by 15% (\$2 million) by the bureau's accounting and up to 22% (\$3 million) short by a more conservative FPD projection.

A number of issues have influenced the bureau's sharp decline in external revenues:

- A continued reduction in tow revenue following a City Attorney's recommendation to reduce fees. \$221,000 was budgeted this year; no collections are reported (at least not in the category in which the budget appears). This revenue will be eliminated in the FY 2011-12 budget.
- Over-statement of FPD&R pension reimbursement (\$1.3 million).
- Reductions in alarm permit fees and false alarm fees collected (\$200,000).
- A decrease in reimbursable activities such as photo radar and red light camera surveillance (up to \$400,000).

Tracking these revenues is complicated by the bureau's significant misalignment between where revenues are budgeted and where they are posted. Some of the discrepancy between a \$2 million vs. a \$3 million shortfall is likely due to billing lags; however, current budget misalignment prevents us from estimating which accounts are subject to lags. Adjusting the budget to align with where expenses and revenues actually appear should be a top priority in the bureau's development of its FY 2011-12 Requested Budget. The bureau reports this work is in progress.

Many of the bureau's revenue reductions reflect on-going changes that will continue to impact the bureau's operations until either additional funding is secured or program expenses are correspondingly reduced.

Despite its revenue challenges, the bureau has managed to generate savings by maintaining vacancies (above the 24 one-time vacancies built into the current year budget) and sharply curtailing overtime and EM&S spending. Based on projections of sufficient funding, hiring began January with 15 new officers. An additional 25 are expected to be hired between March and May 2011 with the help of supplemental carryover funding that Council directed towards preparing for public safety retirements.

**New Contract Costs**

Cost estimates associated with the Portland Police Association contract adoption are still being finalized. Current year costs are expected to run under \$200,000, with all costs associated with the implementation of pay differentials for officers working night shift (+2%) and afternoon shift (+1%). Total impact of the three-year contract period is approximately \$5.5 million in base wages and other costs, assuming the contract reduces overtime spending (due to greater scheduling control). If savings do not materialize and overtime remains at its current level, three-year costs may increase by another \$650,000. Annual costs reach \$3.7 million by FY 2013-14 and in future years, amounting to an approximately 4.1% increase in PPA wages and wage-driven costs.

## **Fiscal Management and Communication**

The bureau continues to improve its internal communication between Financial Services, Strategic Services and the Chief's Office, although there is always room for improvement here given the very fast pace at which the bureau operates and the diversity of its programs. In addition to internal meetings, monthly updates are held with OMF staff and there is broad bureau engagement with the Budget Advisory Committee. During the current year the bureau has effectively utilized its significant data resources to inform policy questions posed both internally and by the public.

### **Recommended Requests**

1. *POL\_10/Hiring Resource, \$800,000, 0 FTE*

At its fall 2010 budget retreat, City Council set aside a total of \$1.5 million in current year one-time funding for public safety retirements. PPB requests these funds to both backfill existing sworn vacancies and increase staffing in preparation for expected July 2011 retirements. The bureau began hiring and training in January 2011 and with these funds plans to hire an additional 25 patrol officers before June 30 2011.

*FPD Recommendation: \$800,000, 0 FTE*

2. *POL\_04/Grant Fund Carryover, \$1,520,414, 0 FTE*

The bureau did not carryover grant funds in the Fall BMP. This package reflects funding for 23 grants not expended in FY 2009-10. The bulk of these funds will be passed through to local jurisdictions under the 2009 and 2010 Justice Assistance Grants.

*FPD Recommendation: \$1,520,414, 0 FTE*

3. *POL\_08/Technical Adjustments, \$0, 0 FTE*

This request includes realigning funds from FY 2009-10 add package PL27 (Crisis Intervention) from personal services into EM&S to reflect the decision to contract for services rather than hire additional in-house trainers. It also moves \$536,000 in revenue from Licenses & Permits to Local Cost Sharing to better align budget with actuals.

*FPD Recommendation: \$0, 0 FTE*

4. *POL\_09/Police Special Revenue Fund Program Carryover, \$802,795, 0 FTE*

This package carries over fund balances to FY 2010-11 (\$320,998 for programs and \$481,797 in Federal Asset Forfeiture revenue).

*FPD Recommendation: \$802,795, 0 FTE*

5. *POL\_11/Training Center Pre-Development, \$200,000, 0 FTE*

The bureau requests Capital Set-Aside funds to establish feasibility and high confidence level cost estimate for the development of a new roughly 40,000 square foot training center at Portland International Raceway with driving area and firing range. More fully vetting project feasibility and costing is a necessary precursor to developing a finance strategy.

*FPD Recommendation: \$200,000, 0 FTE*

## Comments on FY 2010-11 Budget Notes, Decision Packages, and Service Improvement Plans

### Budget Notes

Public Safety Systems Revitalization Program (PSSRP) – Council directed the public safety bureaus and OMF to continue refining the funding plan for PSSRP and report back to Council in a work session presentation. In the development of the City’s FY 2011-12 budget, ongoing funds of \$1.2 million will be dedicated to PSSRP to continue progress on the development and replacement of the projects. On December 16, 2010, PSSRP conducted the work session, reporting on cost projections and project statuses while OMF presented the funding plan. In November 2010, the voters of Portland approved a General Obligation (GO) bond funding the Radio System replacement project with \$38,940,000. All the PSSRP projects are now fully funded with the revenues from the bond sales adding to other dedicated funding from grants and the Technology Services Fund.

### Decision Packages & Fall BMP Non-Technical Requests

Twenty-seven budget requests were accepted in the PPB’s FY 2010-11 Adopted Budget. The majority has been implemented as planned with either little operational impact or operational impact as anticipated during budget development. Exceptions are noted below; these budget requests have resulted in either unintended revenue impacts and/or greater than anticipated decreases in level of service provided. All Fall BMP Requests have proceeded as planned (encumbrance carryover, program carryover, non-discretionary carryover and Last Thursday reimbursement).

### **Ongoing Cuts**

- Eliminate ID Tech: The bureau reports that fewer fee services have been offered to the public, resulting in revenue reductions. The magnitude has not been calculated; no budget appears to be appropriated under the Forensic Evidence Division fund center, Charges for Service Commitment item.
- Decrease Interagency with City Attorney’s Office: The Bureau reports increased delays in legal advice. The Attorney’s Office plans to contract with a private attorney to assist with state asset forfeitures; resulting contract fees will reduce future net asset forfeiture revenue. Contract costs have not been estimated.

### **One-Time Reductions**

- Office of Accountability and Professional Standards Reorganization: Four positions were held vacant; three employees were laid off. This resulted in increased work loads to remaining employees. The bureau reports that eliminating the Senior Management Analyst – who analyzed programs and projects such as the Service Coordination Team, the Community Relations Reports, and several mental health projects – has resulted in less ability to undertake self-initiated evaluation of bureau efforts.
- Hold Vacant Senior Administrative Assistant Strategic Services Division: The bureau reports decreased ability to provide detectives with necessary case support.
- Hold Vacant Administrative Support Specialists: The loss of a PASS in Fiscal Service Division Alarms Unit is reported to consistently delay both new account entry and invoice distribution. Planned efforts to increase collections (via working with vendor alarm lists to identify unpermitted locations and increasing collection efforts) have been delayed.
- Forfeiture Revenue: In total budgeted for \$830,000. Improved processes in locating owners and complying with forfeiture law are reported to have decreased the forfeiture revenue likely to be generated by year end to roughly \$630,000, resulting in a revenue shortfall.

### **One Time Add Packages**

- Service Coordination Team: A 31% decrease in funding resulted in eliminating six treatment beds, one FTE drug and alcohol counselor, one Parole and Probation Officer, one part-time Deputy District Attorney and the bureau’s Walking Beat in Old Town. A one-time federal grant enabled the preservation

of the residential program component; if the contract is not increased in FY 2011-12 this will be eliminated (12 beds).

- **Crisis Intervention:** This package was originally described as additional training and assistance in crisis intervention to assist police in dealing with mentally ill people. It has been implemented as the Mobile Crisis Unit (MCU), a police car staffed with one officer and one mental health professional from Project Respond (a Cascadia Behavioral Health Services program). The MCU began in April 2010 and responded to about 19 calls per month in its first five months; in September it was redirected to focus on outreach to individuals with repeated police contact and connecting those individuals with resources (housing, medical, etc.). The MCU has received 68 referrals and currently works with an active caseload of 15-20 individuals daily.
- **In-car Video Camera Systems:** Originally conceived to purchase, install, and assess in-car video systems for five patrol cars. The bureau opted to research personal video systems instead due to operational and financial considerations, and determined that personal video devices currently available on the market are difficult to employ because they conflict with ear pieces and video cannot be stabilized during officer patrols. The Bureau will continue to investigate personal video options.

Programs supported by one-time funding for the CHIERS van (Central City Concern Hooper Inebriate Emergency Response Service), the Prostitution Coordination Team and Independent Police Review Ordinance Implementation facilitators have proceeded as anticipated.

#### **Service Improvement Plans**

*In FY 2010-11 the Police Bureau will focus on introducing new technology to increase communication both internally among bureau members and between police and residents to improve efficiency and response to crimes. Two projects are in testing and implementation phase at East Precinct: E-box and Project 162. Programs will expand citywide as appropriate.*

**E-box project:** The project's goal was to create a platform for officers from all shifts to share information on a conversation level and to provide broad access to these conversations. Funding was originally provided by the vendor and has been retracted. The bureau has developed a new system call MDC Home from internal resources, which is now in use by East Precinct Patrol officers.

**Project 162** is now dubbed the Rosewood Initiative, and consists of multiple efforts across organizations and jurisdictions with the aim of better connecting Rosewood area (NE 162<sup>nd</sup>) residents and stakeholders with one another and with Portland and Gresham police officers.

- A non-profit café and police/patrol contact office is being established with \$14,998 in lease provided by the County.
- The Portland Bureau of Transportation examined sidewalk infill and curb cut outs for wheel chair access on 160<sup>th</sup> to improve accessibility for an apartment building that is home to 21 paraplegics or limited mobility tenants.
- TriMet installed a classical music pilot project on the MAX platform at 162<sup>nd</sup>/ Burnside. Calls for service decreased 40% over the first three months while three nearby MAX stops show an average of a 9% increase.
- The bureau is in the initial stages of a no crack pipe or meth pipe sales policy with area stores.
- AmeriCorps has funded an outreach worker to the area for one year. The bureau and Americorps will be conducting a community safety survey in the coming weeks.

**FY 2010-11 Projection**

**General Fund 100**

<b>Budget Summary</b>	<b>Adopted Budget</b>	<b>Post Winter BMP Requests</b>	<b>Year-to-Date Actuals</b>	<b>PO &amp; PR Incumbrance</b>	<b>Projection</b>	<b>Annual Variance</b>
<b>Resources</b>						
Licenses & Permits	\$2,297,000	\$1,751,000	\$898,233	\$0	\$1,781,821	\$30,821
▶ Charges for Services	\$2,079,192	\$2,089,192	\$844,127	\$0	\$1,827,390	(\$261,802)
▶ Federal, State, and Local Sources	\$4,746,362	\$5,282,362	\$2,092,106	\$0	\$4,438,464	(\$843,898)
▶ Interagency Revenues	\$3,413,352	\$3,413,352	\$164,725	\$0	\$1,698,466	(\$1,714,886)
▶ Miscellaneous Sources	\$962,150	\$962,150	\$366,019	\$0	\$795,725	(\$166,425)
General Fund Discretionary	\$141,839,937	\$143,248,108	\$0	\$0	\$143,230,328	(\$17,780)
<i>Compensation Set Aside</i>					\$2,523,164	\$2,523,164
<b>Total Resources</b>	<b>\$153,040,993</b>	<b>\$156,746,164</b>	<b>\$4,365,210</b>	<b>\$0</b>	<b>\$156,295,358</b>	<b>(\$450,806)</b>
<b>Requirements</b>						
Personal Services w/out Benefits	\$101,190,544	\$101,719,963	\$49,418,873	\$0	99,178,212	(\$2,541,751)
▶ Benefits	\$16,453,356	\$16,486,355	\$8,986,347	\$0	\$17,972,693	\$1,486,338
<i>Total personal services</i>	<i>\$117,643,900</i>	<i>\$118,206,318</i>	<i>\$58,405,220</i>	<i>\$0</i>	<i>\$117,150,906</i>	<i>(\$1,055,412)</i>
New Hire costs: PS + EM&S					\$1,217,000	\$1,217,000
External Materials & Services	\$7,517,194	\$8,503,203	\$2,536,044	\$1,718,499	\$8,503,203	\$0
Internal Materials & Services	\$30,176,899	\$30,026,169	\$14,394,057	\$0	\$29,416,169	(\$610,000)
Capital Outlay	\$0	\$0	\$8,080	\$0	\$8,080	\$8,080
<b>Total Requirements</b>	<b>\$155,337,993</b>	<b>\$156,735,690</b>	<b>\$75,343,401</b>	<b>\$1,718,499</b>	<b>\$156,295,358</b>	<b>(\$440,332)</b>

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

**Resources:** This projection anticipates external revenues \$3 million under budget, compared with the bureau’s projection of a \$2 million shortfall. Revenues are down in almost all categories when year-to-date actuals are straight-lined through year end.

- Licenses and Permits: The only category to achieve 50% of projected annual revenue by the end of AP 6.
- Charges for Services:
  - The projected \$260,000 shortfall results from a straight-line of the Miscellaneous revenues subcategory, the bulk of this Major Commitment Item. The primary program revenue here is from Secondary Policing Services, often performed on overtime. Decreased revenue here is attributed to the bureau’s policy decision to ensure appropriate use of overtime for secondary policing services.
  - The Rents and Reimbursables subcategory (e.g. school policing) is expected to come in at budget and has been projected as such despite very limited funds received to date.
- Federal, State and Local Sources:
  - County cost sharing revenue (jail intake, grant pass through) was projected to come in at budget (no revenues yet received; no anticipated changes in revenue).
  - Local shared revenue (primarily for photo radar and PPDS, the law enforcement database) was straight-lined and projected to be \$188,000 below budget. The bureau confirms that the overtime that supported photo radar has been cut back.
  - Local cost sharing revenue (reimbursements for e.g. Clean and Safe, PPA positions, BTS) was straight-lined and projected to be \$147,000 below budget.
- Interagency Revenue: \$1.7M below budget due primarily to:
  - Red Light camera revenues from PBOT are under target and projected to come in \$200,000 short. The bureau is investigating the source of this shortfall.

- \$1.3M budgeting error in FPD&R pension reimbursements.
- \$200,000 over-estimate in FPD&R light duty reimbursements.
- Miscellaneous Sources: Includes alarm permits fees and false alarm fines, which are expected to come in \$200,000 below budget.
- General Fund Discretionary: Includes the \$800,000 one-time hiring funding requested in the Winter BMP.
- Compensation Set-Aside: This is not requested until the Spring BMP, but the bureau's allocation is reported here to provide a more complete estimate of its financial position at year-end and ability to increase its sworn personnel, possibly beyond current authorization if hiring efforts are successful. The bureau's Compensation Set-Aside for 2010-11 is based entirely upon health cost escalations, as demonstrated in projected benefits expense.

Total resources are projected at \$156,313,000 (including two compensation set-aside packages). The external resource component of this totals \$10,542,000, \$1 million below the bureau's external resources projection and \$3 million below budget. The discrepancy in projections may in part be due to the bureau's greater knowledge of billing delays (invoicing is the basis of projections). However, the significant misalignment between where revenues are budgeted and where they are received makes it very difficult to identifying the areas in which a billing lag may be impacting actuals (and hence year end projection).

**Requirements:** Total expenditures are projected to come in roughly \$18,000 below resources (including hiring 40 additional officers by June 30 2011).

- Personal Services. This projection is separated into three components:
  - Salaries, which are projected to come in \$2.54M under budget due to the 31 sworn vacancies the bureau had accumulated by January 1, 2011 and overtime savings realized in the first half of the year (overtime spending was projected to return to budget for the final six months). An additional \$190,000 has been added in estimation of PPA contract current fiscal year impact, and a conservative \$482,000 has been reserved for unemployment claims.
  - Benefits, which were budgeted at roughly \$690,000 per payment and have consistently been \$750,000 per payment (24 payments per year). This escalation was anticipated via the Compensation Set-Aside, which will reimburse the bureau for its projected \$1.5M benefits over-expenditure.
  - New hires. The bureau hired 15 officers in January 2011 and plans to hire an additional 25 by June 30. The cost estimate assumes 20 hires in March and 5 in May. Total cost of 40 new officers is estimated to be \$1.2 million.

Personal services expenses are projected at a total of \$118.36 million. The bureau projects spending in this category at \$119.57 million, or \$1.2 million higher. This discrepancy is primarily due to a monthly vs. daily projection basis (on a daily rate, the three fewer days in APs 7-12 vs. 1-6 result in lower spending in the second half of the year).

- EM&S. The bureau curtailed spending through AP 6 (expending only 30% of budget) but reports strain in doing so. With a projection that indicates increased spending will not exceed revenues, it is expected that EM&S spending will increase to the extent the budget allows.
- IM&S: Straight-lining actual expenses to date results in a year-end projection of \$28,553,429. The bureau's more conservative expense projection of \$29,416,169 was used instead (\$863,000 higher).

Projected expenses total \$156,295,000, leaving a minimal cushion of \$18,000 after 15 January hires and an additional 25 hires are accounted for. This projection includes revenues that are significantly more conservative than those projected by the bureau (-\$1 million) but expenses that are equivalently below the bureau's projections. A worst case combination of the two would lead to a bureau level year end over expenditure of close to \$1 million, requiring continued monitoring of all budget categories.

### Special Revenue Fund 222

Budget Summary	Adopted Budget	Post Winter BMP Requests	Year-to-Date Actuals	PO & PR Encumbrances	Projection	Annual Variance
<b>Resources</b>						
Beginning Fund Balance	\$504,000	\$1,306,795	-	\$0	\$1,306,795	\$0
Federal, State, and Local Sources	\$200,000	\$200,000	\$198,661	\$0	\$397,323	(\$197,323)
Miscellaneous Sources	\$216,000	\$216,000	\$20,837	\$0	\$216,000	\$0
<b>Total Resources</b>	<b>\$920,000</b>	<b>\$1,722,795</b>	<b>\$219,498</b>	<b>\$0</b>	<b>\$1,920,118</b>	<b>(\$197,323)</b>
<b>Requirements</b>						
EM&S	\$918,272	\$1,621,067	\$79,289	\$46,995	\$1,621,067	\$0
Cash Transfers	\$1,728	\$1,728	\$843	\$0	\$1,728	\$0
Ending Fund Balance		\$100,000			\$297,323	(\$197,323)
<b>Total Requirements</b>	<b>\$920,000</b>	<b>\$1,722,795</b>	<b>\$80,132</b>	<b>\$46,995</b>	<b>\$1,920,118</b>	<b>(\$197,323)</b>

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

**Resources:** Currently donations (within Miscellaneous Revenues) are reported to be down. The bureau reports that this may reflect a misrouting of funds, as last year's donations totaled \$280,000 and this year is on track for \$42,000. Asset forfeiture processes have been accelerated; proceeds to date are above budget.

**Requirements:** Very little funds have been expended to date. Purchases support GREAT (Gang Resistance Education and Training) coursework supplies, trainings for WomenStrength/GirlStrength, and consulting services to support the Employee Assistance Program.

### Grant Fund 217

Budget Summary	Adopted Budget	Post Winter BMP Requests	Year-to-Date Actuals	PO & PR Encumbrances	Projection	Annual Variance
<b>Resources</b>						
Federal, State, and Local Sources	\$1,959,516	\$5,224,483	\$372,805	\$0	\$745,610	\$4,478,873
<b>Total Resources</b>	<b>\$1,959,516</b>	<b>\$5,224,483</b>	<b>\$372,805</b>	<b>\$0</b>	<b>\$745,610</b>	<b>\$4,478,873</b>
<b>Requirements</b>						
Personal Services	\$775,777	\$1,725,869	\$535,864	\$0	\$1,071,728	\$654,141
External Materials & Services	\$1,183,739	\$3,167,636	\$381,360	\$64,700	\$762,720	\$2,404,916
Internal Materials & Services	\$0	\$93,501	\$25,760	\$0	\$51,520	\$41,981
Capital Outlay	\$0	\$237,477	\$364,709	\$232,434	\$597,143	(\$359,666)
<b>Total Requirements</b>	<b>\$920,000</b>	<b>\$5,224,483</b>	<b>\$1,307,693</b>	<b>\$1,920,118</b>	<b>\$2,483,111</b>	<b>\$2,741,372</b>

**Resources:** The bureau is requesting to carry over \$1.5 million in grants fund via the Winter BMP, increasing its total grants budget to \$5.2 million. While these funds have been awarded, less than \$400,000 has been received to date.

**Requirements:** Expenses to date are well above revenues at \$1.3 million (leaving roughly \$900,000 in reimbursables). The year-end projection simply straight-lines expenses to date, which is an under-estimate but is a default in the absence of a projection submitted by the bureau. A projection has been requested for the Spring BMP.

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

**Portland Fire and Rescue**

**Summary of Significant Issues**

**Retirements** - Portland Fire and Rescue (PF&R) has been in a period of peak retirements over the last several years, although the number of actual retirements in FY 2009-10 was below normal. Due to FY 2011-12 having 27 pay dates in the final lookback period for employees who retire, providing a material incentive to retire that year, it is expected that the number of retirements for FY 2010-11 will be normal, and the bureau should be able to absorb the costs of the retirements within its existing budget. During the Fall BMP, Council set aside \$1.5 million in additional discretionary balance to address the retirement issues in PF&R and the Police Bureau. The Police Bureau is requesting \$800,000 from that set-aside during this Winter BMP, and Financial Planning recommends that during the Spring BMP, PF&R request the remaining \$700,000 be set-aside for retirement payouts for FY 2011-12 in order to meet the requirements of the additional retirements that year resulting from the 27 pay dates.

**Recommended Requests**

1. FR\_006/CPR Training LA with Police, \$678, 0 FTE

PF&R is requesting recognition of reimbursement from the Police Bureau for costs associated with providing CPR training to police officers in November 2010.

*FPD Recommendation: \$678, 0 FTE*

2. FR\_008/Move Grant Expenses, \$0, 0 FTE

The bureau requests that \$6,251 be moved from the local travel account to minor equipment & tools for a Metropolitan Medical Response System 2008 grant.

*FPD Recommendation: \$0, 0 FTE*

**Not Recommended Requests**

1. FR\_007/PFFA Contract Cost, \$220,500, 0 FTE

During this Winter BMP, Financial Planning is not recommending the appropriation of \$220,500 to PF&R's personal services budget resulting from additional costs associated with the City's new contract with the Portland Fire Fighters Association. Financial Planning recommends that the bureau make the request during the Spring BMP if it needs additional resources to cover the costs of the new contract, as that is the usual process when bureaus make requests for resources to meet personal services related requirements. It should be noted that in FY 2009-10, PF&R underspent its personal services budget by close to \$1.3 million even without funds from the compensation set-aside because it was expecting a large number of retirements that did not materialize.

*FPD Recommendation: \$0, 0 FTE*

## **Comments on FY 2010-11 Budget Notes, Decision Packages, and Service Improvement Plans**

### **Budget Notes & Fall BMP Non-Technical Requests**

Public Safety Systems Revitalization Program (PSSRP) – Council directed the public safety bureaus and OMF to continue refining the funding plan for PSSRP and report back to Council in a work session presentation. In the development of the City’s FY 2011-12 budget, ongoing funds of \$1.2 million will be dedicated to PSSRP to continue progress on the development and replacement of the projects. On December 16, 2010, PSSRP conducted the work session, reporting on cost projections and project statuses while OMF presented the funding plan. In November 2010, the voters of Portland approved a General Obligation (GO) bond funding the Radio System replacement project with \$38,940,000. All the PSSRP projects are now fully funded with the revenues from the bond sales adding to other dedicated funding from grants and the Technology Services Fund.

Encumbrance Carryover – During the Fall BMP, PF&R carried over close to \$2.9 million from the prior fiscal year to ensure the completion of approved contracts and purchases. The bureau has been using the funds to purchase items that the funds were intended for, which include emergency apparatus, self-contained breathing apparatus air compressors, and the new fire rescue boat.

### **Reduction Packages**

Apparatus Replacement Budget Reduction - \$1,089,113 was removed from the bureau’s budget for apparatus replacement, increasing the bureau’s replacement backlog to six engines and one truck. However, with the passage of the Public Safety General Obligation Bond measure and the bureau’s usual annual General Fund appropriation for apparatus replacement, the bureau’s apparatus replacement needs will be met for the next 15 years.

Eliminate One Rescue – This reduction of \$562,771 resulted in the elimination of the rescue unit at Station 19 which went out of service on July 1, 2010.

### **Service Improvement Plans**

Improve outreach with underrepresented groups – PF&R’s recruiter worked together with the City’s HR recruiter to develop relationships with several dozens of community and trade organizations and schools in order to raise awareness of career opportunities with PF&R. The bureau spent over 500 hours teaching and preparing members of these groups to participate in the Fire Fighter entrance exam.

Improve promotional testing and the evaluation process for entry-level supervisors – PF&R created a written test that was used during the most recent Lieutenant recruitment. The process identified qualified supervisors and scored them in a ranked civil service exam. The bureau successfully recruited for the position and had an established promotional list before the deadline of July 2010.

Grant-funded Smoke Detector Program – This program utilized a two-phase approach to distribute 4,500 smoke alarms to over 1,200 households. The first phase involved four fire stations whose fire fighters installed smoke alarms during the normal course of their daily routine. Phase two involved all of the City’s fire stations and consisted of media outreach and neighborhood canvassing by emergency operations crews to deliver educational messages regarding the importance of smoke alarms.

## FY 2010-11 Projection

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Licences & Permits	\$1,290,000	\$511,710	\$1,290,000	0.00%
Charges for services	\$1,200,000	\$753,593	\$1,200,000	0.00%
Intergovernmental Revenues	\$1,062,107	\$251,499	\$1,062,100	0.00%
Interagency Revenue	\$2,119,869	\$0	\$1,920,000	-9.43%
Miscellaneous	\$301,000	\$5,684	\$300,000	-0.33%
General Fund Discretionary	\$90,299,110	\$0	\$90,428,743	0.14%
General Fund Overhead	\$182,657	\$0	\$182,657	0.00%
<b>Total Resources</b>	<b>\$96,454,743</b>	<b>\$1,522,486</b>	<b>\$96,383,500</b>	<b>-0.07%</b>
<b>Requirements</b>				
▶ Personal Services	\$81,030,746	\$34,255,922	\$81,460,500	0.53%
External Materials & Services	\$6,575,143	\$2,146,759	\$6,575,000	0.00%
Internal Materials & Services	\$5,689,629	\$2,242,264	\$5,689,000	-0.01%
▶ Capital Outlay	\$3,159,225	\$296,315	\$2,659,000	-15.83%
<b>Total Requirements</b>	<b>\$96,454,743</b>	<b>\$38,941,260</b>	<b>\$96,383,500</b>	<b>-0.07%</b>

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

### Resources

Interagency Revenue is projected to be 9.4% lower than budgeted due to return-to-work (RTW) vacancies and thus a lower RTW salary reimbursement from the Bureau of Fire and Police Disability and Retirement. Other program revenues are projected to be in line with the budgeted amounts.

### Requirements

PF&R projects to overspend its personal services budget by 0.53%, or about \$430,000, due to unfunded health insurance cost increases. The bureau expects to request funds from the compensation set-aside during the Spring BMP. For this projection, the bureau is assuming 20 retirements for the year, the payouts of which the bureau expects to be able to absorb within its existing budget. In the event that there are actually more retirements, the bureau will then have to request more funds from its approximately \$1.2 million compensation set-aside.

The bureau projects to underspend its capital outlay budget by almost 16%. However, during the Spring BMP, PF&R intends to transfer \$543,239 from this budget category to the Fire Apparatus Replacement Reserve in the General Reserve Fund to set-aside for future apparatus replacement purposes after five years. Council passed a resolution in December 2010 to set-aside the bureau's General Fund apparatus replacement funds over a five-year period due to the passage of the Public Safety General Obligation Bond. With the \$543,239 removed from its budget, PF&R's spending in capital outlay will be in-line with the new budgeted amount.

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

**Portland Office of Emergency Management**

**Summary of Significant Issues**

**New Emergency Coordination Center (ECC) Project**

The ECC project is currently at 60% construction document completion of the design phase of the project, from which more refined project budget and timeline estimates have been developed. The current project schedule reflects the release of an RFP middle of calendar year 2011, construction beginning the end of calendar year 2011, with project completion in fall 2013. Currently the project partners are working on a Memoranda of Understanding (MOU) which will detail the project partners' responsibilities. See more on project funding in "Budget Notes" section below.

**Recommended Requests**

1. *EM\_005/Increase Interagency Revenue, \$7,000, 0.00 FTE*

The Water Bureau provides IA funding to POEM for a portion of the costs incurred to maintain off-site servers for the citywide crisis information management system, WebEOC. The off-site backup will allow for WebEOC to continue functioning in the event of an emergency and failure of the system at the current site. This funding will increase the existing IA with the Water Bureau by \$7,000.

*FPD Recommendation: \$7,000 IA revenue*

2. *EM\_006, 007, 008, 009, 011, 012/Grant Appropriation Adjustments, \$ 0.00 FTE*

These requests are technical in nature and are to correct various grant appropriations to match the projected spending for the fiscal year. The adjustments are as follows: increase Urban Areas Security Initiative (UASI) 2007 by \$238,115, Law Enforcement Terrorism Prevention Program (LETPP) 2007 by \$4,793, State Homeland Security Program (SHSP) 2007 by \$78,960, Emergency Management Performance Grant (EMPG) by \$1,000, and UASI 2008 by \$33,886 as well as reduce SHSP 2008 by \$163,908. The central Grants Office will change appropriation levels in the Grants Fund to reflect POEM's adjustments.

*FPD Recommendation: Net increase of all adjustments is an increase of \$192,846 to POEM's grant appropriation*

**Comments on FY 2010-11 Budget Notes, Decision Packages, and Service Improvement Plans**

**Budget Notes**

**Emergency Coordination Center**

*Beginning in July of 2011, the General Fund will pay the General Fund portion of POEM's ongoing debt service for the Emergency Coordination Center. Bureaus will pay their share to the Facilities Fund through interagency agreements. Current appropriation level targets will be adjusted to include the General Fund share of the debt service. Ongoing operations and maintenance expenses will be charged to the General Fund and the overhead model beginning in FY 2012-13.*

Status Update: Water Bureau and OMF Facilities are currently finalizing an MOU to identify the respective project responsibilities, including funding. The current project estimates are currently \$19.9 million. The table below reflects the current plan for project funding:

GO Bond	4,000,000
Water Cash	9,210,000
BTS Cash	65,000
Facilities Cash	1,123,000
Facilities Debt	5,461,000
<b>ECC Budget Total:</b>	<b>19,859,000</b>

The funding plan, to be finalized in the MOU, is to first use OMF Facilities cash for project expenses and Water cash for land acquisition. Then GO bonds and BTS cash will be used. Then a true up will be done so that, as costs are incurred, the 46% Water and 54% POEM overall funding split is achieved. The POEM portion will be funded with a debt sale.

**PSSRP – Budget Note in Police, Fire, POEM, and OMF Adopted Budget bureau sections**

*During FY 2010-11 the public safety bureaus (Police, Fire, BOEC, and POEM) along with OMF are directed to continue to refine the funding plan for the PSSRP and report back to Council in a work session presentation. Because of the vital role the PSSRP plays in protecting the public and ensuring timely and coordinated response from the City's public safety responders, Council will give priority consideration to one-time and ongoing funding as new resources become available to the General Fund in future financial forecasts. In development of the City's FY 2011-12 budget ongoing funds of \$1.2 million, which in turn will be used to support the PSSRP financing plan, will be dedicated to the PSSRP program in order to continue progress on development and replacement of these critical public safety projects.*

Public Safety Systems Revitalization Program (PSSRP) – Council directed the public safety bureaus and OMF to continue refining the funding plan for PSSRP and report back to Council in a work session presentation. In the development of the City's FY 2011-12 budget, ongoing funds of \$1.2 million will be dedicated to PSSRP to continue progress on the development and replacement of the projects. On December 16, 2010, PSSRP conducted the work session, reporting on cost projections and project statuses while OMF presented the funding plan. In November 2010, the voters of Portland approved a General Obligation (GO) bond funding the Radio System replacement project with \$38,940,000. All the PSSRP projects are now fully funded with the revenues from the bond sales adding to other dedicated funding from grants and the Technology Services Fund.

**Fall BMP Non-Technical Requests**

**Accountant II position limited term to permanent**

POEM's request to reclassify a limited term Accountant II position to a permanent position as part of the Fall BMP was recommended by FPD and approved by Council. This request was recommended by FPD as POEM has sufficient ongoing General Fund resources as well as long-term UASI grant funding to support the position.

**FY 2010-11 Decision Packages**

**Reduction Package Assistant Financial Analyst Position**

POEM reduced a vacant Assistant Financial Analyst position from .50 FTE to .39 FTE. The resulting \$7,104 in salary savings was part of POEM's mandatory reduction for 2010-11.

**Reduction Package Out of Town Travel Budget**

POEM made a one-time reduction to their out of town travel budget by \$7,051 as part of their mandatory reduction target for FY 2010-11. POEM's remaining out of town travel budget is \$13,948 for FY 2010-11 which has meant fewer training opportunities for POEM staff.

**Service Improvement Plans**

Below are high-level updates regarding POEM’s progress in their SIP priority areas:

Planning

POEM is currently developing their bureau strategic plan; the target deadline for plan completion is May 1, 2011. Portland is one of 42 cities across the country that was awarded federal ARRA grant funds to develop a Local Energy Assurance Plan (LEAP). POEM is serving as the lead project agency to complete a LEAP by March 2012.

Coordination

POEM has hired a new Public Information Officer (PIO) who is currently leading efforts to improve POEM’s public information and outreach planning efforts; including outreach to vulnerable populations. POEM’s PIO is also championing efforts to enhance [www.publicalerts.org](http://www.publicalerts.org) on a regional level and further promote the use of social media for emergency response.

Preparedness

West Side Emergency Operations Center (WSEOC). The Jerome Sears US Army Reserve Center in Southwest Portland had been under consideration for a mixed-use, mixed income housing project, but it has been determined that is not a viable plan. Currently the city, in partnership with the community, is evaluating the site for use as an emergency operations center on the west side of the Willamette River.

**FY 2010-11 Projection**

<b>EM - General Fund</b>	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 YTD Actuals</b>	<b>FY 2010-11 Year-End Projection</b>	<b>Percent Variance</b>
<b>Resources</b>				
Personal Services	\$1,097,883	\$529,235	\$1,065,008	-2.99%
External Materials & Services	\$150,734	\$42,806	\$99,612	-33.92%
Internal Materials & Services	\$436,055	\$206,202	\$429,204	-1.57%
<b>Total Resources</b>	<b>\$1,684,672</b>	<b>\$778,243</b>	<b>\$1,593,824</b>	<b>-5.39%</b>
<b>Requirements</b>				
Interagency Revenues	\$14,000	\$0	\$14,000	0.00%
General Fund Discretionary	\$670,170	\$0	\$579,322	-13.56%
General Fund Overhead	\$1,000,502	\$0	\$1,000,502	0.00%
<b>Total Requirements</b>	<b>\$1,684,672</b>	<b>\$0</b>	<b>\$1,593,824</b>	<b>-5.39%</b>

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

POEM is projecting to spend only 66% of their budgeted External Materials & Services. This is primarily due to EMPG grant funding covering a portion of their office rental expenditures, which has been an expense historically funded by POEM’s General Fund budget.

<b>EM - Grant Fund 217</b>	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 YTD Actuals</b>	<b>FY 2010-11 Year-End Projection</b>	<b>Percent Variance</b>
<b>Resources</b>				
Intergovernmental Revenues	\$8,731,621	\$1,422,319	\$8,572,660	-1.82%
<b>Total Resources</b>	<b>\$8,731,621</b>	<b>\$1,422,319</b>	<b>\$8,572,660</b>	<b>-1.82%</b>
<b>Requirements</b>				
Personal Services	\$981,354	\$242,740	\$912,199	-7.05%
External Materials & Services	\$7,715,381	\$1,298,433	\$7,626,576	-1.15%
Internal Materials & Services	\$34,886	\$7,385	\$33,885	-2.87%
<b>Total Requirements</b>	<b>\$8,731,621</b>	<b>\$1,548,558</b>	<b>\$8,572,660</b>	<b>-1.82%</b>

POEM is projecting to spend within 2% of their Grant Fund appropriation by fiscal year end.

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

**Portland Parks & Recreation**

**Summary of Significant Issues**

Parks is requesting funding from the General Fund capital set-aside for six projects totaling \$1,202,000.

**Recommended Requests**

1. *PK\_011/Parks Adjustments for Revenue, (\$1,502,670), 0 FTE*

Net decrease in revenues including:

- BES IA YCC Catholic Charities \$38,453
- BES IA Swan Island Boat Ramp maintenance \$10,902
- Golf – increase due to Lents Downstream Project \$13,650
- Grant - Waud Bluff – non-budgetary donated land (\$1,040,000)
- Grant - Springwater Corridor - ODOT reduced grant (\$457,535)
- ONI Centennial sponsorship request for Movies in Parks \$500
- ONI East PDX sponsorship request for Movies in Parks \$500
- PIR – Decrease revenue targets due to inclement weather (\$250,000)
- St Johns Racquet Center Grant Match - GF to Capital fund \$40,000
- Summer Free-for-all Trust - recognize donation revenues \$49,460
- University Park CC - HAP Community Partnership agreement \$91,400

*FPD Recommendation: (\$1,501,670), 0 FTE*

FPD is not recommending \$1,000 for the two requests for Movies in the Park. Parks should absorb these costs.

2. *PK\_012/Parks Technical Adjustments, \$0, 0 FTE*

Net adjustments to major object categories and/or cost centers. Major items over \$50,000 include:

- Miscellaneous adjustments between Expense accounts – Golf \$260,384
- Miscellaneous adjustments between Expense accounts – General Fund:
  - Correct position in City Nature Program in BRASS \$128,016
  - Move funding from External M&S to Personal Services due to reorganization \$105,640
  - Shift External M&S to Seasonal due to increase in 1,200 seasonal hours \$200,000
  - Transfer External M&S to Capital to fund sidewalk capital projects \$106,500

*FPD Recommendation: \$0, 0 FTE*

3. *PK\_013/General Fund Reductions (Cash Transfers), \$0, 0 FTE*

These transactions net to zero represent General Fund appropriation adjustments to the Parks CIP and Portland International Raceway funds. The request is summarized as follows:

Transfer McLoughlin Lease payment funding to CIP Flavel Property Loan (\$48,125)

Correct unemployment charges to PIR due to SAP employee mapping (\$94,546)

Transfer St. Johns Racquet Club grant match to Parks CIP fund (\$21,089)

*FPD Recommendation: \$0, 0 FTE*

4. *PK\_015/E Delta Park Sewer Line - Infrastructure, \$135,000, 0 FTE*

This sanitary sewer line is for the collection and transfer of wastewater from the Delta Park restrooms which serve 7 baseball and 9 soccer fields. At well attended athletic events, crowds of several thousand are present. Funding replaces 2,000 linear feet of failing 4" sewer line which has developed long splits in the pipe releasing wastewater underneath and adjacent to the sports fields.

*FPD Recommendation: \$135,000, 0 FTE*

5. *PK\_017/Pittock Mansion Terrace Repair - Infrastructure, \$420,000, 0 FTE*

Pittock Mansion has four terrace areas, the largest being on the ground level, with two on the second floor and one on the third. The main terrace on the ground level is approximately 1,350 square feet in area and is the one that causes the greatest concern for public safety and risk. It is framed by a sandstone balustrade that is nearing 100 years old and is cracking with some pieces broken off. In addition, if someone were to lean on the balustrade, they could fall off the terrace. A temporary solution was installed with wooden barricades in December. The cost is divided between \$200,000 for the main terrace, \$110,000 for the other three, and \$110,000 for permitting, project management, design and contingency.

*FPD Recommendation: \$420,000, 0 FTE*

6. *PK\_018/Rocky Butte Masonry Rock Repair - Infrastructure, \$166,000, 0 FTE*

This request will fund restoration of the masonry and rock walls at the historic overlook at Rocky Butte. At a minimum, this project will replace and repoint mortar & grout to match historic details and repair/ replace concrete cap rails matching historic elements as needed. Structural analysis is currently underway.

*FPD Recommendation: \$166,000, 0 FTE*

7. *PK\_019/Waterfront Park Turf Renovation - Infrastructure, \$166,000, 0 FTE*

In 1996, the central turf area of Waterfront Park was improved at a cost of \$1.5 million to provide a 46 inch deep sand base subsurface to facilitate drainage and promote a faster recovery than typical native turf. Build up has occurred due to reseeded and top dressing over the last 14 years and an organic layer is beginning to cause pooling rather than draining through the sand. Additionally, the level of the park has risen above the utility vaults and irrigation heads. If delayed, the park will not hold up to the intensity of use and it will take longer for repair to take hold. In fact, the Rose Festival had to shut down in 2010 due to public safety being compromised by turf conditions. Contributions from user groups using Waterfront Park will be solicited as well as other grant opportunities. This request represents one-half the estimated cost of this project which will take place over a two year period.

*FPD Recommendation: \$166,000, 0 FTE*

Parks should work with all its partners that use Waterfront Park to match this GF capital allocation.

8. *PK\_020/CIP Winter BMP Adjustment, (\$3,043,748), 0 FTE*

Various adjustments have been made to CIP balances to reflect revisions to estimates for Metro, PDC, and Major Maintenance projects. This request includes financing and other technical changes.

*FPD Recommendation: (\$3,043,748), 0 FTE*

9. *PK\_021/Beginning Fund Balance to CAFR, \$2,517,293, 0 FTE*

Beginning Fund Balance true-ups to CAFR:

Trust Fund \$418,591

Golf Fund (22,162)

PIR Fund 65,079

CIP Fund 2,055,785

With regard to the Trust Fund, the true-up to the CAFR is primarily related to how the Trust Fund's sub-funds are appropriated restricted funds from private donations. The sub-funds are budgeted at the total amount to avoid hard budget stops in SAP. This results in higher beginning fund balance.

With regard to the CIP fund true-up with the CAFR, the primary reason for the large amount is weather delays and other schedule changes.

*FPD Recommendation: \$2,517,293, 0 FTE*

10. *PK\_022/Parks Funding for NACo 2011 Event, \$10,811, 0 FTE*

Multnomah County is hosting the National Association of Counties (NACo) 2011 conference and this request is to help offset permit costs associated with Park usage at downtown parks and street closures for the NACo '11 event.

*FPD Recommendation: \$10,811, 0 FTE*

**Not Recommended Requests**

1. *PK\_014/Community Gardens - Infrastructure, \$125,000, 0 FTE*

This request for funding is for the development of five new community gardens to help reach the goal of 1,000 new community garden plots by 2012, as mandated by the City of Portland Climate Action Plan and the Portland Plan. The five gardens will provide at least 150-200 new plots, and reduce the number of people who are on the Community Gardens waiting list, currently over 750 people.

*FPD Recommendation: \$0, 0 FTE*

This is a worthwhile project but there is not enough FY 2010-11 GF capital set-aside to fund it.

2. *PK\_016/Forest Park Culvert - Infrastructure, \$190,000, 0 FTE*

There are approximately 176 culverts under Leif Erikson Drive, as well as an unknown number of culverts along the remaining roads and trails throughout Forest park. The failure of these culverts can result in the closure of key access corridors which may preclude not only recreation use, but the ability for emergency equipment to respond to emergencies. This project will inventory all the culverts, enter them into a database, rank them in terms of highest priority, and repair a few of the highest priority culverts.

*FPD Recommendation: \$0, 0 FTE*

There is not enough FY 2010-11 GF capital set-aside to fund this project. Parks may wish to use exiting staff to catalogue the culverts, and then make a future request for capital resources.

## **Comments on FY 2010-11 Budget Notes, Decision Packages, and Service Improvement Plans**

### **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 2010-11. This adjustment replenishes the loss of lease revenues at this facility. The Water Bureau has now taken over responsibility for this asset.

### **Decision Packages & Fall BMP Non-Technical Requests**

#### **O&M Request - \$99,264**

In the Fall BMP, Parks received funding for O&M for projects and properties that were either placed into service or were to be placed into service soon. With few exceptions the O&M costs are being incurred for mowing, pruning, and property cleanup.

#### **Multnomah County Aging Services - \$59,496**

In the Fall BMP Parks received one-time funding for aging services. The \$59,496 is expected to be paid in June 2011.

#### **Teen Programming - \$300,000**

The PP&R Teen Services Program continued another year of programming and engagement with teens throughout Portland, though funding has been reduced.

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 Parks 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.

FPD will cover Parks' SIP in more detail in the FY 2011-12 budget review.

## FY 2010-11 Projection

### Parks General Fund

Parks Fund 100	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
▶ Licenses & Permits	274,019	100,559	208,330	-23.97%
Charges for Services	14,155,952	6,049,557	14,321,508	1.17%
Intergovernmental Revenues	238,110	122,881	240,348	0.94%
▶ Interagency Revenue	2,960,657	1,253,459	2,349,095	-20.66%
Fund Transfers - Revenue	239,882	239,882	239,882	0.00%
Miscellaneous	562,620	254,270	591,709	5.17%
General Fund Discretionary	41,153,065	0	40,744,793	-0.99%
<b>Total Resources</b>	<b>\$59,584,305</b>	<b>\$8,020,608</b>	<b>\$58,695,665</b>	<b>-1.49%</b>
<b>Requirements</b>				
Personal Services	38,334,665	20,090,310	38,285,384	-0.13%
External Materials and Services	13,952,542	4,913,205	12,187,188	-12.65%
▶ Internal Materials and Services	6,887,283	3,654,930	7,813,396	13.45%
Capital Outlay	164,815	107,158	164,815	0.00%
Fund Transfers - Expense	245,000	239,882	244,882	-0.05%
<b>Total Requirements</b>	<b>\$59,584,305</b>	<b>\$29,005,485</b>	<b>\$58,695,665</b>	<b>-1.49%</b>

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

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

Interagency Revenue – Emergency response bureaus were requested to budget for potential winter/spring emergencies. These revenues have not been realized as originally planned. Parks will make adjustments in the Spring BMP if the planned emergencies do not materialize.

Internal Materials & Services – Tabor Stores repair and maintenance supplies post to a GL 629010 account via an interface that is reflected as actuals in this major object category. Per FPD, bureaus are required to budget these costs in External M&S. Thus, Internal M&S looks like it is overspent while External M&S looks like it is under budget. Parks, FPD and PBOT will work towards a solution to this issue.

### FY 2010-11 Projection

Parks Grants

Parks Fund 217	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
▶ Intergovernmental Revenues	2,848,794	544,395	2,085,278	-26.80%
<b>Total Resources</b>	<b>\$2,848,794</b>	<b>\$544,395</b>	<b>\$2,085,278</b>	<b>-26.80%</b>
<b>Requirements</b>				
Personal Services	843,247	205,414	410,828	-51.28%
External Materials and Services	616,743	85,778	171,556	-72.18%
Internal Materials and Services	30,568	2,980	5,960	-80.50%
▶ Capital Outlay	1,358,236	748,467	1,496,934	10.21%
<b>Total Requirements</b>	<b>\$2,848,794</b>	<b>\$1,042,639</b>	<b>\$2,085,278</b>	<b>-26.80%</b>

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

Parks' grant fund variance relates to property acquisitions funded by the Metro Local Share bond. Property acquisitions are based upon a planned acquisition strategy promulgated by the joint agreement between Metro and Parks. Real estate transactions are improving but are still lower than anticipated. In addition, capital projects have long lead times before construction occurs such that encumbering funds will be necessary due to the nature of the cash flow over several years.

### FY 2010-11 Projection

Parks Local Option Levy

Parks Fund 215	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Budgeted Beginning Fund Balance	5,725,011	0	5,725,011	0.00%
Taxes	65,039	92,867	65,008	-0.05%
Miscellaneous	39,503	17,417	38,514	-2.50%
<b>Total Resources</b>	<b>\$5,829,553</b>	<b>\$110,284</b>	<b>\$5,828,533</b>	<b>-0.02%</b>
<b>Requirements</b>				
Personal Services	413,570	210,378	413,570	0.00%
External Materials and Services	141	0	0	-100.00%
Internal Materials and Services	547,241	270,054	547,241	0.00%
Fund Transfers - Expense	1,058,875	222,540	1,058,414	-0.04%
Contingency	3,809,726	0	3,809,308	-0.01%
<b>Total Requirements</b>	<b>\$5,829,553</b>	<b>\$702,972</b>	<b>\$5,828,533</b>	<b>-0.02%</b>

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

## FY 2010-11 Projection

Parks Memorial Trust

Parks Fund 220	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Budgeted Beginning Fund Balance	2,116,723	0	2,116,723	0.00%
Licenses & Permits	22,000	25,300	22,100	0.45%
Charges for Services	25,750	49,639	54,271	110.76%
Fund Transfers - Revenue	37,000	36,000	37,000	0.00%
▶ Miscellaneous	653,032	343,568	466,099	-28.63%
<b>Total Resources</b>	<b>\$2,854,505</b>	<b>\$454,507</b>	<b>\$2,696,193</b>	<b>-5.55%</b>
<b>Requirements</b>				
Personal Services	410,049	90,406	264,262	-35.55%
External Materials and Services	1,472,153	174,864	445,366	-69.75%
Internal Materials and Services	142,844	14,508	30,634	-78.55%
Capital Outlay	107,421	0	0	-100.00%
Fund Transfers - Expense	25,000	0	25,000	0.00%
Contingency	697,038	0	697,038	0.00%
Unappropriated Fund Balance	0	0	1,233,893	N.A.
<b>Total Requirements</b>	<b>\$2,854,505</b>	<b>\$279,778</b>	<b>\$2,696,193</b>	<b>-5.55%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget
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Charges for Services – This positive variance is due to revenue set aside for turf replacement and renovation at Delta Park. Parks will request a budget adjustment in the Spring BMP to realize the increase. The funds will be held in contingency until needed to fund replacement or renovation.

Miscellaneous Revenue – This variance is due to the unclear nature of budgeting and projecting donation revenues.

## FY 2010-11 Projection

### Parks Capital Construction & Maintenance

Parks Fund 402	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Budgeted Beginning Fund Balance	6,547,781	0	6,547,781	0.00%
Charges for Services	2,740,000	2,135,123	2,500,000	-8.76%
▶ Intergovernmental Revenues	10,252,132	134,012	5,454,783	-46.79%
Interagency Revenue	20,000	10,573	19,500	-2.50%
▶ Fund Transfers - Revenue	3,825,398	1,075,660	2,362,929	-38.23%
Bond and Note	774,800	(950,000)	765,000	-1.26%
Miscellaneous	628,680	113,094	600,000	-4.56%
<b>Total Resources</b>	<b>\$24,788,791</b>	<b>\$2,518,462</b>	<b>\$18,249,993</b>	<b>-26.38%</b>
<b>Requirements</b>				
Personal Services	1,293,127	587,513	1,193,669	-7.69%
External Materials and Services	4,147,296	714,467	4,000,000	-3.55%
Internal Materials and Services	378,414	299,867	350,000	-7.51%
Capital Outlay	16,383,835	864,294	6,990,757	-57.33%
Bond Expenses	647,730	15,251	645,000	-0.42%
Fund Transfers - Expense	1,307,636	225,899	1,307,636	0.00%
Contingency	630,753	0	0	-100.00%
Unappropriated Fund Balance	0	0	3,762,931	N.A.
<b>Total Requirements</b>	<b>\$24,788,791</b>	<b>\$2,707,291</b>	<b>\$18,249,993</b>	<b>-26.38%</b>

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

Intergovernmental Revenues - Many projects are funded with revenue from the Portland Development Commission (PDC) or the Metro Local Bond Share. In the case of PDC, revenue is recorded based upon billings of reimbursable costs incurred, thus revenues lag expenditures. With regard to property acquisitions, Metro will fund their share of the property acquisition at closing by directly sending funds to the title company. This causes an entry directly for Land and a donated capital asset to the balance sheet but not as local share revenues.

Fund Transfers - This includes \$1,202,000 in General Fund revenues related to the above requests for funding from the capital set-aside. The Year-End Projection does not include these requests.

Capital Outlay - This variance relates to property acquisitions funded by System Development Charges and the Metro Local Share bond. Property acquisitions are based upon a planned acquisition strategy promulgated by the joint agreement between Metro and Parks. Real estate transactions are improving but are still lower than anticipated. In addition, capital projects have long lead times before construction occurs such that encumbering funds will be necessary due to the nature of the cash flow over several years.

Overall YTD expenditures are low due to weather delays of capital projects.

**FY 2010-11 Projection**

Parks Endowment

<b>Parks Fund 500</b>	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 YTD Actuals</b>	<b>FY 2010-11 Year-End Projection</b>	<b>Percent Variance</b>
<b>Resources</b>				
Budgeted Beginning Fund Balance	182,294	0	182,294	0.00%
Miscellaneous	840	540	1,032	22.86%
<b>Total Resources</b>	<b>\$183,134</b>	<b>\$540</b>	<b>\$183,326</b>	<b>0.10%</b>
<b>Requirements</b>				
External Materials and Services	18,312	125	2,500	-86.35%
Internal Materials and Services	2,200	1,100	2,200	0.00%
▶ Unappropriated Fund Balance	162,622	0	178,626	9.84%
<b>Total Requirements</b>	<b>\$183,134</b>	<b>\$1,225</b>	<b>\$183,326</b>	<b>0.10%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget
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It is anticipated that investment income will be more than originally budgeted and has been reflected in the year-end fund balance projection.

External Materials and Services have been adjusted to reflect the lower spending levels.

## FY 2010-11 Projection

Golf Operating

Parks Fund 603	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Budgeted Beginning Fund Balance	1,629,213	0	1,629,213	0.00%
Licenses & Permits	13,650	13,650	13,650	0.00%
Charges for Services	8,386,471	4,284,122	8,130,088	-3.06%
▶ Miscellaneous	56,500	9,287	25,098	-55.58%
<b>Total Resources</b>	<b>\$10,085,834</b>	<b>\$4,307,059</b>	<b>\$9,798,049</b>	<b>-2.85%</b>
<b>Requirements</b>				
▶ Personal Services	3,060,577	1,608,576	3,066,521	0.19%
External Materials and Services	3,456,291	1,658,996	3,196,023	-7.53%
Internal Materials and Services	470,281	206,582	435,146	-7.47%
Capital Outlay	290,000	0	290,342	0.12%
Bond Expenses	119,354	27,076	119,354	0.00%
Fund Transfers - Expense	1,016,330	162,347	1,017,662	0.13%
Contingency	1,673,001	0	1,673,001	0.00%
<b>Total Requirements</b>	<b>\$10,085,834</b>	<b>\$3,663,577</b>	<b>\$9,798,049</b>	<b>-2.85%</b>

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

Fewer rounds of golf are being projected due to the increased amount of inclement weather that occurred in the first half of the year.

Interest earnings (Miscellaneous Resources) are expected to be lower than budgeted due to the current investment environment. This variance will not impact golf services.

External Materials & Services is being adjusted to move budgetary funding to Personal Services related to seasonal staffing and to defer contractual services related to fewer rounds of Golf.

## FY 2010-11 Projection

PIR Operating

Parks Fund 604	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Budgeted Beginning Fund Balance	709,937	0	709,937	0.00%
Charges for Services	1,836,000	953,433	1,733,044	-5.61%
Fund Transfers - Revenue	94,546	0	94,546	0.00%
▶ Miscellaneous	20,500	4,944	11,125	-45.73%
<b>Total Resources</b>	<b>\$2,660,983</b>	<b>\$958,377</b>	<b>\$2,548,652</b>	<b>-4.22%</b>
<b>Requirements</b>				
Personal Services	772,231	383,893	751,466	-2.69%
External Materials and Services	610,765	226,119	554,951	-9.14%
Internal Materials and Services	117,224	67,006	105,758	-9.78%
Capital Outlay	30,000	30,000	30,000	0.00%
Bond Expenses	296,918	52,183	274,275	-7.63%
▶ Fund Transfers - Expense	110,176	27,192	113,731	3.23%
Contingency	723,669	0	718,471	-0.72%
<b>Total Requirements</b>	<b>\$2,660,983</b>	<b>\$786,393</b>	<b>\$2,548,652</b>	<b>-4.22%</b>

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

Revenues and expenses have been adjusted to reflect inclement weather for the first half of the year.

Interest earnings (Miscellaneous Resources) are projected to be lower than anticipated.

### FY 2010-11 Projection

Gold Bond Redemption

Parks Fund 610	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Budgeted Beginning Fund Balance	640,358	0	640,358	0.00%
Fund Transfers - Revenue	802,000	56,140	803,684	0.21%
▶ Miscellaneous	5,000	1,900	3,316	-33.68%
<b>Total Resources</b>	<b>\$1,447,358</b>	<b>\$58,040</b>	<b>\$1,447,358</b>	<b>0.00%</b>
<b>Requirements</b>				
Bond Expenses	807,280	56,140	807,280	0.00%
Unappropriated Fund Balance	640,078	0	640,078	0.00%
<b>Total Requirements</b>	<b>\$1,447,358</b>	<b>\$56,140</b>	<b>\$1,447,358</b>	<b>0.00%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget
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Interest earnings (Miscellaneous Resources) are expected to be lower than budgeted due to the current investment environment. This variance will not impact the Golf Redemption Fund.

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

**Bureau of Environmental Services**

**Summary of Significant Issues**

*Contingency.* As of the FY 2010-11 Fall BMP, the bureau had \$152.1 million in contingency across all funds. With the Winter BMP submissions, BES is requesting draws on contingency of \$175,902 to fund two requests within the Sewer System Operating Fund (600). The revised contingency balance will be: Sewer System Operating \$38.2 million; Environmental Remediation \$1.1 million; Sewer System Construction \$81.2 million and Sewer System Rate Stabilization \$31.2 million for a new total of \$151.9 million. Of this total, \$112.5 million is held for future years' CIP expense and rate stabilization and \$38.1 million are the non-cash receivables for the billing system.

*Inter fund loan.* OMF's Technical Accounting group requested the execution of the \$22 million interfund loan from BES' Sewer System Rate Stabilization to PBOT's Transportation Operating fund (as authorized per Resolution #36727 August 26, 2009) prior to the official close of FY 2009-10. As of the Fall BMP, the loan had not yet been executed and was anticipated to be an FY 2010-11 cash flow issue for both bureaus. In order to ensure that the City's Grant Fund (217) did not end the year with a negative balance, the loan was executed to reimburse the Grant Fund for \$22 million related to outstanding Streetcar costs. PBOT will begin principle and interest payments to the Stabilization Fund and will have completed its full repayment by the end of the fiscal year.

**Recommended Requests**

1. *ES\_016 / Plotter Purchase \$0,*  
Technical adjustment shifting \$14,000 from external materials and services to capital equipment.

*FPD Recommendation: \$14,000 internal transfer*

2. *ES\_017/Parks Interagencies, \$20,500, FTE*  
This is the net result of several internal adjustments and one \$10,902 draw on contingency in order to increase various interagencies with the Parks Bureau. The primary increase of \$38,453 will adjust the agreement it has with Parks in administering the Youth Conservation Crew (YCC) for a new total of \$213,453. For this fiscal year only, the YCC will have one extra crew of six youth for Catholic Charities to promote tree establishment. Additionally, about \$13,000 replaces reduced investments by other groups.

*FPD Recommendation: \$20,500 from interagency revenue from Parks*

3. *ES\_018/City Attorney Interagency, \$0, FTE*  
This adjustment shifts \$80,840 from external materials and services into the City Attorney IA in order to fund a paralegal permanently rather than via contract. The paralegal will be dedicated to Portland Harbor issues and support two city attorneys dedicated to the project. Due to the increased sensitive nature of the work, it was determined that replacing the contract with a city employee was most prudent. Once the project is completed, the bureau will no longer need to pay the increased interagency.

*FPD Recommendation: \$80,840 internal transfer*

4. *ES\_019/Future Connect - Scholarships, \$0, FTE*  
As per an FY 2010-11 Budget Note, BES and Water will each be contributing internal service savings to the Future Connect Scholars program. The funds are now accessible.

*FPD Recommendation: \$165,000 from contingency*

## Comments on FY 2010-11 Budget Notes, Decision Packages, and Service Improvement Plans

### Budget Notes

FY 2010-11 Budget Note: BES and the Water Bureau have been directed to hire a consultant to report back on best practices for the sewer/stormwater utility and water utility rate setting approval process.

The study is currently underway and is anticipated to be completed by the end of FY 2010-11

### Decision Packages & Fall BMP Non-Technical Requests

*FY 2010-11 Adopted Budget decision packages Highlights:*

Engineering Services PS increase

- Green Streets on Bicycle Boulevards - of the four positions funded, three have been filled or are actively in the hiring process. Work is proceeding on design and construction.
- Permit Review and Inspection – Two engineer technician positions were filled.
- All other PS requests are in progress

Wastewater PS increases

- Have been implemented; a new Wastewater Operator has just been hired.

Wastewater Materials and Services increases

- Professional services for specialized cleaning of large diameter sewers – the contract documents are in process and will be with Procurement Services in February.
- Increased use of polymer used in the treatment process; expenditures are trending over budget due to wet weather conditions. Any over-spending will be covered by under-spending within the workgroup.

*FY 2010-11 Fall BMP non-technical request Highlights:*

Business Services / Admin Services

- Carryover for Hansen application upgrade – version 8 has been configured and the final data conversion is underway. Implementation should occur by the end of February.
- Limited Term Accountant II to be converted to permanent and ongoing – Classification has been changed by BHR to a Sr Admin Specialist. This is currently under recruitment.

Office of the Director / Admin Services

- Five-year strategic plan development – RFP for services was issued in November; a contract has been signed and work is underway.

Engineering Services

- Stormwater System Plan – there are active contracts for these services and work continues. The Combined System Plan is 98% complete; Sanitary Plan is 90% complete and Rehab System Plan is 90% complete. All should be 100% complete by fiscal year end.

Please see the bureau's full submission for details.

### Service Improvement Plans

*Asset Management* – in progress

- Levels of Service (LOS) have been established that reflect the desired outcomes as important to or required by various stakeholders.
- The development and publishing of a business case process for prioritizing capital and operating projects has been delayed until the Spring of 2012 due to lack of resources.

*Tiered Extra Strength Rates - delayed*

- While there is no update at this time, the bureau anticipates meeting all goals outlined for June 30, 2011. The initiation of the phased implementation will depend on the outcome of the bureau's outreach and communication with PURB, Council and impacted business sectors and members of the public. The bureau is planning on providing the PURB with an overview of the program during the March board meeting.

*Diversity in Recruitment- in progress*

- The bureau is planning a July 2011 Management Team Meeting to implement recruiting strategies. In preparation the bureau is working with Human Resources to develop the appropriate tools (including but not limited to an internal website resource for hiring managers).

**FY 2010-11 Projection**

<b>Sewer System Operating Fund - 600</b>	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 YTD Actuals</b>	<b>FY 2010-11 Year-End Projection</b>	<b>Percent Variance</b>
<b>Resources</b>				
Budgeted Beginning Fund Balance	42,200,000		41,970,249	-0.54%
▶ Licenses & Permits	1,344,208	747,586	1,143,993	-14.89%
Charges for Services	243,865,988	118,469,035	233,513,619	-4.25%
Intergovernmental Revenues	0	92,681	92,681	n/a
Interagency Revenue	1,982,273	564,488	2,143,402	8.13%
Fund Transfers - Revenue	277,924,966	96,978,264	250,378,968	-9.91%
▶ Bond and Note	450,000	-1,431,827	718,173	59.59%
Miscellaneous	695,000	2,992,147	764,950	10.06%
<b>Total Resources</b>	<b>\$568,462,435</b>	<b>\$218,412,374</b>	<b>\$530,726,035</b>	<b>-6.64%</b>
<b>Requirements</b>				
Personal Services	54,438,000	26,388,619	52,888,851	-2.85%
▶ External Materials and Services	46,982,113	22,603,735	51,335,501	9.27%
Internal Materials and Services	38,671,147	17,585,669	37,462,802	-3.12%
▶ Capital Outlay	201,251,780	79,988,729	166,710,456	-17.16%
Bond Expenses	1,905,834	481,214	1,876,713	-1.53%
Fund Transfers - Expense	186,743,702	46,498,257	176,652,677	-5.40%
Contingency	38,269,859	0	43,599,035	13.93%
Unappropriated Fund Balance	200,000		200,000	0.00%
<b>Total Requirements</b>	<b>\$568,462,435</b>	<b>\$193,546,223</b>	<b>\$530,726,035</b>	<b>-6.64%</b>

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

**Expenses**

Capital outlay is expected to be lower than originally anticipated due to the delays in both Portsmouth and Balch Creek, both of which are components of the Combined Sewer Overflow (CSO) projects.

External Materials and Services are projected to be over budget by nearly 10%. As of AP 6, the bureau has just over \$11 million encumbered into purchase orders primarily for CIP projects; of this amount, \$5.9 million is in Professional Services. Large PTE encumbrances include work associated with over \$1 million with Friends of Trees for Grey to Green tree plantings and nearly \$1 million on Wastewater Treatment Plant

secondary process improvements. If this major object category's projection is still to overspend, the bureau will make the necessary adjustments during the Spring BMP to match the anticipated appropriation level.

**Revenues**

Licenses and permits are not expected to meet budget, due to the downward trend in construction permits.

Bond and Note proceeds are expected to be 60% over budget due to state loan projects previously accounted for in the Grants Fund. The proceeds are being transferred back into the Sewer Operating Fund as per the direction of the Grants Fund and Technical Accounting. The bureau is coordinating with OMF on the remaining journal entries needed to complete the transfer. Projects impacted were for Lents Sewer Extension Project and the associated SE 83<sup>rd</sup> Pump Station and a few smaller extension projects.

Miscellaneous revenues are projected to come in by about 10% or more due to the unbudgeted contractor settlement of \$245,000 related to emergency repairs required to a sewer pipe after being drilled into by a private contractor who failed to obtain the proper locate services beforehand.

Intergovernmental Revenues is expected to come in greater than anticipated due to revenues received for prior year's projects.

<b>Environmental Remediation Fund - 608</b>	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 YTD Actuals</b>	<b>FY 2010-11 Year-End Projection</b>	<b>Percent Variance</b>
<b>Resources</b>				
Budgeted Beginning Fund Balance	500,000		1,313,798	162.76%
Charges for Services	5,800,000	259,404	5,815,864	0.27%
Interagency Revenue	375,492	182,958	366,818	-2.31%
▶ Fund Transfers - Revenue	88,015		62,715	-28.75%
▶ Miscellaneous	25,000	7,979	14,536	-41.86%
<b>Total Resources</b>	<b>\$6,788,507</b>	<b>\$450,341</b>	<b>\$7,573,731</b>	<b>11.57%</b>
<b>Requirements</b>				
▶ Personal Services	\$593,870	\$313,524	\$602,684	1.48%
External Materials and Services	\$4,014,309	\$1,580,807	\$3,596,577	-10.41%
Internal Materials and Services	\$947,579	\$324,868	\$945,044	-0.27%
Bond Expenses	\$856	\$194	\$843	-1.52%
Fund Transfers - Expense	\$81,959	\$40,177	\$81,337	-0.76%
Contingency	\$1,149,934		\$2,347,246	104.12%
<b>Total Requirements</b>	<b>\$6,788,507</b>	<b>\$2,259,570</b>	<b>\$7,573,731</b>	<b>11.57%</b>

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

**Expenses**

External Materials and Services are expected to be under by about 10%. Remaining payments to the Lower Willamette Group Portland Harbor investigation services are still unknown.

Personal Services are expected to come in slightly higher than budget at this point. As of the last December payroll, PS actuals were \$308,000. With the current trend of an average payroll is \$23,700, the bureau could expect to spend another \$325,000. The bureau will make any necessary appropriations adjustments during the Spring BMP.

**Revenues**

Fund Transfers from the Operating Fund are projected to come in at 71% of budget due to a refinement in the calculation of FY 2009-10 rent revenues deposited in the wrong fund. The rent revenues in question were

from tenants at the Guild's Lake property. Throughout the year, the revenues were journaled into fund 608; some of the June 2010 receipts were not corrected. A correction was made in the Fall BMP, however it was determined that some of the revenue was from other properties and needed to remain in Fund 600.

<b>Sewer System Debt Redemption Fund - 609</b>	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 YTD Actuals</b>	<b>FY 2010-11 Year-End Projection</b>	<b>Percent Variance</b>
<b>Resources</b>				
Budgeted Beginning Fund Balance	2,950,000		2,875,607	-2.52%
Fund Transfers - Revenue	147,938,839	39,191,757	147,923,113	-0.01%
Bond and Note	27,870,500	187,870,500	27,870,500	0.00%
▶ Miscellaneous	250,000	53,422	116,552	-53.38%
<b>Total Resources</b>	<b>\$179,009,339</b>	<b>\$227,115,679</b>	<b>\$178,785,772</b>	<b>-0.12%</b>
<b>Requirements</b>				
Bond Expenses	148,288,139	199,191,777	148,030,058	-0.17%
Unappropriated Fund Balance	30,721,200		30,755,714	0.11%
<b>Total Requirements</b>	<b>\$179,009,339</b>	<b>\$199,191,777</b>	<b>\$178,785,772</b>	<b>-0.12%</b>

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

Expenses and Revenues are expected to be within 10% of budget with one exception. Miscellaneous revenues are projected to be less than half of the original budget as a result of lower interest earnings.

<b>Sewer System Construction Fund - 614</b>	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 YTD Actuals</b>	<b>FY 2010-11 Year-End Projection</b>	<b>Percent Variance</b>
<b>Resources</b>				
Budgeted Beginning Fund Balance	46,000,000		48,417,070	5.25%
Charges for Services	300,000	210,378	274,065	-8.65%
▶ Fund Transfers - Revenue	20,000,000		9,950,000	-50.25%
Bond and Note	262,122,789	262,122,789	262,122,789	0.00%
▶ Miscellaneous	1,415,000	1,562,839	1,063,933	-24.81%
<b>Total Resources</b>	<b>\$329,837,789</b>	<b>\$263,896,006</b>	<b>\$321,827,857</b>	<b>-2.43%</b>
<b>Requirements</b>				
Bond Expenses	920,000	908,227	907,613	-1.35%
Fund Transfers - Expense	247,642,613	96,715,911	216,546,615	-12.56%
Contingency	81,275,176		104,373,629	28.42%
<b>Total Requirements</b>	<b>\$329,837,789</b>	<b>\$97,624,138</b>	<b>\$321,827,857</b>	<b>-2.43%</b>

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

### Expenses

Fund Transfers are projected to be 13% below budget due to slower CIP expenditures requiring reimbursement.

### Revenues

Fund Transfers are projected to be less than half of budget due to projected cash restraints in the Sewer Operating Fund limiting the amount of cash funded CIP contributions. The year-end transfer from the Sewer Operating Fund to the Construction Fund is based on an estimate calculated after net expenses, debt

coverage and the availability of cash balances. The FY 2010-11 budget's estimate of \$20 million was optimistic. As a result, the Construction Fund will require the next bond sale to take place a few weeks earlier (bond sale currently planned for June or July 2012).

Miscellaneous revenues are projected to be 25% lower than originally budgeted due to lower interest earnings.

<b>Sewer System Construction Fund - 617</b>	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 YTD Actuals</b>	<b>FY 2010-11 Year-End Projection</b>	<b>Percent Variance</b>
<b>Resources</b>				
Budgeted Beginning Fund Balance	60,800,000		38,090,996	-37.35%
Miscellaneous	450,000	151,255	334,987	-25.56%
<b>Total Resources</b>	<b>\$61,250,000</b>	<b>\$151,255</b>	<b>\$38,425,983</b>	<b>-37.26%</b>
<b>Requirements</b>				
Fund Transfers - Expense	30,000,000		33,550,000	11.83%
Contingency	31,250,000		4,875,983	-84.40%
<b>Total Requirements</b>	<b>\$61,250,000</b>	<b>\$0</b>	<b>\$38,425,983</b>	<b>-37.26%</b>

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

### Expenses

Fund Transfers Expense are expected to be 12% over plan due to additional transfers necessary to meet bond coverage requirements in the Sewer Operating Fund. The bureau has promised bondholders that it will maintain net revenues as a ratio to debt payments of at least 1.5 on first lien bonds and 1.3 on combined first and second lien bonds. The Rate Stabilization Fund is the mechanism by which the Operating Fund to meets appropriate coverage requirements. Due to lower SDC and permit revenues anticipated to be collected in the Operating Fund, the Stabilization Fund will transfer about \$3.5 million more to make up the difference and maintain the coverage ratio. The bureau will make any necessary appropriations adjustments during the Spring BMP.

### Revenues

Miscellaneous revenues are expected to be 25% under budget due to lower than anticipated interest earnings.

<b>Grant Fund - 217 (ES)</b>	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 YTD Actuals</b>	<b>FY 2010-11 Year-End Projection</b>	<b>Percent Variance</b>
<b>Resources</b>				
Intergovernmental Revenues	3,469,254	1,873,406	1,441,334	-58.45%
<b>Total Resources</b>	<b>\$3,469,254</b>	<b>\$1,873,406</b>	<b>\$1,441,334</b>	<b>-58.45%</b>
<b>Requirements</b>				
▶ Personal Services	173,170	300,675	199,783	15.37%
▶ External Materials and Services	932,010	797,044	811,690	-12.91%
Internal Materials and Services	124,750	54,123	122,390	-1.89%
Capital Outlay	2,239,324	1,120,034	307,471	-86.27%
<b>Total Requirements</b>	<b>\$3,469,254</b>	<b>\$2,271,876</b>	<b>\$1,441,334</b>	<b>-58.45%</b>

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

**Expenses**

Personal Services is projected to be over budget due to grants from other bureaus (PBOT and BPS). As of the final payroll in December the fund spent a total of \$300,000, however, the bureau is anticipating a \$100,000 will be journaled to one or more of their partner bureaus.

External Materials and Services and Capital Outlay are projected to be less due to the state loan fund transfer back to the Sewer Operating Fund. The bureau will make any necessary appropriations adjustments in the Spring BMP.

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

**Portland Water Bureau**

**Summary of Significant Issues**

None.

**Recommended Requests**

1. *WA\_007/Interagency with Portland Office of Emergency Management, \$0*

Increase of \$7,000 with POEM for WEB Emergency Operations Center software maintenance. Funds from bureau contingency.

*FPD Recommendation: \$0*

2. *WA\_008/Water discharge correction, \$0*

Correction of a billing error of \$44,590.

*FPD Recommendation: \$0*

3. *WA\_009/Interagency with the Revenue Bureau, \$7,700*

Increase at the request of Revenue Bureau for processing leaf program checks and payment stubs.

*FPD Recommendation: \$0*

4. *WA\_010/Future Connect Scholarship Program, \$0*

Funds for this program have been identified and the budget authority moved from contingency to the operating budget.

*FPD Recommendation: \$0*

5. *WA\_011/Interagency with the Parks Bureau, \$0*

Increase of \$20,000 to Parks for work on Powell Butte.

*FPD Recommendation: \$0*

**Comments on FY 2010-11 Budget Notes, Add Packages, and Service Improvement Plans**

**Budget Notes & Fall BMP Non-Technical Requests**

Rate Setting Approval Process - The Water Bureau and the Bureau of Environmental Services have hired a consultant to determine best practices for utility rate setting approval processes. A consultant has been hired, scope of work completed, and the study is in progress. A final report is anticipated to be available in March 2011.

Future Connect Scholars Program – Water has the funds available for this program. Currently, opportunities within the bureau are being identified while the mayor’s office works on an IGA with the participating colleges.

**Service Improvement Plans**

The Portland Water Bureau continues to expand its pump control and maintenance program. New power monitors for electrical maintenance have been installed and vibration analysis continues to reduce damage to the mechanical pumps. A report on the results of the Reliability Center Maintenance for the two pump stations is being drafted and an RFP for wireless field entry was finalized.

**FY 2010-11 Projection**

Hydroelectric Power Operating Fund – 601

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Beginning Fund Balance	\$348,607	\$0	\$338,629	-2.86%
▶ Interagency Revenue	\$63,207	\$12,587	\$55,000	-12.98%
▶ Fund Transfers - Revenue	\$125,000	\$0	\$60,000	-52.00%
Miscellaneous	\$634,370	\$52,379	\$660,111	4.06%
<b>Total Resources</b>	<b>\$1,171,184</b>	<b>\$64,966</b>	<b>\$1,113,740</b>	<b>-4.90%</b>
<b>Requirements</b>				
Personal Services	\$270,987	\$117,328	\$239,500	-11.62%
External Materials and Services	\$196,500	\$5,630	\$104,100	-47.02%
Internal Materials and Services	\$212,520	\$119,939	\$212,400	-0.06%
Bond Expenses	\$14,608	\$3,314	\$14,608	0.00%
Fund Transfers - Expense	\$347,971	\$48,664	\$347,971	0.00%
▶ Contingency	\$128,598	\$0	\$195,161	51.76%
<b>Total Requirements</b>	<b>\$1,171,184</b>	<b>\$294,875</b>	<b>\$1,113,740</b>	<b>-4.90%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget
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Resources: Interagency revenue down due to fewer work requirements from the Water bureau. Fund transfers from the Hydropower Renewal and Replacement fund are lower due to less of a need for replacement projects.

Requirements: Contingency is projected to be higher due to a part-time position vacancy and fewer replacement projects at the Portland Hydroelectric project.

**Water Fund - 602**

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Beginning Fund Balance	\$47,295,512	\$0	\$49,769,357	5.23%
Charges for Services	\$115,611,286	\$52,313,274	\$112,111,285	-3.03%
Intergovernmental Revenue	\$451,000	\$529,867	\$451,000	0.00%
Interagency Revenue	\$2,445,896	\$1,249,201	\$2,438,196	-0.31%
Fund Transfers - Revenues	\$75,859,111	\$32,292,929	\$72,763,110	-4.08%
Miscellaneous	\$780,274	\$327,643	\$748,875	-4.02%
<b>Total Resources</b>	<b>\$242,443,079</b>	<b>\$86,712,914</b>	<b>\$238,281,823</b>	<b>-1.72%</b>
<b>Requirements</b>				
Unappropriated Fund Balance	\$0	\$0	\$0	#DIV/0!
Personal Services	\$58,863,038	\$28,462,838	\$58,555,038	-0.52%
▶ External Materials and Services	\$24,244,250	\$7,586,939	\$21,358,808	-11.90%
▶ Internal Materials and Services	\$19,964,389	\$9,050,757	\$21,069,137	5.53%
Capital Outlay	\$33,345,300	\$14,791,232	\$32,845,300	-1.50%
▶ Bond Expenses	\$2,510,765	\$449,049	\$2,511,215	0.02%
▶ Fund Transfers - Expense	\$60,310,651	\$38,150,606	\$60,769,783	0.76%
Contingency	\$43,204,686	\$0	\$41,172,542	-4.70%
<b>Total Requirements</b>	<b>\$242,443,079</b>	<b>\$98,491,421</b>	<b>\$238,281,823</b>	<b>-1.72%</b>

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

Resources: None.

Requirements: External materials and services is lower due to a reduction in cost for operating expenditures (\$2.9 million). Bond expenses are slightly higher.

Hydroelectric Power Bond Redemption - 611

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Beginning Fund Balance	\$4,383,500	\$0	\$4,420,808	0.85%
Miscellaneous	\$2,763,300	\$209,852	\$2,747,696	-0.56%
<b>Total Resources</b>	<b>\$7,146,800</b>	<b>\$209,852</b>	<b>\$7,168,504</b>	<b>0.30%</b>
<b>Requirements</b>				
Bond Expenses	\$2,716,810	\$0	\$2,716,810	0.00%
Unappropriated Fund Balance	\$4,429,990	\$0	\$4,451,694	0.49%
<b>Total Requirements</b>	<b>\$7,146,800</b>	<b>\$0</b>	<b>\$7,168,504</b>	<b>0.30%</b>

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

No issues.

Water Bond Sinking Fund - 612

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Beginning Fund Balance	\$10,320,038	\$0	\$10,321,463	0.01%
Fund Transfer - Revenue	\$29,199,467	\$20,228,459	\$28,199,443	-3.42%
Bond and Note	\$6,276,000	\$0	\$6,282,000	0.10%
Miscellaneous	\$106,904	\$30,575	\$106,928	0.02%
<b>Total Resources</b>	<b>\$45,902,409</b>	<b>\$20,259,034</b>	<b>\$44,909,834</b>	<b>-2.16%</b>
<b>Requirements</b>				
Bond Expenses	\$28,306,371	\$20,228,458	\$28,306,371	0.00%
Unappropriated Fund Balance	\$16,596,038	\$0	\$16,603,463	0.04%
<b>Total Requirements</b>	<b>\$44,902,409</b>	<b>\$20,228,458</b>	<b>\$44,909,834</b>	<b>0.02%</b>

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

No issues.

### Water Construction Fund - 615

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Beginning Fund Balance	\$33,224,757	\$0	\$40,592,066	22.17%
Charges for Services	\$2,000,000	\$629,657	\$2,000,000	0.00%
Fund Transfers - Revenue	\$24,051,255	\$12,503,937	\$24,536,255	2.02%
Bond and Note	\$73,949,000	\$0	\$74,018,000	0.09%
Miscellaneous	\$363,958	\$104,140	\$364,096	0.04%
<b>Total Resources</b>	<b>\$133,588,970</b>	<b>\$13,237,734</b>	<b>\$141,510,417</b>	<b>5.93%</b>
<b>Requirements</b>				
Fund Transfers - Expense	\$76,183,069	\$32,292,929	\$73,087,206	-4.06%
Contingency	\$11,427,460	\$0	\$11,427,460	0.00%
Unappropriated Fund Balance	\$45,978,441	\$0	\$56,995,751	23.96%
<b>Total Requirements</b>	<b>\$133,588,970</b>	<b>\$32,292,929</b>	<b>\$141,510,417</b>	<b>5.93%</b>

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

No issues.

### Hydroelectric Power Renewal Replacement Fund - 618

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Beginning Fund Balance	\$9,222,708	\$0	\$9,303,360	0.87%
▶ Miscellaneous	\$524,600	\$11,769	\$237,690	-54.69%
<b>Total Resources</b>	<b>\$9,747,308</b>	<b>\$11,769</b>	<b>\$9,541,050</b>	<b>-2.12%</b>
<b>Requirements</b>				
Fund Transfers - Expense	\$125,000	\$0	\$60,000	-52.00%
Contingency	\$9,622,308	\$0	\$9,481,050	-1.47%
<b>Total Requirements</b>	<b>\$9,747,308</b>	<b>\$0</b>	<b>\$9,541,050</b>	<b>-2.12%</b>

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

Resources: Contracted powers sales for the year are projected to be \$112,260 less than budgeted, and interest rates are lower than initially budgeted leading to a significant drop in investment earnings.

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

**Bureau of Development Services**

**Summary of Significant Issues**

Projections for a slow economic recovery persist for the next couple of years which will continue to impact BDS's cash flow. The bureau will pay back the \$1.5 million loan it received from the Bancroft Bond Fund this Spring as required by State Budget Law but will immediately need to borrow a similar amount to guard against continued cash flow problems. BDS is also working with OMF Debt Management to obtain a line of credit to implement the State's eBuildings Permitting system.

**Recommended Requests**

1. *DS\_005/Rent Payment to BDS from BTS, \$42,536, 0 FTE*

Bureau of Technology Services (BTS) is renting space for eight workstations on the second floor of the 1900 Building.

*FPD Recommendation: \$42,536*

**Comments on FY 2010-11 Budget Notes, Decision Packages, and Service Improvement Plans**

**Budget Notes**

**BDS Budget Note**

As a first step towards funding a new online permitting system, Council directs the Bureau of Development Services to update its Five-Year Financial Plan for FY 2010-11 to FY 2014-15 to include a cost/benefit analysis of the new system and set aside sufficient resources to meet future debt service requirements. This analysis should take into account all of the bureaus that will use the new system. BDS must present the new Five-Year Financial Plan to Council, and Council must approve it, before BDS expends any additional funding for the new permitting system. The Council must separately approve of moving forward with the new permitting system before any expenditures are made or loans received. The CAO will also convene 5 to 7 people with expertise in commercial and residential real-estate, including a member of SBAC and DRAC, to take into consideration current and future development activity as it relates to BDS's ability to meet debt service requirements.

**Update**

During fall 2010, BDS convened a Financial Advisory Committee which included experts in real estate and economic forecasting. On November 3, 2010, OMF, BTS, and BDS presented the Information Technology Advancement Project to Council. The presentation included information on efficiencies, cost/benefit analysis, costs to other bureaus, and support for the project's financial feasibility from the advisory committee.

BDS has also updated its financial forecasting models which three economists from the Financial Advisory Committee and the City economist supported. BDS will use the updated models in its Five Year Financial Plan.

BDS continues to work with BTS, OMF, and the City Attorney's Office to negotiate: (1) an Intergovernmental Agreement with State of Oregon, Building Codes Division so that BDS will be a full service jurisdiction within the State's eBuildings Permitting system and (2) a sole source contract with Accela Inc. for the additional Accela software licenses and maintenance that are required beyond those covered by the State agreement. BDS will provide OMF with a project cost estimate in order to secure financing through a line of credit.

### **Service Improvement Plans**

#### **Technology**

The budget and staff reductions at BDS have compelled the bureau to downsize and re-engineer some of its processes. In the course of reshaping the organization, it became clear that BDS's current levels of automation, transparency, and public access to information hinder the bureau's effectiveness and ability to be efficient with limited resources. The bureau had been proceeding with implementing an 18-month plan to improve its technology tools; however, significant cuts in the budget stalled this.

BDS made a recommendation to Commissioner Leonard to make a major investment that will significantly enhance BDS's technology tools over the next two years. On November 3, 2010, City Council authorized BDS to proceed with a vendor contract and an IGA with the State of Oregon, and to arrange a line of credit to fund the IT Advancement project. BDS is currently in contract and IGA negotiations and financial planning to establishment a line of credit.

#### **Neighborhood Inspections & Land Use Services**

City Council did not approve BDS' request for \$1.3 million in additional ongoing General Fund support for the Neighborhood Inspections and Land Use Services programs for FY 2010-11, so service reductions have remained in place. A variety of neighborhood stakeholders continue to indicate that the service reductions are negatively impacting livability issues. BDS intends to request additional General Fund support for these programs again in its FY 2011-12 budget request.

#### **Match Staffing to Workload**

BDS will request City Council authorization to add up to 13 staff positions supported by projected increases in permit fees and other non-General Fund revenues in its FY 2011-12 Requested Budget. In addition, the bureau will request additional one-time General Fund support to add 5.5 positions, with costs in future years being covered by non-General Fund revenues. These requests are based upon the bureau's ability to fund the positions in the ongoing years. The expected workload for FY 2011-12 would dictate that another 10 positions are needed in addition to what is being requested in order to provide an acceptable level of service for the highest priority service improvement areas.

## FY 2010-11 Projection

BDS Fund 203	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
▶ Budgeted Beginning Fund Balance	410,309	0	0	-100.00%
Licenses & Permits	17,151,773	7,407,912	16,180,993	-5.66%
Charges for Services	5,814,281	2,595,600	5,581,936	-4.00%
Interagency Revenue	1,054,123	765,893	1,011,587	-4.04%
Fund Transfers - Revenue	1,889,156	944,578	1,889,156	0.00%
Bond and Note	5,203,552	0	5,203,552	0.00%
Miscellaneous	1,886,939	998,887	1,996,443	5.80%
<b>Total Resources</b>	<b>\$33,410,133</b>	<b>\$12,712,870</b>	<b>\$31,863,667</b>	<b>-4.63%</b>
<b>Requirements</b>				
▶ Personal Services	15,670,096	7,796,420	15,977,210	1.96%
External Materials and Services	6,435,262	305,973	6,084,194	-5.46%
Internal Materials and Services	6,339,978	3,081,078	6,100,244	-3.78%
Bond Expenses	696,274	157,956	696,274	0.00%
Fund Transfers - Expense	2,369,009	1,178,742	2,369,009	0.00%
Contingency	1,899,514	0	0	-100.00%
Unappropriated Fund Balance	0	0	636,736	N.A.
<b>Total Requirements</b>	<b>\$33,410,133</b>	<b>\$12,520,169</b>	<b>\$31,863,667</b>	<b>-4.63%</b>

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

Beginning fund balance is below projections for FY 2010-11 because of continued cash flow issues due to the down economy.

Personal Services is slightly above plan due to:

- The IT project was budgeted in External M&S (per OMF), and the bureau is already incurring personal services expenditures associated with the project.
- Unemployment benefits in FY 2010-11 were budgeted in External M&S, however beginning July 2010, central accounting started charging them to personal services.
- The bureau incurred overtime expenses. No overtime was budgeted.

BDS is planning to move funds from External M&S and Contingency to Personal Services in the Spring BMP to make sure BDS does not overspend its personal services budget.

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

**Portland Housing Bureau**

**Summary of Significant Issues**

The Portland Housing Bureau is requesting \$500,000 from the General Fund Capital Set-Aside. Financial Planning recommends utilizing other, unallocated, non-General Fund resources for this request. See details in 'Not Recommended Requests' below.

**Recommended Requests**

*1. HC\_009/Winter BMP - Reductions, (\$32,599,896) in several funds, 0 FTE*

This request reduces various fund budgets including the Tax Increment Financing Reimbursement (TIF) Fund, the Housing Investment Fund (HIF), and the Community Development Block Grant (CDBG) Fund. The TIF Fund is reduced by \$27.6 million and the CDBG Fund is reduced by \$275,000 in FY 2010-11 to account for revised project timelines. These funds will be rebudgeted during the FY 2011-12 budget process. Projects with spending moving to FY 2011-12 include: Resource Access Center (\$16 million), Yards at Union Station (\$4.4 million), and Veterans Housing (\$5.7 million).

The HIF is reduced by \$4.7 million in FY 2010-11 to account for unallocated Federal Section 108 loan guarantee appropriation that will be rebudgeted during the FY 2011-12 budget process and be available for allocation during the next fiscal year.

*FPD Recommendation: (\$32,599,896)*

*2. HC\_007/Winter BMP – New Request, \$1,368,236, 0 FTE*

This request increases various fund budgets. Additional appropriations include:  
\$330,461 HIF: This increased appropriation trues up the final amount and source of Private Lender Participation Agreement loan program income, a source coming to PHB from PDC as part of the Housing transition. While the funds are received into the HIF, it has been determined that the program was initially funded with CDBG and HOME and therefore belongs in those funds. This new appropriation plus the previously budgeted amount are requested to be transferred to the CDBG and HOME funds.  
\$722,033 CDBG Fund: Most of this is the result of the cash transfer from the HIF for PLPA noted above.  
\$292,669 HOME Fund: \$200,000 is appropriated from unspent, unbudgeted prior year allocation. The remainder is the PLPA cash transfer from the HIF noted above.  
\$21,500 Grants Fund: This is an appropriation of unspent, unbudgeted allocation from prior years.

*FPD Recommendation: \$1,368,236*

*3. HC\_008/Winter BMP – Technical Adjustments, \$0, 0 FTE*

This request shifts appropriation in order to align the bureau budget with actual service delivery.

*FPD Recommendation: As requested.*

## Not Recommended Requests

### 1. *HC\_010/Winter BMP – GF Infrastructure Maintenance Request, \$500,000, 0 FTE*

This request would fund a portion of the maintenance need on the Fairfield, a City-owned 4-story hotel providing 81 Single-Room Occupancy units. This asset was transferred from the Portland Development Commission as part of the creation of PHB.

The building requires an estimated \$5.5 million of rehabilitation, including upgrades for health, life, and safety issues. The asset is considered to be 25% ‘poor’ condition per the most recent condition survey.

Currently, \$500,000 is planned in the River District URA budget for this asset. An additional \$500,000 would be, according to the bureau, the minimum investment required at this point is \$1,000,000.

While this project is in need of funding in order for the City to fulfill its responsibility as landlord to the low-income tenants, there are other potential sources including an additional tax increment investment or a Federal Section 108 loan authorization.

The building is located within the River District Urban Renewal Area where there is currently \$492,000 of unallocated affordable housing funding. This is the only remaining ‘opportunity’ funding in the district until FY 2013-14, per the most recent resource and expenditure forecast.

As part of this BMP, PHB has requested that \$4.7 million of Federal Section 108 loan authorization be reduced in the current year budget to be reappropriated in FY 2011-12 during the budget process. A considerable portion of these funds have not yet been allocated. The Section 108 program was designed specifically for, among other things, “rehabilitation of publicly owned real property”. Were this program to be utilized for rehab of this property, the loan would be paid off through future Community Development Block Grant allocations if net cash flow from the project were not available. This current bureau policy is that CDBG will not represent greater than \$500,000 for repayment of principal and interest on Section 108 loans. This recommendation may cause the bureau to violate that policy, depending on the actual program income generated off of current and future loans.

FPD agrees that the asset is in need of capital upgrades; we recommend using one or both of these available non-General Fund resources before considering the allocation of City General Fund. In the event that the bureau cannot or does not do this work in the near term, there might be additional costs resulting from deferred maintenance that would eventually be borne by TIF resources when they become available for this project.

*FPD Recommendation: \$0*

## **Comments on FY 2010-11 Budget Notes, Decision Packages, and Service Improvement Plans**

### Budget Notes

PHB is not responsible for the implementation of any budget notes during FY 2010-11.

### Decision Packages & Fall BMP Non-Technical Requests

There are no issues related to the bureaus add package updates. The majority of add packages in FY 2010-11 continued existing one-time funded services. An exception to this was an additional \$1 million package to

fund homeless services. Services have been contracted from two providers – for youth and for adults – to provide supportive housing placement and retention services to 159 households, intensive employment and benefit support to 65 individuals, and an array of youth outcomes including 24 placements in permanent housing.

**Service Improvement Plans**

The bureau has been working toward all three elements of its service improvement plan. The goal to improve housing program delivery and to complete the strategic plan and implement the new organizational structure are all intertwined and are moving ahead concurrently as part of the continuing development of the newly created bureau. The goal to increase accountability and transparency is being met through the awarding of more development capital through public and competitive NOFA processes.

**FY 2010-11 Projection**

**All Funds**

	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 YTD Actuals</b>	<b>FY 2010-11 Year-End Projection</b>	<b>Percent Variance</b>
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$3,089,022		\$1,896,198	-38.61%
Charges for Services	\$286,766	\$148,501	\$238,108	-16.97%
Intergovernmental Revenues	\$98,459,207	\$19,346,109	\$84,827,714	-13.84%
Interagency Revenue	\$11,500	\$0	\$11,500	0.00%
Fund Transfers - Revenue	\$2,865,198	\$2,118,572	\$2,118,572	-26.06%
Bond and Note	\$7,804,015	\$2,752,227	\$7,790,000	-0.18%
Miscellaneous	\$1,671,963	\$2,425,110	\$2,306,955	37.98%
General Fund Discretionary	\$10,470,258		\$9,821,142	-6.20%
<b>Total Resources</b>	<b>\$124,657,929</b>	<b>\$26,790,519</b>	<b>\$109,010,189</b>	<b>-12.55%</b>
<b>Requirements</b>				
Personal Services	\$6,514,707	\$3,167,368	\$6,536,807	0.34%
External Materials and Services	\$107,677,263	\$27,614,576	\$95,606,493	-11.21%
Internal Materials and Services	\$2,892,295	\$1,978,654	\$2,864,243	-0.97%
Bond Expenses	\$1,291,422	\$270,147	\$1,033,358	-19.98%
Fund Transfers - Expense	\$2,990,198	\$2,118,572	\$2,869,288	-4.04%
Contingency	\$3,292,044		\$100,000	-96.96%
<b>Total Requirements</b>	<b>\$124,657,929</b>	<b>\$35,149,317</b>	<b>\$109,010,189</b>	<b>-12.55%</b>

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

See fund narratives below for detail.

## General Fund

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Charges for Services		\$4	\$0 n/a	
Intergovernmental Revenues	\$621,733	\$118,136	\$621,733	
Interagency Revenue		\$0	\$0 n/a	
Miscellaneous	\$1,573	\$9,057	\$0	-100.00%
General Fund Discretionary	\$10,470,258		\$9,821,142	-6.20%
<b>Total Resources</b>	<b>\$11,093,564</b>	<b>\$127,197</b>	<b>\$10,442,875</b>	<b>-5.87%</b>
<b>Requirements</b>				
Personal Services	\$306,959	\$174,127	\$306,959	0.00%
External Materials and Services	\$11,261,361	\$3,114,464	\$10,615,672	-5.73%
Internal Materials and Services	-\$479,756	-\$10,743	-\$484,756	1.04%
Fund Transfers - Expense	\$5,000		\$5,000	0.00%
<b>Total Requirements</b>	<b>\$11,093,564</b>	<b>\$3,277,848</b>	<b>\$10,442,875</b>	<b>-5.87%</b>

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

PHB projects to be within budget in the General Fund through the end of the fiscal year. The bureau is currently running ahead of its personal services budget. This is due to business process issues related to the SAP ESS time entry system. The bureau is in the process of addressing these issues and will resolve them prior to the end of the fiscal year.

Including purchase orders, which are not shown in the actuals figure above, PHB's external materials and services commitments through AP 6 total \$9.5 million. The \$10.6 million expenditure projection is not unreasonable.

The internal services budget and actuals show as negative because of the way SAP handles an allocation account that PHB uses in the General Fund to spread costs to the Tax Increment Finance Reimbursement Fund.

## Grants Fund

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$0		\$5,000	n/a
Intergovernmental Revenues	\$10,634,041	\$4,068,865	\$10,077,506	-5.23%
Miscellaneous		\$11,770		n/a
<b>Total Resources</b>	<b>\$10,634,041</b>	<b>\$4,080,635</b>	<b>\$10,082,506</b>	<b>-5.19%</b>
<b>Requirements</b>				
Personal Services	\$663,649	\$416,364	\$663,649	0.00%
External Materials and Services	\$9,970,392	\$4,617,407	\$9,418,857	-5.53%
<b>Total Requirements</b>	<b>\$10,634,041</b>	<b>\$5,033,771</b>	<b>\$10,082,506</b>	<b>-5.19%</b>

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

PHB projects to remain within budget in the Federal Grants Fund through the end of the fiscal year. In addition to the \$4.6 million of actuals as of AP 6, PHB has committed a total of \$3.7 million in purchase orders, bringing the total annual commitment to date to \$8.2 million. The spending projection is reasonable.

The bureau is currently running ahead on personal services because some functions that were previously contracted are being performed internally by staff. PHB is seeking authorization to alter the budget with the Federal agency responsible for the grant and will request the City budget adjustment in the Spring BMP.

The grants tracked in this fund include: Lead, Housing for Persons With AIDS (HOPWA), Emergency Shelter Grant (ESG), Neighborhood Stabilization Program (NSP) and the Homelessness Prevention and Rapid Re-housing Program (HPRP).

### Community Development Block Grant (CDBG) Fund

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Charges for Services		\$155		n/a
Intergovernmental Revenues	\$17,849,698	\$1,870,603	\$14,796,136	-17.11%
Fund Transfers - Revenue	\$653,957			-100.00%
Miscellaneous		\$9,734	\$1,838	n/a
<b>Total Resources</b>	<b>\$18,503,655</b>	<b>\$1,880,492</b>	<b>\$14,797,974</b>	<b>-20.03%</b>
<b>Requirements</b>				
Personal Services	\$2,107,709	\$1,160,103	\$2,107,709	0.00%
External Materials and Services	\$13,350,472	\$2,793,940	\$10,559,148	-20.91%
Internal Materials and Services	\$1,896,105	\$1,497,387	\$1,873,053	-1.22%
Bond Expenses	\$516,128		\$258,064	-50.00%
Contingency	\$633,241			-100.00%
<b>Total Requirements</b>	<b>\$18,503,655</b>	<b>\$5,451,430</b>	<b>\$14,797,974</b>	<b>-20.03%</b>

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

PHB projects to remain within budget in the CDBG Fund through the end of the fiscal year. In addition to the \$2.7 million of actuals shown above, PHB has \$6.6 million of purchase requisitions and purchase orders in the system as of AP 6, bringing the total commitment to \$9.3 million in external materials and services. Still, the bureau expects to underspend this appropriation. This is primarily due to projects (Sawash, Butte, Arbor Glen, Kehillah, Otesha, Hatfield – representing \$1.8 million) which are likely but not certain to underspend budget allocations. The bureau also expects to underspend its bond expense appropriation. This appropriation exists to meet debt service obligations on the section 108 loan program and the underspending is driven by the fact that only a portion of the resource pool has been disbursed as development capital.

## HOME Fund

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Charges for Services		\$42		n/a
Intergovernmental Revenues	\$7,810,029	\$2,246,892	\$6,840,445	-12.41%
Fund Transfers - Revenue	\$92,669			-100.00%
Miscellaneous		\$11,677		n/a
<b>Total Resources</b>	<b>\$7,902,698</b>	<b>\$2,258,611</b>	<b>\$6,840,445</b>	<b>-13.44%</b>
<b>Requirements</b>				
Personal Services	\$389,725	\$246,396	\$389,725	0.00%
External Materials and Services	\$7,420,304	\$1,290,638	\$6,450,720	-13.07%
Contingency	\$92,669			-100.00%
<b>Total Requirements</b>	<b>\$7,902,698</b>	<b>\$1,537,034</b>	<b>\$6,840,445</b>	<b>-13.44%</b>

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

PHB projects to be within budget in the HOME fund through the end of the fiscal year. The bureau is currently running ahead of its personal services budget. This is due to transitional business process issues related to the SAP ESS time entry system. The bureau is in the process of addressing these issues and will resolve them prior to the end of the fiscal year.

In addition to the \$1.3 million of actuals shown above, PHB has \$3.5 million purchase orders committed as of AP 6. Still, the bureau also expects to underspend its external materials and services appropriation. This is primarily due to projects (Rockwood, Scattered Site, Briarwood - representing \$2.18 million) which are likely but not certain to underspend budget allocations.

## Housing Investment Fund (HIF)

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$3,089,022		\$1,891,198	-38.78%
Charges for Services	\$286,766	\$139,165	\$238,108	-16.97%
Intergovernmental Revenues	\$2,336,167	\$4,435	\$2,336,167	0.00%
Interagency Revenue	\$11,500		\$11,500	0.00%
Bond and Note	\$7,804,015	\$2,752,227	\$7,790,000	-0.18%
Miscellaneous	\$683,000	\$772,904	\$692,177	1.34%
<b>Total Resources</b>	<b>\$14,210,470</b>	<b>\$3,668,731</b>	<b>\$12,959,150</b>	<b>-8.81%</b>
<b>Requirements</b>				
Personal Services	\$713,883	\$414,045	\$713,883	0.00%
External Materials and Services	\$10,163,827	\$2,202,495	\$9,380,979	-7.70%
Internal Materials and Services		\$27	\$0 n/a	
Fund Transfers - Expense	\$2,985,198	\$2,118,572	\$2,864,288	-4.05%
Contingency	\$347,562		\$0	-100.00%
<b>Total Requirements</b>	<b>\$14,210,470</b>	<b>\$4,735,139</b>	<b>\$12,959,150</b>	<b>-8.81%</b>

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

PHB projects to remain within budget in the Housing Investment Fund through the end of the fiscal year. In addition to the \$2.2 million of actuals shown above for external materials and services, PHB also has \$1.5 million purchase orders. The bureau anticipates underspending of external materials and services appropriation. This is primarily due the risk mitigation pool (\$700,000) which is likely but not certain to substantially underspend appropriation. (The bureau is re-evaluating the RMP appropriation and will likely keep the majority in fund balance or contingency in future budget years.)

PHB projects \$1.2 million of budgeted fund balance will remain at fiscal year end. Of this, \$700,000 belongs to the Risk Mitigation Pool and the remaining \$500,000 belongs to other programs tracked in the Housing Investment Fund (e.g., SDC, LTE & MCC programs).

### **Tax Increment Financing (TIF) Reimbursement Fund**

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Charges for Services		\$9,135	\$0	n/a
Intergovernmental Revenues	\$57,844,587	\$11,037,178	\$48,580,278	-16.02%
Fund Transfers - Revenue	\$2,118,572	\$2,118,572	\$2,118,572	0.00%
Miscellaneous	\$987,390	\$1,610,288	\$1,612,940	63.35%
<b>Total Resources</b>	<b>\$60,950,549</b>	<b>\$14,775,173</b>	<b>\$52,311,790</b>	<b>-14.17%</b>
<b>Requirements</b>				
Personal Services	\$2,332,782	\$756,333	\$2,142,385	-8.16%
External Materials and Services	\$55,023,249	\$13,595,631	\$48,693,459	-11.50%
Internal Materials and Services	\$1,475,946	\$491,982	\$1,475,946	0.00%
Contingency	\$2,118,572			-100.00%
<b>Total Requirements</b>	<b>\$60,950,549</b>	<b>\$14,843,946</b>	<b>\$52,311,790</b>	<b>-14.17%</b>

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

PHB projects to be within budget in the TIF fund through the end of the fiscal year. The bureau is currently running well behind its personal services budget. This is due to transitional business process issues related to the SAP ESS time entry system. The bureau is in the process of addressing these issues and will resolve them prior to the end of the fiscal year.

Also, the bureau expects to underspend external M&S appropriation. This is primarily due to projects (Scattered Site 4 Properties, Ventura Park, HAP Scattered Sites, HAP Affordable Ownership/Rehab, Blanchet House, Ainsworth Court – representing \$9.1M) which are likely but not certain to underspend budget allocations. In addition to the actuals show above, PHB has \$20.8 million purchase orders as of AP6.

### Headwaters Apartment Complex Fund

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Intergovernmental Revenues	\$1,362,952		\$1,362,952	0.00%
Miscellaneous		-\$320		n/a
<b>Total Resources</b>	<b>\$1,362,952</b>	<b>-\$320</b>	<b>\$1,362,952</b>	<b>0.00%</b>
<b>Requirements</b>				
External Materials and Services	\$487,658		\$487,658	0.00%
Bond Expenses	\$775,294	\$270,147	\$775,294	0.00%
Contingency	\$100,000		\$100,000	0.00%
<b>Total Requirements</b>	<b>\$1,362,952</b>	<b>\$270,147</b>	<b>\$1,362,952</b>	<b>0.00%</b>

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

No discussion required.

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

**Bureau of Planning & Sustainability**

**Summary of Significant Issues**

**LUBA Remand:** The Oregon Land Use Board of Appeals remanded the North Reach River Plan in January 2010, requiring the bureau to return to City Council and demonstrate that sufficient industrial land will remain within the North Reach. This ruling extends the timeline and cost of several projects, both river planning and others impacted by revised environmental overlays. The bureau is currently mapping out what work needs to occur to meet the requirements of the remand; the North Reach project is now expected to extend into FY 2011-12. The bureau's remaining significant initiatives – including the Portland Plan, Central City Plan, West Hayden Island and Solid Waste initiatives – are proceeding on track and meeting milestone targets.

**GFOH Increase:** In fall 2010 the bureau's General Fund Overhead (GFOH) Allocation was increased by \$403,715, reflecting 50% support of the District Planning program and the coordinative role this program plays for other bureaus. This increase complies with the bureau's FY 2010-11 budget note, which sought to stabilize BPS project funding. The bureau's increase in GFOH results in corresponding General Fund savings; the bureau plans to request this savings be reinstated to support its work in FY 2011-12 and Council will need to address this issue in the FY 2011-12 budget.

**CEWO Grant:** The bureau more than doubled the size of its budget with the appropriation of the ARRA Clean Energy Works Grant in the Fall BMP. The non-profit established in June 2010 to administer the statewide program (Clean Energy Works Oregon, Inc.) has been preparing for program launch in March 2011. To date, expenses have primarily supported staff time. The grant targets 1,000 loans completed by December 31, 2011.

**PURB Solid Waste Review:** The Public Utility Review Board provides citizen oversight of the Solid Waste Fund and rate structure. Its FY 2010-11 work program includes a review of the solid waste franchise system to better understand how City actions affect solid waste costs to consumers. Results of this inquiry are scheduled by fall 2011.

**Comments on FY 2010-11 Budget Notes, Decision Packages, and Service Improvement Plans**

**Budget Notes**

*OMF will work with BPS during FY 2010-11 to identify any BPS positions that should be incorporated into the City's General Fund overhead model. The positions selected will provide a Citywide benefit, such as the District Liaison staff. Currently about 1.5 BPS positions are funded through overhead.*

*During FY 2010-11 budget meetings, several Council members and the Mayor requested that OMF and BPS identify a way to reduce the need for one-time General Fund support. BPS has sought significant funding from outside grants and contracts and will continue to do so; however these grants cannot pay for core city services. The goal is to have a funding model in place for use in the FY 2011-12 budget. OMF and BPS will present their analysis and recommendations to City Council by January 2011.*

In December 2010 the General Fund Overhead (GFOH) Committee agreed to move half of the cost of the BPS District Planning program into the overhead model, recognizing the coordinative work this program provides for Citywide efforts. The result is an increase in the BPS GFOH allocation from \$152,950 to \$556,665, to be implemented in FY 2011-12. This movement of funds in itself will not increase BPS funding in FY 2011-12, it will simply change the origin of a portion of its funding. The GFOH increase of \$403,715 represents FY 2011-12 savings to the General Fund that BPS could request be added to its budget.

### **Decision Packages & Fall BMP Non-Technical Requests**

Current year and 2010 Fall BMP budget decisions have been implemented as planned. Projects milestones and timelines are provided below for significant bureau initiatives.

#### **FY 2010-11 One-Time City Funded Projects:**

- Portland Plan (\$800,000 GF): Phase III public workshops begin March 2011 for the citywide comprehensive plan update. A complete first draft of the Plan is targeted for fiscal year end, with City Council consideration in mid FY 2011-12. Completion in satisfaction of state-mandated Periodic Review requirements is anticipated in FY 2012-13.
- Youth Planning (\$70,522 GF): BPS plans to hire two Youth Planning Aids February – June 2011, a reduced timeframe from FY 2009-10 due to reduced program funding. Four Summer Youth Connect interns were hired summer for 2010.
- River Plan (\$167,316 BES IA): The North Reach River Plan was adopted in April 2010. On January 21 2011 the Land Use Board of Appeals remanded the plan, directing BPS to demonstrate that adequate industrial lands would be maintained. The timeline for addressing the remand and return the plan to City Council will likely extend into FY 2011-12. Staff is now engaged in developing the Central Reach River Plan as a component of the Central City Plan and will forward draft policy to City Council in fall 2011. South Reach River Plan work will commence as time permits, likely in FY 2012-13.

#### **FY 2010-11 Revenues from Outside Agencies and Organizations**

- West Hayden Island (\$322,000, increasing to \$392,000 Port of Portland): Phase I was completed in July 2010 with a City Council Resolution to create a concept plan. Staff is now in process of hiring consultants to update its rail forecast and research comparable Port facilities. Phase II (Concept Plan) is targeted to be complete in FY 2011-12, with legislative adoption following.
- Airport Futures (\$120,848, Port of Portland): The proposed land use plan was presented to the Planning Commission in August 2010 and will go before City Council March 16 2011. An update of environmental overlays will likely extend through FY 2011-12 following the LUBA remand of the River Plan. A portion of Port funding can be carried into the following fiscal year.
- Central City Plan (\$475,000, PDC): The Central City plan district update is completing each of the City's four quadrants sequentially. An internal working draft of the NE quadrant is anticipated by FY end and will go before City Council late in 2011. Each quadrant will take roughly 12 months; the project is expected to wrap up in FY 2013-14 with implementation and code revision following. The bureau is currently negotiating increased funding from PDC to support this project.
- Solid Waste Management Fund Initiatives:
  - Durable lunch Trays for PPB: Funds advanced to PPB for tray purchase.
  - Public Recycling Containers: Fabrication underway; installation targeted for March 2011.
  - Portland Recycles Phase II: Residential pilot food composting program reports 30% average reduction in solid waste collection. Citywide rollout has been delayed due to slow permitting timelines for new transfer facilities.

#### **Fall 2010 BMP EECBG/ARRA Clean Energy Works Grant**

- The bureau doubled its budget in its acceptance of ARRA funds to expand its home energy loan program statewide (\$20 million over three years). The majority of the grant was appropriated in the

Fall BMP, following the establishment of the Clean Energy Works non-profit in June 2010 to administer the loan program. The non-profit is currently preparing for its statewide program launch in March 2011. To date expenses have supported staff and program development. Grant terms target 1,000 loans provided by Dec 31, 2011.

### **Service Improvement Plans**

#### ***BPS Internal Strategic Plan***

*The bureau is committed to build on progress it has made to date in creating a shared focus for the bureau out of the merger of OSD and Planning. By the fall of 2009, the bureau will develop a strategic plan, defining a single mission for the new organization. The bureau will identify ways to better accomplish this mission by leveraging the bureau's expertise, skills, resources, programs, staff and constituencies.*

#### ***New approaches to address "equity" in the work of BPS***

*Sustainability is often described in terms of three elements: economy, environment and equity. The work of BPS has long involved all three of these elements, but the Portland Plan creates the need and opportunity to find new means to consider equity impacts in the City's policies and decisions. The bureau will take the opportunity of the Portland Plan to develop new ways to incorporate equity considerations in comprehensive plan decisions.*

#### ***Commercial Waste Reduction and Recycling Assistance***

*In FY 2009-10, BPS will significantly increase its outreach to businesses to assist them in complying with Portland's new requirement to recycle 75% of solid waste. BPS will contact more than 20,000 businesses and proactively offer assistance to 900 of the largest sources of waste.*

Strategic Plan: In January 2011 the bureau's new branding identity was presented internally along with a document describing the BPS mission, values, goals, and programmatic work through 2013. Next steps are to share this work with bureau partners and internalize the stated values in day-to-day work.

Equity: The Bureau has engaged a group of City and non-profit groups to develop this strategy including actions the City will undertake in the next five years. Equity has been a central theme and objective of the Portland Plan strategies.

Recycling: A third-party evaluation of the Business Assistance Team program was completed this fall. Based on these findings, the business recycling requirement aspects of the assistance program will be restructured and re-launch in summer 2011. Portland's recovery rate for the commercial sector is now 67%.

## FY 2010-11 Projections

### General Fund 100

Budget Summary	Adopted Budget	Revised Budget	Year-to-Date Actuals	PO & PR Encumbrances	Year End Projection	Annual Variance
<b>Resources</b>						
Service Charges & Fees	\$0	\$0	\$166	\$0	\$166	\$166
Federal, State, and Local Sources	\$1,089,834	\$1,100,986	\$186,994	\$0	\$1,124,759	\$23,773
Interagency Revenues	\$281,237	\$297,547	\$103,802	\$0	\$297,547	\$0
Miscellaneous Sources	\$10,000	\$10,000	\$4,893	\$0	\$9,674	(\$326)
GF Discretionary + GFOH	8,107,142	8,203,739	\$0	\$0	\$8,153,630	(\$50,109)
<b>Total Resources</b>	<b>\$9,488,213</b>	<b>\$9,612,272</b>	<b>\$295,854</b>	<b>\$0</b>	<b>\$9,585,775</b>	<b>(\$26,497)</b>
<b>Expenditures</b>						
Personal Services	\$7,235,478	\$7,192,940	\$4,140,811	\$0	\$7,166,443	(\$26,497)
External Materials & Services	\$880,757	\$1,044,275	\$663,151	\$564,848	\$1,044,275	\$0
Internal Materials & Services	1,091,904	\$1,375,057	107,531	\$0	\$1,375,057	\$0
<b>Total Requirements</b>	<b>\$9,208,139</b>	<b>\$9,612,272</b>	<b>\$4,911,493</b>	<b>\$564,848</b>	<b>\$9,585,775</b>	<b>(26,497)</b>

<span style="color: red;">▶</span> Revenue was not within 10% of target, or expense exceeded budget
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#### Resources

- Total revenues are forecast to come in slightly above budget based on straight-lining revenues received to date.
- Currently Interagency Revenues are on track to be about \$41,000 short attributed to billing delays. However, this projection assumes the full revenue amount budgeted is received and includes revenue for the City Energy Challenge, River Plan and Central City Plan.
- Local government support for BPS Central City program, District Liaisons and Comprehensive Planning is on target for 100% of budget.

#### Expenditures

- Total expenditures are projected to come in \$25,600 below budget.
- Personal Services is reported as on track to over-spend by close to \$500,000 due to positions supported by the Solid Waste fund and grants that are not yet properly aligned within SAP. This projection reduces year-end personnel costs by \$519,000 according to a salary adjustment spreadsheet provided by BPS.
- The bureau is not currently on track to require its \$58,257 in Compensation Set-Aside.
- Several non current encumbrances are appearing in SAP. The bureau reports that many are carry-overs from FY 2010-11. Currently SAP reports that the bureau has spent and encumbered \$1.2 million of its \$1.0 million EM&S budget; this needs to be updated.
- EM&S spending to date is inflated by a \$484,000 services expense. The bureau reports that approximately \$335,000 of this expense is a grants over-payment to be refunded.
- At the bureau's recommendation, IM&S has been projected to expend its budget despite savings demonstrated in P&D. If these persist through year end, the bureau will realize roughly \$100,000 in savings.

## Solid Waste Fund 605

<b>Budget Summary</b>	<b>Adopted Budget</b>	<b>Revised Budget</b>	<b>Year-to-Date Actuals</b>	<b>PO &amp; PR Encumbrances</b>	<b>Year End Projection</b>	<b>Annual Variance</b>
<b>Resources</b>						
Beginning Fund Balance	\$3,299,128	\$3,309,128	\$0	\$0	\$3,309,128	\$0
Licenses & Permits	\$2,508,815	\$2,508,815	\$681,805	\$0	\$2,676,822	\$168,007
Service Charges & Fees	\$1,606,440	\$1,606,440	\$398,324	\$0	\$1,593,295	(\$13,145)
Interagency Revenues	\$60,000	\$60,000	\$8,419	\$0	\$60,000	\$0
▶ Miscellaneous Sources	\$64,418	\$64,418	\$14,350	\$0	\$28,375	(\$36,043)
<b>Total Resources</b>	<b>\$7,538,801</b>	<b>\$7,548,801</b>	<b>\$1,102,898</b>	<b>\$0</b>	<b>\$7,667,620</b>	<b>\$118,819</b>
<b>Expenditures</b>						
Personal Services	\$1,779,186	\$1,779,186	\$910,204	\$0	\$1,805,368	(\$26,182)
External Materials & Services	\$2,192,188	\$2,202,188	\$445,994	\$255,250	\$2,131,025	\$71,163
Internal Materials & Services	\$1,407,264	\$1,407,264	\$108,718	\$0	\$1,235,501	\$171,763
Bond Expenses	\$37,063	\$37,063	\$8,408	\$0	\$37,063	\$0
Fund Transfers - Expense	\$235,601	\$235,601	\$72,287	\$0	\$235,601	\$0
▶ Unappropriated Fund Balance	\$1,887,499	\$1,887,499	\$0	\$0	\$2,223,062	(\$335,563)
<b>Total Requirements</b>	<b>\$7,538,801</b>	<b>\$7,548,801</b>	<b>\$1,545,611</b>	<b>\$255,250</b>	<b>\$7,667,620</b>	<b>(\$118,819)</b>

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

### Resources

- Resources are projected to come in slightly above budget, primarily driven by 1<sup>st</sup> quarter Solid Waste revenue results.
- Miscellaneous Sources (investment interest, fines and 'other') is down by 50%.

### Expenditures

- The Personal Services projection has been increased by \$315,000, reflecting the bureau's planned adjustment of staffing costs out of the General Fund.
- Significant EM&S have yet to be realized, including purchase of commercial bins and recycling containers.
- Services contracts are below budget for the first half of the year. The projection assumes these are fully expended by year end.
- Within IM&S, projected savings are primarily associated with P&D costs below budget.

## Grant Fund 217

<b>Budget Summary</b>	<b>Adopted Budget</b>	<b>Revised Budget</b>	<b>Year-to-Date Actuals</b>	<b>PO &amp; PR Encumbrances</b>	<b>Year End Projection</b>	<b>Annual Variance</b>
<b>Resources</b>						
Federal, State, and Local Sources	\$1,611,543	\$24,630,136	\$2,065,951	\$0	\$8,263,804	(\$16,366,332)
<b>Total Resources</b>	<b>\$1,611,543</b>	<b>\$24,630,136</b>	<b>\$2,065,951</b>	<b>\$0</b>	<b>\$8,263,804</b>	<b>(\$16,366,332)</b>
<b>Expenditures</b>						
Personal Services	\$1,488,330	\$2,018,853	\$564,990	\$0	1,109,820	(\$909,033)
External Materials & Services	\$123,213	\$22,611,283	\$3,219,040	\$787,897	7,057,818	(\$15,553,465)
Internal Materials & Services	\$0	\$0	\$14,864	\$0	\$29,390	\$29,390
<b>Total Requirements</b>	<b>\$1,611,543</b>	<b>\$24,630,136</b>	<b>\$3,798,894</b>	<b>\$787,897</b>	<b>\$8,197,028</b>	<b>(16,433,108)</b>
<i>Resources - Expenditures</i>					<i>\$66,776</i>	

The grants fund illustrates the significant Fall BMP increase associated with the ARRA CEWO grant, and the minimal amount that has been expended to date. The projection assumes that spending continues on pace, although BPS reports that loan issuance will increase in March 2011 with roll out of the program statewide.

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

**Office of Cable Communications and Franchise Management**

**Summary of Significant Issues**

There are two significant issues to consider in OCCFM's Winter BMP submission. First, the Strategic Broadband Plan has changed significantly in proposed scope, public involvement, staffing, funding and potentially in timeline from what was first proposed to Council. OCCFM is proposing adding a 0.2 FTE of staffing and \$40,000 of consulting to develop the strategic plan and to reach out to underserved people groups. Changing from a nine month staff developed plan to a five month plan with significant public and consultant involvement raises policy questions that need to be answered before the funding is allocated.

Second is the issue of designated one-time funding sources. Over the past two years, OCCFM has cut its advocacy funds as part of budget cuts and then requested additional one-time funds to cover these same services. This issue is raised due to a request from OCCFM during the Winter BMP, but the larger issue of whether this is appropriate as a model moving forward should be considered as part of the FY2011-12 budget process.

**Recommended Requests**

*1. CB\_007/Strategic Legislative Advocacy, \$30,000*

OCCFM took a cut of \$24,693 in the Utility Franchise Management program as a part of the FY2010-11 Budget process. OCCFM made cuts to their professional services for advocacy funds as part of the Budget Advisory Committee process ranking these expenditures the lowest in the program. That OCCFM feels that these services are vital suggests that cuts should have been made to a less essential part of the Franchise Management program.

Financial Planning recommends that half of the year's funding be restored to this program for these efforts, as more than half the fiscal year is over. Long term protection of Utility License Fees and Franchise Fees is a prudent move, and if issues do come up over the course of the rest of the year, an additional request can be made in the Spring BMP. Recommending additional funding for this effort would require an accounting of year to date efforts, since this funding is not tied to a specific advocacy issue as the advocacy funding is designed to react to threats.

*FPD Recommendation: \$12,346*

*2. CB\_009/PCM Appropriation Adjustment, \$0*

True up of Portland Community Media's contract amount for FY 2010-11.

*FPD Recommendation: \$0*

*3. CB\_010/Revolving Audit Fund Appropriation, \$0*

Revolving Audit fund carryover was approved in the Fall BMP. An interagency agreement with the Revenue Bureau was already in place in the FY 2010-11 Adopted Budget. This action moves funds from the carryover to the interagency agreement.

*FPD Recommendation: \$0*

4. *CB\_011/Comcast Renewal, \$0*

Transfer of MHCRC contingency to cover Comcast franchise renewal costs of \$24,000.

*FPD Recommendation: \$0*

**Not Recommended Requests**

1. *CB\_008/Broadband Strategic Plan, \$55,000*

OCCFM is requesting \$55,000 for the developing the Broadband Strategic Plan: \$15,000 for additional staff time and \$40,000 for a consultant to be used for community outreach, public involvement, and writing the plan.

When this was first brought before Council, it was proposed as an eight month planning process using existing staff. What is now being proposed is a five month planning process using additional staff and a significant amount of professional services. OCCFM has stated that the scope of the planning processes has magnified substantially beyond what was initially presented to council. Given that the initial plan was a much smaller scope over eight months, its unlikely that a much more expansive effort, including involving an outside consultant and expanded public involvement, could be completed by June 30, 2011. OCCFM stated that while this is a critically urgent item which is vital to several other city efforts, the office has no capacity for the additional workload without additional funding. It is unclear whether adding 0.2 of an FTE for five months is enough or more than needed for this effort.

Given how important this effort is, it is vital to get the planning effort correctly scoped, staffed, funded and include adequate public involvement the first time around. There are enough significant changes to all these areas from the initial proposal that FPD believes Council should take another look at how it wants the Broadband Strategic Plan developed and when the target date for completion should be. Financial Planning cannot recommend this request as structured because further direction from the Council is needed.

*FPD Recommendation: \$0*

**Comments on FY 2010-11 Budget Notes, Decision Packages, and Service Improvement Plans**

**Service Improvement Plans**

OCCFM submitted an update that covered all six of its highlighted SIP areas. Two of these issues are related to winter BMP requests. First, under the strategic advocacy status report OCCFM has been unable to participate in three advocacy (Comcast/NBC Universal merger, TeleCommUnity, and the Communication Access Preservation Act) efforts so far this year due to lack of funding. These types of advocacy responses can not be forecasted in advance but come up regularly.

The second area is the Broadband Strategic Plan update. The leadership team has met twice and has identified five working groups with fifty members of the public being appointed to the working group. The kick off was held on January 28, 2011 with participation of several commissioners, business leaders and industry experts. More details on next steps are discussed in the request and the recommendation.

A significant development from the other four areas includes a database solution in development to better manage the large number of small franchise fees due to amendment of Title 17 of the City Code. This update will address a number of SIP areas and hopefully improved efficiency and performance within the bureau.

### FY 2010-11 Projection

Office of Cable Communications and Franchise Management – General Fund

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Charges for Services	\$115,146	\$0	\$115,146	0.00%
Licenses and Permits	\$0	\$4,000	\$0	N/A
General Fund Discretionary	\$1,977,673	\$0	\$1,977,673	0.00%
<b>Total Resources</b>	<b>\$2,092,819</b>	<b>\$4,000</b>	<b>\$2,092,819</b>	<b>0.00%</b>
<b>Requirements</b>				
Personal Services	\$574,707	\$287,229	\$574,707	0.00%
External Materials and Services	\$1,127,140	\$6,056	\$1,176,040	4.34%
Internal Materials and Services	\$390,972	\$36,034	\$390,942	-0.01%
<b>Total Requirements</b>	<b>\$2,092,819</b>	<b>\$329,319</b>	<b>\$2,141,689</b>	<b>2.34%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget
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Resources: OCCFM was granted budget authority to transfer funds in from a trust account in the Fall BMP. The actual transfer needs to be followed up on by OCCFM with Treasury. Actuals for a budget \$20,000 of wireless revenue are being placed in a different actual line item than budgeted. An adjustment needs to be made by OCCFM with Accounting.

Requirements: Personal Services is projected to be 100% this year. Actual expenditures will be very close to that level due to a leave pay-out with replacement of the position at a lower step. While not projected to be over at this point, it will bear further monitoring in the Spring BMP.

**Cable Fund 206**

	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 YTD Actuals</b>	<b>FY 2010-11 Year-End Projection</b>	<b>Percent Variance</b>
<b>Resources</b>				
Beginning Fund Balance	\$2,412,766	\$2,412,766	\$2,412,766	0.00%
Licenses and Permits	\$1,475,557	\$398,590	\$1,475,557	0.00%
Charges for Services	\$2,919,648	\$731,540	\$2,919,648	0.00%
Interagency Revenue	\$280,051	\$0	\$280,051	0.00%
Miscellaneous	\$58,000	\$13,610	\$58,000	0.00%
<b>Total Resources</b>	<b>\$7,146,022</b>	<b>\$3,556,506</b>	<b>\$7,146,022</b>	<b>0.00%</b>
<b>Requirements</b>				
Unappropriated Fund Balance	\$938,021	\$0	\$938,021	0.00%
Personal Services	\$410,911	\$213,902	\$410,911	0.00%
External Materials and Services	\$4,654,185	\$1,300,868	\$4,654,185	0.00%
Internal Materials and Services	\$85,179	\$40,494	\$85,179	0.00%
Fund Transfers - Expense	\$17,726	\$8,572	\$17,726	0.00%
Contingency	\$1,040,000	\$0	\$1,040,000	0.00%
<b>Total Requirements</b>	<b>\$7,146,022</b>	<b>\$1,563,836</b>	<b>\$7,146,022</b>	<b>0.00%</b>

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

Resources: Beginning fund balance will change to reflect the CAFR when it is complete. Current revenues are on target. One technical change during this BMP moved PEG revenues from Miscellaneous Revenues to Charges for Services.

Requirements: An additional \$24,000 of contingency was transferred from contingency to over costs associated with the Comcast Cable franchise renewal.

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

**Office of Neighborhood Involvement**

**Recommended Requests**

1. *NL\_007/East Portland Action Plan Grant Funds, \$150,000, 0.0 FTE*

Working with the East Portland Action Plan Committee and the East Portland neighborhood organizations, ONI provided funding for community organizations implementation grants in FY 2009-10. In the FY 2010-11 Adopted Budget, \$150,000 was budgeted in Special Appropriations for use for East Portland Action Plan implementation purposes. ONI is requesting this funding to continue the EPAP implementation grants.

*FPD Recommendation: \$150,000 transfer from Special Appropriations to ONI's budget.*

2. *NL\_008/North Portland Greenway Trail Alignment, \$10,000 0.0 FTE*

North Portland Neighborhood Services (NPNS) will provide public outreach services related to Parks Bureau North Portland Greenway Trail project. Parks will pay NPNS \$50,000 in total for outreach services which includes \$10,000 in the current fiscal year and \$40,000 in FY 2011-12. ONI serves as the fiscal administrator for NPNS and will budget and manage the funds on their behalf.

*FPD Recommendation: \$10,000 LA revenues from Parks Bureau to ONI*

3. *NL\_009/Charter Review Commission Support, \$20,000, 0.0 FTE*

Commissioner Fritz has been appointed by the Mayor to lead the coordination efforts for the Charter Review Commission. In 2007 the voters chose to make changes to City Charter, one of which changes was to appoint a Charter Review Commission that would convene in January 2011. Commissioner Fritz has developed a phased Charter Review process; the first phase includes an initial Commission identifying three primary topics that will be taken up a second Charter Commission after the conclusion of the Portland Plan, so that the Portland Plan can inform the Commission's discussions about Charter Review. ONI is requesting \$20,000 for meeting and coordination expenses.

*FPD Recommendation: \$20,000 General Fund Discretionary*

**Not Recommended Requests**

1. *NL\_010/Enhanced Graffiti Abatement, \$200,000, 1.0 Limited Term FTE*

The request includes funding for full year costs of one limited term program specialist focused on volunteer coordination, \$50K to contract with community organizations for focused seasonal clean-ups, and \$45K for a mural or grant program. In the current fiscal year, ONI received \$340K one-time funding for the Graffiti Abatement program, of which \$266,291 has been expended or encumbered to date and the remaining \$79K is planned to be fully spent by fiscal year-end on program staff salaries. With the existing level of funding, ONI was able to conduct 30 clean-up events, with over 2,500 of volunteer hours contributed, during the first half of the current fiscal year.

FPD does not recommend this request for additional program resources as the request does not detail the existing unmet need, provide a detailed breakdown of planned expenditures, nor provide a timeline of program activity/spending that would warrant revisiting a Council budget decision. If granted, this request would use 18% of the remaining General Fund contingency funds. Draws on contingency, according to City financial policy, should be limited to “unforeseen requirements within the fiscal year,” and generally are to address urgent or emergency needs.

*FPD Recommendation: \$0*

## **Comments on FY 2010-11 Budget Notes, Decision Packages, and Service Improvement Plans**

### **Fall BMP Non-Technical Requests**

#### **New Request – Last Thursday Coordination \$14,732**

ONI received one-time General Fund resources in the Fall BMP to cover expenditures for the Alberta Last Thursday events. The funding paid vendor, security and event coordinator expenses.

#### **Carryover Request – ODOT Grant for Bryant Street Overpass - \$50,000**

The Piedmont Neighborhood Association (PNA) is leading a two year public involvement and planning project to construct safety and other improvements to this pedestrian bridge. The funding for the project comes from an ODOT grant. The PNA will likely only expend a portion of the funding in the current fiscal year and in that event, a portion of the funds will be requested to carry forward into FY 2011-12.

#### **Carryover Request – FY 2009-10 Revenue Over Budget \$28,486**

ONI received revenues above budget in FY 2009-10 from the Liquor Licensing and the Crime Prevention programs and in the Fall BMP ONI requested, and Council approved, these revenues be added to their FY 2010-11 budget. The revenues have been used to fund temporary administrative staff to backfill staff on administrative leave, BTS expenditures for a Liquor License program database upgrade, supplies for the Crime Prevention program, and unemployment costs for the bureau.

### **Decision Packages**

#### **Mediation & Facilitation Program**

The City has funded mediation and facilitation services since 2003, via a contract with Resolutions Northwest. In FY 2010-11 Council provided one-time funding for the contract at a 4% reduced level of \$101,418. The funding reduction is projected to result in fewer volunteers trained and slower response to requested services.

#### **Graffiti Abatement Program**

City Council approved one-time funding of \$340,101 for graffiti abatement in the current fiscal year. Despite the 17% funding reduction from the prior year funding, the program has significantly increased its volunteer clean-ups in the current fiscal year with 29 clean-up events from July through December 2010 and 30 additional events are planned before June 30, 2011.

#### **East Portland Action Plan (EPAP) Advocacy**

The FY 2010-11 Adopted Budget included \$279,692 for EPAP implementation and outreach efforts. \$129,692 was budgeted in ONI for a program coordinator position and \$150,000 of the funding was budgeted in Special Appropriations. ONI is requesting the \$150,000 in this Winter BMP to fund community grants for outreach and implementation as a continuation of their efforts administering EPAP implementation grants for two fiscal years.

### **Service Improvement Plans**

#### **Neighborhood Resource Center (NRC) – 5 Year Plan to Increase Community Involvement**

The NRC has updated grant agreements with its Diversity and Civic Leadership program grantees, including requirements for performance measurements and ONI is designing tools to track performance. ONI Bureau Advisory Committee is currently developing draft proposals for updating ONI standards/policies, for which there will be public review before going to Council in spring 2011.

#### **Livability and Public Safety Issues – Alcohol Impact Area (AIA) in Old Town/Downtown**

Alcohol-related problems, specifically street drinking, are chronic issues within the “Burnside District Impact Area.” Efforts were made to have stores in the area voluntarily restrict the products they sell but the efforts were not successful so ONI received Council approval in September 2010 to petition the Oregon Liquor Control Commission (OLCC) to establish an AIA. Next steps will be to work with OLCC on rulemaking for the new AIA with the involvement of local impacted businesses and monitoring of the AIA once it is officially established.

**Graffiti Abatement Volunteer Training & Coordination**

The FY 2009-10 and FY 2010-11 program efforts have focused on more volunteer training and clean-ups due to declining program funding and fewer requests for paid graffiti removal services. In the first half of this fiscal year, ONI has coordinated 29 volunteer clean-ups with 2,400 volunteer hours compared to 13 volunteer clean-ups with 750 volunteer hours during the same period last fiscal year.

**FY 2010-11 Projection**

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Charges for Services	\$135,692	\$59,959	\$150,000	10.54%
Intergovernmental Revenues	\$287,025	\$118,513	\$287,025	0.00%
Interagency Revenue	\$52,730	\$4,675	\$52,730	0.00%
Miscellaneous Revenue	\$0	\$13,816	\$35,000	na
General Fund Discretionary	\$6,323,496	\$0	\$6,176,617	-2.32%
General Fund Overhead	\$155,628	\$0	\$155,628	0.00%
<b>Total Resources</b>	<b>\$6,954,571</b>	<b>\$196,963</b>	<b>\$6,857,000</b>	<b>-1.40%</b>
<b>Requirements</b>				
Personal Services	\$3,254,340	\$1,584,326	\$3,222,000	-0.99%
External Materials & Services	\$3,200,119	\$1,144,622	\$3,140,000	-1.88%
Internal Materials & Services	\$495,112	\$237,374	\$490,000	-1.03%
Fund Transfer - Expense	\$5,000	\$0	\$5,000	0.00%
<b>Total Requirements</b>	<b>\$6,954,571</b>	<b>\$2,966,322</b>	<b>\$6,857,000</b>	<b>-1.40%</b>

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

ONI will likely receive increased Liquor License program revenues again this year. They have projected 11% greater revenues than budgeted. If this trend continues, ONI will adjust their budget in the Spring BMP to reflect the increased revenue projection. ONI plans to adjust the Miscellaneous Revenues budget in the Spring BMP when they will know with greater accuracy the reimbursement and spending related to the North Portland Neighborhood Office.

ONI projects spending 99% of their Personal Services budget, 98% of their External Materials & Services budget, and 99% of their Internal Materials & Services budget. These projections are in line with FPD’s projections and historical revenue and spending patterns for ONI.

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

**Portland Development Commission**

**Summary of Significant Issues**

The Portland Development Commission is requesting \$350,000 from General Fund as part of the BMP process. FPD recommends funding this request.

**Recommended Requests**

*1. ZD\_004/Target Industry Cluster Restoration, \$200,000, 0 FTE*

This request is to add back one-time funding that was not appropriated as part of the FY 2010-11 budget process. It would fund supply chain initiatives (\$50,000), international business development (\$30,000), clean tech initiatives (\$30,000), software strategy implementation (\$20,000), athletic and outdoor initiatives (\$20,000), and indirect and personal services related to the above items (\$50,000).

PDC program staff are confident that, should the funds be appropriated in mid-February, they would be able to spend them out in the current fiscal year.

Draws on this amount, according to City financial policies, should be limited to “unforeseen requirements within the fiscal year.” This does not constitute an unforeseen requirement or emergency.

Because this program is a high priority program area for PDC and the City, representing a core strategy for implementing the Economic Development Strategy, FPD recommends that Council consider funding this request. This request was recommended during the FY 2010-11 budget process, but was dropped from the proposed budget to achieve balancing of the General Fund. The General Fund currently has a \$1.1 million contingency for the remainder of the year. While this is a very small contingency relative to the overall size of the fund (\$470 million), additional funds were set aside in the Fall BMP for the FY 2011-12 budget process which could potentially be utilized as contingency in this current year should the need arise.

*FPD Recommendation: \$200,000 one-time General Fund*

*2. ZD\_005/Small Business Working Capital, \$150,000, 0 FTE*

These funds would assist small businesses with working capital loans. Those businesses have not been identified. Loans typically average \$20,000 to \$100,000 and are made to neighborhood and cluster businesses. This request was partially recommended for funding in the FY 2010-11 budget process and was funded at 50% of the request. As with the target cluster request above, FPD recommends Council consider funding this request.

*FPD Recommendation: \$150,000 one-time General Fund*

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

**Portland Bureau of Transportation**

**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.” Once this level reaches \$4.3 million, the bureau will be guaranteed a General Fund allocation of this amount. Until then, the transfer amount fluctuates until the prior year has officially closed. During the budget development process, the bureau appropriates a tentative budget for ULF revenues and makes adjustments after the final utility payments have been received and audited in the following fiscal year. During the current year, PBOT has been adjusting to the lower than anticipated ULF revenues in addition to the original FPD recommendation of implementing a mid year cut of \$1.1 million. After implementing the final audit adjustment of (\$394,974) PBOT will retain a total of \$1,796,559 in ULF funds for the current fiscal year.

*Inter fund loan.* OMF’s Technical Accounting group requested the execution of the \$22 million interfund loan from BES’ Sewer System Rate Stabilization to the Grant Fund (as authorized per Resolution #36727 August 26, 2009) prior to the official close of FY 2009-10. As of the Fall BMP, the loan had not yet been executed and was anticipated to be an FY 2010-11 cash flow issue for both bureaus. In order to ensure that the City’s Grant Fund (217) did not end the year with a negative balance, the loan was executed to reimburse the Grant Fund for \$22 million related to outstanding Streetcar costs. PBOT will begin principle and interest payments to the Stabilization Fund and will have completed its full repayment by the end of the fiscal year. Appropriation will be increased in the Spring BMP to accommodate the repayment.

*Contingency.* As of the FY2010-11 Adopted Budget, the bureau had \$19.6 million in contingency across all funds. The revised budget, including the reversal of the \$1.1 million ULF reduction, was \$17,833,213. PBOT is requesting draws on contingency to fund a variety of projects and programs totaling \$1.4 million dollars between the Transportation Operating Fund (200) \$494,974 and the Parking Facilities Fund (606) \$933,197. The revised contingency across all transportation funds will be \$16.4 million which represents 5.46% of the bureau’s total revised budgeted appropriation of \$300.4 million.

*Grants Fund.* PBOT has continued focusing on processing grant reimbursements in a more timely fashion. Since the Fall BMP, the bureau has gone from \$29 million outstanding to \$16.7 million outstanding. Of this yet-to-be-reimbursed amount, slightly more than \$11 million is attributable to one project – the Eastside Streetcar. Other projects contributing to the balance include the East Burnside-Couch couplet with \$1.2 million outstanding and Moody River Parkway with nearly \$1 million outstanding. 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.

## Recommended Requests

1. TR\_026/Timekeeping Specialist, \$100,000; 3.0 FTE

The bureau is requesting to add 3.0 FTE as permanent timekeeping specialists. Although the current request is for \$100,000, the full year value of the positions is approximately \$210,000 to be funded with General Transportation Revenue, or GTR. The bureau currently has seven people providing timekeeping support for more than 750 authorized positions. This group is made up of three permanent full time employees and four temporary city employees. The full time timekeeping staff had been supplemented by the additional temporary staff during the implementation phase of ESS in order to evaluate the bureau's ongoing timekeeping needs which have remained high. The temporary staff has been double-filing existing positions.

*FPD Recommendation: \$100,000 from bureau contingency, 3.0 FTE*

2. TR\_027/Grants Adjustments, \$304,000; 0 FTE

This request recognizes additional grant funds from PDC for Killingsworth T00227 and a net zero technical shift of \$50,000 for Going to the River T00275 (also funded by PDC). Killingsworth is in design at 90% and will be going out for bid next month. Going to the River is a new project; the funds will support a planning study.

*FPD Recommendation: \$304,000 from various PDC grants*

3. TR\_028/Utility License Fee (ULF) Transfer Reduction, (\$394,974), 0 FTE

At OMF's direction, PBOT is adjusting the ULF transfer down to meet the actual audited revenues received. The revised ULF level is \$1,796,559.

*FPD Recommendation: (\$394,974) from bureau contingency*

4. TR\_029/Parking Bond Call, \$0; 0, FTE

This request transfers \$950,000 (\$933,197 out of Parking Fund contingency and \$16,803 out of bonded debt interest) into bonded debt retirement in order to pay off the remaining outstanding bonds on the 2001 Series A Parking System Revenue Refunding Bonds. The refund, or 'call', is necessary in order for the City to remain in compliance with the tax exempt status of the bonds – changes in the upcoming parking management contract with Central Parking would put the tax exempt status in jeopardy and leave the City open to full tax repayment. Additionally, early repayment will save the bureau approximately \$77,000 interest payments. The revised Parking Fund contingency will be \$7.2 million or 35% of total Parking Fund appropriation.

*FPD Recommendation: \$950,000 from internal transfers*

5. TR\_030 / Add Equipment Maintenance Position, \$16,260; 1 FTE

This request adds one permanent Utility Worker II position to the Street Cleaning section in order to provide daily cleaning and washing of the street sweeping equipment to reduce equipment maintenance costs. The full year value of this position in FY 2011-12 would be approximately \$65,000 to be funded by a reduction in the Division's external materials and services budget.

*FPD Recommendation: \$16,260 internal transfer; 1.0 FTE*

6. *TR\_031/Add Street Maintenance Division Personnel, \$0; 10.0 FTE*

This request adds 10.0 FTE as permanent and ongoing at a current year value of \$173,463 and a total annualized value of approximately \$694,000 for a net zero cost to the Street Maintenance and Traffic Maintenance subdivisions within the Maintenance Division. The bureau proposes to transfer external materials and services budget to personal services within the subdivisions. The positions are: one Automotive Equipment Operator (AEO) I; one AEO II; six Utility Worker IIs; one Traffic Crew Leader and one Public Works Supervisor. The bureau asserts that by increasing the number of crews available to repair and maintain streets concurrently they will enable the division to significantly increase the lane miles of maintained roadway in a given year. The current combined authorized staffing level is 102 FTE (31 for Traffic Maintenance and 71 for Street Maintenance). This 10% increase would work toward rebalancing labor to equipment/material ratios that were skewed as a result of prior year FTE cuts. Nearly 80 FTE have been cut from the Maintenance Division as a whole since the Adopted Budget of FY 2004-05

This is the second of two stages of reorganizing the Traffic and Street subdivision resources. The first stage began in the Fall BMP with the replacement of \$1.3 million in street maintenance equipment which was purchased in order to reduce equipment failure and maintenance costs by running outdated vehicles and equipment.

FPD recommends the creation of the 10 identified FTE, with the recognition that the bureau and, more specifically, the Street and Traffic subdivisions actively implement the external materials and services cuts necessary to fund the additional personnel. The subdivision has committed to shifting its preventive maintenance focus to utilizing chip seals, seal coats and crack sealing in order to create the full year value of \$694,000 worth of savings during FY 2011-12. Actuals must be monitored closely during the full implementation of this personnel roll out so that bureau may identify any potential problems early and make the adjustments necessary during the current and next year to remain within budget.

*FPD Recommendation: \$0; 10 FTE*

7. *TR\_032/Safety Incentive Program Adjustment, \$0; 0 FTE*

The request reallocates \$25,549 in a safety 'credit' by reducing the Risk Management IA and increasing an EM&S commitment item to fund safety trainings and materials.

*FPD Recommendation: \$0*

8. *TR\_033/General Fund Request – St Lighting Infrastructure, \$400,000*

This request scored 7.5 out of 10 in evaluation against the following capital set aside criteria: 1. aging infrastructure; 2. Safety; 3. Mandated; and 4. Readiness. The project is recognized as avoiding greater future costs and has been recommended at the full amount.

*FPD Recommendation: \$400,000; 0 FTE*

9. *TR\_034/Convert LT to Permanent, \$0; 1 FTE*

The request converts an existing limited term position to permanent and ongoing Transportation Demand Specialist within the Transportation Options program. The annualized amount is \$80,855, although the cost is net zero as the position is already budgeted. The work and grant funding (primarily from Metro) remain constant.

FPD recommends the position with the following caveat: the bureau will need to make internal adjustments (cuts) in order to fund the position in future years should grant funding be reduced.

*FPD Recommendation: \$0; 1 FTE*

## **Comments on FY 2010-11 Budget Notes, Decision Packages, and Service Improvement Plans**

### **Decision Packages & Fall BMP Non-Technical Requests**

#### *Adopted Budget Add Packages*

It should be noted that of the \$12.6 million net adds during the FY 2010-11 Adopted Budget, six programs were reduced during the Fall BMP by a total of \$2.9 million primarily in reaction to the lower than anticipated Utility License Fees (ULF) revenue projection. The final current year ULF reduction will come from contingency and will not further reduce programming.

All add packages at their original or reduced funding amount are in progress. The following are highlights:

- Safe Routes To Schools Improvements \$199,539 – Six schools have been identified in North, Northeast and Southeast Portland.
- Pedestrian & Bike Safety Corridors \$1,000,000 – Projects should be mostly completed by the end of the fiscal year. They have a citywide impact as well as a specific concentration in Northeast.
- Arterials with No Sidewalks \$422,090 – Two projects have already been identified (SW Multnomah Boulevard from 22<sup>nd</sup> to 30<sup>th</sup> Avenue and SE 122<sup>nd</sup> Avenue from Holgate to Ramona). Additional projects will be identified in the spring.
- Streetlight Replacement \$279,609 *revised* – Between 16 and 19 of the City's twin ornamental streetlights will be replaced at an average cost of approximately \$14,000 to \$17,000 per light.
- Arterial Streets contract paving \$1,908,057 *revised* – Work on Sandy Boulevard between NE 42<sup>nd</sup> Avenue and NE 82<sup>nd</sup> Avenue at an average cost of approximately \$48,000 per block.

#### *Fall BMP Non-Technical Requests*

All requests are in progress. The following are highlights:

- Improve Fleet Inventory \$1,300,000 – Several pieces of equipment have already been received and are in service. Other pieces have been purchased and are being prepped for service; the remaining will be purchased by the end of the fiscal year. This request should be considered a partner request to TR\_031 for additional Street Maintenance personnel.
- Sidewalk Management Program \$90,000 – The bureau continues to work with the Police Bureau and the City Attorney to further refine the program. The program manager recruitment process is underway and should be filled before the end of the fiscal year.

Please see the bureau's submission for more details.

### **Service Improvement Plans**

- *Mobile Maximo (Work Management Program)* – On hold / reassessment  
PBOT staff reassessed the project and determined that the original plan is not the right approach and that more information is necessary to propose an alternate approach. The bureau is beginning an assessment of the business processes and technology needs.
- *Parking Operations Division Service Improvement* – In progress  
The replacement of the first generation of paystations will be complete by August 2011.
- *Sunderland Yard's Crushing Operation* - Completed

The new crusher was purchased in July and installation was completed in December. The system has now been integrated with existing equipment and staff has been trained on operations and maintenance.

Please see the bureau's submission for more details.

<b>Transportation Operating Fund - 200</b>	<b>FY 2010-11 Projection</b>			<b>Percent Variance</b>
	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 YTD Actuals</b>	<b>FY 2010-11 Year-End Projection</b>	
<b>Resources</b>				
▶ Budgeted Beginning Fund Balance	18,709,000		7,407,065	-60.41%
Licenses & Permits	1,157,300	999,663	1,260,000	8.87%
Charges for Services	31,155,728	16,703,204	31,500,000	1.11%
Intergovernmental Revenues	58,062,573	19,127,861	57,062,573	-1.72%
Interagency Revenue	28,193,594	13,150,284	27,911,658	-1.00%
▶ Fund Transfers - Revenue	23,607,235	6,361,653	14,102,209	-40.26%
Bond and Note	4,050,000	3,840,000	4,050,000	0.00%
▶ Miscellaneous	2,604,725	826,046	2,050,000	-21.30%
<b>Total Resources</b>	<b>\$167,540,155</b>	<b>\$61,008,711</b>	<b>\$145,343,505</b>	<b>-13.25%</b>
<b>Requirements</b>				
Personal Services	63,125,661	28,946,924	57,570,000	-8.80%
External Materials and Services	34,341,437	21,948,170	31,000,000	-9.73%
Internal Materials and Services	22,976,003	11,412,305	21,200,000	-7.73%
Capital Outlay	27,877,862	25,987,904	9,400,000	-66.28%
Bond Expenses	6,825,783	904,691	6,825,783	0.00%
Fund Transfers - Expense	5,796,685	2,614,819	5,796,685	0.00%
Contingency	6,596,724			-100.00%
Unappropriated Fund Balance			13,551,037	n/a
<b>Total Requirements</b>	<b>\$167,540,155</b>	<b>\$91,814,813</b>	<b>\$145,343,505</b>	<b>-13.25%</b>

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

All major object categories are projected to be within 10% of budget with the exception of capital outlay.

Although current actuals of \$25.9 million suggest that the bureau is on target for the year, PBOB is anticipating a \$22.5 million 'correction' from FY 2009-10. Two more journal entries are needed to zero out the expenditure appropriately. After this clean up is complete, the bureau projects spending only \$9.4 million of the \$27.8 million budget, or 34%. The \$22.5 million correction is related to a GASB 51 statement regarding Accounting and Financial Reporting for Intangible Assets. The retroactive application of this statement impacts the Portland Interstate 205/Mall Light Rail Project. The original capitalization of this project has been reversed along with associated revenues. The asset will become the responsibility of the City of Portland only once the project is complete. Additionally, many of the current year CIP projects are progressing more slowly than anticipated and will carryforward into FY 2011-12 including the remaining \$8 million of the \$9 million funded by an LID for the Eastside Streetcar.

As of AP 6, the only \$3.4 million in capital outlay has been expended. These projects primarily include \$1.5 million for Portland Streetcar; \$1.4 million for a joint Bureau of Housing project; and \$511,000 for an LID project on NE 109<sup>th</sup> Avenue. Outstanding projects include: The East Burnside/Couch Couplet \$4.0 million; Downtown Smartmeters \$2.2 million; and Cully Boulevard Green Street project \$1.5 million.

**Revenues**

Beginning Fund Balance is \$11.3 million lower than had been anticipated. Reasons for this include: \$2.7 million from project billings that will occur in FY 2010-11 rather than last fiscal year; \$2.1 million related to the smartmeter purchases that are being financed by a line of credit; additionally \$6.5 million in project financing will be reflected once it is in place. PBOT is coordinating with the Debt Manager.

Fund Transfers are expected to only be 60% of budget. Much of the difference may be attributable to the lag in timing of the Portland Streetcar, most of which will be rolled into FY 2011-12. The associated LID funding will not materialize until the expenditures are realized.

Miscellaneous revenues are projected to be 79% of budget. Leaf collection fees are projected to be down by about 50% of planned budget – approximately \$400,000 out of the original \$800,000. Additionally, sidewalk repair fees are down.

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Transportation Reserve Fund - 212</b>				
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$2,520,000	\$3,938	\$2,498,292	-0.86%
▶ Miscellaneous	\$20,000	\$4,477	\$9,000	-55.00%
<b>Total Resources</b>	<b>\$2,540,000</b>	<b>\$8,415</b>	<b>\$2,507,292</b>	<b>-1.29%</b>
<b>Requirements</b>				
Contingency	\$2,540,000			-100.00%
Unappropriated Fund Balance		\$8,415	\$2,507,292	n/a
<b>Total Requirements</b>	<b>\$2,540,000</b>	<b>\$8,415</b>	<b>\$2,507,292</b>	<b>-1.29%</b>

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

Miscellaneous revenues are expected to be 45% of budget due to lower interest rates. PBOT will readjust their assumptions during the FY 2011-12 budget development. In FY 2009-10 PBOT had assumed \$33,000 in interest revenue and realized less than \$2,000. While the current year budget of \$20,000 was a more reasonable assumption, the current interest rate for the City’s investment portfolio remains at less than 1%; the actual experience of realizing less than \$5,000 year to date indicate that PBOT must re-evaluate the level of conservatism in their interest earnings budget.

<b>Gas Tax Bond Reduemption Fund - 308</b>	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 YTD Actuals</b>	<b>FY 2010-11 Year-End Projection</b>	<b>Percent Variance</b>
<b>Resources</b>				
▶ Budgeted Beginning Fund Balance	5,485		4,532	-17.37%
Fund Transfers - Revenue	1,085,550	246,246	1,085,550	0.00%
Miscellaneous		25	21	n/a
<b>Total Resources</b>	<b>\$1,091,035</b>	<b>\$246,271</b>	<b>\$1,090,103</b>	<b>-0.09%</b>
<b>Requirements</b>				
Bond Expenses	1,085,550	246,246	1,085,550	0.00%
Contingency	5,485			-100.00%
Unappropriated Fund Balance			4,553	n/a
<b>Total Requirements</b>	<b>\$1,091,035</b>	<b>\$246,246</b>	<b>\$1,090,103</b>	<b>-0.09%</b>

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

Beginning fund balance is slightly less than budgeted due primarily to lower interest earnings and cash transfers in the prior fiscal year

<b>Parking Facilities Fund - 606</b>	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 YTD Actuals</b>	<b>FY 2010-11 Year-End Projection</b>	<b>Percent Variance</b>
<b>Resources</b>				
▶ Budgeted Beginning Fund Balance	8,400,057		9,570,735	13.94%
▶ Charges for Services	11,217,000	5,548,539	11,217,000	0.00%
Interagency Revenue	745,948	268,668	745,948	0.00%
Miscellaneous	163,000	57,085	148,000	-9.20%
<b>Total Resources</b>	<b>\$12,125,948</b>	<b>\$5,874,292</b>	<b>\$12,110,948</b>	<b>-0.12%</b>
<b>Requirements</b>				
Personal Services	139,648	70,933	139,648	0.00%
External Materials and Services	3,338,615	1,608,769	3,202,896	-4.07%
Internal Materials and Services	2,861,143	749,839	2,861,143	0.00%
Bond Expenses	3,791,747	394,275	3,791,747	0.00%
Fund Transfers - Expense	3,132,019	2,790,549	3,132,019	0.00%
Contingency	7,262,833			-100.00%
Unappropriated Fund Balance			8,554,230	n/a
<b>Total Requirements</b>	<b>\$20,526,005</b>	<b>\$5,614,365</b>	<b>\$21,681,683</b>	<b>5.63%</b>

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

Beginning Fund Balance is higher than originally budgeted. Reasons include under-spending in the Facilities interagency. Major maintenance work as been re-budgeted as part of the current year's budget.

Charges for Services - Although currently projected for this revenue source to come in at the budgeted amount of \$11.2 million, it may be worth noting that the current AP 6 actuals of \$5.5 million suggest an even \$11 million using a straight-line projection. While monthly revenues are not completely uniform, excluding December's increased holiday volume, the average monthly revenue is just over \$900,000. For FY 2009-10 the bureau assumed this revenue source would realize \$11.7 million; by the year end it had realized \$10.4

million, or 89% of goal. By AP 6 last fiscal year the bureau had realized exactly half of this amount, or \$5.2 million. Execution of the new parking garage contract with Central Parking may improve the revenue outlook.

<b>Grants Fund - TR 217</b>	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 YTD Actuals</b>	<b>FY 2010-11 Year-End Projection</b>	<b>Percent Variance</b>
<b>Resources</b>				
▶ Intergovernmental Revenues	108,703,159	24,795,789	93,898,213	-13.62%
Miscellaneous		62,832	51,787	n/a
<b>Total Resources</b>	<b>\$108,703,159</b>	<b>\$24,858,621</b>	<b>\$93,950,000</b>	<b>-13.57%</b>
<b>Requirements</b>				
Personal Services	7,278,361	2,671,527	5,200,000	-28.56%
External Materials and Services	5,052,699	5,969,600	5,050,000	-0.05%
Internal Materials and Services	4,223,916	191,514	400,000	-90.53%
Capital Outlay	92,148,183	38,110,841	83,300,000	-9.60%
<b>Total Requirements</b>	<b>\$108,703,159</b>	<b>\$46,943,482</b>	<b>\$93,950,000</b>	<b>-13.57%</b>

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

The delay in capital project schedules and current year reduction in spending impacts the grants fund with respect to Personal Services spending and expected revenues. As mentioned previously, many projects will be carried forward into FY 2011-12.

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

**Office of the City Attorney**

**Recommended Requests**

1. *AT\_003/Portland Harbor Legal Services, \$80,840, 0.67 FTE*

The request includes additional staff support for legal work related to the Portland Harbor Superfund Site. The staff includes a new full-time paralegal position and the conversion of a limited term attorney position to full-time permanent. The positions are supported via an interagency agreement with the Bureau of Environmental Services.

*FPD Recommendation: \$80,840, 0.67 FTE (2 full-time permanent positions)*

**Comments on FY 2010-11 Budget Notes, Decision 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. These improvement goals were continued into FY 2010-11. There are no new updates on the plan other than what was previously provided in the fall BMP submittal.

**FY 2010-11 Projection**

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Personal Services	\$7,602,124	\$3,677,872	\$7,602,124	0.00%
External Materials and Services	\$510,463	\$177,062	\$502,760	-1.51%
Internal Materials and Services	\$731,572	\$357,730	\$723,485	-1.11%
<b>Total Resources</b>	<b>\$8,844,159</b>	<b>\$4,212,664</b>	<b>\$8,828,369</b>	<b>-0.18%</b>
<b>Requirements</b>				
Charges for Services	\$0	\$993	\$0	NA
Interagency Revenue	\$4,523,704	\$2,221,432	\$4,523,704	0.00%
General Fund Discretionary	\$1,781,135	\$0	\$1,765,345	-0.89%
General Fund Overhead	\$2,539,320	\$0	\$2,539,320	0.00%
<b>Total Requirements</b>	<b>\$8,844,159</b>	<b>\$2,222,425</b>	<b>\$8,828,369</b>	<b>-0.18%</b>

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

The office's projected expenditures and revenues do not include any significant variances from the Revised Budget. Included in the Revised Budget is a BMP transfer of \$165,000 of external materials and services appropriation to personal services for temporary staff.

Taking the transfer into consideration, and assuming the temporary staff dollars are fully spent, Financial Planning projects the office to spend approximately 95% of its Revised Budget. The only significant projected under-expenditure is in external materials and services. Based on current and historical expenditure patterns, and assuming the transfer in the BMP is approved, Financial Planning expects the office to have approximately \$100,000-\$150,000 of external materials and services savings for FY 2010-11.

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

**Office of the City Auditor**

**Summary of Significant Issues**

**Closing of the Campaign Finance Fund (CFF)**

The decision to retain or discontinue the City’s Campaign Finance system was put before the voters in the November 2010 election and the voters’ decision was to discontinue the system. As a result the City should close the Campaign Finance Fund in this current fiscal year. The fund has a current balance of \$503,334, after deducting \$20,000 for fund administration costs and \$7,493 for General Fund overhead charges.

According to Oregon Revised Statute 294.475, any resources remaining in a city fund when it is closed are transferred to the General Fund, unless other designations of funds are stipulated in City Charter, relevant law, or provisions established at time of fund creation. Council alternately could decide to distribute the funds based on the same allocation methodology of payments into the fund, as shown in the table below:

Fund #	Campaign Finance Fund Balance	
100	General Fund	161,397
112	Transportation Operating	63,930
115	Emergency Communication (BOEC)	7,677
116	Planning and Development Fund (PDR)	18,131
120	Mt. Hood Cable and Regulatory Commission	915
151	Environmental Ser. Operating	109,069
152	Hydro	1,018
153	Water Bureau Operating	49,187
154	Golf Operations	3,014
156	PIR Operating	1,258
157	Solid Waste Management	1,622
159	Parking Facilities Operating	3,887
160	Spectator Facilities Operating	1,862
161	Environmental Remediation	2,534
201	Convention and Tourism	708
501	Fire Bureau Facilities GO Bond	1,615
502	LID Construction	2,778
505	Parks Construction Fund	8,390
651	Fire and Police Disability and Retirement (FPD&R)	1,672
704	Facilities Services	14,700
705	Fleet Services Operating	9,938
706	Printing/Distribution Services	3,250
708	Insurance & Claims	4,639
709	Workers' Compensation	1,927
711	Information Technology Fund (BIT)	26,147
	Enterprise Business Services	2,005
	Police Special Revenue	66
<b>Total</b>		<b>503,334</b>

**Recommendation:** FPD recommends that Council decide how it wishes to distribute the fund balance ideally as part of this Winter BMP, but no later than the Spring BMP, as the fund balance needs to be zero in order to close the fund as part of the FY 2011-12 Budget process.

### **Recommended Requests**

*The Auditor's Office had no requests in the Winter BMP*

## **Comments on FY 2010-11 Budget Notes, Decision Packages, and Service Improvement Plans**

### **Budget Notes & Fall BMP Non-Technical Requests**

*The purpose of the Bancroft Bond Interest and Sinking Fund is to provide financing for the loans to property owners to pay for local improvement district assessments, system development charges, sidewalk repair assessments, and other special assessments authorized by statute or code. By January 1, 2011, the Chief Administrative Officer, in consultation with the City Auditor, shall (1) conduct an assessment of the financial condition of the fund and the adequacy of the current fund balance and future loan repayments to retire all outstanding debt service requirements; and (2) propose to Council legal provisions and management policies that will strengthen the long term health of the fund.*

**Status report:** A draft recommendation is currently being finalized by the Office of Management and Finance. The recommendation is planned to be submitted to Council in early February.

### **FY 2010-11 Decision Packages**

#### **4% Ongoing Reduction Package**

The Auditor's Office took a full 4% ongoing reduction as opposed to the option of a 3% ongoing and 1% one-time reduction as part of their FY 2010-11 Adopted Budget. The reduction was made to the Auditor's Office personal services and external materials & services budgets.

**Status:** In order to achieve the reductions, Auditor's Office has reclassified a Principal Management Auditor position to a Management Auditor, which has resulted in salary savings. Specifically the Auditor's Office has reduced their external materials & service budget in the areas of supplies, training/travel, and professional service contracts.

#### **Comprehensive Annual Financial Report (CAFR) Increased Costs Add Package**

In the FY 2010-11 Budget the Auditor's Office requested \$118,000 in General Fund discretionary to offset the increased external audit costs, including the production of the CAFR and the Single Audit for federal grants. The Adopted Budget included FPD's recommendation that \$65,000 of the funds would be funded via IA with bureaus to which the increased costs can be directly attributed.

**Status:** The Auditor's Office and the affected bureaus have budgeted for the IAs in the current year, and, to date, the Auditor's Office has not billed for costs. Based on preliminary estimates from the external auditor, Moss Adams, the increased audit costs will be lower than projected for the current fiscal year. The Auditor's Office will bill bureaus at the time the final audit costs are known. The Auditor's Office anticipates that the increased costs will continue through FY 2012-13 and therefore the Auditor's Office has included an IA decision package in the FY 2011-12 Requested Budget.

### **Fall BMP 2010 Requests**

#### **Increase LID IA to Auditor for Lien Replacement**

In the Fall BMP, the Auditor's Office budgeted \$145,000 for the new Lien Accounting System Replacement. The Auditor's Office is currently in negotiation with BTS on the final project agreement, including both project costs and ongoing operations and maintenance costs, for the Lien Replacement system.

**ADA Accessible Doors**

The Auditor’s Office established an IA with OMF Facilities in FY 2009-10 for the installation of ADA accessible office doors. The Auditor’s Office did not carry forward any of the funds budgeted for the ADA door project into FY 2010-11 as they anticipated the project would be completed in FY 2009-10 based upon project status updates provided by OMF Facilities. The project did not get completed until first quarter of FY 2010-11, with project costs incurred in FY 2010-11 of \$29,000. Council approved the Auditor’s Office \$29,000 request in the Fall BMP; the funds have been fully expended.

**Service Improvement Plans**

**Strengthen the authority and police oversight capacity of the Auditor’s Independent Police Review (IPR) program**

Some of the progress IPR has made toward this goal include the following: IPR has the authority to initiate investigations; IPR approval is now required before an administrative investigation is closed and sent to Police Bureau command staff for recommended findings and proposed discipline; IPR now has the authority to challenge post-investigation findings and discipline by the Police Bureau; and the IPR now serves as a voting member of the Police Review Board, a body that makes recommendations to the Police Chief regarding officer discipline.

**Improve and revise the annual community survey**

The Auditor’s Office has worked with a consultant to retool the resident survey in order to increase response rates. The resulting November 10<sup>th</sup> 2010 survey produced an increased response from 39%, up from 35% in 2009.

**Increase capacity for more routine audits of information technology systems and ongoing review of the City’s new SAP system**

The Auditor’s Office has hired one dedicated Information Technology Auditor and other Audit staff have received training in IT auditing in the current fiscal year. The Auditor’s goal is to conduct more routine IT audits in the future; two IT audits planned for FY 2010-11 are the implementation of SAP’s Human Capital Management module and audits focused on implementation and operation of the Public Safety System Revitalization Project.

**FY 2010-11 Projection**

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

AU GF	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Charges for Services	\$335,388	\$170,373	\$335,000	-0.12%
Interagency Revenue	\$1,205,028	\$0	\$1,195,000	-0.83%
▶ Miscellaneous	\$10,000	\$2,793	\$5,000	-50.00%
General Fund Discretionary	\$4,237,903	\$0	\$4,063,965	-4.10%
General Fund Overhead	\$3,609,767	\$0	\$3,609,767	0.00%
<b>Total Resources</b>	<b>\$9,398,086</b>	<b>\$173,166</b>	<b>\$9,208,732</b>	<b>-2.01%</b>
<b>Requirements</b>				
Personal Services	\$4,759,740	\$2,400,218	\$4,792,678	0.69%
External Materials & Services	\$2,033,357	\$552,655	\$1,876,186	-7.73%
Internal Materials & Services	\$2,604,989	\$1,081,243	\$2,539,868	-2.50%
<b>Total Requirements</b>	<b>\$9,398,086</b>	<b>\$4,034,116</b>	<b>\$9,208,732</b>	<b>-2.01%</b>

The Auditor's General Fund Operating resources are on projected to be expended within 98% of budget. The Miscellaneous revenues are projected to be 50%, or \$5,000, less than budget, due to lower anticipated fees for the Council Clerk/Contracts program.

AU Assessments Collection Fund- 201	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$79,924	\$0	\$79,842	-0.10%
▶ Miscellaneous	\$2,000	\$205	\$410	-79.50%
<b>Total Resources</b>	<b>\$81,924</b>	<b>\$205</b>	<b>\$80,252</b>	<b>-2.04%</b>
<b>Requirements</b>				
Unappropriated Fund Balance	\$0	\$0	\$78,893	na
Internal Materials & Services	\$1,321	\$550	\$1,321	0.00%
Fund Transfers - Expense	\$38	\$16	\$38	0.00%
Contingency	\$80,565	\$0	\$0	-100.00%
<b>Total Requirements</b>	<b>\$81,924</b>	<b>\$566</b>	<b>\$80,252</b>	<b>-2.04%</b>

Miscellaneous revenues are projected to be 20% of budget, due to the anticipated low or no repayment of delinquent liens and expected low interest on fund balance.

AU Campaign Finance Fund- 214	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$75,902	\$0	\$534,327	603.97%
Fund Transfer - Revenue	\$320,001	\$0	\$0	-100.00%
Miscellaneous	\$12,500	\$1,371	\$2,740	-78.08%
<b>Total Resources</b>	<b>\$408,403</b>	<b>\$1,371</b>	<b>\$537,067</b>	<b>31.50%</b>
<b>Requirements</b>				
External Materials & Services	\$373,353	\$103	\$150	na
Internal Materials & Services	\$20,000	\$0	\$20,000	0.00%
Fund Transfers - Expense	\$15,050	\$6,271	\$516,917	3334.66%
<b>Total Requirements</b>	<b>\$408,403</b>	<b>\$6,374</b>	<b>\$537,067</b>	<b>31.50%</b>

The Fund is projected to have a zero balance at fiscal year end. The specific distribution of the funds has yet to be determined by Council. The External Materials and Services expenditures include the administration costs for the fund, and the Fund Transfers – Expense include \$7,493 in General Fund Overhead costs.

AU Bancroft Bond Fund- 311	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$15,948,373	\$0	\$15,019,240	-5.83%
Miscellaneous	\$8,693,522	\$3,715,285	\$5,215,285	-40.01%
<b>Total Resources</b>	<b>\$24,641,895</b>	<b>\$3,715,285</b>	<b>\$20,234,525</b>	<b>-17.89%</b>
<b>Requirements</b>				
Bond Expenses	\$8,612,741	\$2,866,126	\$7,577,417	-12.02%
Fund Transfers - Expense	\$3,500,000	\$0	\$3,500,000	0.00%
Unappropriated Fund Balance	\$12,529,154	\$0	\$9,157,108	-26.91%
<b>Total Requirements</b>	<b>\$24,641,895</b>	<b>\$2,866,126</b>	<b>\$20,234,525</b>	<b>-17.89%</b>

FPD projects Beginning Fund Balance of \$15.02 million. Projections include \$5.2 million for Miscellaneous Revenues, including a \$1.5 million loan repayment from BDS. Fund Transfers expenditures are projected to be on budget at \$1.5 reflecting a planned loan to BDS. The Auditor's Office can adjust the fund's budget in the Spring BMP when there is greater certainty regarding the anticipated transactions.

AU LID Construction Fund- 401	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
▶ Budgeted Beginning Fund Balance	\$5,936,160	\$0	\$5,309,031	-10.56%
Charges for Services	\$815,540	\$419,166	\$806,000	-1.17%
▶ Bond and Note	\$10,553,752	\$4,837,951	\$4,837,951	-54.16%
▶ Miscellaneous	\$1,647,925	\$2,021,994	\$2,122,000	28.77%
<b>Total Resources</b>	<b>\$18,953,377</b>	<b>\$7,279,111</b>	<b>\$13,074,982</b>	<b>-31.02%</b>
<b>Requirements</b>				
External Materials & Services	\$5,000	\$608	\$1,150	-77.00%
Internal Materials & Services	\$1,648,940	\$309,260	\$1,399,553	-15.12%
Bond Expenses	\$1,605,088	\$4,872,585	\$5,504,914	242.97%
Fund Transfer - Expense	\$10,580,698	\$31,344	\$1,443,132	-86.36%
Contingency	\$5,113,651	\$0	\$0	-100.00%
Unappropriated Fund Balance	\$0	\$0	\$4,726,233	na
<b>Total Requirements</b>	<b>\$18,953,377</b>	<b>\$5,213,797</b>	<b>\$13,074,982</b>	<b>-31.02%</b>

Projected Beginning Fund balance is 10.56% lower than budget due to adjustments made during Spring BMP 2009-10, in which fund balance was used for debt service. The adjustment to correct the fund balance will be done in the Spring BMP 2010-11.

Many of the fund projections reflect uncertainty over project spending and billing related to the \$9.1 million PBOT Streetcar Eastside Loop LID project. The uncertainty affects projections primarily for Fund Transfers – Expense and Bond & Note Revenues.

The Auditor's Office plans to make adjustments to the fund in the Spring BMP when it is better known if the PBOT project will incur costs and bill for them in the current fiscal year.

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

**Office of Government Relations**

**Comments on FY 2010-11 Budget Notes, Decision Packages, and Service Improvement Plans**

**Service Improvement Plans**

The office's Service Improvement Plan focuses on improvements needed to adequately prepare for the state and federal legislative sessions. The office was working with the Bureau of Technology Services (BTS) to upgrade their legislative tracking system before the state session started; however, BTS was unable to complete the work in time. BTS will continue to work on the project as time allows. To increase public outreach efforts, the office moved up its legislative planning calendar and held Community Engagement Town Hall meetings that enabled citizens to review the City's legislative package.

**FY 2010-11 Projection**

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Interagency Revenue	\$72,271	\$0	\$72,271	0.00%
General Fund Discretionary	\$483,718	\$0	\$477,061	-1.38%
General Fund Overhead	\$646,975	\$0	\$646,975	0.00%
<b>Total Resources</b>	<b>\$1,202,964</b>	<b>\$0</b>	<b>\$1,196,307</b>	<b>-0.55%</b>
<b>Requirements</b>				
Personal Services	\$760,892	\$332,355	\$755,900	-0.66%
External Materials and Services	\$289,327	\$114,325	\$288,327	-0.35%
Internal Materials and Services	\$152,745	\$64,776	\$152,080	-0.44%
<b>Total Requirements</b>	<b>\$1,202,964</b>	<b>\$511,456</b>	<b>\$1,196,307</b>	<b>-0.55%</b>

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

The bureau projected no significant variances in projected spending from budget for FY 2010-11. However, based on current expenditure patterns and known updates to personnel, Financial Planning believes the bureau will incur savings of approximately \$32,000 in personal services. Financial Planning's projection assumes the hiring of a limited term position approved in the fall BMP and a temporary clerical position that began on January 6, 2011.

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

**Office of Human Relations**

**Recommended Requests**

1. HN\_004 – Increase Personal Services \$10,000, 0.0 FTE

The bureau projects that they will overspend the current Personal Services budget of \$402K by approximately \$10K by fiscal year end. To ensure that they do not overspend a major object budget category, they are requesting to move \$10K from their External Materials & Services budget to Personal Services budget.

*FPD Recommendation: \$10,000 from External Materials and Services to Personal Services (net zero)*

**Comments on FY 2010-11 Budget Notes, Decision Packages, and Service Improvement Plans**

**Fall BMP Non-Technical Requests**

**Immigrant & Refugee (I&R) Position Status (Fall BMP request 2010)**

The I&R position was established as a limited term position with an end date of September 2010. The FY 2010-11 Adopted Budget included the conversion of this position from limited term to permanent, but this was not done until the Fall BMP, in which a request was made to change the position to a permanent. In December 2010, the change was made in SAP, the city's system of record. **Note:** the program has changed its title from Immigrant & Refugee Program to New Portlander Program in FY 2010-11.

**Request to Carryforward Program Funds from FY 2009-10**

OHR requested to carry forward \$22,000 of unspent program funds from FY 2009-10 to FY 2010-11 in the Fall BMP. The funding is being used for policy and oppression training for the Human Rights Commission (HRC) so that the HRC can work on policy development. So far the HRC has participated in three trainings.

**FY 2010-11 Decision Packages**

**4% Reduction Package**

OHR took a 1% one-time reduction of \$6,143 in their education and travel budgets. Staff has not done any travel thus far this fiscal year and education expenditures have been paid out of available funds in OHR's miscellaneous external materials and services budget. A 3% on-going reduction was taken to the office's professional services budget, which meant that some of the work that would have otherwise been contracted out, such as graphic design and printing, will be done using existing OHR resources.

**Fleet IA Decision Package**

OHR developed an FY 2010-11 IA with CityFleet because they anticipated the potential need for a shared office vehicle. The location of the office in North Portland has meant that staff, who travel regularly to City and community meetings, use their personal vehicles or public transportation. After talking to Fleet about obtaining an office vehicle, OHR determined that the cost would be too great for their budget. Instead OHR staff will track mileage for reimbursement purposes when staff uses personal vehicles for City purposes. The \$5,000 for the Fleet IA may be transferred to an increased Printing and Distribution IA in the Spring BMP.

**Service Improvement Plans**

- 1) **Establish an effective referral system to triage incoming human rights abuse cases**  
 OHR, in collaboration with HRC's Committee for Intergroup Understanding, currently has developed draft protocols for addressing and following up with cases of human rights assistance and intervention. OHR tracks customer communications through their office website and plans to use the Track-it system to conduct future customer surveys. Additionally, in the current fiscal year, OHR has developed a working network of human rights organizations in the region.
  
- 2) **Increase the visibility and credibility of the HRC in holding institutions accountable for safeguarding the human rights of all people**  
 The HRC has hosted meetings at a variety of locations around Portland in order to more broadly publicize their existence and mission. Contributing to greater credibility, the HRC has worked with Multnomah County Sheriff's Office and community organizations to develop recommendations regarding cooperation between Immigration and Customs enforcement and local law enforcement; these recommendations have been requested by the US Attorney's Office. To highlight their accomplishments, the HRC will produce an annual report in February 2011.
  
- 3) **Deepen collaboration with City bureaus to further equity and access for underrepresented groups**  
 OHR staff have worked mostly informally with other City bureaus regarding outreach efforts focused on newcomer communities. The bureaus that OHR has approached are Bureau of Planning and Sustainability, Office of Neighborhood Involvement, Portland Police Bureau, Portland Parks and Recreation, Water Bureau, Bureau of Transportation, and Portland Development Commission. One result to date has been the Bureau of Transportation's and OHR's collaboration on a Nepali language bike transportation map. Additionally OHR has an award program to recognize outstanding efforts in community building and inclusion.

**FY 2010-11 Projection**

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
General Fund Discretionary	\$611,509	\$0	\$602,320	-1.50%
<b>Total Resources</b>	<b>\$611,509</b>	<b>\$0</b>	<b>\$602,320</b>	<b>-1.50%</b>
<b>Requirements</b>				
Personal Services	\$412,754	\$202,336	\$412,754	0.00%
External Materials & Services	\$155,287	\$26,054	\$148,760	-4.20%
Internal Materials & Services	\$43,468	\$17,815	\$40,806	-6.12%
<b>Total Requirements</b>	<b>\$611,509</b>	<b>\$246,205</b>	<b>\$602,320</b>	<b>-1.50%</b>

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

When FPD did a straight-line projection for Personal Services and Internal Materials and Services, the projections vary by a small margin from OHR's projections. FPD analysis reflects the Personal Services budget at approximately \$5,000 lower than OHR's projection, and Internal Materials & Services at

approximately \$5,000 lower than OHR's projections. OHR's projection for their Internal Materials & Services includes a possible increased IA with Printing and Distribution for a new copier machine.

OHR projects they will expend within 95% of their budgeted External Materials and Services budget. They anticipate that a large portion of the available funds will fund a contract for Intergroup Dialogue trainings, in which OHR staff and program participants will receive training to, in turn, train future program participants.

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

**Council Offices**

**Office of the Mayor**

**Recommended Requests**

1. *MY\_006/Mayor – Recognize Reimbursements, \$33,337, 0 FTE*

This request appropriates \$33,337 in refunds and travel reimbursements to the Mayor's Office. This amount includes \$21,310 in refunds for costs related to the Summer Youth program and \$12,027 in travel expense reimbursements.

*FPD Recommendation: \$33,337*

2. *MY\_007/Mayor – Cradle to Career, \$50,000, 0 FTE*

This package appropriates \$50,000 for the Cradle to Career, a division of the Education Program of the Portland Schools Foundation. This is part of the effort to develop a community wide structure to align services to better serve children and youth in our community. Council has approved funding for this item via Ordinance #184364 dated 1/19/2011.

*FPD Recommendation: \$50,000*

**Comments on FY 2010-11 and Fall BMP Decision Packages**

***One-Time EM&S & Program Reduction, (\$10,144)***

The package reduces office supplies (\$2,000) and funding for the Summer Youth Employment program (\$8,144) on a one-time basis.

Status report: Complete. The reduction has been made.

***EM&S & Program Ongoing Cut (\$30,432)***

The package reduces miscellaneous services (\$5,000) and funding for the Summer Youth Employment program (\$25,432) on an ongoing basis.

Status report: Complete. The reduction has been made. As a result of the above two cut packages, FPD is working closely with the Mayor's Office to continue monitoring the office's expenses in the External Materials & Services category.

***Education Program, \$618,750***

The package requests one-time General Fund discretionary to support of a variety of programs and services, including: Summer Youth Connect, Future Connect Scholarship, Portland Schools

Foundation, Education Cabinet, Education Summit, SUN services, and Multnomah Youth Commission.

Status report: Underway. Most funds have been expended during last summer. The grant agreements and contracts for the remaining funds are in progress.

***Office of Youth Violence Prevention, \$70,000, 0 FTE***

This addition increases 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.

Status report: Complete. Funds were transferred to bureau of Parks & Recreation as directed.

***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.

Status report: Complete. Funds were added to the Mayor’s Office.

***Transfer the Office of Youth Violence Prevention to Mayor’s Office, \$566,625, 2 FTE***

This action transfers the above office to the Mayor’s Office from Commissioner’s Saltzman’s Office per the Mayor’s direction.

Status report: Complete. The above funds and positions were added to the Mayor’s Office.

***Transfer Police Bureau Interagency to Mayor’s Office, \$227,892, 2 FTE***

This action transfers interagency revenue from the Police Bureau to the Mayor’s Office to fund the police liaison function in this office.

Status report: Complete. The above funds and positions were added to the Mayor’s Office.

**FY 2010-11 Projection**

	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 YTD Actuals</b>	<b>FY 2010-11 Year-End Projection</b>	<b>Percent Variance</b>
<b>Resources</b>				
Intergovernmental Revenues	119,212	49,672	119,212	0.00%
Interagency Revenue	722,071	376,405	722,071	0.00%
Miscellaneous	33,337	32,470	33,337	0.00%
General Fund Discretionary	2,417,245	0	2,374,810	-1.76%
General Fund Overhead	994,610	0	994,610	0.00%
<b>Total Resources</b>	<b>\$4,286,475</b>	<b>\$458,547</b>	<b>\$4,244,040</b>	<b>-0.99%</b>
<b>Requirements</b>				
Personal Services	2,326,451	1,097,776	2,301,306	-1.08%
External Materials and Services	1,557,001	149,074	1,541,431	-1.00%
Internal Materials and Services	403,023	237,252	401,303	-0.43%
<b>Total Requirements</b>	<b>\$4,286,475</b>	<b>\$1,484,102</b>	<b>\$4,244,040</b>	<b>-0.99%</b>

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

Based on information as of December 2010, FPD projects that the office will finish the fiscal year within its budget. The appropriation for External Materials & Services was reduced in this fiscal year, as a result FPD will monitor this category closely with the Mayor's Office to prevent over expenditures.

### **Commissioner of Public Affairs (Saltzman)**

There are no new requests in the Winter BMP.

### **Comments on FY 2010-11 and Fall BMP Decision Packages**

#### ***Hold Position Vacant, (\$9,228)***

The package reduces personal services on a one-time basis by holding an administrative support position vacant for approximately 2 months to generate the above saving.

Status report: Complete. The office is evaluating the position requirements for the new hire.

#### ***Ongoing EM&S Reduction, (\$27,684)***

The package reduces miscellaneous services used in support of office operations (\$2,673), youth violence prevention (\$13,527), and the domestic violence center (\$11,484). The reductions are ongoing in nature, but are not expected to have a significant impact on program operations.

Status report: Complete. No negative impacts to operations projected at this time.

#### ***Commissioner of Public Affairs - Encumbrance Carryover, \$334,758, 0 FTE***

This encumbrance carryover will increase appropriation for the Commissioner's Office for expenditures related to the Gateway Center for Domestic Violence.

Status report: Complete. Funds were added to office's budget as planned.

#### ***Commissioner of Public Affairs - Additional Funding for Gateway Center for Domestic Violence, \$768,900, 0 FTE***

This package provides 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.

Status report: Complete. Funds were added to office's budget as planned.

#### ***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.

Status report: Complete. Funds were added to office's budget in the Fall BMP. The grantee is providing services as planned.

#### ***Commissioner of Public Affairs - Transfer Police Bureau Interagency to Mayor's Office, (\$227,892), (2) FTE***

This action transfers the interagency revenue to the Mayor's Office to fund the police liaison function now in the Mayor's Office.

Status report: Complete. The above funds and positions were transferred out of the Commissioner's Office.

### **FY 2010-11 Projection**

### Commissioner of Public Affairs – General Fund

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
General Fund Discretionary	1,400,687	0	1,281,784	-8.49%
General Fund Overhead	1,184,741	0	1,084,170	-8.49%
<b>Total Resources</b>	<b>\$2,585,428</b>	<b>\$0</b>	<b>\$2,365,954</b>	<b>-8.49%</b>
<b>Requirements</b>				
Personal Services	976,800	455,185	909,358	-6.90%
External Materials and Services	1,461,950	291,229	1,309,918	-10.40%
Internal Materials and Services	146,678	71,580	146,678	0.00%
<b>Total Requirements</b>	<b>\$2,585,428</b>	<b>\$817,994</b>	<b>\$2,365,954</b>	<b>-8.49%</b>

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

No significant issues.

### Commissioner of Public Affairs – Portland Children’s Levy Fund

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Budgeted Beginning Fund Balance	4,875,468	0	4,875,468	0.00%
Taxes	13,813,782	87,498,547	12,746,355	-7.73%
Miscellaneous	0	50,086	50,000	N/A
<b>Total Resources</b>	<b>\$18,689,250</b>	<b>\$87,498,547</b>	<b>\$17,621,823</b>	<b>-5.71%</b>
<b>Requirements</b>				
Personal Services	431,613	215,518	431,613	0.00%
External Materials and Services	15,766,928	3,478,509	15,766,928	0.00%
Internal Materials and Services	35,230	17,857	35,230	0.00%
Fund Transfers - Expense	25,000	12,500	25,000	0.00%
Contingency	2,430,479	0	0	-100.00%
Unappropriated Fund Balance	0	0	1,413,052	N/A
<b>Total Requirements</b>	<b>\$18,689,250</b>	<b>\$3,724,384</b>	<b>\$17,671,823</b>	<b>-5.44%</b>

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

As of December 2010, the fund is projected to finish the fiscal year within its budget. Last fiscal year, the fund under spent External Materials & Services by approximately 12.80% due to grants awarded late in the fiscal year and as a result expenditures for them were incurred in the following fiscal year. In this fiscal year, FPD will work closely with staff at the Portland Children’s Levy Fund to make corrective actions as necessary in the Spring BMP to better align budget to projected year-end expenditures.

**Commissioner of Public Safety (Leonard)**

There are no new requests in the Winter BMP.

**Comments on FY 2010-11 and Fall BMP Decision Packages**

***EM&S One-Time Reduction, (\$3,342)***

The package reduces funding for miscellaneous equipment and supplies. The commissioner's office received approximately \$10,000 in rent savings. These savings were reallocated to other categories within the office budget, including equipment and supplies.

Status report: Complete. The reduction was taken.

***EM&S & PS Ongoing Reduction, (\$10,027)***

The package reduces funding for seasonal interns, travel, and office equipment. Funding for interns is reduced from \$6,082 to \$2,082, which will shift some of the administrative workload to other staff. The other reductions in materials and services have no impact on current services.

Status report: Complete. The reduction was taken.

**FY 2010-11 Projection**

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
General Fund Discretionary	318,943		315,489	-1.08%
General Fund Overhead	431,773		427,097	-1.08%
<b>Total Resources</b>	<b>\$750,716</b>	<b>\$0</b>	<b>\$742,586</b>	<b>-1.08%</b>
<b>Requirements</b>				
Personal Services	620,655	312,450	620,655	0.00%
External Materials and Services	19,911	1,726	14,082	-29.28%
Internal Materials and Services	110,150	54,040	107,849	-2.09%
<b>Total Requirements</b>	<b>\$750,716</b>	<b>\$368,216</b>	<b>\$742,586</b>	<b>-1.08%</b>

The External Materials & Services category is projected to be under spent by approximately 30%. The savings in this category will be used to cover potential unbudgeted costs in other areas in the office.

**Commissioner of Public Utilities (Fritz)**

There are no new requests in the Winter BMP.

**Comments on FY 2010-11 and Fall BMP Decision Packages**

***Hold Vacant Position, (\$18,236)***

The package reduces personal services on a one-time basis by holding a position vacant for approximately 3-4 months. The position has been vacant since August, 2009.

Status report: Complete. The reduction was taken.

***Reclass Vacant Position, (\$10,446)***

The package reduces the salary rate for a position from mid-range to bottom step, resulting in ongoing savings. The position is currently vacant, and is expected to remain vacant for approximately 3-4 months to generate the above saving.

Status report: Complete. The reduction was taken.

**FY 2010-11 Projection**

	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 YTD Actuals</b>	<b>FY 2010-11 Year-End Projection</b>	<b>Percent Variance</b>
<b>Resources</b>				
Interagency Revenue	88,992	35,964	88,992	0.00%
General Fund Discretionary	317,366	0	299,948	-5.49%
General Fund Overhead	446,348	0	421,850	-5.49%
<b>Total Resources</b>	<b>\$852,706</b>	<b>\$35,964</b>	<b>\$810,790</b>	<b>-4.92%</b>
<b>Requirements</b>				
Personal Services	713,324	339,092	677,937	-4.96%
External Materials and Services	12,850	2,962	7,843	-38.96%
Internal Materials and Services	126,532	62,939	125,010	-1.20%
<b>Total Requirements</b>	<b>\$852,706</b>	<b>\$404,993</b>	<b>\$810,790</b>	<b>-4.92%</b>

The office is projected to under spend its appropriation for External Materials & Services. Savings in this category will be used to compensate for unbudgeted expenditures elsewhere in the office.

**Commissioner of Public Works (Fish)**

There are no new requests in the Winter BMP.

**Comments on FY 2010-11 and Fall BMP Decision Packages**

***EM&S and Personal Services Intern Reduction, (\$3,563)***

The package reduces out-of-town travel (\$2,337) and funding for seasonal interns (\$1,226) on a one-time basis

Status report: Complete. The reduction was taken.

***3% Ongoing Reduction, (\$10,690)***

The package reduces ongoing funding for seasonal interns, office supplies, cell phones, and use of the City's motor pool.

Status report: Complete. The reduction was taken.

***Housing IA for New Position, \$30,000, 0.8 FTE***

This addition provides funding for a full-time permanent administrative support position to serve as the office receptionist. The position will be funded via a \$30,000 interagency with the Housing Bureau, and savings achieved by reducing an existing position from full-time to part-time.

Status report: Complete. The position was hired.

**FY 2010-11 Projection**

	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 YTD Actuals</b>	<b>FY 2010-11 Year-End Projection</b>	<b>Percent Variance</b>
<b>Resources</b>				
Interagency Revenue	100,000	50,000	100,000	0.00%
General Fund Discretionary	340,105		331,132	-2.64%
General Fund Overhead	460,043		447,905	-2.64%
<b>Total Resources</b>	<b>\$900,148</b>	<b>\$50,000</b>	<b>\$879,037</b>	<b>-2.35%</b>
<b>Requirements</b>				
Personal Services	760,409	370,424	745,109	-2.01%
External Materials and Services	15,242	1,743	10,914	-28.40%
Internal Materials and Services	124,497	61,497	123,014	-1.19%
<b>Total Requirements</b>	<b>\$900,148</b>	<b>\$433,664</b>	<b>\$879,037</b>	<b>-2.35%</b>

The External Materials & Services category is projected to be under spent due to lower than unemployment charges than expected. The saving will be used to cover for unforeseen expenditures in the office.

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

**Office of Management & Finance (General Fund Bureaus)**

**Recommended Requests**

1. MF\_144/*Financial Services Curbsider GF Request, \$56,515*

The package requests one-time General Fund discretionary for a citizen survey to collect information about neighborhood issues or problems. The funds will cover postage, printing, design, translation services, and data compilation.

*FPD Recommendation: \$56,515*

**Not Recommended Requests**

1. MF\_145/*OMF GF-COLA Set Aside, \$53,802*

The package requests one-time General Fund discretionary from the Compensation Set-Aside for personnel and overtime costs related to CAFR production. Financial Planning recommends against the request. Compensation Set-Aside funds are typically requested in the spring BMP when a more accurate projection for personal services expenses is available. Financial Planning recommends that the bureau continue to monitor its personal services budget over the next few months, and if funding is still required at the time of the spring BMP submission, a request for Compensation Set-Aside funds can be made at that time.

*FPD Recommendation: \$0*

**Comments on FY 2010-11 Budget Notes, Decision Packages, and Service Improvement Plans**

**Budget Notes**

All budget notes are currently on track or already complete.

**Decision Packages & Fall BMP Non-Technical Requests**

The bureau is implementing all add packages as directed by Council. Funds are expected to be completely spent within the current year.

**Service Improvement Plans**

The bureau has completed a draft strategic plan, which is currently being reviewed by stakeholders. The reorganization of the Business Operations division is complete and the new Bureau of Internal Business Services is operational. Proposed changes to City Code to reflect the reorganization are currently in draft form.

## FY 2010-11 Projection

### *General Fund*

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Licenses & Permits	\$862,000	\$484,808	\$836,139	-3.00%
Charges for Services	\$340,149	\$31,915	\$341,450	0.38%
Intergovernmental Revenues	\$1,091,375	\$492,902	\$1,066,375	-2.29%
Interagency Revenue	\$7,670,385	\$3,572,662	\$7,381,493	-3.77%
Fund Transfers - Revenue	\$464,020	\$138,477	\$464,020	0.00%
▶ Miscellaneous	\$1,176,429	\$86,135	\$925,474	-21.33%
General Fund Discretionary	\$11,012,635	\$0	\$10,628,541	-3.49%
General Fund Overhead	\$7,738,720	\$0	\$7,738,720	0.00%
<b>Total Resources</b>	<b>\$30,355,713</b>	<b>\$4,806,899</b>	<b>\$29,382,212</b>	<b>-3.21%</b>
<b>Requirements</b>				
Personal Services	\$21,369,461	\$10,162,690	\$21,222,049	-0.69%
External Materials and Services	\$3,765,308	\$660,462	\$3,195,069	-15.14%
Internal Materials and Services	\$5,220,944	\$2,577,183	\$4,965,094	-4.90%
<b>Total Requirements</b>	<b>\$30,355,713</b>	<b>\$13,400,335</b>	<b>\$29,382,212</b>	<b>-3.21%</b>

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

The only significant variance in projected spending is in external materials and services. Year-to-date expenses in external materials and services are significantly below budget considering that half of the fiscal year is complete. The savings, resulting from reductions in consulting services and travel, are in Debt and Treasury, Business Operations, and the CAO's Office. The savings are also reflected in the revenue projection, most notably in miscellaneous revenues (interest earnings for Treasury). The bureau has also encumbered \$864,398 through December, which when added to year-to-date expenses, explains part of under-expenditures. According to the projection above, the bureau will return \$384,094 of discretionary funds to the General Fund at year end.

Financial Planning's projections for personal services costs show a \$1.2 million under expenditure, significantly more than the \$147,412 under-expenditure projected by the bureau. Financial Planning will continue to work with the bureau to determine the reason for the variance.

**Property Management License Fund**

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$81,610	\$0	\$40,601	-50.25%
Licenses & Permits	\$4,344,000	\$2,641,020	\$4,658,499	7.24%
▶ Charges for Services	\$12,000	\$6,876	\$7,748	-35.43%
▶ Miscellaneous	\$10,600	\$1,525	\$3,788	-64.26%
<b>Total Resources</b>	<b>\$4,448,210</b>	<b>\$2,649,421</b>	<b>\$4,710,636</b>	<b>5.90%</b>
<b>Requirements</b>				
▶ External Materials and Services	\$4,322,000	\$2,616,400	\$4,663,488	7.90%
Internal Materials and Services	\$48,400	\$23,529	\$47,148	-2.59%
Unappropriated Fund Balance	\$77,810	\$0	\$0	-100.00%
<b>Total Requirements</b>	<b>\$4,448,210</b>	<b>\$2,639,929</b>	<b>\$4,710,636</b>	<b>5.90%</b>

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

The bureau has projected to receive more in license fees than originally budgeted (corresponding expense is in external materials and services). The bureau will need to increase appropriation in the spring BMP to account for these additional licenses and prevent an over-expenditure in the fund. Charges for services revenues are down due to better collection efforts and a reduction in late fees charged. The shortfall in miscellaneous revenues is due to lower than planned interest rates.

**Convention and Tourism Fund**

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$221,967	\$0	\$306,206	37.95%
Taxes	\$3,284,270	\$1,752,048	\$3,139,248	-4.42%
▶ Miscellaneous	\$21,533	\$1,816	\$3,898	-81.90%
<b>Total Resources</b>	<b>\$3,527,770</b>	<b>\$1,753,864</b>	<b>\$3,449,352</b>	<b>-2.22%</b>
<b>Requirements</b>				
▶ External Materials and Services	\$3,093,541	\$1,701,668	\$3,288,936	6.32%
Internal Materials and Services	\$146,613	\$27,960	\$146,613	0.00%
Fund Transfers - Expense	\$13,803	\$6,677	\$13,803	0.00%
Contingency	\$45,943	\$0	\$0	-100.00%
Unappropriated Fund Balance	\$227,870	\$0	\$0	-100.00%
<b>Total Requirements</b>	<b>\$3,527,770</b>	<b>\$1,736,305</b>	<b>\$3,449,352</b>	<b>-2.22%</b>

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

The bureau will update the fund's beginning fund balance and increase appropriation in external materials and services in the spring BMP. Delaying the adjustments until the spring BMP will allow for a more accurate projection before the adjustments are made. The shortfall in miscellaneous revenues is due to lower than planned interest rates.

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

## **Bureau of Internal Business Services**

This analysis includes the following internal services funds: CityFleet 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.

### **Winter BMP Requests**

All requests in the Winter BMP are recommended as proposed, except as noted below:

*1. MF\_149/Facilities – Purchase Kelly Building, \$2,000,000 General Fund, 0 FTE*

This package would provide funding to purchase the Kelly Building located at 4747 E. Burnside from Multnomah County. The Police Bureau Traffic Division currently occupies half of the facility and the County has announced its intention to sell the building. If the building is sold, it could be very disruptive and potentially expensive for the Traffic Division to relocate. Currently, Facilities Services does not have a contingency plan to house the Traffic Division if it lost the lease.

If the City owned the building, the annual operating and maintenance cost would increase by approximately \$373,000. This would be an ongoing and unbudgeted commitment. With the additional space, the City could potentially realize an estimate of \$273,000 in rental revenue. Facilities Services and Police Bureau also indicate that there are plans being considered to locate many functions of the Tactical Operations Division in this building. These units are currently located at the North Precinct and are experiencing over crowding conditions due to the merging to three precincts. OMF is requesting funding from the General Fund Infrastructure Maintenance & Replacement Set-Aside for this request. Due to the limited resources available and other pressing requests from other bureaus, FPD can only recommend \$955,369 for this request in the Winter BMP.

*FPD Recommendation: \$955,369 General Fund, 0 FTE*

*2. MF\_165/Facilities – City Hall Interior Door Automation, \$136,868 General Fund, 0 FTE*

This package would provide funding to install push-button door operators to main entries of primary interior suite and public restrooms in City Hall. While this is not a requirement at this time, this effort will make City Hall more accessible to people with disabilities to have independent access to the building's services and activities. OMF is requesting funding from the General Fund Infrastructure Maintenance & Replacement Set-Aside for this request.

FPD recognizes the importance of retrofitting the doors in City Hall to provide easy access to everyone entering the building and supports Facilities Services in this effort. However, the use of the General Fund Infrastructure Maintenance & Replacement Set-Aside is strictly for projects that will stop or slow the deterioration of aging infrastructure, address safety concerns, and are mandated by laws. As a result, FPD recommends that Facilities Services consider using the City Hall major maintenance funds for this project.

FPD Recommendation: \$0, 0 FTE

## **Comments on FY 2010-11 Budget Notes, Decision Packages, and Service Improvement Plans**

### **Budget Note**

Strategic investment of \$100,000 of City funds from RACC Opportunity Grant will be redirected in FY 2010-11 to fund the Creative Advocacy Network (CAN), contingent upon CAN achieving mutually agreed upon benchmarks to draw the community closer to sustainable dedicated cultural funding.

Status Report: Complete. The Mayor's office has implemented this provision as part of RACC's FY 2010-11 operating agreement.

### **Decision Packages**

#### ***CityFleet-Bio-diesel #1, (\$261,704), 0 FTE***

In FY 2010-11, CityFleet will to use B-20 biodiesel year round. This decision package will yield an estimated annual savings of \$261,704 and does not impact CityFleet's rate budget. The savings will be passed on to the bureaus using biodiesel fuel.

Status Report: Underway. CityFleet is on target to meet the amount stated in this reduction package when the fiscal year ends in June 2011.

#### ***CityFleet-Bio-diesel #2, (\$330,000), 0 FTE***

In this decision package, CityFleet will purchase the B-20 blend of biodiesel as explained above from a less expensive type of feedstock manufactured from soy or recycled cooking oil. This type of fuel is consistent with requirements in Ordinance #180313 and will yield an estimated annual savings of \$330,000. The saving from this package will be passed onto the bureaus using biodiesel fuel.

Status Report: Underway. CityFleet is on target to meet the amount stated in this reduction package when the fiscal year ends in June 2011.

#### ***Printing & Distribution-Position Reduction, (\$32,487), (1.0) FTE***

This reduction package will eliminate a currently vacant Reprographic Operator I position due to increased efficiencies and decreased workload.

Status Report: Complete. There is no negative impact on performance caused by this reduction.

#### ***FA-Janitorial Contract Reduction Daytime Service, (\$44,487), 0 FTE***

This decision package reduces janitorial costs by performing the services during working hours; instead of after hours. These services impact the Portland Building, City Hall, and the 1900 Building.

Status Report: Complete. All cost savings have been accounted for as projected. Service levels at all buildings remain satisfactory.

#### ***FA-Security Service Reduction-Reduce Guards /MF\_05, (\$43,390), 0 FTE***

This package will reduce security costs by eliminating the rover position which covers work breaks for other guards and patrols the outside of the building. This package will also require the door guards to start at 7 AM instead of 6 AM. The desk guards will serve double duty (staff the desk and deal with the public) during work breaks and before hours. Theses changes will impact the Portland Building and City Hall

Status Report: Complete. The projected cost reduction has been accounted for and security service level continues to be acceptable.

***FA-Modify Portland Building Operational Practices, (\$57,153), 0 FTE***

This decision package will reduce the operational costs of the Portland Building by changing the setting of the HVAC system lower earlier in the evening and restoring it later in morning and to reduce minor maintenance items for the building.

Status Report: Underway. Facilities Services continues its efforts to identify cost savings. Projected savings are expected by the end of the fiscal year.

***FA – Mayor’s Security Service, \$106,000***

The package provides ongoing funding for the Mayor’s personal security. The guards are contracted through Wackenhut. The expenses are currently funded by one-time interagency revenue through Facilities Services.

Status Report: Complete. Services are being provided as planned.

***Risk-Cut Internal Services (Radios), (\$3,928), 0 FTE***

This package will reduce the Insurance & Claims (I&C) Fund by eliminating three emergency radios that are not being used. I&C staff would be using cell phones for communication instead of radios.

Status Report: Complete. No negative impacts on operations reported.

***Risk-Cut Internal Services (Parking), (\$1,355), 0 FTE***

This package will reduce the Workers’ Compensation Loss Prevention budget by eliminating one City-paid monthly parking pass at the First & Jefferson parking garage.

Status Report: Complete. No negative impacts on operations reported.

***Risk-Cut Education, Travel, Dues, Subscription, (\$10,000), 0 FTE***

This package will reduce the Insurance & Claims budget for staff education, travel, subscriptions and professional membership dues.

Status Report: Complete. No negative impacts on operations reported.

***Procurement-One-time Reduction of External M&S, (\$8,426), 0 FTE***

This is a one-time reduction to the Bureau of Procurement Services budget for External Materials & Services.

Status Report: Complete. No major impacts on customers projected.

***Procurement-Ongoing Reduction of External M&S, (\$25,279), 0 FTE***

This is an ongoing reduction to the Bureau of Procurement Services budget for miscellaneous services category which includes professional membership fees and participation in outreach events to Minority, Women, and Emerging Small Businesses.

Status Report: Complete. The bureau reports that existing performance measure results, particularly those measuring MWESB involvement in City contracting, may be reduced. FPD will continue to monitor this situation and recommend corrective actions to Council in the Spring BMP if the situation is warranted.

***Procurement-One-time Personnel for ARRA, \$194,862 One-time Interagency Revenue, 2.5 FTE***

This decision package provides one-time funding for 2.5 FTE to support the increased workload caused by the Federal American Recovery and Reinvestment Act and the local stimulus efforts initiated by Council in 2009.

Status Report: Underway. Procurement Services placed 2.5 full time employees on staff to meet the ARRA/Local Stimulus requirements. The 0.5 FTE Procurement Specialist completed the temporary assignment and is no longer on staff. The remaining 2 FTE continue to support the program.

***Procurement-Minority Evaluator Program Coordinator, \$104,000 One-time Interagency Revenue, 1.0 FTE***

This decision package is in response to Resolution #36757, which requires City Bureaus to include at least one minority evaluator on all contractor evaluation and selection panels awarding City contracts that are in excess of formal solicitation for contracts and are not awarded on the basis of lowest responsible bidder.

Status Report: Underway. The program has begun. Minority panelists have been placed on 93 proposal evaluation panels since the beginning of this fiscal year. A website has been developed as a resource for both candidates and project managers.

***Facilities Services-The Portland Building LEED-EB Commissioning, \$225,000 Interagency Revenue, 0 FTE***

This package provides funding for the Portland Building to undergo the energy remodeling effort to receive the certification for the Leadership in Energy and Environmental Design-Existing Buildings.

Status Report: Underway. The Retro-commissioning specification is out to bid. All work related to the Leadership in Energy and Environmental Design for the Portland Building continues as scheduled.

**Fall BMP Non-technical Requests**

***CityFleet – PBOT New and Upgraded Equipment, \$1,925,264, 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.

Status Report: Underway. CityFleet is in the process of procuring the equipment as requested by Transportation.

***Spectator Facilities – Memorial Coliseum Repairs***

This package transfers \$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.

Status Report: Complete.

***Facilities Services – Union Station Grant, \$833,000, 0 FTE***

This item increases the appropriation of the Facilities Services Fund due to a grant proceed from the American Recovery & Reinvestment Act (ARRA) to improve the Union Station.

Status Report: Underway. Work is underway and slated for completion by 12/31/11.

***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.

Status Report: Underway. Work has begun in January 2011.

**Facilities Services – Increase Interagency with Bureau of Environmental Services, \$446,835, 0 FTE**

This action provides funding for the replacement of the HVAC system at the Water Pollution Control Lab and the eco-roof at City Hall.

Status Report: Underway. Work is progressing as planned.

**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).

Status Report: The Disparity Study is underway and the tracking system will be implemented in this fiscal year.

**Service Improvement Plans**

**Reorganization of OMF Business Operations**

In July 2009, OMF reorganized the Business Operations division to create the Bureau of Internal Business Services (BIBS). BIBS provides a number of direct central services to other bureaus and customers. CityFleet, Printing and Distribution, Facilities Services, and Risk Management were combined with Procurement Services to form the new bureau. The reorganization requires substantial code changes to correctly align with the new structure. OMF is on track to complete these changes in this fiscal year.

**FY 2010-11 Projection**

**MFIB – General Fund**

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Intergovernmental Revenues	\$125,000	\$0	\$125,000	0.00%
Interagency Revenue	\$609,426	\$230,484	\$609,426	0.00%
Miscellaneous	\$75,741	\$25,742	\$75,742	0.00%
General Fund Discretionary	\$1,595,197	\$0	\$1,476,383	-7.45%
General Fund Overhead	\$3,216,231	\$0	\$3,216,231	0.00%
<b>Total Resources</b>	<b>\$5,621,595</b>	<b>\$256,226</b>	<b>\$5,502,782</b>	<b>-2.11%</b>
<b>Requirements</b>				
Personal Services	\$4,056,480	\$1,961,555	\$4,056,480	0.00%
External Materials and Services	\$1,067,524	\$560,295	\$948,711	-11.13%
Internal Materials and Services	\$497,591	\$238,507	\$497,591	0.00%
<b>Total Requirements</b>	<b>\$5,621,595</b>	<b>\$2,760,357</b>	<b>\$5,502,782</b>	<b>-2.11%</b>

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

The General Fund portion of the Bureau of Internal Business Services (BIBS) includes the Bureau of Procurement Services and BIBS administrative staff. On the requirements side, as of December 2010, the division has spent 49.10% of its appropriation. This is compared to 39.84% from the same period last year. At the end of last fiscal year, the unit spent approximately 86% of its total appropriation. Internal Materials

& Services category was overspent by about 2%. This was absorbed within OMF General Fund. For this fiscal year, OMF has alerted FPD that due to the transfer of the technology group from the Bureau of Technology Services to Procurement Services, the Personal Services and Internal Materials & Services categories may be overspent. FPD will work closely with OMF staff to monitor this situation and will make corrective actions in the Spring BMP as necessary to prevent over-expenditures.

On the revenue side, the unit has collected 31.63% of its estimated program revenue. This is compared to 12.32% from the same period last year. At the end of last fiscal year, the unit collected most of its estimated program revenue, FPD projects the same performance for this fiscal year.

## Fund 400 BFRES GO Bond Construction

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Budgeted Beginning Fund Balance	6,446,556		6,311,880	-2.09%
▶ Miscellaneous	21,913	21,767	38,688	76.55%
<b>Total Resources</b>	<b>\$6,468,469</b>	<b>\$21,767</b>	<b>\$6,350,568</b>	<b>-1.82%</b>
<b>Requirements</b>				
Personal Services		(323)	(323)	N/A
External Materials and Services	370,260	111,458	345,929	-6.57%
Internal Materials and Services	422,968	77,800	199,245	-52.89%
Capital Outlay	3,374,870	93,513	2,358,127	-30.13%
Fund Transfers - Expense	104,077	51,525	104,077	0.00%
Contingency	2,196,294			-100.00%
Unappropriated Fund Balance			3,343,513	N/A
<b>Total Requirements</b>	<b>\$6,468,469</b>	<b>\$333,973</b>	<b>\$6,350,568</b>	<b>-1.82%</b>

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

Miscellaneous revenue is projected to be higher than budget due to higher than average ending fund balance. At the end of last fiscal year, the fund grossly under spent the External and Internal Materials & Services categories due to savings from the Fire Station I project and the delay on the Fire Stations 18 and 31 projects. In this fiscal year, delay in the above two projects will likely to cause the fund to under spend the Internal Materials & Services and Capital Outlay categories. In the Spring BMP, FPD will work with OMF to adjust the fund's appropriation to better align with projected year-end expenditures.

## Fund 607 Spectator Facilities Operating Fund

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Budgeted Beginning Fund Balance	7,896,755		7,896,755	0.00%
Charges for Services	6,165,500	2,505,920	6,150,000	-0.25%
Intergovernmental Revenues	1,847,437	243,719	1,847,437	0.00%
Fund Transfers - Revenue	993	993	993	0.00%
Bond and Note	10,000,000	3,206,205	10,000,000	0.00%
▶ Miscellaneous	139,454	44,512	89,454	-35.85%
<b>Total Resources</b>	<b>\$26,050,139</b>	<b>\$6,001,349</b>	<b>\$25,984,639</b>	<b>-0.25%</b>
<b>Requirements</b>				
External Materials and Services	1,840,000	730,744	1,710,000	-7.07%
Internal Materials and Services	456,667	249,396	456,667	0.00%
Capital Outlay	10,000,000	3,206,205	10,000,000	0.00%
Bond Expenses	6,777,758	1,363,734	6,777,758	0.00%
Fund Transfers - Expense	104,323	103,139	104,323	0.00%
Contingency	6,871,391			-100.00%
Unappropriated Fund Balance			6,935,891	N/A
<b>Total Requirements</b>	<b>\$26,050,139</b>	<b>\$5,653,218</b>	<b>\$25,984,639</b>	<b>-0.25%</b>

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

Miscellaneous revenue is projected to be lower than budget due to lower than estimated interest earnings. If the year-end projection indicates that the variance in this category is significant, FPD will recommend adjustments in the Spring BMP to better align year-end estimated revenue with budget. Last fiscal year, the fund under spent its appropriation for both External Materials & Services and Capital Outlay by a large percentage due to lower than projected costs related to the PGE Park Renovation project. In this fiscal year, no major variations between budget to actual are projected at this time.

## Fund 701 Facilities Services

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Budgeted Beginning Fund Balance	15,435,886		24,698,000	60.00%
Charges for Services	2,128,416	384,282	2,128,416	0.00%
Intergovernmental Revenues	4,045,199	513,328	4,045,199	0.00%
Interagency Revenue	23,529,417	10,853,362	23,502,017	-0.12%
Fund Transfers - Revenue	4,921,428	1,160,233	4,784,560	-2.78%
Bond and Note	8,286,566		8,286,566	0.00%
Miscellaneous	701,884	249,113	701,884	0.00%
<b>Total Resources</b>	<b>\$59,048,796</b>	<b>\$13,160,318</b>	<b>\$68,146,642</b>	<b>15.41%</b>
<b>Requirements</b>				
Personal Services	3,271,131	1,558,659	3,271,131	0.00%
External Materials and Services	18,154,230	5,385,411	18,114,470	-0.22%
Internal Materials and Services	2,657,880	1,184,397	2,657,880	0.00%
Capital Outlay	6,764,660		6,658,520	-1.57%
Bond Expenses	5,781,739	820,422	5,781,739	0.00%
Fund Transfers - Expense	802,652	396,657	802,652	0.00%
Contingency	21,616,504		0	-100.00%
Unappropriated Fund Balance			30,860,250	N/A
<b>Total Requirements</b>	<b>\$59,048,796</b>	<b>\$9,345,546</b>	<b>\$68,146,642</b>	<b>15.41%</b>

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

Last fiscal year, the fund significantly under spent the External Materials & Services and Capital Outlay categories due to delay and savings in major maintenance projects. This year, FPD will work closely with OMF to monitor the performance of the fund and will recommend corrective actions in the Spring BMP if there are significant variations between year-end projections and budget.

Last year there were technical issues related to the Charges for Services, Intergovernmental Revenues, and Miscellaneous revenue categories due to coding changes when SAP was implemented. As a result, actual revenue budgeted in one category was recorded in a different category, causing a mismatch when doing a comparison of budget to actual for these revenues. OMF has informed FPD that this issue will be resolved in FY 2011-12.

**Fund 702 CityFleet Operating Fund**

	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 YTD Actuals</b>	<b>FY 2010-11 Year-End Projection</b>	<b>Percent Variance</b>
<b>Resources</b>				
Budgeted Beginning Fund Balance	17,936,161	0	17,936,161	0.00%
Intergovernmental Revenues	119,999	39,912	115,220	-3.98%
Interagency Revenue	29,592,102	13,057,096	26,614,192	-10.06%
► Miscellaneous	950,000	78,832	699,913	-26.32%
<b>Total Resources</b>	<b>\$48,598,262</b>	<b>\$13,175,840</b>	<b>\$45,365,486</b>	<b>-6.65%</b>
<b>Requirements</b>				
Personal Services	6,614,453	3,125,699	6,276,398	-5.11%
External Materials and Services	11,532,244	4,566,058	9,784,124	-15.16%
Internal Materials and Services	1,760,389	818,735	1,699,507	-3.46%
Capital Outlay	12,678,855	3,709,691	8,952,530	-29.39%
Bond Expenses	278,804	63,249	278,804	0.00%
Fund Transfers - Expense	923,580	458,636	923,580	0.00%
Contingency	14,809,937	0	0	-100.00%
Unappropriated Fund Balance			17,450,543	N/A
<b>Total Requirements</b>	<b>\$48,598,262</b>	<b>\$12,742,068</b>	<b>\$45,365,486</b>	<b>-6.65%</b>

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

Overall, the fund is projected to operate within its budget. On the requirements side, the items of concern are External Materials & Services and Capital Outlay. Last fiscal year, the fund ended up with 61% of appropriation spent for Capital Outlay and 84% of appropriation spent for External Materials & Services. This is due to the timing of vehicles delivered to the City and cost savings related lower fuel prices and fewer leased vehicles. At this time, it is projected that the same trend will continue in this fiscal year. If this holds true, FPD will work with OMF to better align the budget with year-end projections in the Spring BMP. On the revenue side, the continued low interest earning may cause the fund to have a variance between budget to actual in Miscellaneous revenue. If the year-end projection indicates that the variance in this category is significant, FPD will recommend adjustments in the Spring BMP to better align year-end estimated revenue with budget.

## Fund 703 Printing & Distribution Services Operating Fund

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Budgeted Beginning Fund Balance	2,033,188		2,033,188	0.00%
▶ Charges for Services	99,385	39,646	68,270	-31.31%
Intergovernmental Revenues	978,486	419,022	1,095,450	11.95%
▶ Interagency Revenue	6,272,622	2,256,605	4,925,000	-21.48%
▶ Miscellaneous	124,601	32,059	75,500	-39.41%
<b>Total Resources</b>	<b>\$9,508,282</b>	<b>\$2,747,332</b>	<b>\$8,197,408</b>	<b>-13.79%</b>
<b>Requirements</b>				
Personal Services	1,974,322	866,567	1,785,000	-9.59%
External Materials and Services	3,827,874	1,410,153	3,185,000	-16.79%
Internal Materials and Services	792,612	326,038	749,123	-5.49%
Capital Outlay	568,878	80,126	420,000	-26.17%
Bond Expenses	94,481	21,434	94,481	0.00%
Fund Transfers - Expense	327,185	162,565	325,119	-0.63%
Contingency	1,922,930			-100.00%
Unappropriated Fund Balance			1,638,685	N/A
<b>Total Requirements</b>	<b>\$9,508,282</b>	<b>\$2,866,883</b>	<b>\$8,197,408</b>	<b>-13.79%</b>

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

In this fiscal year, the Printing & Distribution fund is projected to perform in the similar manner as last year. On the requirements side, the projected expenditures for External Materials & Services corresponds with the projected program revenues. At this time, it is projected that the fund will collect approximately 83% of estimated revenue, except beginning balance, due to the economy and budget reductions in the City in recent years. This corresponds with lower than budgeted program revenue. Last fiscal year, the fund only spent approximately 11% of its appropriation for Capital Outlay due to delay in planned equipment replacement. If this trend continues, FPD will work with OMF to make corrective actions in the Spring BMP to better align budget with year-end projections on both revenue and expenditures.

## Fund 704 Insurance and Claims Operating Fund

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Budgeted Beginning Fund Balance	21,741,897		21,741,897	0.00%
Interagency Revenue	10,693,426	5,346,726	10,693,426	0.00%
Miscellaneous	290,003	45,954	262,500	-9.48%
<b>Total Resources</b>	<b>\$32,725,326</b>	<b>\$5,392,680</b>	<b>\$32,697,823</b>	<b>-0.08%</b>
<b>Requirements</b>				
Personal Services	1,127,392	534,853	1,104,140	-2.06%
External Materials and Services	8,935,314	2,514,360	7,450,000	-16.62%
Internal Materials and Services	2,095,055	1,044,144	2,095,279	0.01%
Capital Outlay	257,000		75,000	-70.82%
Bond Expenses	52,061	11,811	52,031	-0.06%
Fund Transfers - Expense	507,677	252,367	504,728	-0.58%
Contingency	19,750,827			-100.00%
Unappropriated Fund Balance			21,416,645	N/A
<b>Total Requirements</b>	<b>\$32,725,326</b>	<b>\$4,357,535</b>	<b>\$32,697,823</b>	<b>-0.08%</b>

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

Last fiscal year, the fund under spent its appropriation for External Materials & Services by about 37%. This is due to the difficulty of projecting claim-related expenditures. This trend is likely to continue in this fiscal year. The appropriation for Capital Outlay was not spent last year. This appropriation is reserved for the new Risk Management Information System. The budget for this system is split between the Insurance & Claims Operating Fund and the Worker's Compensation Self Insurance Fund. The project is behind schedule in this fiscal year, so under-expenditure for this line item is likely.

## Fund 705 Workers Compensation

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Budgeted Beginning Fund Balance	18,900,039		18,900,039	0.00%
Interagency Revenue	3,956,657	1,989,296	3,956,657	0.00%
Miscellaneous	298,862	190,034	309,200	3.46%
<b>Total Resources</b>	<b>\$23,155,558</b>	<b>\$2,179,330</b>	<b>\$23,165,896</b>	<b>0.04%</b>
<b>Requirements</b>				
Personal Services	972,221	465,444	979,267	0.72%
External Materials and Services	3,069,188	1,163,849	3,000,000	-2.25%
Internal Materials and Services	564,216	279,567	532,384	-5.64%
Capital Outlay	257,000		75,000	-70.82%
Bond Expenses	48,698	11,048	48,698	0.00%
Fund Transfers - Expense	228,532	113,656	227,307	-0.54%
Contingency	18,015,703			-100.00%
Unappropriated Fund Balance			18,303,240	N/A
<b>Total Requirements</b>	<b>\$23,155,558</b>	<b>\$2,033,564</b>	<b>\$23,165,896</b>	<b>0.04%</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. Due to project delay, this line item is likely to be under-spent.

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

**OMF Technology Services: BTS and EBS**

This analysis includes the Bureau of Technology Services (BTS) and the Enterprise Business Solution (EBS) Division. All requests in the Winter BMP are recommended as proposed. The significant requests are presented below.

**Summary of Significant Issues**

**Enterprise Business Solutions Services**

In the FY 2009-10 Winter BMP, Council approved additional one-time funding for consulting services and authority to hire six new positions to support the post-production activities of the Enterprise Business Solution (EBS). As part of the FY 2010-11 Fall BMP, Council approved ongoing funding for the above costs through interagency revenue. EBS has included these ongoing costs in the FY 2011-12 interagency agreements with City bureaus. In this BMP, EBS requests authority to convert the above six positions from limited term to ongoing.

**Recommended Request**

1. *MF\_133/EBS – Convert Six Limited Term Positions to Ongoing, \$0, 6 FTE*

This request will convert six limited term positions to ongoing. These positions are created to support EBS post-production activities. Council has approved ongoing funding for these positions in FY 2010-11 Fall BMP. These positions are projected to be filled by April of 2011 with a present year expenditure estimate through June 2011 of \$96,840 for salaries and benefits. Since the appropriation for this expense is currently in EBS Personnel Services budget, this request has no fiscal impact on the EBS budget.

Note: The FY 2010-11 Fall BMP memo erroneously stated that five positions were required for post-production support. The correct number is six positions. There is no impact on the total estimated cost caused by this change.

*FPD Recommendation: \$0, 6 FTE*

**Comments on FY 2010-11 Budget Notes, Decision Packages, and Service Improvement Plans**

**Decision Packages**

***Network/Email Account Admin. Position Reduction, (\$90,426), (1.0) FTE***

This reduction eliminates an Information Systems Analyst IV responsible for network and email account administration.

Status report: Complete. The position was eliminated. This reduction may result in a reduced capacity of BTS to process network and email account changes for City staff.

***Office Support Specialist Reduction, (\$63,545), (1.0) FTE***

This reduction eliminates one Office Support Specialist III position. This position is one of four BTS clerical staff dedicated to bureau procurement, time entry, reception, and general administrative.

Status report: Complete. The position was eliminated.

***Reclassification of SAP Architect to PISA,(\$27,207), 0 FTE***

This is to reclassify one Information Systems Manager position assigned to the EBS Technical Team to a Principal Information Systems Analyst to support SAP interface related development and support.

Status report: Complete. The position was reclassified.

***BTS Travel and Training Budget, (\$109,269), 0 FTE***

This decision package reduces the ongoing bureau-wide technical training and travel budget.

Status report: Complete. The reduction was taken.

***800 MHz Major Maintenance Reduction, (\$325,000), 0 FTE***

This reduction will cut the major maintenance budget for 800 MHz in BTS.

Status report: Complete. There will be no negative service level impact as a result of this reduction.

***Mainframe Maintenance Contract Reduction, (\$116,000), 0 FTE***

This reduction moves yearly IBM mainframe hardware and software maintenance from prepaid services to a time and materials basis.

Status report: Complete. Maintenance for the mainframe has been moved from yearly prepaid support to time and materials. A savings of \$116,000 has been achieved.

***BOEC Vertical Applications Reduction, (\$122,928), (1.0) FTE***

This reduction eliminates one position (Information Systems Supervisor) at the request of the BOEC Director.

Status report: Complete. The position has been eliminated.

***Reclassify CAD Software Engineer to PISA, \$ 0, 0 FTE***

This realignment package reclassifies a CAD Engineer position currently dedicated for support of BOEC's legacy CAD System to a Principal Information Systems Analyst (PISA).

Status report: Complete. The position has been reclassified.

**Non-Technical Fall BMP Requests Updates:**

***BTS – ACD Upgrade, \$0, 0 FTE***

This package 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 input at the fund level.

Status report: Underway. The upgrade is scheduled for completion in Spring 2011.

***BTS – Windows 7 Upgrade, \$0, 0 FTE***

This addition will provide \$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 input at the fund level.

Status report: Underway. Pilot Windows 7 deployments begin in early 2011. Full production rollout is scheduled for Summer 2011.

***BTS – Walters Hill Purchase, \$0, 0 FTE***

This addition will provide \$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 input at the fund level.

Status report: Complete. Property purchase closed in December 2010.

**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. Code changes to recognize the newly formed EBS Division are in draft form. Recruitments were completed and hiring processes are underway for the new ongoing staff. The City's SAP roadmap work sessions were conducted in December and a report is scheduled for completion by spring 2011. EBS staff are on track to complete their planned SAP training by fiscal year end.

## FY 2010-11 Projection

### Bureau of Technology Services

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$25,819,864	\$0	\$40,014,811	54.98%
Charges for Services	\$0	\$51,078	\$153,234	N/A
▶ Intergovernmental Revenues	\$5,738,179	\$2,020,970	\$3,942,211	-31.30%
Interagency Revenue	\$42,800,969	\$20,170,184	\$41,057,831	-4.07%
Fund Transfers - Revenue	\$0	\$0	\$4,919,279	N/A
▶ Miscellaneous	\$333,500	\$248,657	\$495,241	48.50%
<b>Total Resources</b>	<b>\$74,692,512</b>	<b>\$22,490,889</b>	<b>\$90,582,607</b>	<b>21.27%</b>
<b>Requirements</b>				
Personal Services	\$24,919,301	\$11,854,246	\$24,042,108	-3.52%
External Materials and Services	\$18,080,886	\$4,631,744	\$17,804,671	-1.53%
Internal Materials and Services	\$3,944,995	\$1,914,546	\$3,944,995	0.00%
▶ Capital Outlay	\$445,000	\$551,539	\$668,000	50.11%
Bond Expenses	\$1,833,304	\$131,991	\$1,833,397	0.01%
Fund Transfers - Expense	\$2,936,995	\$967,908	\$2,936,995	0.00%
Contingency	\$22,532,031	\$0	\$0	-100.00%
Unappropriated Fund Balance	\$0	\$0	\$39,352,441	N/A
<b>Total Requirements</b>	<b>\$74,692,512</b>	<b>\$20,051,974</b>	<b>\$90,582,607</b>	<b>21.27%</b>

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

On the expenditure side, the fund is projected to overspend Capital Outlay due to unforeseen capital project expenditures. FPD will work with OMF staff to monitor this situation and will make corrective actions in the Spring BMP as necessary to prevent over expenditures. On the revenue side, the variances on the Charges for Services, Intergovernmental Revenues, and Miscellaneous are due to technical issues related to coding changes when SAP was implemented. As a result, actual revenue budgeted in one category is recorded in a different category, causing a mismatch when doing a comparison of budget to actual for these revenues. OMF has informed FPD that this issue will be resolved in FY 2011-12.

## Enterprise Business Solution

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$4,493,273	\$0	\$4,493,273	0.00%
Interagency Revenue	\$10,777,104	\$5,388,552	\$10,777,104	0.00%
▶ Miscellaneous	\$11,921	\$14,796	\$25,000	109.71%
<b>Total Resources</b>	<b>\$15,282,298</b>	<b>\$5,403,348</b>	<b>\$15,295,377</b>	<b>0.09%</b>
<b>Requirements</b>				
Personal Services	\$2,260,800	\$901,644	\$2,108,399	-6.74%
External Materials and Services	\$1,700,340	\$194,007	\$1,186,820	-30.20%
Internal Materials and Services	\$4,204,937	\$1,893,756	\$4,204,937	0.00%
Bond Expenses	\$4,115,950	\$507,975	\$4,115,950	0.00%
Fund Transfers - Expense	\$44,967	\$21,846	\$44,967	0.00%
Contingency	\$2,955,304	\$0	\$0	-100.00%
Unappropriated Fund Balance	\$0	\$0	\$3,634,304	N/A
<b>Total Requirements</b>	<b>\$15,282,298</b>	<b>\$3,519,228</b>	<b>\$15,295,377</b>	<b>0.09%</b>

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

Miscellaneous revenue is projected to be higher than estimated due to higher interest earning based on the ending fund balance from last fiscal year. External Materials & Services are projected to be approximately 30% under spent by the end of this fiscal year due to not spending professional services contracts in the budget. The same scenario has occurred last fiscal year when the fund under spent 25% of its appropriation for External Materials & Services. FPD will work with OMF to make corrective actions in the Spring BMP to better align year-end estimates with budget for both revenue and expenditures.

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

**Public Safety Systems Revitalization Project (PSSRP)**

**Summary of Significant Issues**

**Police Data System Cost Sharing Decision** – The Portland Police Data System (PPDS), also known as the Police Records Management System (Police RMS) and the Regional Justice Information Network (RegJin) project, is a regional law enforcement records management system used by approximately 4,000 users across 59 regional and federal agencies. It is being replaced for various reasons, including the obsolescence of the technology and the difficulty of the old system in supporting criminal justice data sharing standards. With a low confidence level, the cost of the project is currently estimated at \$11.5 million, and the RFP evaluation process has narrowed the field of candidates down to two finalists who were scheduled to conduct demonstrations in January of 2011. However, even though the project's advisory committee has been formed with participation from City and regional partners and the system's requirements were collaboratively developed, there has been no formal, documented decision by the City of Portland as to whether the costs of the new system should be shared with the other jurisdictions.

With the field of candidates narrowed down to two finalists, Financial Planning believes that now is a good time for City Council, with input from the PSSRP Steering Committee, to make a decision as to whether or not the costs of the new system should be shared with the other users. Even though costs can be recuperated later if the City decides to do so, for example, through increases in rates charged to the other jurisdictions, Council should weigh in soon, preferably through a resolution stating Council's intent. Although a decision on cost-sharing was made with regards to the new Computer Aided Dispatch (CAD) system, it was not formally documented.

**Next Generation 9-1-1** - Next Generation 9-1-1 refers to an initiative aimed at updating the 9-1-1 service infrastructure to improve public emergency communications services in a wireless mobile society. In addition to calling 9-1-1 from a phone, it intends to enable the public to transmit text, images, video, and data to the 9-1-1 center. Federal authorities began planning for this new infrastructure in 2000, and several local and regional jurisdictions have also started exploring it. Citizens have already attempted to text 9-1-1 requests for emergency response, for example, in situations which did not allow them to call, but because the infrastructure was not there to support this, the efforts were unsuccessful. At the latest PSSRP Steering Committee meeting which occurred in January, PSSRP staff presented the need to explore the new infrastructure, and the Steering Committee agreed that staff should begin investigating the new technology, with no dedicated funding for it in FY 2011-12.

While the costs of the new technology are still unknown at this point, Financial Planning recommends that the City begin to consider planning for how it can fund such a system. More importantly, Financial Planning recommends that the discussion on the new infrastructure be driven by not only the City, but also the other 9-1-1 user jurisdictions. While it is prudent for PSSRP staff to begin exploring such new technologies, the initiative should be driven by, or at least have much greater input from, the various jurisdictions because they may have to pay for a portion of the costs of a new system in the future.

**Recommended Requests**

1. MF\_167/PSSRP Radio Project, \$0, 0 FTE

PSSRP requests to remove the Radio System Replacement project’s FY 2010-11 budget of \$7,133,688 from the Technology Services Fund due to most of the project’s costs now being paid out of the newly established Public Safety General Obligation (GO) Bond Fund with the passage of the bond measure in November 2010. The \$7.1 million is moved to the Technology Services Fund’s unrestricted contingency. See review of request MF\_174 for the budgeting of the Radio project in the Public Safety GO Bond Fund.

FPD Recommendation: \$0, 0 FTE

**Comments on FY 2010-11 Budget Notes, Decision Packages, and Service Improvement Plans**

**Budget Notes & Fall BMP Non-Technical Requests**

Funding Plan – Council directed the public safety bureaus and OMF to continue refining the funding plan for PSSRP and report back to Council in a work session presentation. In the development of the City’s FY 2011-12 budget, ongoing funds of \$1.2 million will be dedicated to PSSRP to continue progress on the development and replacement of the projects. On December 16, 2010, PSSRP conducted the work session, reporting on cost projections and project statuses while OMF presented the funding plan. In November 2010, the voters of Portland approved a General Obligation (GO) bond funding the Radio System replacement project with \$38,940,000. All the PSSRP projects are now fully funded with the revenues from the bond sales adding to other dedicated funding from grants and the Technology Services Fund.

**Reduction Packages**

PSSRP’s professional services budget was reduced by \$15,090 ongoing and an additional \$15,088 one-time during the budget development process. The one-time reduction has not impacted the operational aspect of the projects, while PSSRP staff has been able to manage the ongoing reduction by cost-sharing between the individual projects.

**FY 2010-11 Projection**

<b>General Fund (100)</b>	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 YTD Actuals</b>	<b>FY 2010-11 Year-End Projection</b>	<b>Percent Variance</b>
<b>Resources</b>				
General Fund Discretionary	\$2,666,670	\$0	\$1,914,579	-28.20%
<b>Total Resources</b>	<b>\$2,666,670</b>	<b>\$0</b>	<b>\$1,914,579</b>	<b>-28.20%</b>
<b>Requirements</b>				
Personal Services	\$918,576	\$373,238	\$895,771	-2.48%
External Materials & Services	\$643,201	\$67,810	\$158,056	-75.43%
Internal Materials & Services	\$545,614	\$136,030	\$326,473	-40.16%
Capital Outlay	\$25,000	\$0	\$0	-100.00%
Fund Transfers - Expense	\$534,279	\$0	\$534,279	0.00%
<b>Total Requirements</b>	<b>\$2,666,670</b>	<b>\$577,078</b>	<b>\$1,914,579</b>	<b>-28.20%</b>

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

General Fund resources are used to fund the PSSRP Project Management Office Administration, the PPDS project and the Fire Records Management System project. PSSRP is projecting to significantly underspend in external materials & services, internal materials & services, and capital outlay due to slower than anticipated spending by administration and both of the projects and may request to adjust the budget during the Spring BMP in order to preserve PSSRP resources. PSSRP staff notes that the expenses associated with any spending delays in the current fiscal year will resurface in the following year.

<b>Grants Fund (217)</b>	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 YTD Actuals</b>	<b>FY 2010-11 Year-End Projection</b>	<b>Percent Variance</b>
<b>Resources</b>				
Intergovernmental Revenues	\$1,092,691	\$0	\$1,092,691	0.00%
<b>Total Resources</b>	<b>\$1,092,691</b>	<b>\$0</b>	<b>\$1,092,691</b>	<b>0.00%</b>
<b>Requirements</b>				
External Materials & Services	\$1,092,691	\$0	\$1,092,691	0.00%
<b>Total Requirements</b>	<b>\$1,092,691</b>	<b>\$0</b>	<b>\$1,092,691</b>	<b>0.00%</b>

▶ Revenue was not within 10% of target, or expense exceeded budget
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PSSRP is projecting to receive and spend its entire grants budget by year-end. \$500,000 is for CAD-Next licenses, while the remaining \$592,691 is for the regional radio effort.

For a discussion of the other PSSRP-related funds, please see the reviews for the Bureau of Emergency Communications and the Public Safety General Obligation Bond Fund.

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

**Public Safety General Obligation Bond Fund**

**Recommended Requests**

1. *MF\_174/Public Safety GO - Debt Sale Proceeds, \$46,636,822, 0 FTE*

This request recognizes the first debt sale proceeds of the Public Safety General Obligation (GO) Bond approved by the voters in the November 2010 election. The funds are appropriated as needed for projected expenses in the current fiscal year in the following amounts for the following projects:

- \$7,293,000 for fire apparatus replacement
- \$4,000,000 for the Emergency Coordination Center
- \$4,560,000 for the construction of Fire Station 21
- \$29,956,807 for the 800 MHz Radio system replacement
- \$827,015 for management and contingency purposes

Included in the \$30.0 million figure for the radio project are funds from the Technology Services Fund in the amount of \$844,881. This transfer represents the reassignment of the budget for the Radio project to the new Public Safety GO Bond Fund from its previous home at the Technology Services Fund.

The \$46.6 million budget will be used for the following purposes in the current fiscal year:

- 83.4%, or \$38.9 million, is placed in contingency for future year expenditures on the various projects.
- 92.2% of the remaining \$7.7 million (or about \$7.1 million) is expected be spent on the Radio system replacement project this year, with \$6.6 million of that spent on professional services.
- \$280,000 will be spent on bond issuance costs.
- \$261,000 will be spent on the Fire Station 21 project, with an additional \$64,600 for Portland Fire & Rescue project management costs.
- No funds are expected to be spent in the current fiscal year on the Emergency Coordination Center or for fire apparatus replacement.

The first debt sale for the new fund is planned for April. Until then the projects will incur expenses for which the fund can be reimbursed with debt sale proceeds. However, the fund does not have any cash at the moment, and OMF is considering an inter-fund loan from the Technology Services Fund to provide interim cash until the debt sale. If the borrowed funds are returned within the fiscal year, no budgetary action needs to be taken. However, a resolution or ordinance from Council is necessary for the inter-fund loan.

*FPD Recommendation: \$46,636,822, 0 FTE*

### FY 2010-11 Projection

Public Safety General Obligation Bond Fund (403)	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Fund Transfers - Revenue	\$844,881	\$0	\$844,881	0.00%
Bond and Note	\$45,791,941	\$0	\$45,791,941	0.00%
<b>Total Resources</b>	<b>\$46,636,822</b>	<b>\$0</b>	<b>\$46,636,822</b>	<b>0.00%</b>
<b>Requirements</b>				
Personal Services	\$142,055	\$0	\$142,055	0.00%
External Materials & Services	\$7,016,572	\$0	\$7,016,572	0.00%
Internal Materials & Services	\$300,661	\$0	\$300,661	0.00%
Capital Outlay	\$0	\$0	\$0	i/a
Bond Expenses	\$280,000	\$0	\$280,000	0.00%
Fund Transfers - Expense	\$0	\$0	\$0	i/a
Contingency & Ending Balance	\$38,897,534	\$0	\$38,897,534	0.00%
<b>Total Requirements</b>	<b>\$46,636,822</b>	<b>\$0</b>	<b>\$46,636,822</b>	<b>0.00%</b>

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

Revenues and expenditures are all projected to be as budgeted because the fund is being budgeted during this BMP. See request MF\_174 above for a discussion of the components of the budget for the fund.

With the exception of the Radio System Replacement project, all the projects have not been previously budgeted. The budget for the Radio project is being removed from the Technology Services Fund (see discussion of MF\_167 in the review for the Public Safety Systems Revitalization Project), and request MF\_174 adds the project's same budget to the Public Safety GO Bond Fund. On the bureau program expenses side, the budget for the Radio project as budgeted in MF\_174 is exactly the same as its post-Fall BMP revised budget in the Technology Services Fund.

The table below shows budget to actuals for the Radio project in the Technology Services Fund as of AP 6. The above table for the Public Safety GO Bond Fund does not reflect these actuals because the expenses have not actually moved yet.

Technology Services Fund (706)	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals
<b>Resources</b>		
Beginning Fund Balance	\$14,194,947	\$0
Fund Transfers - Revenue	\$470,279	\$0
<b>Total Resources</b>	<b>\$14,665,226</b>	<b>\$0</b>
<b>Requirements</b>		
Personal Services	\$142,055	\$57,360
External Materials & Services	\$6,690,972	\$1,255,462
Internal Materials & Services	\$300,661	\$333,609
Contingency & Ending Balance	\$7,531,538	\$0
<b>Total Requirements</b>	<b>\$14,665,226</b>	<b>\$1,646,431</b>

As of AP 6, PSSRP had already overspent its appropriation in internal materials & services for the Radio project in the Technology Services Fund. However, at the level of the fund as a whole, there is no over-expenditure. If all of the Radio project's actual expenses are moved to the Public Safety GO Bond Fund, there will be an over-expenditure since the budget is being moved from the Technology Services Fund as is, without any changes to the bureau program expenditures. OMF has indicated that there is a possibility that not all of the actual expenditures will be moved to the new fund, and even if they are all moved, the bureau will make adjustments to the budget in the Spring BMP to avoid any over-expenditure.

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

**General Fund Special Appropriation**

**Recommended Requests**

1. *SA\_003/Village Market, \$50,000, 0 FTE*

This request would provide a contribution to the Janus Youth Program's Village Market at the New Columbia apartment complex. This funding would allow a new grocery store to open to serve the residents of New Columbia and the Portsmouth neighborhood.

*FPD Recommendation: \$50,000*

2. *SA\_004/WorldQuest, \$7,500, 0 FTE*

This package requests funding to support the WorldQuest Global Knowledge Competition and the International Speaker Series. This funding offers local leaders and youth an opportunity to demonstrate and advance their knowledge of culture, geography, and international affairs.

*FPD Recommendation: \$7,500*

**Comments on FY 2010-11 Budget Notes, Decision Packages, and Service Improvement Plans**

***RACC 3% Ongoing Reduction, (\$110,485), 0 FTE***

This package reduces the ongoing General Fund resources for the Regional Arts & Culture Council by \$110,485. The impact of this request would result in reduction of arts education programming and outreach activities in the community.

Status Report: Complete. The reduction was taken.

***RACC 1% One-time Reduction, (\$36,828), 0 FTE***

This package reduces the General Fund resources for the Regional Arts & Culture Council by \$36,828 one-time in FY 2010-11. As with the above cut package, this request will impact the arts education and outreach programs.

Status Report: Complete. The reduction was taken.

***Free Tax Preparation for Families and Individuals, \$75,000, 0 FTE***

This package provides one-time funding to Cash Oregon to provide free tax preparation for families and individuals.

Status Report: Complete. Fund has been expended.

***Oregon Food Bank, \$50,000, 0 FTE***

This package provides one-time General Fund resources for supplemental food purchase for the summer months.

Status Report: Complete. Fund has been expended.

***East Portland Action Plan Outreach, \$150,000, 1.0 FTE***

This package provides one-time General Fund resources to support a limited-term position to conduct the East Portland Action Plan implementation and \$50,000 for grants to community organizations to implement plan elements.

Status Report: Complete. Fund will be transferred to the Office of Neighborhood Involvement in Winter BMP.

***Mental Health Crisis Program, \$540,000, 0 FTE***

This program includes \$400,000 for mental health crisis and \$140,000 for Multnomah County Mental Health Crisis Center.

Status Report: No action reported in Winter BMP.

***Portland Rose Festival, \$75,000, 0 FTE***

This program provides one-time funding to offset various bureau costs related to Rose Festival Event.

Status Report: No action reported in Winter BMP.

***Roosevelt Athletic Complex, \$200,000, 0 FTE***

This package requests one-time General Fund resources to partially fund the capital improvement project to improve the athletic facilities at the Theodore Roosevelt High School.

Status Report: No action reported in Winter BMP.

***Parkrose School District, \$35,000, 0 FTE***

This package requests one-time General Fund resources to support the Parkrose School District.

Status Report: No action reported in Winter BMP.

***Human Trafficking Prevention, \$285,000, 0 FTE***

This package requests one-time General Fund resources to create a shelter for juvenile human trafficking victims in Portland.

Status Report: No action reported in Winter BMP.

***First Stop Portland, \$12,000 Interagency Revenue, 0 FTE***

This package requests one-time resources to support Portland State University College of Urban and Public Affairs to provide logistics and planning services to visiting delegations interested in Portland's sustainability and livability practices.

Status Report: No action reported in Winter BMP.

### FY 2010-11 Projection

	FY 2010-11 Revised Budget	FY 2010-11 YTD Actuals	FY 2010-11 Year-End Projection	Percent Variance
<b>Resources</b>				
Interagency Revenue	12,000		12,000	0.00%
General Fund Discretionary	12,867,730		12,213,566	-5.08%
General Fund Overhead	143,555		143,555	0.00%
<b>Total Resources</b>	<b>\$13,023,285</b>	<b>\$0</b>	<b>\$12,369,121</b>	<b>-5.02%</b>
<b>Requirements</b>				
External Materials and Services	12,923,285	4,614,839	\$12,277,121	-5.00%
Internal Materials and Services	100,000	78,340	\$92,000	-8.00%
<b>Total Requirements</b>	<b>\$13,023,285</b>	<b>\$4,693,179</b>	<b>\$12,369,121</b>	<b>-5.02%</b>

 Revenue was not within 10% of target, or expense exceeded budget
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As of December 2010, the GF Special Appropriation is on track to finish the fiscal year within its budget. Last fiscal year, the fund ended with approximately 94% of its appropriation spent; however, the City Membership Dues was overspent by about \$31,000. This trend is likely to continue in FY 2010-11.