

# **Fall BMP FY 2011-12 Analysis**

**City of Portland, Oregon**

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**Prepared by:**

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

**October 26, 2011**

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**Financial Planning Division Analysis  
FY 2011-12 Fall BMP**

**Bureau of Emergency Communications**

Report Date: October 26, 2011

Analysis by: Yung Ouyang

**Summary of Significant Issues**

*Funding for additional Bureau of Technology Services (BTS) support costs for the new CAD system* - While the User Board members representing the various jurisdictions have voted to not pay for the additional BTS support costs, the elected officials who make the actual decisions have not been able to meet to discuss the matter. The City of Portland's portion of the costs is being paid for from unspent General Fund dollars from FY 2009-10 and FY 2010-11 that are in fund balance. The bureau has usually refunded any unspent General Fund dollars from the prior year during the Fall BMP, but this practice has been temporarily suspended to fund the City's share of the additional BTS Interagency Agreement (IA) costs this year. The bureau's initial plan was to also utilize unspent funds from the other user jurisdictions to pay for their share of the additional IA costs. However, as a result of the User Board's decision, BOEC will be refunding unspent funds from the other jurisdictions after the annual external audit is completed and the prior year's figures are finalized. Nevertheless, despite the vote by the User Board to not pay the additional support costs, with the exception of one municipality, all the jurisdictions have been paying the full amounts invoiced to them, which include their share of the additional BTS IA costs. During the most recent User Board meeting (October 20, 2011), it was clarified that the User Board only has recommendation powers, and the individual jurisdictions decide on their own whether or not to pay the additional support costs. For future years, Council directed in a Budget Note that BOEC's General Fund appropriation be increased by almost \$1.1 million beginning in FY 2012-13 to pay for the City's share of the additional O&M costs.

**Recommended Requests**

1. *EC\_001/Eliminate SAN Standby Support for VCAD, (\$22,523), 0.0 FTE*

Financial Planning recommends the bureau's request to reduce its IA with BTS for standby support pertaining to the Storage Area Network (SAN). Before the implementation of the new CAD system, the various user jurisdictions had agreed that a review of BTS support services should be conducted after the new system's environment had stabilized over several months. System implementation occurred on April 17, 2011. Since then, the review has been conducted, and BTS, BOEC, and the other user jurisdictions agree with the reduction. \$18,108 of the reduction is from the City's General Fund, with the remaining \$4,415 coming from the other jurisdictions.

*FPD Recommendation: (\$22,523), 0.0 FTE*

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

### **Budget Notes**

Public Safety Systems Revitalization Project (PSSRP): During FY 2010-11, the public safety bureaus and OMF were directed to continue to refine the funding plan for PSSRP and report back to Council in a work session presentation. The budget note noted that Council would give priority consideration to one-time and ongoing funding for the project and that ongoing funding of \$1.2 million will be directed towards the project from the General Fund starting in FY 2011-12. With the passing of the Public Safety General Obligation (GO) Bond measure by the voters of Portland in November of last year, all the funding needs of PSSRP have been met.

### **Decision Packages and Non-Technical BMP Changes**

Overtime reduction – City bureaus were directed to submit reduction packages during the FY 2010-11 budget development process, and BOEC reduced its overtime budget by \$344,068. The bureau was able to absorb the reduction without any adverse effects.

### **Service Improvement Plans**

Quality Awareness Focus – BOEC has changed policies to best fit the new CAD platform that it is using for call-taking and dispatch. Terminology has been changed to “respectful,” as opposed to “professional.” Employees have had to learn new skills, and processes were updated. Performance evaluations continue to take place monthly, and calls are continuing to be evaluated. During the employee review process, the goal is professional development, and not discipline. Customer service complaints continue to be low.

Effective and Responsive Operational Supervision – To ensure that all employees are receiving information that is consistent and accurate, regular group and individual meetings are continuing to be held between supervisors. The monthly performance evaluation process is continuously enhanced and updated so that supervisors are receiving consistent feedback and guidance in the application of complaint resolution, thus ensuring that employees experience a consistent application of rules and guidelines. However, maintaining an adequate span of control continues to be an issue. BOEC is currently running an average of 10:1, while the Department of Homeland Security recommendation for effective span of control is 5:1. The bureau believes that its ability to monitor activities as they occur and effect immediate change is compromised. But with an additional two supervisors, the bureau believes that the span of control can be improved to a level of more effective supervision.

### FY 2010-11 Reconciliation

Emergency Communications Fund (202)	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Beginning Fund Balance	\$9,757,937	\$11,059,177	13.34%
▶ Charges for Services	\$200,000	\$178,305	-10.85%
Intergovernmental Revenues	\$6,523,800	\$6,243,120	-4.30%
▶ Interagency Revenue	\$230,511	\$46,808	-79.69%
Fund Transfers - Revenue	\$10,379,028	\$10,379,028	0.00%
Bond and Note	\$26,207	\$26,207	0.00%
Miscellaneous Revenue	\$50,000	\$56,711	13.42%
<b>Total Resources</b>	<b>\$27,167,483</b>	<b>\$27,989,356</b>	<b>3.03%</b>
<b>Requirements</b>			
Personal Services	\$14,484,404	\$13,214,371	-8.77%
External Materials & Services	\$5,099,128	\$4,658,158	-8.65%
Internal Materials & Services	\$3,943,376	\$3,837,271	-2.69%
Bond Expenses	\$1,316,236	\$1,311,463	-0.36%
Fund Transfers - Expense	\$486,000	\$486,000	0.00%
Contingency / Ending Fund Balance	\$1,838,339	\$4,482,093	143.81%
<b>Total Requirements</b>	<b>\$27,167,483</b>	<b>\$27,989,356</b>	<b>3.03%</b>

▶ FPD analyst concern

Revenues

BOEC collected about 89% of its budgeted amount for Charges for Service. The major object category is made up of charges for research services (9-1-1 recordings) for attorneys and the media, as well as support costs to local Public Safety Answering Points (PSAP) for the CAD-to-CAD system and the Portland of Portland for CAD usage. The actual expenditures vary year-to-year according to request activity and support levels.

Interagency Revenue is at only 20% of the budgeted amount because it is grant funding (passed through PSSRP) for overtime costs incurred during the first week of the implementation of the new CAD system, and the actual overtime required was much less than initially projected.

Expenditures

All expenditures were within the budgeted amounts.

### FY 2010-11 Performance Measure Reporting

At 98%, the bureau exceeded its FY 2010-11 goal of 97% of emergency 9-1-1 calls answered within 20 seconds but was 1% below the FY 2009-10 figure.

BOEC was not able to meet its goals for three of its performance measures. The bureau would like to dispatch 90% of its Police “Emergency Priority” calls within 30 seconds, but the year-end actual figure was 86%. Similarly, the goal to dispatch Medical “Priority Emergency, 1, or 2” calls within 30 seconds was for 80% of the calls, but the bureau was only able to do so for 75% of those calls. However, at 74%, the bureau

was close to achieving its goal of dispatching 75% of Fire “Urgent Priority” calls within 15 seconds. The bureau did improve on the Fire calls from the prior year but slipped in regards to the Police and Medical calls.

The average time to answer an emergency call was only 2 seconds, exceeding the goal of 4 seconds, and is consistent with the prior year.

The number of overtime hours exceeded the prior year’s by almost 13% but was still lower than the goal of 14,000 hours. It should be noted that the bureau had a hiring freeze during the year, and staff were also incurring overtime to train on the new CAD system.

The measures for certification rates were irrelevant also because of the hiring freeze.

**Financial Planning Division Analysis  
FY 2011-12 Fall BMP**

**Portland Fire and Rescue**

Report Date: October 26, 2011

Analysis by: Kezia Wanner

**Summary of Significant Issues**

At the direction of a FY 2011-12 budget note, Portland Fire and Rescue (PF&R) has hired a consultant to conduct a staffing study of new response vehicles that will be purchased with funds from the 2010 Public Safety General Obligation Bond. The consultant's findings and recommendations will be presented in a report to Council by December 31, 2011. Procurement of the response vehicles has been halted until the final report is delivered. See request FR\_001 below for current funding request.

**Recommended Requests**

*1. FR\_001/Tri-Data Funding, \$100,000*

A FY 2011-12 budget note directs PF&R to hire an outside consultant to prepare a report and recommendations for staffing the new vehicles that would be purchased with the 2010 Public Safety Bond funding. The bureau has moved forward in compliance with the budget note, and has entered into a contractual agreement with Tri-data, for which the contract total is not-to-exceed \$100,000. The bureau was not given the additional resources to fund the contract and therefore the bureau is currently backing the contract costs with existing resources within their budget. The bureau states they are unable to absorb the contract costs due to the \$200,664 reductions they have made to their external materials and services budget as part of their mandatory budget reductions for FY 2011-12.

FPD recommends Council commit \$100,000 of General Fund discretionary in the Fall BMP in a set-aside and when all contract costs have been incurred, the actual amount of contract expenditures will be moved to the bureau's budget. It is expected that this adjustment will occur in the Spring BMP.

*FPD Recommendation: \$0 General Fund in Fall BMP, \$100,000 set-aside in General Fund contingency*

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

PF&R has requested to move \$20,211, which had been budgeted in an IA with OMF-Risk, to external materials and services. The bureau intends to use the funds to purchase exercise equipment in support of the bureau's health and wellness goals.

FPD recommends the bureau's request to adjust the \$20,211 of funding within their budget.

*FPD Recommendation: \$0*

*3. FR\_003/Internal Budget Realignment, \$0 net adjustment, 1.00 FTE*

This package makes budget and position adjustments with a total net zero fiscal impact. There are two interrelated changes requested in this package:

- Converting a limited term Office Support Specialist III (OSSIII) and Sr. Administrative Specialist (SAS) position to permanent, funded through a combination of salary savings from abolishing a vacant Sr. Community Outreach position and from \$61K of personal services limited term budget not allocated to specific positions.

- Creating two limited term firefighter positions. PF&R requested six positions in FY 2011-12 to staff a 2<sup>nd</sup> Rescue at Station 19, but received authority and funding for four positions. The current year one-time funding for the OSSIII and SAS limited term positions will be reallocated to fund these firefighter positions through the end of the fiscal year; the bureau intends to request funding again in FY 2012-13 for these two firefighter positions.

FPD recommends the internal position and related funding adjustments that PF&R has requested.

*FPD Recommendation: \$0, 1.00 FTE*

4. *FR\_004/BDS Interagency Agreement, \$7,000*

The request establishes a \$7,000 IA with BDS is to provide partial funding for a BDS landlord training program. The training program consists of a series of eight sessions in FY 2011-12 and is jointly funded by Police, Fire, and BDS.

*FPD Recommendation: \$7,000 IA with BDS*

5. *FR\_005/Pierce Manufacturing PO, \$183,406*

PF&R is requesting General Fund discretionary resources for a purchase order for apparatus replacement that was erroneously closed during the fiscal year end process. The mistake was discovered in July, and although the P.O. was re-opened, it was too late to correct the error and categorize the encumbrance as a FY 2010-11 carryover. The bureau is requesting the funds as an encumbrance carryover.

FPD recommends the bureau's request for \$183,406 of General Fund discretionary to cover the apparatus P.O..

*FPD Recommendation: \$183,406 General Fund discretionary*

6. *FR\_006/Senior Administrative Specialist, \$0, 0 FTE*

PF&R is requesting to establish a permanent Senior Administrative Specialist position that would be responsible for in-house mapping, data analysis, and other administrative support needs and would restore the services that were diminished as a result of position cuts in FY 2009-10. The bureau has a limited term position dedicated to performing these functions but that position expired on August 25, 2011. PF&R is currently processing the limited term extension paperwork through Bureau of Human Resources, and when that has been completed they will submit paperwork to convert the limited term position to permanent. The ongoing resources to fund the permanent position will come from existing appropriation for an external contract with Metro for mapping services and revenues from the City of Gresham for their share of Station 31 operating costs.

FPD recommends that the position changes requested by the bureau.

*FPD Recommendation: \$0, 0 FTE*

7. *FR\_007/Utility Worker Position, \$0, 1.00 FTE*

PF&R is requesting to create a permanent Utility Worker II position to provide general support to the Logistics section. The position will be responsible for biohazard collection, storage and disposal for the station and for supply procurement and storage, repair work, and property maintenance. Position funding will

come from shifting ongoing resources from outside contracts for biohazard removal and for courier services between stations. The vendor contracts that would be affected are Stericycle and Express Messenger Systems.

*FPD Recommendation: \$0, 1.00 FTE*

8. *FR\_008/FY 2011-12 Reduction Alternative, \$0, (1.00 FTE)*

In compliance with Citywide budget guidance, the bureau offered one-time reductions as part of their FY 2011-12 Budget submission. Later during the budget process, it was determined that the Citywide reductions needed to be ongoing and bureaus would be able to make corrections to their reductions in the 2011 Fall BMP. This package restores \$117,756 for equipment capital expense, repair and maintenance supplies, minor equipment and tools, and office supplies, which are funded by the salary savings derived from eliminating an Assistant Public Education Officer position.

*FPD Recommendation: \$0, (1.00 FTE)*

9. *FR\_009/UASI Grant Carryover, \$759,317*

The request is for the carryover of Urban Area Security Initiatives (UASI) grant funds in the Grant Fund for purchases for PF&R. The funding is for capital expense/construction, minor equipment and tools, and operating supplies.

*FPD Recommendation: \$759,317 grant revenue*

10. *FR\_010/Encumbrance Carryovers, \$1,914,472*

The bureau is requesting \$1,914,472 of the \$2,037,009 encumbered funds that were carried forward from FY 2010-11. Some of the largest encumbrances include funding for fire apparatus, personal protective equipment, medical supplies, and facilities master planning.

*FPD Recommendation: \$1,914,472 General Fund discretionary*

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

### **Decision Packages and Non-Technical BMP Changes**

Reduced Apparatus Replacement Budget (\$1,089,113) – the budget reduction delayed the replacement of two fire trucks and increased the replacement backlog to six engines and one truck. The Public Safety General Obligation Bond, approved by voters in November 2010, provides funding for new fire apparatus. The Tri-data staffing study which will deliver findings and recommendations to Council by December 31, 2011, will influence the purchases of specific apparatus.

COLA Reductions from FY 2009-10 (\$373,334) – the reduction was taken as part of the FY 2010-11 Adopted Budget as payback for the COLA set-aside the bureau received in the FY 2009-10 Spring BMP. Because PF&R did not use any of the COLA funds it received and they underspent their FY 2009-10 personal services budget, Council restored the \$373,334 to PF&R's budget in the 2010-11 Fall BMP.

Eliminate One Rescue Unit (\$562,771) – The rescue at Station 19 went out of service for FY 2010-11 but has been partially restored with one-time funding in the current fiscal year. There is no future funding source committed at this point, therefore the bureau intends to re-request one-time funding for the rescue again in FY 2012-13.

**Service Improvement Plans**

**Improve PF&R outreach and communication with underrepresented groups to compete in the Firefighter entrance exam**

Status: The bureau recruiter worked with Office of Human Relations staff to reach out to community organizations that serve underrepresented groups, and over 500 hours of teaching time was invested by bureau staff to prepare interested individuals from those organizations for the Fire Fighter entrance exam.

**Improve PF&R promotional testing and evaluation process for entry-level supervisors.**

Status: A job description and test were developed for a Lieutenant position, qualified and interested supervisors were tested in a ranked civil service exam, and a promotional list was finalized before the July 2010 deadline.

**Meet community safety needs and reduce losses due to preventable fires, injuries, and related events through a grant funded smoke detector program.**

Goal: The program to distributed 4,500 smoke alarms to 1,200 households, funded by a Washington State Fire Marshal grant, was implemented in two phases. The first phase, focused on four stations, was to install smoke alarms in homes that were found to be deficient, on routine business of responding to calls. The criteria for installation was for homes where alarms were over 10 years old, and where there were not alarms inside each sleeping room, outside each sleeping room, and on each inhabited level of the residence. The second phase of the program involved all of PF&R stations, and was an outreach effort using media and neighborhood canvassing methods.

**FY 2010-11 Reconciliation**

<b>Resources</b>			
Licenses and Permits	1,290,000	1,409,318	9.25%
Charges for Services	1,200,000	1,235,017	2.92%
Intergovernmental Revenues	470,000	505,404	7.53%
▶ Interagency Revenue	1,869,869	1,644,456	-12.06%
Miscellaneous	301,000	227,182	-24.52%
General Fund Discretionary	90,035,371	\$85,552,611	-4.98%
General Fund Overhead	182,657	\$182,657	0.00%
<b>Total Resources</b>	<b>\$95,348,897</b>	<b>\$90,756,645</b>	<b>-4.82%</b>
 <b>Requirements</b>			
Personal Services	81,074,246	78,718,727	-2.91%
External Materials & Services	5,902,011	5,008,578	-15.14%
Internal Materials & Services	5,529,629	5,529,852	0.00%
▶ Capital Outlay	2,843,011	1,499,488	-47.26%
<b>Total Requirements</b>	<b>\$95,348,897</b>	<b>\$90,756,645</b>	<b>-4.82%</b>

▶ FPD Analyst Concern
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Interagency Revenues actuals were 12% of budget because reimbursement due to lower costs than projected related to FPDR for return-to-work positions and OPSRP expenditures.

Personal Services were underspent by \$2.4 million due primarily to a combination of factors, including a projected higher level of retirements than actually occurred, as well an additional allocation of \$500K the bureau received from the compensation set-aside in the 2011 Spring BMP to cover that projected level of retirements.

Capital Outlay actual expenditures came in 47%, or \$1.34 million, below budget. The underspending represents the year-end encumbrances for apparatus purchases which PF&R is requesting to carryforward to the current fiscal year.

### **FY 2010-11 Performance Measure Reporting**

Many of PF&R performance measures are workload measures, which vary from year to year and the variances are typically due to external factors (e.g. number of fires, medical incidents, property loss values). The bureau has direct influence over the outcomes of effectiveness and efficiency measures, such as the measures related to allocating resources; a few of these measures that experienced changes in performance are addressed below:

#### **Strategic Plan**

The percentage of strategies completed out of the number targeted for the fiscal year was 61% in FY 2010-11, which was down from 88% in FY 2009-10. The decrease in strategies accomplished in FY 2010-11 was due to over-estimating what could be done in the first year of the bureau's five-year strategic plan. The strategies that were not completed were moved forward as targets to accomplish in the current fiscal year.

#### **Frontline Engines**

The age of frontline engines was 8.5 years in FY 2010-11, which is significantly higher than the actual of 7.50 years in FY 2009-10 and the FY 2011-12 target of 6.70. Also, the average mileage of frontline engines increased significantly to 81,228 in FY 2010-11 from 72,109 of the prior year. The data reflect the aging apparatus inventory in FY 2010-11, a year in which no engines were added to the bureau's fleet. In the current fiscal year, the bureau anticipates delivery of five engines and one truck on order which should bring the performance actuals back to target levels for FY 2011-12.

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

PF&R's expended 61%, or \$1.2 million, of its CIP in FY 2010-11. The 39% underspending was primarily due to apparatus encumbrances that were budgeted and unspent in FY 2010-11, and carried over to FY 2011-12.

### **FY 2011-12 Capital Project Reporting**

The FY 2011-12 CIP includes \$2.7 million for fire apparatus replacement. Beginning in this current fiscal year, budgeting for apparatus replacement will no longer occur in PF&R's budget but instead will be budgeted in the Fire Apparatus Replacement Fund.

**Financial Planning Division Analysis  
FY 2011-12 Fall BMP**

**Portland Police Bureau**

Report Date: October 26, 2001

Analysis by: Tess Jordan

**Summary of Significant Issues**

**Preparation for FY 2012-13**

The Mayor's budget direction was distributed to bureaus in October requesting 4%, 6% and 8% cut packages. Based on the current year CAL target and a rough estimate of \$80,000 - \$85,000 per officer (depending upon tenure and assuming that lay-offs impact the most recent hires), this would correspond to eliminations of 75, 110 and 140 officers or 8-14% of sworn staff. The bureau currently has 29 sworn vacancies. If historic attrition trends prove correct, sworn vacancies could increase to 45 by year end; June 2012 is a high incentive retirement month that could increase this count. If these positions were held vacant the bureau could still need to eliminate up to 95 officers (potentially fewer, if greater retirements and attrition occur). Support staff has been cut heavily over the past few budget cycles. In addition, the bureau has stated that on-going external materials and service funding is \$2 million below what it requires (this gap was filled with one-time money in the current fiscal year).

Given this context, the bureau has significant work to do over the next three months to develop strategies that will preserve core functions and likely close programs that are deemed more peripheral. Before budget guidance was announced the bureau's goal was to achieve full staffing by April 2012. Given the new fiscal context, FPD recommends that hiring decisions be considered in tandem with the bureau contraction that the FY 2012-13 budget may require. Police should seek guidance from the Mayor and Council as they move forward with current year hiring.

**In-car video cameras**

The bureau is requesting a total of \$165,188 to pilot 10 vehicles with in-car video camera systems. Of this amount, \$51,233 is on-going for system maintenance, requiring a CAL target increase. This investment offers the possibility of greater accountability both on the part of the community and police officers. However, given the large budget cuts anticipated in FY 2012-13, FPD does not recommend initiating new on-going programs at this time.

Background: In-car video systems are widely employed outside of Portland: nationwide, 72% of state police and highway patrol vehicles used for patrol are equipped with video systems; five Oregon jurisdictions utilize the system the bureau has selected (Panasonic Arbitrator 360 Mobile Video Systems): Clackamas and Lincoln Counties and the cities of Tigard, Lake Oswego and Medford. The system involves five cameras per vehicle with 360 degree recording capability and infrastructure to manage video archives.

A 2002 study by the International Association of Chiefs of Police found that officers using the system in 20 states reported:

- Positive impact on officer safety, both by allowing officer video review of how they approach various situations, and by generally deescalating situations when citizens are informed that a camera is recording the incident.
- Increased professionalism, due to officers' natural response to the act of being recorded and awareness that supervisors might review the tape.
- Aid in resolving complaints against officers, as video offers an unbiased third party account. In half of instances the complaint was withdrawn once the complainant was made aware that the incident was recorded. The time required by internal affairs investigations is also reportedly

- reduced; however, neither the bureau nor FPD has quantified cost savings the system might generate in terms of legal fees and internal affairs staff time.
- Aid in training, allowing for group review of both appropriate and inappropriate practices.

The study's review notes possible negatives including officers positioning themselves for filming (rather than according to protocol), relying on the video for report writing rather than taking on-the-scene notes, and possible privacy issues if video is reproduced publically.

In 2010-11 the bureau requested and was granted a one-time \$50,000 add package to purchase, install, and assess the performance of in-car video camera systems on approximately five patrol vehicles. This was reduced from an original request of \$5.3 million to outfit the entire fleet. The bureau reported that it opted to research personal video systems instead due to operational and financial considerations, and determined that personal video devices currently available on the market were not suitable to PPB.

### **Training center**

The bureau was given a total of \$450,000 in pre-development funds in the previous and current year to pursue site development of a 15 acre training facility with classrooms, firing range and driving range. Beginning in FY 2012-13, \$1.8 million in 10 year on-going funds has been allocated to debt service payments on this facility (sufficient to support a \$15 million bond issue).

The Park Bureau's PIR site was deemed unsuitable; staff is now working with Facilities to select a site. A portion (five acres) of the former St. Johns landfill site owned by BES is currently under consideration. This site has been deemed buildable: environmental and utility considerations can be addressed. The site could accommodate the entire training complex – training facility, tactical building, scenario village and firing range, totaling 49,000 square feet – with the exception of a driving course. The estimation timeline to building completion is 2 – 2.5 years.

The Bureau would hope to also partner with Union Pacific, which owns adjacent property that it could lease to the City for use as a nine-acre driving course. A building program has been completed calling for a total of 49,000 square feet, an increase from the initial estimate. Cost estimates are anticipated shortly. The bureau and Facilities are in the process of refining the program to bring it within the available resources. By the Council BMP work session the bureau hopes to present two scenarios outlining 1) What program could be accommodated at the BES site within the available resources, and 2) What program could be accommodated by acquiring a built site and adapting it to the bureau's needs.

### **Recommended Requests**

1. *PL\_01/Encumbrance Carryover, \$626,112*

General Fund carryover supports seven contracts for material and services that were encumbered in FY 2010-11. The largest of these is \$350,000 for uniforms. This carryover request utilizes the majority of the bureau's General Fund discretionary under spending (\$632,441).

*FPD Recommendation: \$626,112*

2. *PL\_02/General Fund Program Carryover, \$444,167, 0.75 FTE*

These funds were removed from the bureau's budget in the previous fiscal year. They support PPCOA development and training (\$35,000); implementation of Illegal Drug Impact Areas (\$229,167); partial-year graffiti officer position (\$40,000), and training center pre-development work (\$140,000).

*FPD Recommendation: \$444,167*

3. *PL\_04/Fund 222 Beginning Balance Adjustment, \$220,759*

Recognizes additional revenue in the Police Special Revenue Fund and appropriates for external material and services purchases.

*FPD Recommendation: \$220,759*

5. *PL\_05/Grant Carryover/\$1,957,612*

Includes carryover for 28 separate grants.

*FPD Recommendation: \$1,957,612*

6. *PL\_09/Adopted Budget Position Eliminations/(-\$1,096,674, -15.0 FTE already taken in the FY 2011-12 Adopted Budget)*

Fifteen non-sworn positions were held vacant in FY 2010-11 to generate savings; these positions were eliminated in the FY 2011-12 budget when on-going savings were requested from bureaus. This package distributes the revenue reduction to the impacted programs. The position eliminations are: one Administrative Support Specialist (Chief's Office); one Senior Administrative Specialist (Strategic Services); One Fleet Program Coordinator (Fiscal Services), and 12 Background Investigators (Personnel Division).

*FPD Recommendation: (-\$1,096,674, -15 FTE)*

**Not Recommended Requests**

1. *PL\_03/General Fund Non-Discretionary Carryover, \$6,329*

This package requests \$6,329 in General Fund discretionary to support PPCOA professional development funds that were not encumbered in FY 2010-11 and were not carried over (\$35,000 was requested and recommended as carryover). The PPCOA contract requires that the bureau fund annual training at a certain level and carry over those funds. However, FPD recommends against this request because the funds were not carried over or encumbered, and the current fiscal environment necessitates that few if any requests for General Fund be granted. The bureau can re-budget equivalent funds to meet the PPCOA contract requirements.

*FPD Recommendation: \$0*

2. *PL\_06/In-car Video Camera Systems, \$165,188*

See discussion above. The bureau is requesting a total of \$165,188 to pilot 10 vehicles with in-car video camera systems. Of this amount, \$51,233 is on-going for system maintenance, requiring a CAL target increase. This investment offers the possibility of greater accountability both on the part of the community and police officers. However, Council has directed bureaus not to request funding for new programs in FY 2012-13, and given the large budget cuts anticipated it would be difficult to expand the pilot project. Thus, FPD does not recommend funding for the pilot at this time.

*FPD Recommendation: \$0*

3. *PL\_07/Kelly Building Private Lot Purchase/\$263,000*

The Kelly Building is in the process of being purchased by the City from Multnomah County for \$1.7 million; the transaction is expected to be complete by the end of November 2011. The Police Bureau is requesting an additional \$263,000 to complete a separate taxlot that occupies a 100' by 100' area within the building's parking garage. The Police Bureau strongly believes that the additional parking (50 spaces) is necessary for building operations. However, this request would absorb about 20% of the total \$1.4 million in General Fund contingency; thus, FPD recommends against this request.

*FPD Recommendation: \$0*

### **FY 2011-12 Budget Notes**

*Council directs the Office of Management and Finance to increase the General Fund current appropriation level target for the Portland Police Bureau in FY 2012-13 by \$1,785,000 for ten consecutive years for the repayment of a \$15,000,000 bond to support the construction of a public safety training center. OMF, Portland Police Bureau, and Portland Parks & Recreation are directed to return to Council in the Fall BMP with the refined project timeline, cost estimates, comprehensive financing strategies, and a report on the prospects for private/public partnerships for this project.*

The Bureau is working with Facilities to select a site and refine its building program needs. The Park Bureau's PIR site was deemed unsuitable; staff is now working with Facilities to select a site and refine its building program needs. A portion (five acres) of the former St. Johns landfill site owned by BES is currently under consideration. This site has been deemed buildable: environmental and utility considerations can be addressed. The site could accommodate the entire training complex – training facility, tactical building, scenario village and firing range, totaling 49,000 square feet – with the exception of a driving course. The Bureau would hope to also partner with Union Pacific, which owns adjacent property that it could lease to the City for use as a nine acres driving course. A building program has been completed and cost estimates are anticipated shortly. The bureau and Facilities are in the process of refining the program to bring it within the available resources. By the Council BMP work session the bureau hopes to present two scenarios outlining 1. What program could be accommodated at the BES site within the available resources, and 2. What program could be accommodated by acquiring a built site and adapting it to the bureau's needs.

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

#### **Decision Packages and Non-Technical BMP Changes**

##### **FY 2010-11 One-Time Add Packages:**

Service Coordination Team: \$1,767,636

The SCT completed its fourth year with a program model that is now well established. The program served 182 clients in FY 2010-11 and provided sixty-six units of housing (a mix of wet, dry and in-patient units). Fifty-one clients entered long-term treatment; 37% of who have graduated or are still in the program. Recidivism across all participants since the program began in 2008 – regardless of whether they graduate – has been reduced by 43%.

Central City Concern Hooper Inebriate Emergency Response Service (CHIERS) and Sobering Stations:  
\$911,077

The City and Multnomah County each pay half of the cost of these programs. The Hooper Sobering station admitted 8,400 individuals per year, the vast majority at the Police Bureau's request. The CHIERS van transported 2,200 admissions. Both programs proceeded as plans, and continue to reduce PPB staff time and costs as well as supporting Central City livability and protecting vulnerable populations.

**Crisis Intervention: \$105,984**

This program completed its one year pilot in April 2011. During its first year it was reconceptualized twice, and assigned to the SCT manager in October 2010. Funding supports one Project Respond mental health professional to ride along in a dedicated Central Precinct patrol car. The MCU's mission is to identify individuals who, as a result of a suspected mental disorder (including those with a co-occurring substance abuse issue), have experienced an elevated number of contacts with the Police Bureau and to connect those individuals to treatment services and resources. In Phase II of its pilot (September 2010 – April 2011), 92 individuals were referred to the MCU; 35% were linked to services and 45% refused services or could not be located. Its current caseload is 18 individuals.

**Prostitution Coordination Team: \$125,000**

Funds support District Attorney services to prosecute crimes related to prostitution. The bureau has augmented this program with tracking and probation compliance for prostitutes, services now provided by LifeWorks Northwest via grant support from the Police Bureau. In FY 2010-11, the Multnomah County Deputy DA reviewed 165 prostitution-related misdemeanors. In a three-month period in FY 2010-11 East Precinct documented 1,952 cases and filed 2,611 charges. Since January 2011, 45 men have entered the First Offender's Program, pled guilty, paid a \$1,000 fine, and attended the Sexual Buyers Accountability and Diversion Program. In addition, since early 2010, the Team has reviewed, issued, tried, or been involved in pending investigations of over 50 Pimp/Human Trafficking felony cases that have been indicted in both State and Federal court. Many of these cases have resulted in convictions and involve victims of trafficking who are minors.

**In-Car Video Camera Systems: \$50,000**

This package was intended to purchase, install, and assess the performance of in-car video camera systems on approximately five patrol vehicles. The bureau pursued personal video equipment due to operational and financial considerations; however, through internal interviews and external research, the bureau determined that appropriate equipment is not yet available on the market. The majority of these funds were returned to the City and the request was not accepted for the FY 2011-12 Adopted Budget.

**IPR Ordinance Implementation: \$200,000**

This package estimated the cost of providing professional facilitation services at the IPR's monthly meetings. Actual costs were much lower and will likely total \$50,000 on an ongoing basis. This reduced amount was awarded to the bureau in one-time General Fund in the FY 2011-12 Adopted Budget.

**FY 2010-11 Cut Packages**

The FY 2010-11 Adopted Budget cut 35 non-sworn positions; 11 ongoing and 24 on a one-time/hold vacant basis. Of these cuts, the bureau reports that work has been successfully redeployed at a manageable level in most instances. One exception is the ongoing elimination of a Risk and Safety Officer in the Standards and Accountability Unit, with tasks assigned to various members throughout the bureau. The bureau is studying how to more effectively accomplish the redeployed tasks.

The bureau attributes two on-going reductions packages with either revenue decreases or increased costs:

1. Elimination of Identification Technician, Forensic Evidence (-\$84,702). This position provided fingerprinting services to the public for a fee. In FY 2010-11 this program generated under \$12,000 in net revenue, compared with \$48,000 in FY 2009-10. The division Captain states that the revenue decrease is due to insufficient staff; the bureau turns away 8-10 people per day and requires a one-

month wait for an appointment. The Captain describes the program's revenue potential as above \$48,000. FPD recommends the bureau analyze the revenue potential of this service and whether it could exceed the position cost.

2. Decrease in Interagency with City Attorney's Office (-\$194,743). This decrease resulted in an agreement with a private attorney to be paid for with a percentage of state asset forfeiture funds. The program anticipates \$200,000 in gross revenue in FY 2011-12; at 33% attorney fees would total \$66,000. The bureau has not realized its full savings target, but the contract agreement appears to be cost effective and the bureau reports strong satisfaction with the services received.

Fifteen of the FY 10-11 one-time positions cuts were made permanent in the FY 2011-12 Proposed Budget to meet the Mayor's requested 0.75% cut to public safety bureaus. These are:

- Administrative Support Specialist, Chief's Office
- Senior Administrative Specialist, Strategic Services Division
- Fleet Coordinator (replaced by sworn officer)
- Background Investigators (12, replaced by eight sworn officers)

In the FY 2011-12 Proposed Budget, funding was restored for nine of the non-sworn positions held vacant in FY 2010-11. All of these position dollars have been reprogrammed, in most cases to different departments, rather than re-instating the original position.

### **FY 2010-11 Service Improvement Plan Update**

The bureau's FY 2010-11 SIP focused on two technology initiatives to improve communication internally and between police and residents: E-box and Project 162/Rosewood Initiative.

- E-box: The project 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. The bureau implemented an alternative to E-box after the vendor withdrew project funding. A new system was developed from internal resources, now called Shift2Shift, which as of August 2010 was posted to the bureau's intranet and implemented at all three precincts. Since that time there have been just under 2,000 postings. Program evaluation is not completed but is planned and will ask officers why they do or do not use the program.
- Rosewood Initiative: This includes multiple efforts across organizations and jurisdictions with the aim of better connecting the Rosewood area (NE 162<sup>nd</sup>) residents and stakeholders with one another and with Portland and Gresham police officers. The following update is as of April 2011; more current information could not be obtained by this report's publishing.
  - Rosewood café space is supported by \$15,000 from Multnomah county. Design and construction was underway in spring 2011.
  - Monthly apartment manager meetings for information sharing and training are underway.
  - PBOT is considering accessibility changes to an apartment building housing several limited mobility tenants.
  - TriMet's installation of classical music playing at the MAX platform has decreased calls for service at the 162<sup>nd</sup> stop; however other platforms are experiencing increases in calls for service. East Precinct officers are researching new approaches to deal with the increase of calls.
  - AmeriCorps funded one outreach worker who conducted a community safety survey.

## FY 2010-11 Reconciliation

All Funds Combined	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Beginning Fund Balance	\$1,306,795	\$1,008,790	-22.8%
Licenses & Permits	\$1,751,000	\$1,489,236	-14.9%
Service Charges & Fees	\$2,089,192	\$1,689,835	-19.1%
Federal, State, and Local Sources	\$11,027,635	\$10,647,329	-3.4%
Miscellaneous Sources	\$1,178,150	\$1,113,368	-5.5%
General Fund Discretionary	\$144,374,836	\$142,633,895	-1.2%
Interfund Cash Transfer Revenues	\$149,213	\$149,171	0.0%
Interagency Revenues	\$2,463,352	\$2,187,038	-11.2%
<b>Total Resources</b>	<b>\$164,340,173</b>	<b>\$160,918,662</b>	<b>-2.1%</b>
<b>Requirements</b>			
Personal Services	\$120,413,616	\$118,845,998	-1.3%
External Materials & Services	\$14,009,609	\$10,697,058	-23.6%
Internal Materials & Services	\$29,530,348	\$29,309,226	-0.7%
Capital Outlay	\$284,872	\$759,599	166.6%
Fund Level Expenses	\$101,728	\$1,686	-98.3%
Unappropriated Ending Fund Balance	\$100,000	\$1,395,760	1295.8%
<b>Total Requirements</b>	<b>\$164,440,173</b>	<b>\$161,009,326</b>	<b>-2.1%</b>

▶ FPD analyst concern

The following provides a preliminary reconciliation as FY 2010-11 has not yet officially closed.

All funds combined, the Police Bureau both under-collected revenues and under-spent its FY 2010-11 budget by 2%. This includes \$1,741,000 in under-spending of General Fund discretionary, \$1,108,500 of which was within personal services. The bureau was close to full staffing throughout the year; the savings is attributable to the bureau's restrictions on overtime spending.

The bureau received \$1,300,000 in compensation set-aside in spring 2011. Because it did not need all of these funds, Personal Services dollars under-spending is subtracted from the amount the bureau can ask for in encumbrances in the current fiscal year. Eligible unused General Fund dollars available for possible encumbrance carryover are therefore \$632,441.

General Fund External Revenues realized were 3% below the revised budget (\$12.1 million vs. \$12.5 million). Revenues from Licenses and Permits (alarm fees) and Service Charges and Fees (includes forfeited property evidence and records fees) were below expectations, but this was partially offset by higher than anticipated local shared revenue and local cost sharing. There remains some disjuncture between where program budget and actuals appear, making it difficult to track the performance of specific programs.

The Police Special Revenue fund had a total FY 2010-11 budget of close to \$2 million (1% of the bureau's budget). The fund began the year with a fund balance 23% (\$300,000) lower than the budget estimated, but realized revenues close to twice the budget estimate (\$377,000 higher). Revenues primarily derive from asset forfeiture.

The grants fund totaled \$5.5 million in FY 2011-12 (3.4% of the bureau's budget). It realized 76%, or \$4.2 million, out of its budgeted revenue. The bureau attributes the discrepancy in delays in project schedules and

sub-recipient billings in multi-year grants. The bureau's capital expenditures were mostly within the grants fund, and primarily consisted of equipment for explosive disposal such as bomb suits and robots.

### **FY 2010-11 Performance Measure Reporting**

The bureau's workload measures were largely unchanged between FY 2009-10 and FY 2010-11. Both Part 1 Property Crimes and Person Crimes (the most serious crimes) per 1,000 residents held steady at 5 and 49 respectively. The total number of Part I crimes decreased by 0.03%. Total Part 2 (less serious) crimes decreased by 2.7%. Data on additional workload measures – such as cars on patrol, officer-initiated calls for service and incidents dispatched – was not yet available for reporting due to the spring 2011 transfer to the new Computer Aided Dispatch. The bureau is working to resolve this.

Over the past year, crime clearance rates fell slightly from 43% to 41% for person crimes and from 17% to 14% for property crimes. Both clearance rates refer to Part I crimes only.

Citizen ratings reported mixed responses. The percent of residents who feel safe walking alone in their neighborhood at night held steady at 60%. The percent of citizens rating police service as good or better, however, fell from 71% to 60%. This mirrors the decline reported for satisfaction with the overall job of City government between 2009 and 2010 as reported in the Auditor's annual Service Efforts and Accomplishments. Bureau staff also reports that media coverage related to officer involved shootings, the interaction between police and the mentally ill, and other issues could have impacted perceptions of some survey respondents.

**Financial Planning Division Analysis  
FY 2011-12 Fall BMP**

**Fire and Police Disability and Retirement**

Report Date: October 26, 2011

Analysis by: Kezia Wanner

**Summary of Significant Issues**

Since 2008, Police and Fire retirees' pension formulas have been calculated on a retiree's final pay based on received pay, as opposed to earned pay, over the look back period (the last year worked). This creates incentive for retirees to take advantage of retiring at a point where 27 pay periods will be calculated as part of their pension, as opposed to the typical 26 pay periods. Retiring at a point where the 27 pay period look back period, in effect results in an approximate 4% higher annual pension received. The phenomenon occurs irregularly, and over the five-year forecast, will occur again in June 2012, December 2012, November 2013, May 2015, and April 2016. It is expected that retirement trends will show an increasing number of retirements coinciding with 27 pay period look backs.

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

**Decision Packages and Non-Technical BMP Changes**

**Increase Contingency to 7%**

FPDR increased its contingency by \$2.1 million, from 5% to 7% in FY 2010-11, to accommodate potential risks to the forecast. The risks, at that time, included pending lawsuits, Police and Fire Bureau contract negotiations which have since resulted in pay increases, and new cancer presumptions for firefighters. The legal suits and the cancer presumptions for firefighters remain outstanding risks in the five-year forecast.

**Status:** FPDR did not transfer funds from contingency to cover any of the costs related to the projected risks in FY 2010-11 as the risks have shifted to FY 2011-12 and beyond. FPDR evaluates the adequacy of its contingency level annually and this current fiscal year has increased the contingency to 8% to accommodate increased risks to the forecast, including the lawsuit for overpayment recovery.

**Service Improvement Plans**

**Enhancements to Program Areas**

FPDR goals include working to improve customer service, efficiency in service delivery, program administration and fiscal responsibility and stewardship.

**Status:** Progress has been made regarding addressing the disability audit recommendations, and implementation of the pension audit recommendations, with the exception of the IT recommendations, were mostly completed by the end of FY 2010-11. The IT issues are expected to be resolved with the establishment of the new database in FY 2012.

**Community Conversations**

FPDR held conversations with stakeholders in September 2009 to develop a shared vision for the service provider/service receiver relationship. Several items were suggested to improve the relationship including customer surveys, enhanced communication, and increased number of workshops.

**Status:** FPDR is currently implementing survey suggestions and upgrading the benefit administration database. FPDR has streamlined the distribution list for the member newsletters to focus on sending them to those who are interested in receiving them, and has made improvements to the disability website.

### FY 2010-11 Reconciliation

Fund 800 - FPDR Fund	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$8,793,144	\$10,881,258	23.75%
Taxes	\$109,330,290	\$110,134,538	0.74%
Charges for Services	\$0	\$30	na
Interagency Revenue	\$7,200	\$7,200	0.00%
Fund Transfer - Revenue	\$751,678	\$1,678	-99.78%
▶ Bond and Note	\$32,450,000	\$22,170,272	-31.68%
Miscellaneous	\$475,000	\$531,446	11.88%
<b>Total Resources</b>	<b>\$151,807,312</b>	<b>\$143,726,422</b>	<b>-5.32%</b>
<b>Requirements</b>			
Personal Services	\$1,636,867	\$1,597,808	-2.39%
External materials and services	\$103,173,727	\$98,767,265	-4.27%
Internal materials and services	\$4,028,860	\$3,753,453	-6.84%
Capital Outlay	\$20,000	\$9,900	-50.50%
▶ Bond Expenses	\$32,844,224	\$22,275,958	-32.18%
Fund Transfer - Expense	\$383,671	\$383,671	0.00%
Contingency	\$9,719,963	\$16,958,367	74.47%
<b>Total Requirements</b>	<b>\$151,807,312</b>	<b>\$143,746,422</b>	<b>-5.31%</b>

▶ FPD analyst concern

Due to budgeting of tax anticipation notes (TANs) based upon projections of property tax revenues ten months in advance of tax revenues being received, the budgeted amounts of TAN-related revenues and expenditures can vary significantly from the actuals. In the case of FY 2010-11, the budgeted bond revenues and expenditures were approximately 32% higher than the actuals that were realized.

Additionally the fund transfer revenue actuals were effectively 100% less than budget due to FPDR not needing to transfer resources from their reserve fund (see write-up for prior year decision package update above and the table below for fund 801 which reflect zero transfers made in FY 2010-11) for projected financial risks. The financial risks have moved into future years of the five-year forecast. The Reserve Fund is also used to maintain a positive cash balance and usually is drawn down in November, although the funds are replenished when tax revenues are received; this is expected to occur this year.

Fund 801 - FPDR Reserve Fund	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$750,000	\$0	-100.00%
<b>Total Resources</b>	<b>\$750,000</b>	<b>\$0</b>	<b>-100.00%</b>
<b>Requirements</b>			
Fund Transfer - Expense	\$750,000	\$0	-100.00%
<b>Total Requirements</b>	<b>\$750,000</b>	<b>\$0</b>	<b>-100.00%</b>

### **FY 2010-11 Performance Measure Reporting**

FPDR's performance measure actuals from FY 2010-11 appear relatively stable compared to both the prior year actuals and the current year targets. One exception was the timing to process disability claims. The percentage of disability claims decisions in 90 and 60 days experienced a lower percentage of success (a 9% and 5% decline respectively) from FY 2009-10 to FY 2010-11. This was due to an increase in receiving more complex claims and needing to obtain more independent medical examinations than usual, which increased the processing times.

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

The only capital project that FPDR has is the FPDR database replatform. The prior year expenditures were 51% of the budgeted amount and the under expenditure was a result of the bureau ensuring that there would be adequate funding for possible significant work scheduled to, but that did not, occur in June 2011.

### **FY 2011-12 Capital Project Reporting**

The only capital project that FPDR has is the FPDR database replatform. The current year budget for the project is \$240,000 and FPDR plans to have the project completed by summer 2012.

**Financial Planning Division Analysis  
FY 2011-12 Fall BMP**

**Portland Office of Emergency Management**

Report Date: October 26, 2011

Analysis by: Yung Ouyang

**Recommended Requests**

1. EM\_001/Bureau Internal Adjustments, \$0, 0.0 FTE

POEM is transferring funds between various External Materials & Services line items with this request. This is the only request that pertains to its budget in the General Fund. All other requests are grants related.

*FPD Recommendation: \$0, 0.0 FTE*

POEM requests to true-up appropriations for various grants. None have FTEs associated with them. All requests are recommended by FPD.

Reductions

Request No.	Name	Amount
EM_002	Hazard Mitigation Grant – Reduce Appropriation	(\$4,001)
EM_003	LEAP/ARRA Grant – Reduce Appropriation	(\$1,238)
EM_009	UASI 2008 – Reduce Grant Appropriation	(\$650,000)
EM_010	UASI 2008 – Transfer Fund Allocation to Bureaus	(\$366,720)

Increases

Request No.	Name	Amount
EM_004	CCP 2009 Grant - Increase Appropriation	\$2,347
EM_005	EMPG 2010-11 - Increase Appropriation	\$7,518
EM_006	UASI 2010 – Increase Grant Appropriation	\$1,440,000
EM_007	UASI 2009 – Increase Grant Appropriation	\$1,145,361

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

**Budget Notes**

Emergency Coordination Center (ECC) – The budget note indicated that the General Fund will pay its portion of POEM's ongoing debt service for the ECC and that bureaus will pay their share to the Facilities Fund through Interagency Agreements. In addition, current appropriation level targets will be adjusted to include the General Fund share of the debt service, and ongoing O&M expenses will be charged to the General Fund and to overhead beginning in FY 2012-13. POEM notes that contract documents for the ECC were completed in August 2011, and an advertisement for bids is expected this month (October 2011) with construction to begin by March 2012.

**Decision Packages and Non-Technical BMP Changes**

2% Reduction – POEM's Adopted budget includes a 2% reduction in General Fund appropriation. The bureau reduced an Assistant Financial Analyst (AFA) position from 0.5 to 0.39 FTE as well as its out-of-town travel budget. The AFA position remains at 0.39 FTE and is currently vacant.

Compensation Set-Aside – POEM reimbursed the General Fund for the \$12,698 in Compensation Set-Aside that was added to its FY 2009-10 budget by reducing its FY 2010-11 External Materials & Services budget.

**Service Improvement Plans**

Planning – POEM’s work with the Mayor and Council in regards to governance arrangements informed its strategic plan and contributes to the Portland Plan. The office will build on the Regional Critical Infrastructure Protection Plan through the development of a Local Energy Assurance Plan funded by ARRA grant resources. It intends to facilitate the completion of a Citywide continuity of operations plan to inform the identification and prioritization of personnel and resources needed to perform essential functions in the aftermath of a large scale emergency.

Coordination – POEM is continuing to work closely with regional partners to coordinate information and resources sharing before, during, and after a disaster under the auspices of UASI. The office notes that the development of WebEOC continues. It is coordinating the development of information sharing boards that allow for stronger regional collaboration and includes a GIS-based program to augment WebEOC mapping capabilities.

Preparedness – As noted above in the section on budget notes, POEM is making progress on the development of the ECC. In addition, it will work with partner bureaus to develop a master plan for use of the Jerome Sears US Army Reserve Center for the West Side Emergency Operations Center. Final approval by the Dept. of Defense on the office’s application for a public benefit conveyance from FEMA is expected this fall. In addition, POEM is continuing to systematically implement the recommendations for the Neighborhood Emergency Team organization and responsibilities working group and other governance arrangements.

**FY 2010-11 Reconciliation**

<b>General Fund (100)</b>	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Interagency Revenue	\$14,000	\$13,450	-3.93%
Miscellaneous Revenue	\$0	\$660	N/A
General Fund Discretionary	\$670,170	\$588,620	-12.17%
General Fund Overhead	\$1,000,502	\$1,000,502	0.00%
<b>Total Resources</b>	<b>\$1,684,672</b>	<b>\$1,603,232</b>	<b>-4.83%</b>
<b>Requirements</b>			
Personal Services	\$1,137,040	\$1,111,466	-2.25%
External Materials & Services	\$111,577	\$80,518	-27.84%
Internal Materials & Services	\$436,055	\$411,248	-5.69%
<b>Total Requirements</b>	<b>\$1,684,672</b>	<b>\$1,603,232</b>	<b>-4.83%</b>

▶ FPD analyst concern
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No issues of concern.

Grants Fund (217)	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Intergovernmental Revenues	\$5,945,058	\$5,553,697	-6.58%
<b>Total Resources</b>	<b>\$5,945,058</b>	<b>\$5,553,697</b>	<b>-6.58%</b>
<b>Requirements</b>			
Personal Services	\$531,177	\$520,229	-2.06%
External Materials & Services	\$5,378,995	\$4,375,795	-18.65%
Internal Materials & Services	\$34,886	\$28,766	-17.54%
▶ Capital Outlay	\$0	\$32,425	N/A
<b>Total Requirements</b>	<b>\$5,945,058</b>	<b>\$4,957,215</b>	<b>-16.62%</b>

▶ FPD analyst concern

Expenditures

Spending on Personal Services, External Materials & Services, and Internal Materials & Services were within budget.

PBEM tries to estimate the correct budgets for the regional projects funded by the Department of Homeland Security Urban Area Security Initiative grants based on the anticipated time frame and fiscal year. However, some difficulties regarding budget are encountered with contracts and joint projects due to the time of execution. There were \$32,425 of expenditures in Capital Outlay with no corresponding budget that was a result of this complexity. In this case, a contract took an extended period of time to execute, resulting in a constrained time frame to budget accordingly. In addition, a regional project included two assets for Portland Fire & Rescue that were originally in PBEM’s budget. The office is working to correct the cost objects involved.

The over-expenditure in Capital Outlay did not drive the bureau to overspend its Grants Fund budget as a whole particularly because of significant savings (slightly over \$1.0 million) in External Materials & Services.

**FY 2010-11 Performance Measure Reporting**

The performance measures that POEM is currently using were newly created in FY 2010-11, and thus the office’s performance on these measures cannot be compared to prior years’ data.

For two of the measures, the office was able to achieve its goal of 100% achievement: percent of hazard-specific basic plan appendices that have been reviewed and updated within the last five years and percent of emergency management steering committee bureaus participating in exercises annually.

With zero findings, the office also achieved its goal in regards to the number of audit findings in the federal grant program.

**Financial Planning Division Analysis  
FY 2011-12 Fall BMP**

**Portland Parks & Recreation**

Report Date: October 26, 2011

Analysis by: Claudio Campuzano

**Summary of Significant Issues**

- Financial Planning recommends making a change to the City funding policy for operations and maintenance (O&M) for non-major additions to the Parks portfolio. FPD recommends CAL increases for future years but does not recommend draws on scarce current year contingency. The spirit of the policy has been to ensure the long-term stewardship of the asset. In any given year, the incremental maintenance is minimal and that stewardship is not meaningfully compromised. See PK\_006 below for discussion.
- Parks is requesting a total of \$212,861 in new General Fund discretionary - \$96,000 for master planning of the Werbin property in the Cully neighborhood and \$116,861 for operations and maintenance (O&M) of newly acquired and/or developed properties. Financial Planning does not recommend these requests at this time, but does recommend the addition of a portion of the O&M to Current Appropriation Level, as noted in the bullet above.
- As a result of non-discretionary revenues coming in more than \$600,000 under budget, Parks has overspent the bureau's FY 2010-11 General Fund discretionary allocation by \$54,493 (as of October 14, 2011 SAP; this figure will not be final until the year is closed in January 2012). Most of this overspending – a very small amount relative to Parks budget size, but a large amount relative to General Fund excess ending balance – is the result of leave payouts for departing staff.

**Recommended Requests**

1. *PK\_001/Technical Adjustments, \$0, 0 FTE*

Most of this request shifts existing funding from general to specific allocations and makes minor shifts. There are several position-related changes, as detailed below:

- City Nature East is using a seasonal line item to fund a position. The seasonal line is funded by prior operations and maintenance increases associated with acquisitions and new park development.
- The Structure division at Mt Tabor Yard is funding a Carpenter position with consistent materials and services (M&S) underspending.
- West Zone operations has responsibility over Director Park. Savings from two vacant positions will provide for extra seasonal capacity at that park.
- East Zone operations identified a need for more year round work due to its size of operations. To meet this need they are making a limited-term position full-time with funding from the limited term position and their M&S budget.
- At University Park Community Center, Parks has reviewed staffing options and determined that additional seasonal staff are needed to pick up the variations in customer traffic. This position is funded through the reduction of a full-time position.
- Part of a position is moved from funding in fund 402 to the General Fund.

The net of these position changes is zero for permanent positions and a reduction of one limited term position. Since these changes are permanent, they should be reflected in the FY 2012-13 budget development process.

FPD Recommendation: As requested.

2. PK\_002/Parks Grant Carryover, \$3,539,311

This package is to recognize Parks Bureau grant additions and carryover adjustments related to the following grants:

Waud Bluff Trail	\$ 1,867,789
Columbia Slough Trail	50,372
Senior Center Inclusion with Senior Recreation	3,041
Washington Monroe EDI Specifications Project	202,890
Springwater Trail Repaving - upper bridge to east city border	100,000
Multnomah County Developmental Disabled Employment Alternatives	8,847
Multnomah County Developmental Disabled Employment Alternatives	156,694
Senior Center Inclusion	17,141
McLoughlin Blvd Bridge Staircase	93,578
Hillside Community Center kitchen upgrade	46,663
Westmoreland Park Duck Pond - TriMet mitigation (New)	200,000
N. Willamette Greenway Trail - Metro grant (New)	444,800
Energy Block	<u>347,496</u>
<b>Grand Total</b>	<b>\$ 3,539,311</b>

This carryover and new request represents a near-quadrupling of the adopted grant budget of \$0.9 million. This is because Parks budgets the entire award amount in any given fiscal year, regardless of the potential multi-year nature of grants. The benefit of this approach is that it simplifies grant award tracking by not maintaining an offline spreadsheet of awarded but unbudgeted amounts.

FPD Recommendation: As requested.

3. PK\_003/Parks New Revenue Requests, (\$4,586,001), (1.5 FTE)

The following changes are requested to reflect changes in revenue forecasts for the bureau.

<b>New Revenue (or Contingency) Description</b>	<b>Amount</b>
Adjust Program revenue targets for Recreation sites	(\$190,636)
Dodge Park interagency with Water Bureau	3,714
Irrigation Water Efficiency interagency with Water Bureau	20,000
Horticulture Services interagency with OMF Facilities	2,000
East Mult Soil & Water District GRUNT Program	29,595
Powell Butte interagency Water Bureau CIP project	25,000
Partners in Conservation grant - GRUNT Program	15,925
Partners in Conservation grant - Neighborhood Stewardship	29,595
Reverse PK_21 Tree Code Financial Planning (corrected to Interagency)	(57,000)
Watershed Interagency BES Grey to Green	21,824
Pier Park Disc Golf Donation Trust	11,050
E205 Donations	435,000
ECC purchase of drinking fountain for Ed Benedict park	3,500
Furey Community Garden - PDC / Zenger Farm	12,542
ODOT loan not used - see P00621 grant from Metro	(450,000)
P00621 PDC funding N Willamette Trail Plan	26,000
PDC funding for Claredon	46,890
Heron Lakes Clubhouse construction deferred	(4,700,000)

Decrease Golf Fund to match forecast	(100,000)
Summer Concerts 2011 funding from Water Bureau	5,000
FY 2011-12 Bond Sale - Assesments & Liens	<u>224,000</u>
<b>Grand Total</b>	<b>(4,586,001)</b>

The Heron Lakes reduction is a reduction in anticipated financing; the project continues through design, but construction will be reconsidered in future budgets when financing conditions have improved.

The E205 donations are budgeted as a match for the General Fund discretionary that was added in the Adopted Budget. Currently Parks has received \$30,000 in donations. The difference constitutes a considerable risk to the Parks budget; Parks should not finalize project budgets without realizing these budgeted revenues.

Several positions are reduced as part of this request. These reductions are 1.0 FTE Recreation Leader and 0.5 FTE Botanical Specialist in Urban Forestry. The Recreation Leader position was a one time reduction in FY 2010-11. It is made ongoing. The Urban Forestry position is an adjustment for Transportation interagency funding.

*FPD Recommendation: (\$4,586,001), (1.5 FTE)*

4. *PK\_004/Beginning Fund Balance Adjustments, \$4,137,549*

This adjustment reflects balance that is carried over from FY 2010-11 based on current estimates of that year's closing. Roughly \$4.0 million of the increase is in the Parks Capital Construction and Maintenance Fund. Of that, about \$2.9 million is budgeted in contingency. The remainder is budgeted for carried over projects.

*FPD Recommendation: \$4,137,549*

5. *PK\_005/General Fund Program Carryover, \$154,000*

This package is to allocate resources that were identified in Spring BMP package PK\_028 for FY 2010-11 and removed from last year's budget in order to set aside for allocation in FY 2011-12.

City Nature database consultant	\$ 20,000
Turf Aerator purchased in FY 2011-12	14,000
Sidewalk contract initiated FY 2011-12	<u>120,000</u>
Total GF Carryover Request	\$ 154,000

*FPD Recommendation: \$154,000*

6. *PK\_007/General Fund Reduction (for Cash Transfer), \$150,000*

This package represents movement between various Parks funds, including the General Fund. Along with an offsetting General fund package, the request nets to zero. Parks is effectively increasing their General Fund allocation through a transfer from their other funds. This is primarily a technical adjustment. However, a portion of this is a transfer of \$30,000 from the Golf Fund to the General Fund to reverse an equivalent transfer done in the Spring BMP last fiscal year. Because these funds would typically have fallen to General Fund balance, these funds should be returned to General Fund contingency and not to the bureau. However, because the bureau overspent its General Fund discretionary budget, this increase to contingency should reduce the amount that the bureau is penalized in PK\_016 for overspending.

*FPD Recommendation: Financial Planning will balance the adjustments, netting the impact to the General Fund to \$0. However, \$30,000 will be directed from the Golf Fund to General Fund Contingency instead of Parks bureau.*

7. *PK\_008/One Time Cuts Restored, \$289,346*

In the FY 2010-11 budget process, bureaus were asked for one-time reduction packages. Later in the process, those cuts were made ongoing. Because some of the submitted one-time cuts may not have been appropriate ongoing cuts, bureaus have been requested to restore these and submit appropriate ongoing cuts. This request is to restore a portion of Parks' Adopted Budget cuts including:

- Horticulture - \$48,000
- Natural Areas and Trails - \$50,000
- Turf and Irrigation - \$90,000
- Facility maintenance - \$101,346

*FPD Recommendation: As requested in conjunction with offsetting reduction requests PK\_009 through PK\_014.*

8. *PK\_009 through PK\_014/ Various Ongoing Cuts, \$289,346*

These packages are the replacement cut packages to offset the restorations in PK\_008.

- Elimination of a senior program manager position as part of Workforce and Community Alliance department reorganization – (\$90,000)
- Unemployment savings related to the expectation of reduced claims resulting from the decision by Congress not to extend benefits – (\$50,000)
- Elimination of a Utility Worker II position – (\$61,550)
- General materials and services reduction – (\$52,049)
- Savings related to the elimination of service contracts for custom security equipment that is being replaced with standardized equipment that is serviceable using in-house staff – (\$25,747)
- General fund discretionary savings from applying tree mitigation fund resources to street tree maintenance – (\$10,000)

*FPD Recommendation: As requested in conjunction with offsetting restoration request PK\_008.*

9. *PK\_016/FPD Recommendation – GF Discretionary Reduction for FY 2010-11 Overspending, (\$54,493)*

As of October 14, 2011, the City's financial system (SAP) shows total General Fund discretionary overspending by Parks of \$54,493 in FY 2010-11. Expenses in that year totaled \$58,918,451 while non-discretionary revenues totaled \$17,772,132. The difference of \$41,146,219 represents the bureau's draw on discretionary resources. Parks' revised discretionary budget in FY 2010-11 was \$41,091,826. The difference represents the bureau's discretionary overspending.

Parks had anticipated very slight overspending – about \$2,000 – but they have experienced unanticipated accounting adjustments that moved leave payouts from early FY 2011-12 to the very end of FY 2010-11. This is the result of a misunderstanding with regard to the policy of taking vacation days on one's last day at work. An employee must be in attendance on his or her last day. All leave balances available at that point are paid out as leave and accrued back to the last day of work; they cannot be taken as vacation days. In Parks' case, the expectation was that employees would take vacation days beginning at the end of FY 2010-11 and into FY 2011-12 until their departure. This would charge the vacation as straight vacation time with the remaining leave balance accrued to the last vacation day. Because this is not allowed, the employee's last day in the office – which is in FY 2010-11 – is considered his or her last day and all leave payouts are accrued to that earlier day (including leave that was intended to be used as vacation).

According to financial policy (FIN 2.06):

“Overall bureau revenue shortfall requiring additional discretionary General Fund resources will result in a bureau current appropriation level reduction. The reduction shall be equal to discretionary resources above budget amounts and will be made in the following fiscal year and only for that fiscal year.”

FPD’s recommendation implements this policy. Typically, the full amount of the underspending would be reduced; however, because FPD is recommending that the \$30,000 transfer from the Golf Fund come back to General Fund contingency instead of Parks (see PK\_007), the penalty for underspending is reduced by an equivalent amount.

*FPD Recommendation: (\$24,493)*

### **Not Recommended Requests**

#### *1. PK\_006/Parks – New Operations & Maintenance Request, \$116,861*

This O&M funding request is for properties that have been acquired and placed into service since the last O&M request in the FY 2010-11 Spring BMP and which have not been included in any budget cycle prior. The request is composed primarily of maintaining newly acquired property (\$73,477) as well as maintaining community gardens developed over the last two years (\$43,384).

In the past, Council has typically funded the first year in service through one-time requests from contingency during BMPs. They would then direct the City Economist to include the new O&M amounts in Parks’ Current Appropriation Level (CAL) target going forward. This would address the long-term impacts of bringing on new properties.

After a review of this practice, Financial Planning recommends that these requests not be funded out of contingency in the year the properties are brought into service; but valid requests should still be added to CAL targets for the following budget year. The reasoning behind this is that the incremental burden for several acquisitions is minimal – in this case \$116,861 compared to a general maintenance budget of over \$25 million. Not funding the calculated increment in the first year has a minimal impact on maintenance schedules and workload. However, over time, the accretion of many new parcels or small new parks does have a considerable impact on workload; therefore it is prudent to continue to increase CAL to account for new assets. The effect of this recommendation is that it will take up to two years for the maintenance burden of new properties to be funded. The advantages would be that O&M is funded over the long term without utilizing scarce contingency resources in the current year.

An exception to the above recommendation would be for any large, newly developed Parks coming online during a given fiscal year. These may have a significant and immediate impact on maintenance schedules and budget. As soon as such new parks are expected to come online in any given fiscal year, Parks should make the request that O&M funding be set aside in the forecast by the City Economist during the Fall BMP or in the requested budget prior to the year the park is to come online.

Finally, as part of this recommendation, Financial Planning has revised downward the CAL increase for community garden maintenance. The measure that was used for calculating the cost per square foot did not take into account fixed costs, other savings that have been generated through staff turnover in recent years, or additional revenues generated by the program. In the analysis below, FPD has used the Parks Cost of Service numbers from before the square footage increase described in the request – an 18.7% increase over 2008 – and escalated all O&M costs at an equivalent rate. This figure is then inflated by 2.5% per year to account for inflation over the base year. Comparing this figure to the FY 2011-12 Adopted



- “Formalize and consistently use unified safety practices.” This is forecast to be complete by this fall.
- “Implement user fee structure based on market analysis and cost recovery policies.” This is forecast to be complete this winter in coordination with the Service Delivery Strategy.

### FY 2010-11 Reconciliation

#### General Fund

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Licenses & Permits	\$274,019	\$207,535	-24.26%
Charges for Services	\$14,266,282	\$13,725,676	-3.79%
Intergovernmental Revenues	\$278,110	\$267,788	-3.71%
Interagency Revenue	\$3,019,301	\$2,781,462	-7.88%
Fund Transfers - Revenue	\$239,882	\$239,882	0.00%
Miscellaneous	\$539,753	\$547,651	1.46%
▶ General Fund Discretionary	\$41,091,826	\$41,093,434	0.00%
<b>Total Resources</b>	<b>\$59,709,173</b>	<b>\$58,863,428</b>	<b>-1.42%</b>
<b>Requirements</b>			
Personal Services	\$38,712,351	\$38,373,393	-0.88%
External Materials and Services	\$13,645,224	\$12,676,842	-7.10%
▶ Internal Materials and Services	\$6,925,283	\$7,408,049	6.97%
Capital Outlay	\$181,315	\$160,262	-11.61%
Fund Transfers - Expense	\$245,000	\$244,882	-0.05%
<b>Total Requirements</b>	<b>\$59,709,173</b>	<b>\$58,863,428</b>	<b>-1.42%</b>

▶ FPD analyst concern

As of the close of AP 12, Parks overspent General Fund Discretionary by \$1,608. As of October 14, 2011, this figure has gone up to \$54,493 as discussed in PK\_016. This discretionary overspending is primarily a result of lower than expected non-discretionary revenue. Despite the undercollections, Charges for Services were at an all-time high. This account has been reduced in the Fall BMP for FY 2011-12, but is still almost \$0.5 million greater than FY 2010-11 collections. This represents a continuing risk to the General Fund. Last year was atypically rainy, accounting for the missed forecast, according to bureau staff; staff expect revenues to hit targets in FY 2011-12, assuming more historical weather patterns.

PP&R is currently working with PBOT and the SAP team to address the issue that is created when inventory purchases occur at the Mt Tabor Stores. When inventory is processed through the PBOT Maximo work order system, it records the purchase to the internal materials & services cost category. However, when PP&R uses such inventory those charges are recorded within the external materials & services cost category depicting a variance between the two cost categories. Both PBOT and PP&R are currently working on a solution that will be addressed in the next upgrade to the Maximo work order system or the use of PP&R's work order system. Despite this issue, IM&S and EM&S are grouped in the CAFR and will not represent a finding since, overall, they are underspent.

### Parks Local Option Levy (Fund 215)

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$5,725,011	\$6,074,282	6.10%
Taxes	\$65,039	\$74,915	15.18%
Miscellaneous	\$39,503	\$34,433	-12.83%
<b>Total Resources</b>	<b>\$5,829,553</b>	<b>\$6,183,630</b>	<b>6.07%</b>
<b>Requirements</b>			
▶ Personal Services	\$413,570	\$420,755	1.74%
External Materials and Services	\$141	\$0	-100.00%
Internal Materials and Services	\$547,241	\$491,940	-10.11%
Fund Transfers - Expense	\$1,449,706	\$965,755	-33.38%
Contingency	\$3,418,895	\$4,305,180	25.92%
<b>Total Requirements</b>	<b>\$5,829,553</b>	<b>\$6,183,630</b>	<b>6.07%</b>

▶ FPD analyst concern

Personal Services were overspent by \$7,185 as a result of unexpected retirement payouts. FPD will work with the bureau to ensure spending within appropriation by major object going forward.

Fund transfers are primarily to fund 402 for construction. The remaining levy-funded play structure projects were expected to finish in FY 2011-12 but have carried over into FY 2011-12. This is the cause of the underspending in that category.

### Grants Fund (Fund 217)

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Intergovernmental Revenues	\$3,408,344	\$1,415,218	-58.48%
<b>Total Resources</b>	<b>\$3,408,344</b>	<b>\$1,415,218</b>	<b>-58.48%</b>
<b>Requirements</b>			
Personal Services	\$906,797	\$396,512	-56.27%
External Materials and Services	\$732,743	\$181,958	-75.17%
Internal Materials and Services	\$30,568	\$3,950	-87.08%
Capital Outlay	\$1,738,236	\$908,742	-47.72%
<b>Total Requirements</b>	<b>\$3,408,344</b>	<b>\$1,491,162</b>	<b>-56.25%</b>

▶ FPD analyst concern

Spending (and the related reimbursement revenue) were slower than anticipated. These grants are expected to spend down in FY 2011-12.

**Portland Parks Memorial Trust Fund (Fund 220)**

	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$2,171,372	\$2,180,257	0.41%
Licenses & Permits	\$22,000	\$58,882	167.65%
Charges for Services	\$25,750	\$90,560	251.69%
Fund Transfers - Revenue	\$47,200	\$47,200	0.00%
Miscellaneous	\$723,532	\$738,871	2.12%
<b>Total Resources</b>	<b>\$2,989,854</b>	<b>\$3,115,770</b>	<b>4.21%</b>
<b>Requirements</b>			
Personal Services	\$508,698	\$453,951	-10.76%
External Materials and Services	\$1,528,853	\$364,282	-76.17%
Internal Materials and Services	\$152,844	\$108,066	-29.30%
Capital Outlay	\$94,021		-100.00%
Fund Transfers - Expense	\$38,400	\$25,000	-34.90%
Contingency	\$667,038	\$2,164,471	224.49%
<b>Total Requirements</b>	<b>\$2,989,854</b>	<b>\$3,115,770</b>	<b>4.21%</b>

▶ FPD analyst concern

Materials and services categories are significantly underspent as the result of Parks' operational decision to overbudget at the subfund level. Subfunds represent the different endowment accounts. In order not to constrain programmatic activity by generating hard stops at the subfund level, Parks budgets the high end of spending estimates.

## Parks Capital Construction & Maintenance Fund (Fund 402)

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$6,547,781	\$6,052,140	-7.57%
Charges for Services	\$4,040,000	\$4,373,617	8.26%
Intergovernmental Revenues	\$2,774,890	\$1,857,583	-33.06%
Interagency Revenue	\$20,000	\$25,473	27.37%
Fund Transfers - Revenue	\$4,233,244	\$3,748,293	-11.46%
Bond and Note	\$774,800	\$0	-100.00%
Miscellaneous	\$814,075	\$754,230	-7.35%
<b>Total Resources</b>	<b>\$19,204,790</b>	<b>\$16,811,336</b>	<b>-12.46%</b>
<b>Requirements</b>			
Personal Services	\$1,278,491	\$1,228,228	-3.93%
External Materials and Services	\$5,284,272	\$1,500,884	-71.60%
▶ Internal Materials and Services	\$455,714	\$640,795	40.61%
Capital Outlay	\$7,421,154	\$2,394,739	-67.73%
Bond Expenses	\$1,153,924	\$1,121,392	-2.82%
Fund Transfers - Expense	\$1,302,302	\$1,302,302	0.00%
Contingency	\$2,308,933	\$8,622,996	273.46%
<b>Total Requirements</b>	<b>\$19,204,790</b>	<b>\$16,811,336</b>	<b>-12.46%</b>

▶ FPD analyst concern

External Materials and Services - Parks SDC funded projects: South Waterfront Greenway and Swan Island Waud Bluff Trail have not moved into the design development due to funding constraints, while the North Portland Willamette Greenway trail plan just received the notice to proceed from ODOT. In addition, the Westmoreland Park playground/duck pond was delayed due to negotiations between BES and the Corps of Engineers on in-water issues. PDC projects: Dawson Park, Farragut Park, Gateway and Interstate URA's were budgeted but agreements to design and construct are still in negotiations.

Internal Materials and Services - 140.61% The over expenditure of this cost category is due to a late shift in work being completed for Engineering Services by PBOT for Raymond Park - \$70,283 and site assessment services provided by BES for South Waterfront Central Greenway trail and other properties - \$188,000. This shift was not anticipated with regard to project schedules but was related to the type of funding available for these projects.

Capital Outlay - 32.27%: This variance relates to shifting Community Gardens work internally within PP&R (i.e Personal Services) for \$203,725. The SDC acquisitions - \$2,234,452, were underspent due to willing sellers waiting for their property values to increase. Projects awarded - \$911,000, during the FY 2011 Winter BMP, have just started design/construction by year end. Willamette Park - Water Bureau funding, \$349,882, has not been identified for specific project improvements and a new maintenance facility has not moved to the construction phase, \$333,952.

Intergovernmental Revenues 66.94%: PP&R billings on construction projects is completed quarterly based upon agreements between the agencies. PDC and Metro are reimbursable projects which are delayed due to negotiations on design scope and funding.

Interagency Revenue 127.36%: This variance is due to planning work requested in the final months by the Water Bureau for the Powell Butte Reservoir project, BES for the Multnomah Art Center parking lot bio swale project and Facilities Services on the ECC project.

Fund Transfers – Revenue 88.54%: The variance relates to an early payoff of the Flavel property loan instead of using the Levy funding for maintenance facilities.

Bond and Note: Variance relates to an ODOT loan for N Willamette trail that was not used due to a late Metro grant.

**Parks Endowment Fund (Fund 500)**

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$182,294	\$182,999	0.39%
Miscellaneous	\$840	\$1,217	44.88%
<b>Total Resources</b>	<b>\$183,134</b>	<b>\$184,216</b>	<b>0.59%</b>
<b>Requirements</b>			
▶ External Materials and Services	\$18,312	\$225	-98.77%
Internal Materials and Services	\$2,200	\$2,200	0.00%
Unappropriated Fund Balance	\$162,622	\$181,791	11.79%
<b>Total Requirements</b>	<b>\$183,134</b>	<b>\$184,216</b>	<b>0.59%</b>

▶ FPD analyst concern

As with the endowment fund, materials and services categories are significantly underspent as the result of Parks’ operational decision to overbudget at the subfund level. Subfunds represent the different trust accounts. In order not to constrain programmatic activity by generating hard stops at the subfund level, Parks budgets the high end of spending estimates. Parks is considering elimination of the subfund structure in order to budget more closely to planned spending.

**Golf Fund (Fund 603)**

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$1,577,624	\$1,577,624	0.00%
Licenses & Permits	\$13,650	\$13,650	0.00%
Charges for Services	\$7,645,063	\$7,386,019	-3.39%
Fund Transfers - Revenue	\$97,025	\$97,025	0.00%
Miscellaneous	\$44,876	\$15,349	-65.80%
<b>Total Resources</b>	<b>\$9,378,238</b>	<b>\$9,089,667</b>	<b>-3.08%</b>
<b>Requirements</b>			
Personal Services	\$3,065,518	\$3,058,329	-0.23%
External Materials and Services	\$3,169,613	\$3,010,102	-5.03%
Internal Materials and Services	\$440,281	\$421,097	-4.36%
Capital Outlay	\$111,000	\$71,668	-35.43%
Bond Expenses	\$119,354	\$115,248	-3.44%
Fund Transfers - Expense	\$1,019,694	\$1,019,694	0.00%
Contingency	\$1,452,778	\$1,393,529	-4.08%
<b>Total Requirements</b>	<b>\$9,378,238</b>	<b>\$9,089,667</b>	<b>-3.08%</b>

▶ FPD analyst concern

Undercollections are related to the atypically inclement whether during the fiscal year. This reduced the number of rounds played, as noted in the performance measure update of this report.

**Portland International Raceway Fund (Fund 604)**

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$680,614	\$680,614	0.00%
Charges for Services	\$1,780,000	\$1,649,516	-7.33%
Fund Transfers - Revenue	\$95,809	\$95,809	0.00%
Miscellaneous	\$8,500	\$9,069	6.69%
<b>Total Resources</b>	<b>\$2,564,923</b>	<b>\$2,435,008</b>	<b>-5.07%</b>
<b>Requirements</b>			
Personal Services	\$774,294	\$736,219	-4.92%
External Materials and Services	\$530,765	\$529,512	-0.24%
Internal Materials and Services	\$126,724	\$123,160	-2.81%
Capital Outlay	\$30,000	\$30,000	0.00%
Bond Expenses	\$296,918	\$296,128	-0.27%
Fund Transfers - Expense	\$109,376	\$108,376	-0.91%
Contingency	\$696,846	\$611,613	-12.23%
<b>Total Requirements</b>	<b>\$2,564,923</b>	<b>\$2,435,008</b>	<b>-5.07%</b>

▶ FPD analyst concern

Charges for services were lower than anticipated due to decreased event days and attendance related to an extremely rainy spring.

**Golf Revenue Bond Redemption Fund (Fund 610)**

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$636,605	\$636,605	0.00%
Fund Transfers - Revenue	\$807,280	\$807,280	0.00%
Miscellaneous	\$3,500	\$4,301	22.89%
<b>Total Resources</b>	<b>\$1,447,385</b>	<b>\$1,448,186</b>	<b>0.06%</b>
<b>Requirements</b>			
Bond Expenses	\$807,280	\$807,280	0.00%
Unappropriated Fund Balance	\$640,105	\$640,906	0.13%
<b>Total Requirements</b>	<b>\$1,447,385</b>	<b>\$1,448,186</b>	<b>0.06%</b>

▶ FPD analyst concern

No discussion.

**FY 2010-11 Performance Measure Reporting**

Financial Planning’s notes the following with regard to Parks’ performance measures in FY 2010-11:

- Total golf rounds played declined from roughly 374,000 in FY 2009-10 to roughly 349,000 in FY 2010-11, missing the 405,000 target by about 56,000 or 14%. This decline in rounds (and the resulting revenue) was a result of one of the rainiest seasons in 60 years. However, the FY 2011-12 target goes up to 425,000. This would represent a 21% increase over FY 2010-11 actuals.
- The number of acres of invasive weeds treated went from 2,411 in FY 2009-10 to 3,824 in FY 2010-11. This increase is the result of follow-up treatments after prior year intensive treatments; these follow-up treatments are less labor-intensive.
- Volunteer hours declined from roughly 461,000 to roughly 454,000, missing target by about 6,000. Parks has indicated that this is likely due to a reporting issue that will be resolved in FY 2011-12.
- Workers compensation claims went up from 7.6 per 100 workers to 8.9 per 100 workers; the FY 2010-11 target was 7.0. Parks has made efforts to minimize claims through training – particularly in safe lifting – but the seasonal nature of a significant portion of the staff and the aging of permanent staff has continued to drive claims up.

**FY 2010-11 Capital Project Reconciliation**

In FY 2010-11, Parks spent 50% of their revised CIP budget, spending \$7.3 million of \$14.7 million budgeted. Underspending was primarily in the Buildings & Pools (\$2.7 million), Utilities, Roads & Trails (\$2.7 million), Developed Parks (\$1.5 million), and Green Infrastructure (\$1.0 million).

A slight over-expenditure in the Acquisitions program relates to the different manner in which funding for property acquisitions occur. The Metro bond local match that PP&R receives at times will go directly to the Title Company versus being paid to PP&R who in turn settles the acquisition with the Title Company.

Buildings & Pools (83%) - This variance relates to how PP&R Major Maintenance funding, \$1,226,516, is loaded into the budget. Not all Major Maintenance projects relate to Buildings and Pools, such that in the future Major Maintenance will be budgeted at the CIP sub-program level. Other capital improvements have not progressed as far as the budget like Flavel Maintenance Facility, Dishman Solar installation, St Johns Community classroom expansion, and Hillside Community Center kitchen remodel.

Developed Parks (55%) - Four capital improvements projects were budgeted to start but have not due to funding negotiations still in progress or decisions that identify the scope and design of the improvements have not yet been determined or delay in starting the project to create the least impact to the public. These projects are PDC Interstate URA - \$595,000, SDC Park Development - \$283,101, Willamette Park-Water Bureau funding - \$349,882, and Waterfront Park turf improvements - \$166,000.

Green Infrastructure (48%) - The primary variance relates to the Westmoreland Park playground relocation project and it being in the early stages of project scope and design. In addition, Metro acquisitions are occurring slower than anticipated due to a willing seller, and some community gardens being delayed due to staffing changes.

PIR (71%) This variance relates to the PIR Oval Track development project being put on hold due to funding issues.

Utilities, Roads & Trails (61%) Delta Park Sewer, SDC Trail Development, South Waterfront Greenway Trail, Waud Bluff Trail, Columbia Slough Trail and the North Willamette Greenway Trail Plan all account for this large variance. The Waud Bluff Trail, \$1,176,342, and Columbia Slough Trail \$131,837, are in the pre construction phase. Delta Park Sewer, \$135,000, is in the process of completing its engineering work and hope to work towards a winter timeline to complete this work where the impact to play and revenues will be mitigated.

### **FY 2011-12 Capital Project Reporting**

There are no significant issues in Parks' CIP in the current year. Most CIP budget changes reflect carryover from FY 2010-11, new grant funding, and the reduction in the Heron Lakes Clubhouse project as discussed above.

**Financial Planning Division Analysis  
FY 2011-12 Fall BMP**

**Bureau of Environmental Services**

Report Date: October 26, 2011

Analysis by: Lisa Shaw

**Summary of Significant Issues**

*Rate Revenues* Conservation efforts and other factors can have a negative impact on sewer and stormwater rate revenues. The bureau ended FY 2010-11 with nearly 2% less in rate revenues, (\$4.4 million). So far in the current fiscal year the bureau is on target with revenue collection, 25% collected as of the end of September. It is worth noting, however, that the anticipated revenue from the service charges and fees revenue stream (which includes rate revenues) increased by \$14.1 million from the FY 2010-11 Revised Budget to the FY 2011-12 Adopted Budget. This 6% increase in rates and rate revenues warrants close monitoring so that the bureau is able to make timely mid-year adjustments with the least service impact if it appears that the revenue will not be achieved at this higher level.

*Capital Reporting* OMF recently concluded the Council directed “CIP Task Force”, which organized representatives from infrastructure bureaus, including BES, citizen members from the associated Budget Advisory Committees, the Portland Utility Review Board and the Public Involvement Advisory Council. The task force has several draft recommendations that will be submitted to Council as part of the Fall BMP. Assuming they are adopted by Council, these recommendations will impact the way in which BES formally budgets and the information it displays about its capital projects. While there is no impact to the current fiscal year CIP, the bureau will immediately start updating their FY 2012-13 CIP.

**Recommended Requests**

1. *ES\_001/BES Grants – Fall BMP \$311,983*

This request adjusts a series of programs in the grants to true-up to various schedule changes. A list of impacted grants and projects:

Program Name	Grant Name	Original Budget (all funds)	Fund Adjustments		Total BMP adjustments	Revised Budget
			ES_002: Fund 217	ES_007: Fund 600		
Operating Budget	EPA – Brownfields Hazard Assessment	37,500	32,000	-	32,000	69,500
	EPA – Brownfields Petroleum	93,000	3,486	-	3,486	96,486
	EPA – Brownfields Rollin Tire	51,500	19,745	-	19,745	71,245
	EMSWCD Mt Tabor	0	22,200	-	22,200	22,200
	EPA - Innovative Wet Weather (IWW)	145,000	145,000	-	145,000	290,000
	EPA IWW (PDOT-BES IA)	0	50,000	-	50,000	50,000
Johnson Creek Res Pr	FEMA LENTS FLOODPLAI	4,516,000	438,505	(438,505)	-	4,516,000
Watershed Investment	EMSWCD VETERANS CRK	1,500,000	572	-	572	1,500,572
G2G Land Acquisition and Culverts	METRO-BALTIMOREWOODS	-	13,955	-	13,955	13,955
	METRO-CRYSTAL SPRING	179,480	(179,480)	-	(179,480)	0
	NOAA ORI CRYSTAL SPR	300,000	(300,000)	-	(300,000)	0
SE Clay Green Street	EPA IWW	-	66,000	-	66,000	66,000
<i>Subtotal Operating Adjustments</i>		327,000	272,431	-	272,431	599,431
<i>Subtotal Capital Adjustments</i>		6,495,480	39,552	(438,505)	(398,953)	6,096,527
<b>Grand Total</b>		<b>6,822,480</b>	<b>311,983</b>	<b>(438,505)</b>	<b>(126,522)</b>	<b>6,695,958</b>

The operating budget impact of these adjustments is \$272,431 and the CIP impact of these adjustments is a net increase of \$39,552. The FEMA Lents project increase in the grants fund represents a funding swap – the increase is offset by a dollar for dollar decrease in bond proceeds (adjusted in ES\_007). The total project cost as budgeted in FY 2011-12 remains unchanged at \$4.5 million across all funds. Two projects were reduced outright, Metro – Crystal Springs and NOAA ORI Crystal Springs; the Crystal Springs project will be rebudgeted in FY 2012-13 when work is scheduled to continue.

*FPD Recommendation: \$311,983*

2. *ES\_002/Vehicles and Equipment, \$3,167,403*

This request has three components:

- Wastewater Program carryover of \$2.9 million contains the following

Value of vehicles expected from FY 2009-10 plan	\$1.5 million
Value of vehicles expected from FY 2010-11 plan	\$2.6 million
Estimated Cost of FY 2011-12 vehicles expected	\$1.3 million
<b>Total estimated funding needed FY 2011-12</b>	<b>\$5.4 million</b>
LESS existing CityFleet IA	\$2.5 million
<b>Total carryover needed for Wastewater</b>	<b>\$2.9 million</b>

Vehicles include several sizes of dump trucks, TV vans, and crew leader vehicles

- Three Pollution Prevention vehicles \$88,000
- Boat for field monitoring / environmental investigations \$49,795

*FPD Recommendation: \$3,167,403 from contingency*

3. *ES\_003/Fats, Oils & Greases (FOG), \$520,413*

The FOG program addresses the pollutants that are discharged from food service establishments. Currently, the cost of these extra pollutants is primarily borne by all commercial and residential customers regardless of the “strength” of the discharge. This program attempts to equitably match the charges to the appropriate customers as well as reduce the level of pollutants entering the sewer system in the first place.

Annually, the City’s direct treatment expenditures for all wastewater is about \$12 million. The expanded FOG program will help businesses minimize impact on the system, and pay a rate that more accurately reflects the cost of pollutant removal. More significantly, it relieves an inequity with respect to the City’s other ratepayers. The new rate structure for the 10 business classes begins this January 2012 and for program start up some staff starts in October. The program is will consist of seven staff and associated vehicles and equipment. Below is breakdown:

The program components are as follows:

Budget Year 1	Current Year	Notes
7 Environmental Tech IIs	\$392,545	Represents 75% of the year – hiring 7 limited term positions
5 laptops	\$11,000	Represents one time purchase – smaller ongoing costs
5 leased vehicles	\$54,810	Represents lease and operations and maintenance
5 cell phones	\$1,382	Represents one time purchase – smaller ongoing costs
Contingency	\$56,662	
<b>Total costs and anticipated new revenues</b>	<b>\$520,413</b>	

Two Environmental Technicians are currently on staff and have been paid from rates. Their funding source will switch to program revenues as of November 1, 2011. They already have cell phones, laptops and vehicles.

FPD recommends this request, but highlights the relative risk associated with attributing all of the current year increase in limited term personnel and associated materials and services costs to be off-set by the projected new revenues. The bureau should report on the progress of this program in detail during the Spring BMP, including providing updated actual expenditures and billings under the tiered system from inception to date. Any projected lag in revenues at that point will be balanced by other program underexpenditures or by a draw on project contingency.

*FPD Recommendation: \$520,413 in new program revenues*

4. *ES\_004/Operating Program Adjustments, \$0*

Operating program adjustments are funded entirely out of the bureau’s contingency and include the following components across five program areas:

<b>Program</b>	<b>Amount</b>	<b>Notes on detailed adjustments</b>
<b>Office of Healthy Working Rivers</b>	85,000	Carryover for Tetra Tech contract for work on River Restoration
<b>Sustainable Stormwater</b>	20,000	Stormwater retrofit that is not capially eligible and small technical adjustments
<b>Watershed Division</b>	(107,398)	Reduction in the Friends of Trees contract due to vendor capacity limitations
	76,660	To address Grey to Green outreach and education needs in East Portland
	21,824	Increase in Parks costs for additional inspection services
	8,914	Additional tree plantings
<b>Columbia Slough</b>	(87,634)	Reduction in unneeded professional services contract
	43,000	Increased technical work associated with new sediment loading model
	30,000	Increased DEQ oversight costs
	14,634	Increased sediment monitoring at three outfalls
	(14,634)	Internal offset from lab services and field operations
<b>Waste Water Services</b>	111,025	Carryover for professional services for condition assessment of large diameter sewers and deep sewers requiring special equipment.
<b>Contingency</b>	(201,391)	Balance from contingency

*FPD Recommendation: as requested*

5. *ES\_005/Interagenices, \$50,734*

Interagency adjustments include the following:

- **Facilities** \$124,000 – upgrade obsolete HVAC controls and replacement of heating coil at the Water Pollution Prevention Lab
- **Parks** \$37,597 increased revegetation services with Parks for the City Nature Program and work on Ross Island
- **PBOT** \$13,137 increased revegetation services with PBOT for plant installation for North Vancouver Bridge crossing at Columbia Slough
- **BES internal services** (\$5,000) to offset additional lab services for the Brownfield Hazard Material grant
- **Contingency** (\$119,000) to offset items not funded by other bureaus
- Several net zero adjustments to clean up budget structure

BES' original request indicated that their interagency agreement with the Water Bureau would have increased by \$222,819 for revegetation services that BES would provide at the Powell Butte Reservoir #2. Discussions on the technical implementation of billing via interagency versus direct charge billing were not resolved during the BMP process and the agreement was revoked. It appears that the Water Bureau will engage an outside vendor for the same services, although they are free to re-negotiate with BES at a later time.

*FPD Recommendation: \$50,734*

*6. ES\_006/Personnel, \$0*

The bureau is moving \$114,631 from contingency to personal services in order to fully support the cost of this engineer for which they have FTE authority. It appears there was a timing issue with personnel paperwork and the final data upload from SAP to BRASS which prevented the full budgeting of this position in time for the FY 2011-12 budget development process. Additionally, BES is reallocating \$53,147 internally for the TRIP program to accurately reflect where charges will hit the budget.

*FPD Recommendation: as requested*

*7. ES\_007/CIP, (\$438,505)*

The bureau is requesting the following \$6.6 million increases to the Combined Sewer Overflow program (CSO) in order to meet the December 2011 deadline:

- Portsmouth Force Main \$3 million
- Balch Consolidated Conduit \$2.3 million
- Swan Island pump station phase 2 \$700,000
- Sellwood CSP pump station \$600,000

The following projects within the Sewage Treatment Program will be reduced by a total of \$6.6 million in order to fund the CSO projects:

- Ankeny pump station upgrade schedule delay (\$1 million)
- Columbia Wastewater Treatment Plan chemically enhanced primary treatment bid under budgeted estimate (\$1.3 million)
- CWTP Office Building upgrades scheduling delay (\$4.3 million)

The remaining reduction of \$438,505 is the companion adjustment to the FEMA Lents Floodplain project adjusted in ES\_001.

*FPD Recommendation: (\$438,505)*

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

### **Budget Notes**

For FY 2010-11 BES was included in two budget notes:

*Rate Setting Approval Process – completed*

BES and the Water Bureau were 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, performed by Red Oak Consulting, was completed and the results have been presented to PURB and submitted to Council.

*Future Connect Scholars Program – program altered*

BES and the Water Bureau had originally been directed to reprogram OMF internal service fund savings into a portion of the Future Connect Scholars program as related to water and sewer utilities. At the end of FY

2010-11 the program was changed to exclude excess Water and Sewer/Stormwater rate funds, but will move forward with General Fund and other funding sources. BES has been asked to make at least 10 internship positions available for this program beginning in late spring or early summer FY 2011-12.

### **Decision Packages and Non-Technical BMP Changes**

Most packages are in progress or completed. The following are highlights of packages which have lagged or have other significant issues:

Wastewater \$150,000 (expense increase) for contract services to inspect and clean large diameter sewers. Changes in project priorities delay the contract until FY 2011-12.

Wastewater \$130,000 (expense increase) for higher polymer costs used in wastewater treatment. Expenditures exceeded the budget, however the over-expenditure was covered within the operating supply budget. This was a direct result of a much wetter FY 2010-11 winter and spring leading to a higher volume.

Wastewater \$190,000 (expense reduction) for three fewer truckloads per day of biosolids transported from the Wastewater Treatment Plant. Reduction was not completely met due to sharp increase in fuel costs in the second half of the fiscal year.

Wastewater \$25,000 (expense reduction) in facilities landscaping activities performed by Parks. This cut was implemented, but has resulted in an increase in citizen complaints. The bureau will need to manage citizen expectations to mitigate continued concerns from the public.

### **Service Improvement Plans**

Final Service Improvement Plan Update for FY 2010-11:

*Asset Management* – in progress

The first phase to establish Levels of Service was completed in the Fall of 2010. The second phase, developing and publishing a business case for prioritizing capital and operating projects has been delayed until the spring of 2012 due to lack of resources.

*Tiered Extra Strength* – in progress

Full implementation of this program was estimated to take three years from inception. The bureau originally anticipated initial evaluation of the program's success at the end of FY 2010-11. There have been some setbacks and the bureau has revised its plan – it will evaluate the program's success at the end of the three year implementation schedule. Inspections are underway for the types of establishments responsible for extra strength discharges - primarily supermarkets, hotels, bakeries, brewpubs, meat processors and commercial kitchens. As discussed in ES\_003 above, these establishments do not bear their full discharge costs, creating an equity issue for the City's other ratepayers who must bear that cost. BES has developed an outreach plan with specific strategies. BES will continue to report on progress.

*Diversity in the Recruitment Process* – completed / ongoing

While creating and maintaining diversity in the recruitment process requires an ongoing effort, the bureau has met its initial goals. The BES Diversity Committee is continuing to develop resources for hiring managers.

FY 2011-12 Service Improvement Plan:

*Asset Management* – Next phase of the work started in FY 2010-11

*Fats, Oils and Greases (FOG) Program* – Related to the Tiered Extra Strength program (as discussed above). Current year goals are to minimize pollutants in the collection system.

*Audit of BES/BOM Maintenance Activities* – In conjunction with this effort, OMF has been directed via an FY 2011-12 Budget Note to coordinate this independent consultant effort with BES and PBOT. A kickoff meeting will be held at the end of October with the goal of having a consultant on board by the end of December.

## FY 2010-11 Reconciliation

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Sewer System Operating Fund - 600</b>			
<b>Resources</b>			
Budgeted Beginning Fund Balance	42,200,000	41,970,249	-0.54%
▶ Licenses & Permits	1,344,208	1,103,843	-17.88%
▶ Charges for Services	240,865,988	236,455,857	-1.83%
▶ Intergovernmental Revenues		310,657	n/a
Interagency Revenue	2,258,422	2,095,050	-7.23%
Fund Transfers - Revenue	282,591,452	248,804,432	-11.96%
Bond and Note	2,290,030	1,967,292	-14.09%
Miscellaneous	695,000	3,650,475	425.25%
<b>Total Resources</b>	<b>\$572,245,100</b>	<b>\$536,357,855</b>	<b>-6.27%</b>
<b>Requirements</b>			
Personal Services	55,201,335	53,199,767	-3.63%
External Materials and Services	58,339,411	50,058,759	-14.19%
Internal Materials and Services	40,157,879	38,057,840	-5.23%
Capital Outlay	189,890,474	159,417,768	-16.05%
Bond Expenses	2,005,834	1,938,180	-3.37%
Fund Transfers - Expense	183,674,360	180,686,871	-1.63%
Contingency	42,775,807	0	-100.00%
Unappropriated Fund Balance	200,000	52,998,670	26399.34%
<b>Total Requirements</b>	<b>\$572,245,100</b>	<b>\$536,357,855</b>	<b>-6.27%</b>

▶ FPD analyst concern

### Revenues

*Licenses and Permits* – Construction permits were down reflecting fewer overall construction projects city-wide.

*Charges for service* – Although the bureaus charges for service (residential and commercial rate collection is well within budget, the year ended with a near 2% under-collection. While the percentage is relatively minor and does not rise to the threshold needed for formal explanation, it represents a decrease of \$4.4 million. As a whole, the rates represent nearly 50% of the bureau's revenue source.

The bureau has other sources, including project contingencies and the Rate Stabilization Fund to help weather temporarily dips, however this becomes concerning if the revenue lag continues into a trend. As of the end of August, 2011 the bureau had Service Charges and Fees totaling \$41 million which is about 16% of budget, about equal to the proportion of the year that has passed. It is critical to monitor these revenue sources closely throughout the year as the bureau may need to make programmatic adjustments.

### Expenditures

External Materials and Services and Capital Outlay expenditures lagged behind due to schedule delays in several projects. Most significantly, the CSO related Portsmouth Force Main and Balch Consolidate projects will have expenditures carried over into FY2011-12.

<b>Environmental Remediation Fund - 608</b>	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 Year-End Actuals</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	5,540,241	-4.48%
Intergovernmental Revenues		1,000,000	n/a
Interagency Revenue	375,492	366,367	-2.43%
Fund Transfers - Revenue	75,059	65,259	-13.06%
Miscellaneous	25,000	27,515	10.06%
<b>Total Resources</b>	<b>\$6,775,551</b>	<b>\$8,313,180</b>	<b>22.69%</b>
<b>Requirements</b>			
Personal Services	684,731	630,847	-7.87%
External Materials and Services	4,214,309	2,113,741	-49.84%
Internal Materials and Services	947,579	747,781	-21.09%
Bond Expenses	856	826	-3.50%
Fund Transfers - Expense	80,348	80,348	0.00%
Contingency	847,728	0	-100.00%
Unbudgeted Ending Fund Balance	0	4,739,637	n/a
<b>Total Requirements</b>	<b>\$6,775,551</b>	<b>\$8,313,180</b>	<b>22.69%</b>

▶ FPD analyst concern

No concerns. It should be noted, however, External Materials and Services were under by 50% due to a \$1.7 million reversal of a liability on future payments to the Lower Willamette Group for Portland Harbor investigation services. This adjustment was made at the request of OMF's Central Accounting at the direction of the City's external auditors.

<b>Sewer Debt Redemption Fund - 609</b>	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	2,950,000	2,875,607	-2.52%
Fund Transfers - Revenue	150,438,839	147,961,283	-1.65%
Bond and Note	27,870,500	187,870,500	574.08%
Miscellaneous	250,000	170,649	n/a
<b>Total Resources</b>	<b>\$181,509,339</b>	<b>\$338,878,039</b>	<b>86.70%</b>
<b>Requirements</b>			
Bond Expenses	148,288,139	308,031,101	107.72%
Unappropriated Fund Balance	33,221,200	30,846,938	-7.15%
<b>Total Requirements</b>	<b>\$181,509,339</b>	<b>\$338,878,039</b>	<b>86.70%</b>

▶ FPD analyst concern

No concerns. It should be noted however, that both Bond expenses and Bond and Note proceeds were considerably more than their budgeted appropriation. The most recent BES bond sale (August 2010) included refunding of a \$160 million short term financing, a transaction not required to be budgeted as per Oregon Budget Law.

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Sewer System Construction Fund - 614</b>			
<b>Resources</b>			
Budgeted Beginning Fund Balance	46,000,000	48,417,070	5.25%
Charges for Services	300,000	458,856	52.95%
Fund Transfers - Revenue	14,500,000	14,000,000	-3.45%
Bond and Note	262,122,789	262,122,789	0.00%
Miscellaneous	1,415,000	2,141,833	51.37%
<b>Total Resources</b>	<b>\$324,337,789</b>	<b>\$327,140,548</b>	<b>0.86%</b>
<b>Requirements</b>			
Bond Expenses	920,000	908,227	-1.28%
Fund Transfers - Expense	247,199,613	217,412,593	-12.05%
Contingency	76,218,176	0	-100.00%
Unbudgeted Ending Fund Balance	0	108,819,728	n/a
<b>Total Requirements</b>	<b>\$324,337,789</b>	<b>\$327,140,548</b>	<b>0.86%</b>

▶ FPD analyst concern

No concerns. Revenues - Please note that Fund Transfer revenues are lower than planned by about 3.5% based on available year-end cash from within the Sewer Operating Fund. Charges for Service revenues were higher than anticipated by more than 50% due to much stronger Line and Branch revenues related to sewer extension projects completed during the year. Miscellaneous Revenues include a \$1 million contractor settlement related to the Fanno Basin Pressure Line Replacement project.

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Sewer System Rate Stabilization Fund - 617</b>			
<b>Resources</b>			
Budgeted Beginning Fund Balance	39,100,000	38,090,996	-2.58%
Bond and Note	12,900,000	5,000,000	-61.24%
Miscellaneous	550,000	378,133	-31.25%
<b>Total Resources</b>	<b>\$52,550,000</b>	<b>\$43,469,129</b>	<b>-17.28%</b>
<b>Requirements</b>			
Fund Transfers - Expense	35,000,000	31,000,000	-11.43%
Contingency	17,550,000		-100.00%
Unbudgeted Ending Fund Balance	0	12,469,129	n/a
<b>Total Requirements</b>	<b>\$52,550,000</b>	<b>\$43,469,129</b>	<b>-17.28%</b>

▶ FPD analyst concern

No concerns. Please note that Bond and Note proceed revenues were considerably under budget reflecting the much lower reimbursement payment from PBOT for the internal loan made to the grants fund due to cashflow issues related to the Eastside Portland Streetcar Extension project. The remaining \$16.7 million of the loan balance is due from PBOT (via the Grants Fund) by June 30, 2012.

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Sewer System Grants - 217</b>			
<b>Resources</b>			
Intergovernmental Revenues	1,433,554	1,482,468	3.41%
<b>Total Resources</b>	<b>\$1,433,554</b>	<b>\$1,482,468</b>	<b>3.41%</b>
<b>Requirements</b>			
Personal Services	122,168	182,348	49.26%
External Materials and Services	686,663	682,111	-0.66%
Internal Materials and Services	205,750	49,973	-75.71%
Capital Outlay	418,973	313,856	n/a
<b>Total Requirements</b>	<b>\$1,433,554</b>	<b>\$1,228,288</b>	<b>-14.32%</b>

▶ FPD analyst concern

No concerns. Personal Services are over budget primarily due to the acceleration of the FEMA funded Lents Floodplain project. Capital Outlay is less which reflects the overall lag in capital project spending that the bureau experienced during the fiscal year.

Individual bureaus (business areas) within the grants funds rarely balance revenues and expenses by year end due to the nature of the grant process, where reimbursements are received after the expenditures are made. This is not a concern.

### FY 2010-11 Performance Measure Reporting

All measures appear to be close to targeted goals. A few year end actuals warrant highlighting:

*Average Resources spent in site investigations and clean up*

The bureau's actual for FY 2010-11 were \$6,132, which is considerable greater than the FY 2009-10 actuals of \$3,652 and of the FY 2011-12 target of \$4,435. The bureau explained this spike by indicating that the number of projects increased by 50% above the FY 2009-10 figure (from 100 to 150). Additionally, the methodology used to determine the measure changed to include a dedetailed calculation of the time spent by City as well as consulting staff.

*Number of Trees planted*

The bureau's actuals for FY 2010-11 were 48,797 which represents a decrease of nearly 10,000 or 17% from the prior year. BES' target for the current year is 56,950, which is in line with past performance. The bureau explained this dip by stating that due to typical fluctuations in the quantity and nature of Watershed Revegetation Program projects which includes the number of trees planted in a given year. Some years restoration work is less tree-intensive than other years.

### FY 2010-11 Capital Project Reconciliation

The bureau ended the year with a 13% underspending across all capital programs. A summary and below:

Program	Revised Budget	Actuals	Variance
Combined Sewer Overflow	\$128.6 million	\$120.0 million	(\$8.5) million
Maintenance and Reliability	\$ 48.8 million	\$42.3 million	(\$6.5) million
Sewage Treatment Systems	\$ 27.5 million	\$20.4 million	(\$7.1) million
Surface Water Management	\$ 22.8 million	\$15.1 million	(\$7.7) million
Systems Development	\$ 11.4 million	\$9.2 million	(\$2.3) million
<b>Total</b>	<b>\$239.2 million</b>	<b>\$207.4 million</b>	<b>(\$31.7) million</b>

Highlights of major variances, accounting for approximately 95% of the overall variance:

*Combined Sewer Overflow (CSO).* Four projects are responsible for a majority of the underspending: Balch Consolidated Conduit; Portsmouth Force Main; Sellwood Pump Station and Portsmouth Odor Control Facility. The first three projects will be completed within FY 2011-12 and the final, Portsmouth Odor Control, by the end of FY 2012-13. Factors contributing to delays include unanticipated ground conditions for Balch and Portsmouth, a series of tunneling machine problems with Portsmouth, and protracted negotiations with the contractor regarding pump specifications in Sellwood.

*Maintenance & Reliability.* Underexpenditures are a combination of more than 10 projects and programs. The largest variance include an underspending of \$1.7 million for Taggart D and the phase one pipe rehabilitation program (\$1.6) million. The complex nature of the projects contributed to delays in their respective schedules.

*Sewage Treatment.* Three projects primarily contribute to underspending – Columbia Boulevard Wastewater Treatment Plant (CBWTP) Lagoons, CBWTP Secondary Process Improvements and the Ankeny Pump Station Upgrade.

*Surface Water.* The main contributing factor this program's underspending is the Riverview Property acquisition closing date. The property was originally planned to have closed by the end of FY 2010-11, indicated by the \$6 million appropriation increase during the prior Spring BMP process. The property closing occurred in July 2011 for just over \$6 million.

### **FY 2011-12 Capital Project Reporting**

The bureau's capital project changes nearly net to zero. Below is an explanation of the \$6.6 million swing from Sewage Treatment to CSO. As of the end of August, date the bureau has spent \$22.2 million out of the \$111.7 million Revised Budget, which is 20% of the total CIP for the year.

*Combined Sewer Overflow and Sewage Treatment Program.* In recognition of the various CSO projects that experienced delays during FY 2010-11, the bureau is shifting \$6.6 million from various Sewage Treatment program projects into various CSO projects in order to maintain compliance with the December 2011 deadline. The details of this shift are outlined in ES\_007 above.

*FPD CIP Recommendation.* In order to provide all audiences (including Council, private citizens, advocates, partner bureaus / organizations, the media and Financial Planning) with the ability to review capital project status more easily, FPD recommends that all subcomponents of larger projects must have a key or code as the first few spaces in the project title so that they will appear next to one another in alphabetical budget reports. For anything related to the Eastside Combined Sewer Overflow, this could have been "ECSO" and then the remaining space for a more detailed description of the work.

Currently, the bureau maintains a series of subprograms and projects that roll up into main projects. The budget is often consolidated into one project but spend out of the smaller components. It is necessary to know what the formal components are for an overall project in order to have a full understanding of actuals and analyze true overspending and underspending. Some of the project sub-components have related titles, for example several Eastside CSO projects begin with "Eastside Combined Sewer Overflow ...", which make consolidating projects easy. Several project titles do not provide this information, however. Example titles include "Slurry TBM Tunnel" and "PBOT Survey" – both are related to the Eastside CSO, but one must have an off-line, bureau-provided key in order to de-code the list fully.

Maintaining consistent title naming conventions for related projects, along with any other changes recommended by the Council-created CIP Task Force, which is due to Council by November 1, 2011, will help to ensure greater transparency in the CIP process.

**Financial Planning Division Analysis  
FY 2011-12 Fall BMP**

**Portland Water Bureau**

Report Date: October 26, 2011

Analysis by: Seth Reeser/Lisa Shaw

**Summary of Significant Issues**

*Update on EPA Long-Term II Enhanced Surface Water Treatment Rule (LT2)*

The Water Bureau is pursuing two tracks of compliance with the LT2 ruling. The first is a variance from the provisions of the rule that would require treatment of water from the Bull Run watershed, while the second is the design of a treatment facility in the event that the EPA denies the variance request. Pursuing the variance entailed a year-long sampling regimen from December 2009 through December 2010 of which the goal was to determine if the targeted microorganism *Cryptosporidium* was present in the Bull Run water source. The microorganism was not found in the year-long sampling and the City submitted the variance request to the Oregon Health Authority Drinking Water Program in June 2011; a response is anticipated by December 31, 2011.

The FY 2011-12 budget for the variance effort is \$513,500 and depending up on the pending variance ruling from the state, reallocating additional CIP funding to the project may requested in the Spring BMP and/or the FY 2012-13 requested budget. The current year budget for the treatment efforts is \$10 million and includes funding for the treatment facility construction design; unspent funding will move to the out-years of the five year CIP. Other active capital projects related to the LT2 compliance efforts are Powell Butte capacity expansion, Kelly Butte storage, and the reservoirs and Washington and Mt. Tabor parks.

**Recommended Requests**

*1. WA\_001 /Risk Loss Prevention Incentive Program, \$0*

The adjustment reduces an interagency agreement (IA) with risk management by \$52,270 and reallocates the funds as miscellaneous expenditures for the Maintenance and Construction Safety group.

FPD recommends the bureau's requested adjustment.

*FPD Recommendation: \$0*

*2. WA\_002 /Increase Parks Bureau Partnership, \$0*

The adjustment increases a Water Bureau-Parks IA in which Parks Bureau will provide irrigation services (\$20,000) and reservation services (\$3,714) for FY 2011-12 at Dodge Park, which is a Water Bureau property. This is the first year of the arrangement but may continue into future fiscal year

FPD recommends the technical adjustment and the establishment of the IA.

*FPD Recommendation: \$0*

*3. WA\_003 /Backhoe Asset Transfer, \$63,000 new revenues*

Parks is purchasing two surplus John Deere backhoes and trailer, for \$63,000, from Water Bureau. Water Bureau had purchased the equipment to replace similar Kubota equipment with the intent that Water Operations Mechanic classification employees would operate the backhoes on three-person crews. The John Deere backhoes were larger equipment than the Kubota equipment and it was determined that operating the

new equipment was a responsibility above the Water Operations Mechanics class, which effectively relegated the equipment to bureau surplus. The funds will be budgeted in contingency.

*FPD Recommendation: \$63,000 new revenues from Parks*

4. *WA\_004 /Establish Cash Transfer authority, \$0*

The request would transfer \$80,295 to the Green Incentive Project, coordinated by the Bureau of Planning and Sustainability (BPS). This transfer of funding represents the last year of Water Bureau's multi-year contributions to BPS for water-related green projects. The funding is derived from a combination of reducing an IA with BPS by \$28,805 and transferring \$51,490 from bureau contingency.

*FPD Recommendation: \$80,295 cash transfer from Water Bureau to Bureau of Planning and Sustainability*

5. *WA\_005 /Internal Technical Adjustments, \$0*

Reductions to fund these transfer come primarily from reducing miscellaneous external materials and services and professional services. Some of the larger internal adjustments include: \$180,000 for costs to mitigate the Soapstone Slide in Bull Run Watershed; \$5,000 transfer for Parks Summer Concert series, \$75,000 for contract with Multnomah County for at-risk youth work crews to provide maintenance at bureau properties, \$41,200 for facilities roof repair at Powell Butte, and \$5,830 transfer to bureau finance department for geographic mapping.

FPD recommends the bureau's requested adjustments.

*FPD Recommendation: \$0*

6. *WA\_006 /Green Street Imitative, \$0*

This request will transfer \$59,078 to an existing BES Green Streets IA, for a total cash transfer of \$151,078 in the current fiscal year. This adjustment is a true-up payment for the bureau's prior year CIP projects that qualified as contributors to the "percent for Green" program. The additional \$59,078 for this increased cash transfer is coming out of bureau contingency.

*FPD Recommendation: \$59,078 cash transfer to BES*

7. *WA\_007 /Grant Adjustment, \$100,000*

The request is to appropriate \$100,000 from a 2008 Urban Area Security Initiative (UASI) Grant for a study of regional interconnections. The study will help identify water system gaps in connections between the local water providers as well as develop a regional hydraulic model; both are efforts that will assist in preparing for emergencies that could cause service disruptions. POEM is the fiscal administrator of the UASI grant, and the appropriation resides in the City's Grants Fund.

*FPD Recommendation: \$100,000 of appropriation in the Grants Fund (217001)*

8. *WA\_008 /Increased Interagency with BTS, \$0*

Increases interagency with BTS by \$282,934 to fund an upgrade of the Avaya phone system (\$190,792) and an IVR credit card option (\$92,142). The phone upgrades were scheduled for FY 2010-11 but did not get completed, so the unspent project funds fell to balance and are now requested to be re-budgeted to fund the project in the current fiscal year. This is funded out of bureau contingency.

*FPD Recommendation: \$282,934 increased IA with BTS*

9. *WA\_009 /CIP adjustment, \$0*

This request will reduce the Lusted Hill improvements project budget by \$9,025,000 and increases the bureau's Construction Fund contingency by the same amount. The bureau has determined to wait until decisions regarding taking the reservoirs off-line are made before doing any more work on the Lusted Hill project; if the reservoirs are taken out of service, the Lusted Hill project may be unnecessary. Also unrelated adjustments included in this request were technology upgrades (dispatch replacement, satellite dish, and mobile communications technology) for engineering field staff and \$25,000 to Parks for the tree trimming and removal for construction access at Powell Butte.

*FPD Recommendation: \$0*

*10. WA\_011 /Increased Interagency with LID Fund, \$49,500*

The request will budget for a \$49,500 transfer from the Auditor's Office LID Fund to the Water Construction Fund contingency. The funding is from sales of outstanding lien receivables related to system development charge work that the Water Bureau has done.

*FPD Recommendation: \$49,500 transfer from LID Fund to Water Construction Fund*

### **Not Recommended Requests**

*1. WA\_010 /Urban League Community Garden, \$5,430*

Water Bureau submitted this request as part of Commissioner Fish's Community Garden Initiative. The bureau is requesting \$5,430 of General Fund discretionary resources to fund the one-time costs to install a water meter for the new Urban League Community Garden. The bureau has confirmed that all future operations and maintenance costs will be supported by the Urban League.

The appropriate way to have requested this action would have been: 1) Parks Bureau requests the funding directly as they manage the Community Garden program and, 2) Parks then establishes the IA with Water Bureau to complete the meter installation work..

FPD does not recommend new General Fund dollars for this action, however, and suggests that Parks fund the request within its existing and then establish an interagency agreement with the Water Bureau.

*FPD Recommendation: \$0*

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

### **Budget Notes**

**Rate-setting Approval Process** – The best practices report completed by Red Oak Consulting was completed and distributed to Council on June 8, 2011.

### **Decision Packages and Non-Technical BMP Changes**

**Future Connect Scholars Program** – The program is being funded by the General Fund instead of through Water and Sewer rates.

**LT2 Update** – a total of \$4.4 has been spent on the LT2 treatment variance. More information in "significant issues" section above.

### **Service Improvement Plans**

**Pump and Control Maintenance** – Work continues on the 162<sup>nd</sup> Pump Station, and Hoyt Pump #2 is scheduled for maintenance based on the data analysis. All scheduled vibration and oil analyses have been completed and a contract for developing the mobile application for work order processing was awarded.

**Bull Run Maintenance** – the S10 Road to milepost 6 was completed in June 2011. No additional projects are scheduled for FY 2011-12 due to conflicts with other scheduled projects, with the exception of the Soapstone Slide mitigation work which is budgeted at \$180,000 in this Fall BMP (see request WA\_005).

**Meters** – Reports from Cayenta were obtained allowing the test and clean process to bring meters to near 100% accuracy and allowing the bureau to allocate maintenance resources to the meters with the highest demand.

### FY 2010-11 Reconciliation

<b>Water Fund - 602</b>	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$47,295,512	\$49,769,357	5.23%
▶ Charges for Services	\$115,611,286	\$111,912,076	-3.20%
Intergovernmental Revenues	\$451,000	\$555,794	23.24%
Interagency Revenue	\$3,803,896	\$3,098,768	-18.54%
Fund Transfers - Revenue	\$78,923,985	\$70,005,926	-11.30%
Miscellaneous	\$780,274	\$842,187	7.93%
<b>Total Resources</b>	<b>\$246,865,953</b>	<b>\$236,184,108</b>	<b>-4.33%</b>
<b>Requirements</b>			
Personal Services	\$58,863,038	\$56,069,657	-4.75%
External Materials and Services	\$23,689,250	\$17,890,195	-24.48%
Internal Materials and Services	\$20,226,389	\$18,311,038	-9.47%
Capital Outlay	\$34,783,300	\$31,758,208	-8.70%
Bond Expense	\$3,108,480	\$2,479,779	-20.23%
Fund Transfers - Expense	\$63,879,380	\$62,898,675	-1.54%
Contingency	\$42,316,116	\$42,316,116	0.00%
Ending Fund Balance	\$0	\$4,460,740	NA
<b>Total Requirements</b>	<b>\$246,865,953</b>	<b>\$236,184,408</b>	<b>-4.33%</b>

▶ FPD Analyst Concern

#### Resources

*Charges for Service* – Although this source is only 3.2% less than anticipated and does not fall within the 10% reporting threshold, it is still material enough to note. The relatively small percentage decrease represents a \$3.7 million undercollection. While this is still a small amount compared to the bureau's program budget of approximately \$123 million, it still may represent a troubling trend. Not surprisingly, BES experienced similar lower revenues, collecting nearly \$4.4 million less than planned from sewer and stormwater rate revenues. In each case customer conservation efforts (as well as the weather and other factors) play a role in the bureau's ability to achieve revenue goals. Rate revenues warrant close monitoring during the year in order for the bureau to address any projected shortfalls quickly and with the least service impact possible should the drop in revenues continue.

*Interagency* – Revenues are down due to a decrease in project-related billings for BES.

Fund transfers are lower due to a decrease in construction activity which has impacted all infrastructure bureaus

**Requirements**

*External Materials and Services* - lower due to reduction in construction activity and the bureau controlling spending due to lower water sales revenue.

*Bond Expenses* – This significant underexpenditure is due to a \$500,000 grant adjustment that was included in the Over Expenditure Ordinance, reduced interest costs and reduced bond issuance costs.

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Water Bond Sinking Fund - 612</b>			
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$10,320,038	\$10,321,463	0.01%
Fund Transfers - Revenue	\$28,199,467	\$28,204,443	0.02%
Bond and Note	\$6,276,000	\$5,659,388	-9.82%
Miscellaneous	\$106,905	\$82,643	-22.69%
<b>Total Resources</b>	<b>\$44,902,410</b>	<b>\$44,267,937</b>	<b>-1.41%</b>
<b>Requirements</b>			
Unappropriated Fund Balance	\$16,596,038	\$15,961,566	-3.82%
Bond Expense	\$28,306,372	\$28,306,371	0.00%
<b>Total Requirements</b>	<b>\$44,902,410</b>	<b>\$44,267,937</b>	<b>-1.41%</b>

▶ FPD Analyst Concern

**Resources**

*Bond and Note* revenue is lower due to a lower bond reserve required with the 2011 water system revenue bonds.

*Miscellaneous* Interest earnings were lower than projected.

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Water Construction Fund - 615</b>			
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$33,224,757	\$40,592,066	22.17%
▶ Charges for Services	\$2,000,000	\$1,321,238	-33.94%
Fund Transfers - Revenue	\$27,651,255	\$26,955,364	-2.52%
Bond and Note	\$73,949,000	\$80,874,884	9.37%
Miscellaneous	\$363,958	\$347,358	-4.56%
<b>Total Resources</b>	<b>\$137,188,970</b>	<b>\$150,090,910</b>	<b>9.40%</b>
<b>Requirements</b>			
Unappropriated Fund Balance	\$45,978,441	\$67,798,168	47.46%
Fund Transfers - Expense	\$79,183,069	\$70,265,282	-11.26%
Contingency	\$12,027,460	\$12,027,460	0.00%
<b>Total Requirements</b>	<b>\$137,188,970</b>	<b>\$150,090,910</b>	<b>9.40%</b>

▶ FPD Analyst concern

**Resources**

*Charges for Service* - Lower system development charges related decreased charges for services reflecting a slower commercial and residential development. It should be noted that the bureau has revised its budget down to \$1 million for SDC revenues in the current year, FY 2011-12. As of the end of September \$206,783, or 21% has been collected. To give some perspective, last year at the same time just over \$300,000 had been collected which may indicate another very lean year with respect to SDCs.

*Bond and note* - Revenues were lower to match the actual bond sales, which is based on anticipated system capital needs.

<b>Hydroelectric Power Operating Fund - 601</b>	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$348,607	\$338,629	-2.86%
Interagency Revenue	\$63,207	\$54,105	-14.40%
Fund Transfers - Revenue	\$126,022	\$123,325	-2.14%
Miscellaneous	\$634,370	\$668,352	5.36%
<b>Total Resources</b>	<b>\$1,172,206</b>	<b>\$1,184,411</b>	<b>1.04%</b>
<b>Requirements</b>			
Unappropriated Fund Balance	\$0	\$136,191	NA
Personal Services	\$245,987	\$234,999	-4.47%
External Materials and Services	\$181,500	\$146,837	-19.10%
Internal Materials and Services	\$252,520	\$174,688	-30.82%
Bond Expenses	\$14,608	\$14,105	-3.44%
Fund Transfers - Expense	\$347,324	\$347,324	0.00%
Contingency	\$130,267	\$130,267	0.00%
<b>Total Requirements</b>	<b>\$1,172,206</b>	<b>\$1,184,411</b>	<b>1.04%</b>

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

Interagency revenue is based on request from the Water Fund, and this drop reflects actual services provided.

**Requirements**

External Materials and Services is lower due to the postponement of contract services until FY2011-12. Internal Materials and Services were less due to less work requested from the Water Bureau for Hydroelectric projects.

<b>Hydroelectric Power Bond Redemption Fund - 611</b>	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$4,383,500	\$4,420,808	0.85%
Miscellaneous	\$2,763,300	\$2,777,650	0.52%
<b>Total Resources</b>	<b>\$7,146,800</b>	<b>\$7,198,458</b>	<b>0.72%</b>
<b>Requirements</b>			
Unappropriated Fund Balance	\$4,429,990	\$4,481,648	1.17%
Bond Expenses	\$2,716,810	\$2,716,810	0.00%
<b>Total Requirements</b>	<b>\$7,146,800</b>	<b>\$7,198,458</b>	<b>0.72%</b>

▶ FPD Analyst concern

No concerns.

<b>Hydroelectric Power Bond Renewal and Replacement Fund - 618</b>	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$9,222,708	\$9,303,360	0.87%
▶ Miscellaneous	\$524,600	\$336,490	-35.86%
<b>Total Resources</b>	<b>\$9,747,308</b>	<b>\$9,639,850</b>	<b>-1.10%</b>
<b>Requirements</b>			
Fund Transfers - Expense	\$125,000	\$122,303	-2.16%
Contingency	\$9,622,308	\$9,517,547	-1.09%
<b>Total Requirements</b>	<b>\$9,747,308</b>	<b>\$9,639,850</b>	<b>-1.10%</b>

▶ FPD Analyst concern

**Resources**

*Miscellaneous* Estimated power sale payments from PGE were lower than anticipated. Interest earning actuals were also lower than budgeted due to lower interest rates.

**FY 2010-11 Performance Measure Reporting**

Most of the bureau's 10 measures reflect actuals in line with targeted goals. Two measures worth highlighting:

- WA0049 Percent of customers giving high or very high ratings on Auditor's Survey  
This measure does not reflect any actual for FY 2010-11 as the Auditor's results have not yet been released. The report should be available this fall.
  
- WA0051 Percent of calls answered within 60 seconds  
The bureau offered further clarification beyond the statistic of 54%: 70% of calls were answered within 120 seconds and 88% within 240 seconds. Additionally, the bureau improved average hold times by reducing them by nearly 30 seconds.

### FY 2010-11 Capital Project Reconciliation

Overall, capital project spending in FY2010-11 was \$6,851,313 lower than budget (12% lower). This reflects delays in projects schedules and the postponement of some projects. Significant variances by program are highlighted below.

<b>Program</b>	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 Year-End Actuals</b>	<b>Variance (%)</b>
<i>Customer Service</i>	600,000	777,439	30%
<i>Distribution</i>	28,081,300	23,705,184	-16%
Regulatory Compliance	4,945,000	4,885,175	-1%
Supply	3,610,000	3,426,278	-5%
<i>Support</i>	1,466,000	806,196	-45%
<i>Transmission/Terminal Storage</i>	12,925,000	10,564,569	-18%
Treatment	7,890,000	8,501,146	8%
<b>Total</b>	<b>55,517,300</b>	<b>52,665,987</b>	<b>-12%</b>

*Customer Service* Additional work was completed at Dodge Park for the foundation, roof and rafter repairs.

*Distribution* The PBOT SW Moody Ave project changed CIP project prioritization, which in turn shifted cash flow requirements to from FY 2010-11 to FY 2011-12.

*Support* Expenditures on the Water House and Portland Loos projects was less than budgeted and fewer capital planning studies were completed in FY 2010-11.

*Transmission/Terminal Storage* The program experienced, in total, 18% lower actual expenditures than budgeted, which is primarily due to the delay in the Powell Butte Reservoir #2 project.

### FY 2011-12 Capital Project Reporting

The only significant change to the CIP during the Fall BMP is the postponement of improvements at Lusted Hill, halting the design at 30% (see request WA\_009). The Water Bureau believes that improvements that were designed to comply with EPA regulations regarding the Lead and Copper Rule may not be needed due if the reservoirs are taken off line. The current year reduction of \$9 million and an additional \$1.5 million in the out-years reduce the total project costs from \$100 million to \$89.5 million.

**Financial Planning Division Analysis  
FY 2011-12 Fall BMP**

**Bureau of Development Services**

Report Date: October 26, 2011

Analysis by: Bob Tomlinson

**Recommended Requests**

1. *DS\_001/Grant from Oregon Military Department – SHSG, \$60,000, 0 FTE*

The City of Portland Office of Emergency Management applied to Oregon Military Department, Office of Emergency Management for a grant in the amount of \$129,000 for Preparedness Planning for the FY 2010 State Homeland Security Grant April 2010. The State notified the City of Portland that it will award a grant for the FY 2010 State Homeland Security Grant to the Bureau of Development Services for records digitization. The grant will reimburse the City for a records digitization microfiche scan station expenses not to exceed the awarded amount of \$60,000. The grant period is May 1, 2011 through December 31, 2012. This technical adjustment amends bureau's budget to include the grant.

*FPD Recommendation: \$60,000*

2. *DS\_002/Tree Program, \$57,000, 0 FTE*

The City Council recently adopted a new comprehensive set of tree regulations. The two primary bureaus charged with administering the new regulations are the Parks Bureau and BDS. The new regulations were divided into two phases, with Phase I effective July 1, 2011 and Phase II effective February 1, 2013. The bulk of the substantial changes are happening in Phase II. As part of this regulatory project, it was acknowledged by City Council that a great deal of work remains to be done in FY 2011-12 to prepare for the 2013 effective date. For this reason, two positions were included for FY 2011-12: BDS - one 0.5 FTE City Planner II funded for one year (FY 2011-12) and Parks - one 0.5 FTE Botanic Specialist II funded for one year (FY 2011-12). These two positions were intended to work very closely together and do all of the essential work that has to happen before the City's new Tree Regulations go into effect in February 2013.

BDS and Parks management have met to discuss the list of duties that need to be accomplished during FY 2011-12, and the coordination that would need to happen between the two half-time positions in the respective bureaus. It was concluded that the two half-time positions should be combined, reclassified to a Program Coordinator, and located in BDS.

This technical adjustment would move Parks' appropriation of \$57,000 to BDS. A position in BDS has already been reclassified so no additional FTEs are needed.

*FPD Recommendation: \$57,000*

3. *DS\_003/Rent Payment to BDS from BES, \$4,014, 0 FTE*

The interagency for BES to make rent payments to BDS needs to be increased by \$4,014 to account for the additional space occupied by BES on the 4th floor of 1900 Building.

*FPD Recommendation: \$4,014*

4. DS\_004/Landlord Training LA with Fire Bureau, \$7,000, 0 FTE

BDS's interagency with the Fire Bureau to partner and to provide financial support and sponsorship for the eight sessions of the FY 2011-12 Landlord Training Program and outreach to residential landlords and property managers.

*FPD Recommendation: \$7,000*

5. DS\_005/Senior Engineer Position, \$0, 1.0 FTE

Bureau restructuring in response to the economic recession resulted in a single Supervising Engineer position and the need for a Senior Engineer with structural expertise to supervise and provide leadership for the structural engineering work team. The Senior Engineer position was initially created as a limited term position in consideration of the economic uncertainty at the time. Staffing, workload, and revenue have since stabilized and the Bureau now anticipates retaining the Senior Engineer position as a permanent position.

*FPD Recommendation: \$0, 1.0 FTE*

6. DS\_006/Senior Management Analyst Position, \$0, 1.0 FTE

The Senior Management Analyst Position was initially created as a limited term position in consideration of the economic uncertainty at the time. The position's focus is on analysis, development, and implementation of Enforcement Program improvements focused on increasing program efficiencies and effectiveness, and serving as the bureau's liaison to neighborhoods and other organizations on enforcement issues. Staffing, workload, and revenue have since stabilized and the Bureau now anticipates retaining the Senior Management Analyst position as a permanent position.

*FPD Recommendation: \$0, 1.0 FTE*

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

**Budget Notes**

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 expenditure is 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**

In September 2010, the Office of Management and Finance convened a committee to review the financial feasibility of Information Technology Advancement Project (ITAP). This Committee, supported by OMF City staff, included five members with economic and real estate background and expertise from organizations such as the PDC Small Business Advisory Committee, independent economic consultants, Portland State University staff, and others. Committee members provided their insights into the current economic situation and contributed a number of ideas for the financial projections during three meetings in September and

October 2010. All members of the Committee gave a solid and positive endorsement to the financial feasibility of implementing ITAP. In addition the Office of Management and Finance endorsed the work reviewed by the Committee.

Recently the Committee was renamed the BDS Finance Committee. On August 15, 2011 it was reconvened to review more current financial forecasts. Members reviewed the bureau's revenue projections, contributed their advice, and were satisfied with the outcome of the projections. The Committee will continue to meet periodically to review current economic indicators and information.

### **Decision Packages and Non-Technical BMP Changes**

#### **Cut Vacant Positions**

Description: In FY 2009-10, BDS was confronted with an unprecedented decline in permit revenues and workload due to the ongoing economic downturn. After instituting a variety of cost-cutting measures, the bureau was finally compelled to reduce staff in order to remain financially solvent. This package removes 131 of those already vacant positions from the bureau, for a reduction of \$9.9 million.

Expected Results: These are positions where staff has already been laid off or transferred; these are not additional cuts.

Update: The reduction package was implemented.

### **Service Improvement Plans**

#### **Technology**

Implementation of the Information Technology Advancement Project (ITAP).

Status: Underway

Update: On March 9, 2011, City Council authorized a financing package for ITAP in the form of a line of credit not to exceed \$6.6 million, which BDS must repay within five years. Under Commissioner Saltzman's direction, BDS has prepared an ordinance to be heard in October 2011 that will authorize the publication of an RFP (Request for Proposals) for the project. Pending approval of the ordinance, the bureau anticipates publishing the RFP in late October and receiving proposals by the end of the year.

In the meantime, ITAP staff continues to prepare for the project by reviewing bureau business practices and mapping processes.

The current scope of work and timeline estimates that the project will take up to two years to complete.

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

The Neighborhood Inspections and Land Use Services (LUS) Programs have been underfunded and beset by deficits in their reserve funds for several years.

Update: In its FY 2011-12 budget City Council approved funding for 3 FTE in the Neighborhood Inspections Program. These additional FTE will enable the Program to respond more quickly to complaints and to restore some re-inspection and case management activities.

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

BDS cut staff positions to balance the budget and now service levels throughout the bureau have fallen significantly, impacting bureau customers, development projects, and neighborhood livability.

Update: In its FY 2011-12 budget City Council authorized 13 additional staff positions supported by projected increases in permit fees and other non-General Fund revenues. Other General Fund staff adds in BDS's FY 2011-12 budget include a 0.5 FTE City Planner II to help implement the City's new Tree Code, and 3 FTE in the Neighborhood Inspections Program that were added at Commissioner Saltzman's urging.

All of these additional FTE for FY 2011-12 have improved service levels throughout the bureau by more closely matching staff levels with workload.

## FY 2010-11 Reconciliation

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Beginning Fund Balance	\$410,309	\$2,012,806	390.56%
Licenses & Permits	17,151,773	16,275,532	-5.11%
Charges for Services	5,814,281	6,008,539	3.34%
Intergovernmental Revenues	0	4,049	N.A.
Interagency Revenue	1,116,655	1,069,435	-4.23%
Fund Transfers - Revenue	1,907,356	1,907,356	0.00%
▶ Bond and Note	6,703,552	1,500,000	-77.62%
Miscellaneous	1,886,939	1,894,972	0.43%
<b>Total Resources</b>	<b>\$34,990,865</b>	<b>\$30,672,689</b>	<b>-12.34%</b>
<b>Requirements</b>			
Personal Services	\$16,470,096	\$15,699,274	-4.68%
▶ External Materials and Services	5,570,072	643,270	-88.45%
Internal Materials and Services	6,365,168	6,062,683	-4.75%
Capital Outlay	10,000	7,500	-25.00%
Bond Expenses	2,235,953	2,182,106	-2.41%
Fund Transfers - Expense	2,357,482	2,357,482	0.00%
Contingency	1,982,094	0	-100.00%
Ending Fund Balance	0	3,720,374	N.A.
<b>Total Requirements</b>	<b>\$34,990,865</b>	<b>\$30,672,689</b>	<b>-12.34%</b>

▶ FPD analyst concern
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In the FY 2010-11 budget development process, \$5.2 million in costs for the bureau's Information Technology Advancement Project (ITAP) were budgeted in "External Materials and Services" and funding for the project in the same amount was budgeted under "Bond and Note". During late FY 2010-11, BDS re-evaluated the project direction and it was decided that a Request for Proposal was the appropriate route. Therefore the funds for a contract were not expended in FY 2010-11.

### FY 2010-11 Performance Measure Reporting

The variances in the workload performance measures are due to the continued downturn in the economy and construction activity.

Permit revenues have decreased more than the decrease in the workload resulting in the variances in efficiency measures.

**Financial Planning Division Analysis  
FY 2011-12 Fall BMP**

**Portland Housing Bureau**

Report Date: October 26, 2011

Analysis by: Claudio Campuzano

**Summary of Significant Issues**

The Portland Housing Bureau requests a \$24.3 million increase in its budget related primarily to carryover of non-General Fund (i.e. grants and tax increment financing) resources from FY 2010-11. In addition, the bureau is requesting a number of technical changes as well as the carryover. Otherwise the Portland Housing Bureau (PHB) does not have any significant issues.

**Recommended Requests**

*1. HC\_001/Fall BMP Technical Adjustments, \$0*

This is a series of budget-neutral adjustments, the primary purpose of which is to allocate existing resources to more specific budgeted projects or programs. Large shifts include Hillsdale Terrace (\$1.8 million) and Miracles Club (\$365,000), being split out from the general affordable housing development budget allocation. The Hillsdale Terrace project has been in PHB's plan but had not been broken out in the budget until now. Bronaugh Apartments (\$1.5 million) and McCoy Apartments (\$140,000) are being moved back to the general affordable housing allocation. The Bronaugh Apartments is being put on hold due to market issues. The McCoy Apartments project had a higher pre-development loan repayment than anticipated, generating overall savings for the project.

*FPD Recommendation: As requested.*

*2. HC\_002/Fall BMP – New Revenues, \$8,633,482*

PHB requests Council approval to appropriate new resources for the following:

- \$1.56 million of Interstate Urban Renewal Area (URA) resources to purchase King/Parks and Grant Warehouse properties from the Oregon Convention Center URA.
- \$1.56 million of Convention Center URA appropriation for the upcoming Fall Notice of Funds Availability (NOFA), backed by sale proceeds from the transfer of properties from OCC to the Interstate URA.
- \$2.65 million of Community Development Block Grant (CDBG) resources from prior year unspent entitlements for the upcoming Fall NOFA.
- \$751,000 of HOME resources from prior year unspent entitlements for the upcoming Fall NOFA.
- \$1.67 million of CDBG and HOME resources from prior year unspent entitlements budgeted into contingency.
- \$490,000 in Neighborhood Stabilization Program (NSP) program income for sale of program-acquired properties.
- \$1 million budgetary reduction to Glisan Commons. The project actually receiving a additional \$900,000, but the property is no longer being sold with the revenue being put back into to the project.

*FPD Recommendation: As requested*

3. *HC\_003/Fall BMP – No n-General Fund Carryover, \$15,091,790*

PHB requests Council approval to carry forward unspent TIF and grant-funded appropriations associated with FY 2010-11 affordable housing projects, programs, and contracts. This request includes \$12.9 million for affordable housing projects: Bud Clark Commons, Affordable Veterans Housing, The Svaboda, The Ramona, Chaucer Apartments, HAP Scattered Sites and Bellrose Station. Also, \$2.2 million for contracts and programs is carried over, including funding for lead hazard abatement, single-family home repair loans, downpayment assistance loans, Home Forward Homelessness Prevention and Rapid Rehousing (HPRP) programs and Gresham HOME-funded programs.

*FPD Recommendation: As requested*

4. *HC\_004/Fall BMP –General Fund Carryover, \$579,022*

PHB requests Council approval for General Fund appropriation carryover to fund encumbered contracts. \$494,000 will provide funding for contracts with JOIN and New Avenues For Youth to complete services under the “Mayor's Homeless Emergency Funding” FY 2010-11. The remaining \$85,000 will provide funding for seven contracts continuing into FY 2011-12 (e.g., Red Cross Emergency Shelter, Home Forward).

*FPD Recommendation: As requested*

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

#### **Decision Packages and Non-Technical BMP Changes**

All decision packages and non-technical changes were implemented as intended. Of note, HC\_17, the Mayor's Homeless Emergency Funding package is still underway. Development of the program was not complete until several months into the fiscal year. Contracts were in place by late Fall/early Winter. Spending is expected to be complete by this fall. Carryover funding has been requested as part of HC\_004.

#### **Service Improvement Plans**

PHB's Service Improvement Plan had three components, all of which have been implemented or are in process.

- **Improve housing delivery program.** Integration of asset management and loan servicing is complete; the programs are supervised by one manager. Project annual reviews are up-to-date, performed collaboratively within the work group, and files are being consolidated. Loan program guidelines and underwriting criteria are being redeveloped. Program integration will continue in FY 2011-12 as part of the implementation of the Housing Development Software.
- **Complete strategic plan and implement new organizational structure.** The plan is complete and external documents are being developed. The new organization structure is in place but will continue to evolve.
- **Increase accountability and transparency.** PHB is awarding more development capital through NOFA processes. New reporting is available online including a production report and an annual community report.

### **FY 2010-11 Reconciliation**

#### **General Fund (Fund 100)**

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Intergovernmental Revenues	\$621,733	\$574,858	-7.54%
Interagency Revenue	\$0	\$11,500	N/A
Miscellaneous	\$1,573	\$10,640	576.41%
General Fund Discretionary	\$10,020,258	\$9,032,497	-9.86%
<b>Total Resources</b>	<b>\$10,643,564</b>	<b>\$9,629,495</b>	<b>-9.53%</b>
<b>Requirements</b>			
Personal Services	\$410,459	\$412,223	0.43%
External Materials and Services	\$10,697,861	\$9,691,609	-9.41%
Internal Materials and Services	-\$469,756	-\$479,337	2.04%
Fund Transfers - Expense	\$5,000	\$5,000	0.00%
<b>Total Requirements</b>	<b>\$10,643,564</b>	<b>\$9,629,495</b>	<b>-9.53%</b>

▶ FPD analyst concern

PHB was slightly overspent in the Personal Services (PS) category. This was the result of a very late journal entry performed by central accounting that moved leave payouts from FY 2011-12 to FY 2010-11. This overspending is offset by underspending in external materials and services (EM&S).

The negative budget and actuals for internal materials and services (IM&S) is the result of a bureau allocation account that functions to spread costs to other funds. Expenses collect in PS or EM&S, but are shifted to other funds through this offset account in IM&S. This is how the account is intended to function and is not a cause of FPD concern.

### Grants Fund (Fund 217)

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Intergovernmental Revenues	\$10,601,997	\$8,965,309	-15.44%
Miscellaneous	\$0	\$10,477	N/A
<b>Total Resources</b>	<b>\$10,601,997</b>	<b>\$8,975,786</b>	<b>-15.34%</b>
<b>Requirements</b>			
Personal Services	\$759,675	\$627,019	-17.46%
External Materials and Services	\$9,842,322	\$8,342,417	-15.24%
<b>Total Requirements</b>	<b>\$10,601,997</b>	<b>\$8,969,436</b>	<b>-15.40%</b>

▶ FPD analyst concern

No FPD issues.

### Housing Investment Fund (Fund 213)

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$2,674,869	\$3,088,123	15.45%
Charges for Services	\$273,916	\$323,718	18.18%
Intergovernmental Revenues	\$2,346,167	\$1,786,098	-23.87%
Interagency Revenue	\$11,500	\$46,248	302.16%
Bond and Note	\$4,921,015	\$4,704,000	-4.41%
Miscellaneous	\$1,241,006	\$1,486,365	19.77%
<b>Total Resources</b>	<b>\$11,468,473</b>	<b>\$11,434,552</b>	<b>-0.30%</b>
<b>Requirements</b>			
Personal Services	\$753,883	\$735,036	-2.50%
External Materials and Services	\$7,193,252	\$5,621,744	-21.85%
Internal Materials and Services	-\$46,428	\$0	-100.00%
Bond Expenses	\$17,000	\$12,983	-23.63%
Fund Transfers - Expense	\$3,423,204	\$2,139,288	-37.51%
Contingency	\$127,562	\$2,925,501	-100.00%
<b>Total Requirements</b>	<b>\$11,468,473</b>	<b>\$11,434,552</b>	<b>-0.30%</b>

▶ FPD analyst concern

Intergovernmental revenues came in below target because a transfer of funds from PDC was booked through a journal entry and not a cash transfer.

#### Community Development Block Grant Fund (Fund 218)

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$384,239	\$1,576,438	310.28%
Charges for Services	\$0	-\$8 N/A	
Intergovernmental Revenues	\$14,725,048	\$12,642,519	-14.14%
Fund Transfers - Revenue	\$1,137,918	\$20,716	-98.18%
Bond and Note	\$2,400,000	\$0	-100.00%
Miscellaneous	\$0	\$9,183 N/A	
<b>Total Resources</b>	<b>\$18,647,205</b>	<b>\$14,248,848</b>	<b>-23.59%</b>
<b>Requirements</b>			
Personal Services	\$2,157,709	\$2,058,697	-4.59%
External Materials and Services	\$10,784,515	\$8,626,024	-20.01%
Internal Materials and Services	\$1,896,105	\$1,870,304	-1.36%
▶ Bond Expenses	\$536,239	\$551,549	2.86%
Contingency	\$872,637	\$0	-100.00%
Unappropriated Fund Balance	\$2,400,000	\$1,142,274	-52.41%
<b>Total Requirements</b>	<b>\$18,647,205</b>	<b>\$14,248,848</b>	<b>-23.59%</b>

▶ FPD analyst concern

PHB overexpended the Bond Expenses budget by a small amount. Bond and Note revenues were budgeted during the over-expenditure ordinance to address year-end cash and balance issues related to reimbursement timing. As of October 2011, this interfund borrowing is not needed.

**HOME Fund (Fund 219)**

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Beginning Fund Balance	\$0	\$114,040	N/A
Charges for Services	\$0	\$42	N/A
Intergovernmental Revenues	\$5,774,998	\$6,271,871	8.60%
Fund Transfers - Revenue	\$166,714	\$0	-100.00%
Miscellaneous	\$0	\$11,677	N/A
<b>Total Resources</b>	<b>\$5,941,712</b>	<b>\$6,397,630</b>	<b>7.67%</b>
<b>Requirements</b>			
Personal Services	\$389,725	\$361,974	-7.12%
External Materials and Services	\$5,477,942	\$4,768,223	-12.96%
Contingency	\$74,045	\$1,267,433	1611.71%
<b>Total Requirements</b>	<b>\$5,941,712</b>	<b>\$6,397,630</b>	<b>7.67%</b>

▶ FPD analyst concern

No FPD issues.

**Tax Increment Financing Reimbursement Fund (Fund 221)**

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Beginning Fund Balance	\$0	\$347,833	N/A
Charges for Services	\$0	\$31,776	N/A
Intergovernmental Revenues	\$47,902,200	\$30,406,693	-36.52%
Fund Transfers - Revenue	\$2,118,572	\$2,118,572	0.00%
Bond and Note		\$0	N/A
Miscellaneous	\$1,707,390	\$6,750,201	295.35%
<b>Total Resources</b>	<b>\$51,728,162</b>	<b>\$39,655,075</b>	<b>-23.34%</b>
<b>Requirements</b>			
Personal Services	\$2,372,782	\$2,069,020	-12.80%
External Materials and Services	\$45,760,862	\$33,773,962	-26.19%
Internal Materials and Services	\$1,475,946	\$1,450,123	-1.75%
Contingency	\$2,118,572	\$2,361,970	11.49%
<b>Total Requirements</b>	<b>\$51,728,162</b>	<b>\$39,655,075</b>	<b>-23.34%</b>

▶ FPD analyst concern

Underspending in materials and services and undercollection in intergovernmental revenue are related to draw schedules for major projects not meeting budget assumptions. These funds are rebudgeted in FY 2011-12 as part of this BMP.

## Headwaters Apartment Complex Fund (Fund 621)

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Intergovernmental Revenues	\$1,012,294	\$1,060,568	4.77%
Miscellaneous	\$0	-\$286	N/A
<b>Total Resources</b>	<b>\$1,012,294</b>	<b>\$1,060,282</b>	<b>4.74%</b>
<b>Requirements</b>			
External Materials and Services	\$137,000	\$729	-99.47%
Bond Expenses	\$775,294	\$775,294	0.00%
Contingency	\$100,000		-100.00%
<b>Total Requirements</b>	<b>\$1,012,294</b>	<b>\$776,023</b>	<b>-23.34%</b>

▶ FPD analyst concern

No FPD issues.

### FY 2010-11 Performance Measure Reporting

Several performance metrics in the PHB reporting varied considerably from the FY 2010-11 targets. According to PHB staff:

“The FY 2010-11 performance measure targets were developed through analysis of the bureau’s past outcomes and performance. Prior year production numbers, total investment, and an average investment per unit for each program area were used to predict outcomes for the proposed budget. In cases where it is relatively easy to predict the behavior of costs for a program area (i.e. housing production) the targets proved to be relatively accurate. The cost to produce or rehabilitate a housing unit remains somewhat constant and known regardless of increases or decreases in production. The behavior of the costs of the bureau’s service programs have proven to be less predictable. The cost to place a household in permanent housing varies widely based on the population served, the resources of the service provider, and a host of other factors.

“The bureau is doing some work internally to separate out our service costs into components that remain constant and are therefore more known and predictable. HC\_0057 Number of households Receiving rent assistance and homeless prevention and HC\_0053 Number of households served in facility based transitional housing are example of areas that need further investigation.

“The discrepancies between the actual and targets for HC\_0037 Number of households receiving homebuyer education or counseling and HC\_0038 Number of households receiving homebuyer education/counseling and purchasing homes appear to be a difference between an actual that counts households and a target that counts individuals. The Bureau collects demographic data on both households and individual family members for this program.”

**Financial Planning Division Analysis  
FY 2011-12 Fall BMP**

**Bureau of Planning and Sustainability**

Report Date: October 26, 2011

Analysis by: Tess Jordan

**Summary of Significant Issues**

**Preparation for FY 2012-13**

The Mayor's budget direction was distributed to bureaus in October requesting 4%, 6% and 8% cut packages. Based on the current year CAL target, this roughly equates to FY 2012-13 reductions for BPS of \$300,000, \$450,000 and \$600,000. Over the next three months the bureau will need to develop strategies to preserve its top priorities and consider eliminating projects and programs that are deemed more peripheral. Several major current planning initiatives will extend into FY 2012-13:

- The Portland Plan will enter its code and policy development phase in FY 2012-13, which is expected to extend into FY 2013-14. In the current fiscal year the project is supported by \$635,000 in one-time funding and \$1,000,000 the bureau designated from its ongoing appropriation.
- The Central City Plan is expected to have a framework and recommended N/NE quadrant plan this fiscal year; the remaining two quadrants and plan finalization are scheduled to extend into FY 2013-14. In the current fiscal year the project is supported by \$475,000 from PDC and \$590,000 the bureau designated from its ongoing appropriation
- The River Plan has yet to initiate work on the South Reach; the Central Reach will be completed in tandem with the Central City Plan and extend in FY 2013-14 also. The bureau has designated \$339,000 from its ongoing appropriation to support this project in the current year.

Reduced funding may require extending timelines or pulling staff away from on-going work to focus on these larger planning efforts.

**Clean Energy Works Oregon grant**

Clean Energy Works Oregon was incorporated as a non-profit in spring 2010. The City's \$20 million federal DOE grant to support its work extends through May 2013. This program is noted as a significant issue because of its size, its autonomous status within the organization and the discrepancy between its initial and current timeline for expending funds.

In FY 2010-11 CEWO leveraged 971 loans totaling \$5.68 million for retrofits that improve energy efficiency. Program metrics also track payroll hours supported and CO2 emission reductions. No loan has been originated yet utilizing CEWO funds directly; program staff reports that shorter timeline leverage funds were utilized first. Initially staff anticipated a faster origination timeline and budgeted \$18.4 million for FY 2010-11; only \$2.2 million was actually expended. The program is targeting 1,000 originations by December 31, 2011 and in September forwarded its loan fund balance of \$4 million to Cascadia Enterprise, the loan servicer, rather than forwarding the funds one loan at a time. The grant also includes \$9.9 million for residential and commercial credit enhancement; the use of these funds is not yet determined. BPS staff are working to establish how these funds can best support and expand the market for energy retrofit loan products.

**Oregon Sustainability Center**

The OSC is a proposed 130,000 square foot joint development between the City and Oregon University System. Plans call for this building to open in early 2014, with BPS moving from its current location at the 1900 Building and expanding from 22,500 to 32,000 square feet. BPS's increase in annual costs associated with the OSC space is estimated at \$174,000. One-time move costs are much more significant at \$2.6 - \$4.5 million; the largest component of this cost is furniture, fixtures and equipment. The large range reflects the fact that many of the building requirements remain unknown. These would be required in FY 2013-14.

The building's development and construction remains uncertain given the state's failure to re-authorize the Oregon University System bonds required for roughly 60% of the project's funding. The State Ways and Means Committee will reconvene in February 2012 to reconsider bond authorization.

If the building moves forward, BPS would not be able to accommodate one-time costs within its existing budget. The bureau has suggested that it pursue grants for a portion of these dollars. City Council could also allocate one-time General Funds in project support; no General Fund dollars are currently slated to support this project beyond the BPS rent, which on a per square foot basis is slightly lower than rent at the 1900 building.

### **Recommended Requests**

#### Grant Carryover Requests

*EECBG/PN\_01, \$156,297; Solar Market Transformation/PN\_02, \$6,000; Metro Recycle at Work /PN\_03, \$26,22; State Historic Preservation Office/PN\_05, \$1,294; ODOE State Energy Program /PN\_06, \$1,840,800; OMSI Sustainability grant/PN\_07, \$13,386; Communities to Work/PN\_08, \$11,085; Metro Residential Compost/PN\_09, \$10,392; Climate Trust/PN\_10, \$3,000*

Total of \$2,055,083 requested for carryover associated with nine grants.

*FPD Recommendation: \$2,068,475*

#### Grant Adjustment

*Clean Energy Works Oregon/PN\_04, (\$2,492,400)*

Reduces appropriation of federal DOE grant PN\_12 by \$2,492,000 so that budget better aligns with expected spending. This brings the grant's FY 2011-12 budget to just over \$10 million, leaving about \$7.7 million to be expended in FY 2012-13. The grant period extends through May 31 2013.

*FPD Recommendation: (\$2,492,400)*

#### Citywide Food Scrap Program Roll Out

*PN\_13, \$651,000*

Recognizes new beginning fund balance within the Solid Waste Management Fund and appropriates funds to support citywide roll out of weekly curbside food scrap collection, which begins the week of October 31. Expenses will support advertising, outreach and communications staff, customer service staff, hauler transfer support and data evaluation.

*FPD Recommendation: \$651,000*

#### Solid Waste Fund Appropriations for On-going Programs

*BEST Awards /PN\_11, \$20,000; Event Sponsorship Carryover /PN\_12, \$42,665; Residential Waste Prevention Education/PN\_14, \$40,000; Carryover for Portland Recycle!/PN\_18, \$34,440*

These four requests recognize a total of \$137,105 in new beginning fund balance revenue in the Solid Waste Management Fund. Funds are appropriated to External Materials and Services to support ongoing bureau programs.

*FPD Recommendation: \$137,105*

General Fund Encumbrance Carryover

PN\_17, \$361,753

General Fund carryover supports 10 contracts for professional services that were encumbered in FY 2010-11. The largest of these contracts are:

- Worley Parsons Westmar, West Hayden Island Concept Plan and related studies: \$174,881
- Otak Architects, Portland Plan support: \$62,231
- Institutes for Conflict, work with WHI Advisory Group: \$45,000

FPD Recommendation: \$361,753

New Revenues

IGAs for West Hayden Island and Oregon Public Health Institute for Healthy Kids/PN\_15, \$88,291; Increase Water Bureau FY 2011-12 support for Green Investment Fund/PN\_16, \$51,490

Total of \$139,781 in new revenue recognition. Request PN\_15 increases intergovernmental Agreements for two projects. Port of Portland support for the West Hayden Island Plan increased by \$79,000, bringing the FY 2011-12 total contract to \$294,500. Oregon Public Health Institute support for Healthy Kids/Healthy Communities increased by \$9,291. Request PN\_16 budgets \$51,490 cash transfer from the Water Bureau into the Solid Waste Management Fund to support the Green Investment Fund program. This fulfills the Water Bureau's program commitment; BPS will expend the funds in the current and future years as invoices are received.

FPD Recommendation: \$139,781

**Comments on FY 2010-11 Budget Notes, Decision Packages and Non-Technical BMP Changes, 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 FY 2011-12 BPS GFOH allocation from \$152,950 to \$556,665. This movement of funds in itself did not increase BPS funding, but generated \$403,715 in General Fund savings. BPS requested and received a corresponding increase in on-going General Fund (Current Appropriation Level target) in the FY 2011-12 Adopted Budget. With the requested 1.5% FY 2011-12 cuts, total ongoing General Fund support for the bureau increased by \$293,781 rather than the full \$403,715.

## Decision Packages and Non-Technical BMP Changes

### **Reductions to General Fund Resources**

In FY 2010-11 the bureau implemented a 4% (just under \$300,000) reduction to General Fund resources. Reductions proceeded as planned and have been fully implemented.

### **One-Time city Funding for Planning Programs and Projects**

- Portland Plan and Central Portland Plan: \$800,000 General Fund. In FY 2010-11 work proceeded as planned. The project is expected to be complete by December; the state mandated component will likely be submitted second quarter of FY 2013-14. The Portland Plan was allocated \$635,028 in one-time General Fund in FY 2011-12.
- Youth Planning Program: \$70,000 General Fund. In FY 2010-11 234 youth participated in the program via workshops, presentations, Portland Plan testimony and youth atlas community mapping. The FY 2011-12 budget includes \$70,444 in one-time General Fund for continuation of this program.
- River Plan: \$167,317 BES interagency revenue. The adopted River Plan/North Reach was appealed by industry to Land Use Board of Appeals (LUBA) and remanded in January 2011. Industry then appealed LUBA's ruling to the Court of Appeals (COA) and more recently to the State Supreme Court. The Supreme Court has yet to decide whether to hear the appeal. In response to the LUBA remand, the bureau is refining its industrial land inventory and development projection – contained within the Economic Opportunities Analysis (EOA) – which will be heard by the Planning and Sustainability Commission February 2012. The bureau is also moving forward with the River Plan/Central Reach in tandem with the Central City Plan with expected completion in FY 2013-14. All reaches will be adopted as part of the Comprehensive Plan update. BPS has budgeted \$339,164 in on-going funds to support this project in the FY 2011-12 budget.

### **Revenues from Outside Agencies and Organizations**

- West Hayden Island: \$322,000 from Port of Portland increased to \$392,000. A draft recreational needs analysis, natural resources inventory, study of international port design innovations, and initial draft concept plans are available for public review. City Council will consider an annexation and zoning ordinance by mid 2012. The FY 2011-12 Adopted budget includes \$214,927 in revenue from the Port of Portland to and \$97,664 in one-time General Fund to support this project. The Fall BMP includes additional \$190,000 to be appropriated from the Port of Portland, bringing the total anticipated IGA revenue for this project in FY 2011-12 up to \$294,500.
- Airport Futures: \$120,848. Complete, approved by City Council April 13 and effective May 13 2011.
- Central City Plan: \$475,000 from PDC. In FY 2010-11 work progressed towards the CC2035 Framework and a recommended N/NE quadrant Plan, both expected in spring 2012. In FY 2011-12 the project is funded by \$350,000 from PDC and \$590,835 of ongoing General Fund.
- Waste reduction programming: \$851,000, Metro. A roughly equivalent amount is budgeted in FY 2011-12.
- Planning grants: \$188,096, various. Proceeded as planned.
- Sustainability grants: \$605,243, various. Proceeded as planned.

### **Solid Waste Management Fund Initiatives:**

- Durable lunch Trays for PPB: \$70,000. This project is complete; trays have been purchased and distributed.
- Public Recycling Containers: \$387,450. Installation of 175 public recycling containers on the downtown transit mall was completed in April 2011.
- Portland Recycles Phase II: \$450,000. The FY 2010-11 residential pilot food composting program reported 30% average reduction in solid waste collection. Citywide rollout was delayed due to slow permitting timelines for new transfer facilities; \$165,000 of these funds were actually expended. As

existing facilities have been able to expand capacity to allow for citywide roll out; this Fall BMP recommends \$651,000 in newly recognized beginning fund balance to support citywide compost collection beginning October 31 2011.

### Service Improvement Plan

There are three components to the FY 2010-11 BPS Service Improvement Plan:

1. Develop a strategic plan. This was completed in early 2011 and has been circulated. It extends through 2013.
2. New approaches to equity. The Portland Plan has been the vehicle of the bureau's work on equity. City and non-profits groups were engaged to develop this strategy and short-term actions. This work will continue in FY 2011-12.
3. Reduce commercial waste. Technical assistance was provided to 1,089 businesses, and the percent of commercial waste diverted increased from 64% in FY 2009-10 to 66% in FY 2010-11. In summer 2011 the bureau restructured its business assistance program and re-launched Sustainability at Work in response to a third-party program evaluation.

### FY 2010-11 Reconciliation

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	FY 2010-11 Percent Variance
<b>Requirements</b>			
Unappropriated Fund Balance	1,887,499	3,825,774	202.7%
Personal Services	11,146,304	10,261,057	92.1%
▶ External Materials and Services	25,809,833	7,465,532	28.9%
Internal Materials and Services	2,933,807	2,826,380	96.3%
Bond Expenses	37,063	35,788	96.6%
Fund Transfers - Expense	235,601	227,167	96.4%
<b>Total Requirement</b>	<b>42,050,107</b>	<b>24,641,698</b>	<b>58.6%</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	3,309,128	3,923,255	118.6%
Licenses & Permits	2,508,815	2,511,304	100.1%
Charges for Services	1,606,440	1,572,059	97.9%
General Fund Discretionary	8,109,046	7,747,867	95.5%
General Fund Overhead	152,950	152,950	100.0%
▶ Intergovernmental Revenues	25,664,536	8,054,766	31.4%
Interagency Revenue	524,227	474,761	90.6%
Fund Transfers - Revenue	100,547	99,516	99.0%
Miscellaneous	74,418	105,219	141.4%
<b>Total Resources</b>	<b>42,050,107</b>	<b>24,641,698</b>	<b>58.6%</b>

▶ FPD analyst concern
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Across all funds, the Bureau of Planning and Sustainability expended only 58% of its FY 2010-11 budget. This low percentage is due to over \$18 million in unspent grant appropriation out of a budget of \$24 million. The federal Department of Energy grant for Clean Energy Works Oregon (CEWO) accounts for the bulk of this discrepancy with a FY 2010-11 appropriation of \$18.4 million and only \$2.2 million in expenses. The grant has budgeted just over \$10 million in the current fiscal year, leaving \$7.7 million to be appropriated in FY 2012-13.

Within the General Fund the bureau's expenditures and revenues were 99% of its budget. The bureau under-spent its General Fund discretionary by \$36,179, all of which it has requested as encumbrance carryover.

Solid Waste Fund revenues and expenditures were 106% of budget due to larger than anticipated beginning fund balance. The fund spent down its balance to roughly \$3.2 million by year end, well above its \$500,000 recommended fund balance.

### **FY 2010-11 Performance Measure Reporting**

In FY 2010-11 residents rated the City slightly lower than the previous year for both overall livability and planning for future land use. This aligns with general trends reported in the Auditor's Service Efforts and Accomplishments such as a recent decline in citizens' assessment of the overall job performed by City government (from a 62% rating of good or very good in 2008-09 to 52% in 2009-10). However, percent of residents rating access to shopping or services and the attractive of new residential development as good or very good increased slightly.

Percent of material diverted from waste stream held steady for residences at 51% and increased for commercial properties from 64% to 66%. Total waste per household fell slightly (less than 1%), and total commercial waste collected fell by 3%. Citizen satisfaction with solid waste programs declined slightly.

BPS performance measures include a number of workload measures. The following measures indicate increased services provided in FY 2010-11 in comparison with the previous year:

- Residents reached by sustainable training and outreach (71,290, +16%)
- Number of multifamily units provided with recycling assistance (20,626, +14%)
- Number of design and construction industry professionals trained in green building practices (1,163, +51%)
- Bureaus assisted with sustainability projects (40, +150%)
- Residents participating in urban agricultural projects (4,700, + 18%)
- Number of solar energy systems installed since 2006 (1,471, + 26%)

The bureau attributes the increase in solar energy systems to the neighborhood-led Solarize Portland group purchase efforts, which have driven down prices and motivated residents.

The following measures declined in FY 2010-11.

- Citizens participating in workshops (2,135, -14%)
- City employees provided with sustainability training (50,-79%)
- Businesses reached by sustainability outreach and training (1,089, -35%)

**Financial Planning Division Analysis  
FY 2011-12 Fall BMP**

**Office for Community Technology**

Report Date: October 26, 2011

Analysis by: Seth Reeser

**Summary of Significant Issues**

There are no significant issues to note.

**Recommended Requests**

1. *CB\_001/Litigation Fund, \$119,930*

Carry over of a one time general fund appropriation for the use of litigation to enforce the terms and conditions of various franchise agreements. Approximately \$15,000 of this fund was spent in both FY2009-10 and FY2010-11.

*FPD Recommendation: \$119,930*

2. *CB\_002/Revolving Audit Fund, \$95,146*

Carry over of a one time general fund appropriation. It is anticipated that the Office for Community Technology will request additional funding for audits once it has submitted documentation to financial planning showing the results of previous audit fund expenditures. Current expenditures on audits since the approval of the appropriation has been approximately \$5,000.

*FPD Recommendation: \$95,146*

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

**Decision Packages and Non-Technical BMP Changes**

**Formal Franchise Renewal Process for Comcast Franchise** – As detailed below, a preliminary agreement has been reached with Comcast on its franchise renewal. Until the final agreement is signed however, the funding for the formal renewal process will be kept available. It is anticipated that the \$48,750 will be returned in the Spring BMP if the formal renewal process is not needed.

**Strategic Legislative Advocacy** – Funds were spent defending an attempt to preempt local ability to tax wireless providers and to advocate for a bill that would allow city flexibility to use Public, Education and Government fees for operating expenses instead of just capital. Funds were spent on staff travel and on an outside consultant for responding to the FCC Notice of Inquiry.

**Service Improvement Plans**

**Broadband strategic plan** – Council approved the Broadband Strategic Plan on September 14. The OCT is working to develop a workplan and budget for implementation of the plan.

**Comcast cable franchise renewal** – A preliminary agreement has been reached with Comcast. The agreement retains the nearly \$4 million annually dedicated to PEG and I-Net, one of the contentious issues

that came up during the renegotiation. All five member city councils and the Mount Hood Cable Regulatory Commission will have to approve the franchise before it is formally adopted.

**Defend City revenues, authority, and franchise/license provisions** – Staff continues to advocate at the federal and state level to defend against local authority preemption. Two bills are currently under consideration by the FCC which the City is interested in and has hired an outside consultant to assist in contesting.

### FY 2010-11 Reconciliation

#### Office for Community Technology – General Fund

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Licenses and Permits	\$0	\$4,000	NA
Charges for Services	\$115,146	\$95,146	-17.37%
Interagency Revenue	\$7,000	\$0	-100.00%
Miscellaneous	\$0	\$26	NA
General Fund Discretionary	\$1,789,943	\$1,787,349	-0.14%
<b>Total Resources</b>	<b>\$1,912,089</b>	<b>\$1,886,521</b>	<b>-1.34%</b>
<b>Requirements</b>			
Personal Services	\$583,707	\$567,936	-2.70%
External Materials and Services	\$954,410	\$954,153	-0.03%
Internal Materials and Services	\$373,972	\$364,432	-2.55%
<b>Total Requirements</b>	<b>\$1,912,089</b>	<b>\$1,886,521</b>	<b>-1.34%</b>

▶ FPD analyst concern

Resources: Charges for services is lower due to revenues that were booked in the prior fiscal year. OCT anticipated 5 new wireless pole installations with fees of \$4,000 each. Four of these occurred in the prior fiscal year and the other was booked as licenses and permit fees.

## Cable Fund – 206

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$6,286,238	\$6,295,607	0.15%
▶ Licenses and Permits	\$1,475,557	\$3,181,698	115.63%
▶ Charges for Services	\$2,919,648	\$1,570,319	-46.22%
Interagency Revenue	\$288,051	\$288,051	0.00%
Fund Transfers - Revenue	\$919	\$919	0.00%
Miscellaneous	\$58,000	\$32,395	-44.15%
<b>Total Resources</b>	<b>\$11,028,413</b>	<b>\$11,368,989</b>	<b>3.09%</b>
<b>Requirements</b>			
Unappropriated Fund Balance	\$4,811,493	\$7,240,114	50.48%
Personal Services	\$432,911	\$431,598	-0.30%
▶ External Materials and Services	\$5,047,185	\$3,598,272	-28.71%
Internal Materials and Services	\$92,179	\$81,861	-11.19%
Fund Transfers - Expenses	\$17,144	\$17,144	0.00%
Miscellaneous	\$627,501	\$0	-100.00%
<b>Total Requirements</b>	<b>\$11,028,413</b>	<b>\$11,368,989</b>	<b>3.09%</b>

▶ FPD analyst concern

Resources: Office for Community Technology has been trying to work out where revenues should be booked. Some revenues that were thought charges for services needed to be booked as licenses and permits. When taken together, the variance between the two categories budget and actual is less than six percent.

Requirements: Variance in External Materials and Services is due to less than anticipated payouts to PEG grantees.

### FY 2010-11 Performance Measure Reporting

CB\_0002 – the revised 11-12 budget number is lower than the 10-11 actual. One of the concerns with the Cable fund is building up a balance of PEG funds that are not being actively used. OCT has been making progress in getting grant funds out the door, but the overall balance should be monitored.

CB\_0003 – The workload based on the number of franchise has increased significantly with the code changes approved in 2010. Implementation of a software solution in partnership with the revenue bureau should help workload issues.

**Financial Planning Division Analysis  
FY 2011-12 Fall BMP**

**Office of Neighborhood Involvement**

Report Date: October 26, 2011

**Summary of Significant Issues**

The Office of Neighborhood Involvement (ONI) overspent its budget and its General Fund discretionary appropriation in FY 2009-10 and most likely will have overspent it again this past year (see FY 2010-11 Reconciliation section below) due to a change in how the system of record displays advances and their recoveries. In FY 2008-09, ONI underspent its General Fund appropriation by \$1.5 million with advances outstanding due to the same problem. However, the funds were not carried over but fell to balance and were ultimately appropriated for other uses because no one was aware of the problem at the time. After the discovery of the problem that caused ONI to overspend in FY 2009-10, ONI had been looking to OMF for a solution, including a potential change in system configuration, that would more easily display the effects of advance activity on actual expenditures consistent with the CAFR. Through the Over-Expenditure Ordinance, a process has now been put in place to help prevent ONI and other City bureaus from overspending at year-end due to advance activity. In addition, the EBS Team is continuing to work on developing a solution to display advance activity more transparently, but the earliest when any testing on the new solution can possibly be conducted will be in December.

In the meantime, Financial Planning recommends that ONI regularly keep track of the effects of advance activity on its expenditures throughout the year and communicate with Financial Planning on its budgetary needs. ONI can use the newly identified process in the Over-Expenditure Ordinance to request any additional resources necessary to address advance recoveries that it does not have the resources to cover. Financial Planning will also begin discussions with Accounting regarding the possibility of City bureaus not having to use advances in the granting of funds to outside entities. Financial Planning and ONI staff have met to discuss the issue and have agreed on a process to handle advance activity going forward. Financial Planning will continue to work with ONI on the implementation of this process and evaluating other potential system changes..

**Recommended Requests**

*1. NI\_001/Carryover of Excess Revenues, \$36,740, 0.0 FTE*

ONI's collection of revenues from the sales of Crime- and Business-Watch signs, donation revenues pertaining to the Graffiti program, and Liquor Licensing revenues were in excess of last year's budgeted amounts, and the office is requesting to carryover some of these excess revenues. Even though ONI has over-spent its General Fund appropriation this past year due to the advances issue discussed above, Financial Planning is recommending the request. Due to the uncertainties of how to adequately manage budgets and spending arising from the advances issue, Financial Planning is not holding bureaus responsible for the over-expenditure of their General Fund appropriations in FY 2010-11 resulting from advances activity. However, going forward, bureaus will be held responsible if they overspend their budgets because of advances.

*FPD Recommendation: \$36,740, 0.0 FTE*

*2. NI\_002/North Portland Greenway Trail Alignment, \$35,000, 0.0 FTE*

ONI requests to appropriate \$35,000 of revenue from the Parks Bureau for public outreach to residents, trail users, and impacted property owners. The office expects to receive and spend the remaining \$20,000 of the IA during the next fiscal year.

*FPD Recommendation: \$35,000, 0.0 FTE*

3. *NI\_006/Part-time Casual Employees at the North Portland Neighborhood Services (NPNS), \$20,000, 0.0 FTE*

ONI requests to appropriate revenue from an outside agency that is paying for temporary/seasonal NPNS staff services at a farmer's market and the North Portland Tool Library.

*FPD Recommendation: \$20,000, 0.0 FTE*

4. *NI\_007/ODOT Grant for Bryant Street Overpass, \$5,000, 0.0 FTE*

This is a request to carry over the remainder of a \$50,000 grant not expended last year to improve the overpass at Bryant Street.

*FPD Recommendation: \$5,000, 0.0 FTE*

5. *NI\_008/Encumbrance Carryover, \$255,724, 0.0 FTE*

ONI requests to carryover \$255,724 for contracts that extend past the end of the last fiscal year. The office had \$354,938 worth of encumbrances at year-end, and so the request is for about 72% of the total amount encumbered. Although encumbrance carry overs are funded by the prior year's underspending, and ONI did not have any due to the advances issue discussed in the Summary of Significant Issues section above, Financial Planning is recommending the request. Due to the uncertainties of how to adequately manage budgets and spending arising from the advances issue, Financial Planning is not holding bureaus responsible for the over-expenditure of their General Fund appropriations in FY 2010-11 resulting from advances activity. However, going forward, bureaus will be held responsible if they overspend their budgets because of advances.

*FPD Recommendation: \$255,724, 0.0 FTE*

6. *NI\_010/East Portland Neighborhood Office (EPNO) Casual Employees, \$0, 0.0 FTE*

This is a technical adjustment to transfer funds from Miscellaneous Services to personnel budget for three casual/unbudgeted part-time staffers at EPNO.

*FPD Recommendation: \$0, 0.0 FTE*

7. *NI\_011/Increase Hours for Disability Support Staff, \$0, 0.25 FTE*

This technical adjustment reduces Miscellaneous Services by \$9,317 to temporarily fund a 0.25 FTE increase for an Office Support Specialist (OSS) II position. The OSS II will be using the extra hours to help with the transition of the Commission on Disability to the new Office of Equity and Human Rights. Although Financial Planning has no objections to this adjustment since ONI is not requesting additional funds, it recommends that ONI look into using an IA with the Office of Equity to fund the increase if the extra hours that the OSS II will be working are solely focused on the transition.

*FPD Recommendation: \$0, 0.25 FTE*

8. *NI\_012/Reallocation of Neighborhood Small Grants, \$0, 0.0 FTE*

This adjustment distributes the funds for the Neighborhood Small Grants program into the appropriate fund centers for the various coalitions.

*FPD Recommendation: \$0, 0.0 FTE*

9. ONI also has four program carryover requests totaling \$122,680 for unspent funding from last year which it had removed from its budget during the Spring BMP and now seeks to re-appropriate. More details on these projects are provided below in the section discussing FY 2010-11 BMP Requests. Financial Planning is recommending the carry over of these program dollars so that ONI can continue work on these projects.

<b>Request No.</b>	<b>Title or Description</b>	<b>Amount Requested</b>	<b>Amount Recommended</b>
NI_003	Charter Review Commission	\$ 16,000	\$16,000
NI_004	Graffiti Grant-out Funding	\$ 95,000	\$95,000
NI_005	Last Thursday	\$ 1,680	\$ 1,680
NI_009	BTS Database Improvements	\$ 10,000	\$10,000
<b>Total</b>		<b>\$122,680</b>	<b>\$122,680</b>

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

**Decision Packages and Non-Technical BMP Changes**

**FY 2010-11 Budget Packages**

Mediation and Facilitation Program – ONI was provided one-time funding to continue to provide mediation and facilitation services through a grant agreement with Resolutions Northwest (RNW). \$101,418 one-time was added so that a total of \$234,763 was granted to RNW. The funding allowed RNW to maintain staffing, although reduced funding has prevented RNW from training as many volunteers as before so that program staff has had to absorb administrative duties, resulting in slower response to requests for service.

Graffiti Abatement Program - \$340,101 was provided to allow ONI to continue the Graffiti Abatement Program at a reduced capacity. The program continued to work to refer reports to the appropriate agencies and coordinate cleanup with grantees. In FY 2010-11, the program provided supplies, training, and supervision to youth and adults for approximately 56 graffiti cleanups. The program also partnered with organizations such as Alpha Broadcasting, Central City Concern, and Friendly Streets to organize and build capacity for cleanup events and to educate the public regarding graffiti issues. The office estimates that approximately 30,766 volunteer-hours have been dedicated to graffiti abatement efforts supported by ONI last year, leveraging over \$565,000.

East Portland Action Plan Advocacy – With one-time funding of \$129,692, ONI was able to continue staffing the East Portland Action Plan (EPAP) Advocate position to organize outreach and implementation of the East Portland Action Plan. During the Winter BMP last year, Council also approved an additional \$150,000 for community grants and projects related to the program. Council approved EPAP to award \$50,000 to 17 community grants last year. The Portland Development Commission (PDC) has also completed an MOU for \$50,000 to work on an East Portland Economic Development Area and Segment-specific assessment, and the EPAP Economic Development Subcommittee has been working with the PDC on it. Council also approved EPAP to award \$64,000 to fund seven community grants that target cultural and language specific organizations for entry-level Civic Engagement workshops.

### **FY 2010-11 BMP Requests**

Last Thursday funding – ONI received \$14,732 for Last Thursday related expenses, including a contract for an event coordinator, security, and other vendor services. The contract has been completed and paid in full. During last year's Spring BMP, \$1,680 of unspent balance was approved for carry forward, and ONI is requesting these funds during this Fall BMP.

Carryover ODOT Grant for Bryant Street Overpass – North Portland Neighborhood Services received a grant in FY 2009-10 from the Oregon Department of Transportation (ODOT) for \$50,000 for improvements to the Bryant Street/Interstate-5 pedestrian crossing. ONI entered into a contract with the Piedmont Neighborhood Association (PNA) for the final phases of the project that expended \$45,000 of the funds. During this Fall BMP, the office is requesting to carry over the remaining \$5,000 for PNA to complete the project.

Carryover Excess Revenue from FY 2009-10 – The bulk of the \$28,486 in revenues over budget were from Liquor License revenues and have been used for expenses related to the program, including temporary staffing during an extended leave of administrative staff in peak renewal licensing in the Fall and Winter of 2010.

Carryover of BTS Database Improvement Funds – The planned database improvements were delayed due to extended medical leave of the lead project staff person. Council approved carry forward of the \$10,000, and ONI plans to work on the requirements for the planned database revisions this year. The office is requesting the re-appropriation of these funds during this Fall BMP.

East Portland Action Plan Grant Funds – see write-up on the East Portland Action Plan Advocacy in the section on Budget Development Packages above.

North Portland Greenway Trail Alignment – During the Winter BMP last year, ONI and Parks entered into an Interagency Agreement for the initial \$10,000 of an anticipated \$65,000 to perform outreach on the ODOT funded North Portland Greenway alignment project. Outreach to the neighborhoods has begun and will continue into FY 2012-13. This Fall BMP contains a request to appropriate \$35,000 of the total for the same purpose.

Charter Review Commission Funding and its Carryover - Only \$4,000 of the \$20,000 approved by Council for the Charter Review Commission was spent in FY 2010-11. Although the Commission has been meeting regularly since the beginning of 2011, they have not yet prioritized how to spend the bulk of the funding. Council approved the carry forward of \$16,000 during last year's Spring BMP, and the office is requesting to re-appropriate the amount during this Fall BMP.

Enhanced Graffiti Abatement Funding and its Carryover – With \$130,000 approved by Council, ONI hired the new Graffiti Outreach Coordinator in the Spring of 2011, and the results include an increased number of cleanups, volunteers, and ongoing livability teams dedicated to graffiti clean-up in their neighborhoods. A grant was awarded to the Immigrant and Refugee Community Organization for youth walking crews. The program involved 22 youth and has removed over 5,500 graffiti tags in Portland. Council approved the carry forward of \$95,000 during last year's Spring BMP, and ONI is requesting to re-appropriate the amount during this Fall BMP.

Grant for Broadband Strategic Plan Outreach - \$10,000 in donations were provided from Comcast through the Office of Community Technology for outreach related to the City's broadband strategic planning. ONI awarded a grant to the Center for Intercultural Organizing to engage people of color, immigrants, and refugees to identify ideas for developing high speed internet infrastructure that ensures equity. Four videos were produced, and over 50 surveys were completed. The effort initiated community dialogue about

inequitable access for communities of color, but no recommendation was made for a publicly owned broadband utility.

### **Service Improvement Plans**

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

ONI's Community and Neighborhood Involvement Center (CNIC) has been implementing the goals and recommendations of the Five-Year Plan to Increase Community Involvement. Diversity and Civic Leadership Program grant agreements have been updated for FY 2010-11 to better align with ONI goals and objectives. Furthermore, CNIC developed a communications strategy and has been implementing or adjusting outreach approaches. Training has also been conducted, for example, with Portland Community Media on video and social media production, and with PSU on digital storytelling and written documentation. However, the office has made only limited progress on updating its Standards policy. The process is a multi-year one and depends on the priority topics identified by ONI's BAC.

#### **Partnering to address livability and public safety issues related to alcohol in Portland**

ONI coordinated the voluntary effort to restrict products in the downtown core to attempt to address the street drinking problem at the local level. Despite extensive outreach, only 9 of the 43 stores in the area were willing to enter into a voluntary agreement, and ONI then petitioned the Oregon Liquor Control Commission (OLCC) to establish an Alcohol Impact Area (AIA) in downtown. The OLCC accepted the petition and initiated rulemaking to establish an AIA, and ONI has identified next steps.

#### **Expanding volunteer training and coordination for graffiti abatement**

Although FY 2010-11 funding for free graffiti cleanup was reduced, ONI has maintained the ongoing cleanup crews and has been selective in using the free removal services provided by the City paid contractor. The effort to share the cleanup expense one-time with a commitment from property owners to continue to maintain the cleanup moving forward has been positively received and appears successful. The office has also continued to focus on support for increased volunteer cleanups and for groups interested in organizing ongoing cleanups in their neighborhoods. The addition of a Graffiti Volunteer Coordinator authorized during last year's Winter BMP has increased the capacity to provide recruitment and training of even more volunteers in previously "untapped" neighborhoods, so that 22 of the 95 neighborhood associations now have active volunteer cleanups.

## FY 2010-11 Reconciliation

Note: The figures below take into account the \$565,459 in advance recovery activity not contained in SAP actuals but were submitted by Accounting through memo entries so that they will show up in the year-end numbers of the CAFR.

General Fund (100)	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Charges for Services	\$145,692	\$177,707	21.97%
Intergovernmental Revenues	\$237,025	\$237,025	0.00%
▶ Interagency Revenue	\$52,730	\$41,643	-21.03%
Miscellaneous Revenue	\$47,600	\$53,947	13.33%
▶ General Fund Discretionary	\$6,131,164	\$6,329,056	3.23%
General Fund Overhead	\$155,628	\$155,628	0.00%
<b>Total Resources</b>	<b>\$6,769,839</b>	<b>\$6,995,006</b>	<b>3.33%</b>
<b>Requirements</b>			
Personal Services	\$3,211,588	\$3,188,295	-0.73%
▶ External Materials & Services	\$3,047,139	\$3,309,260	8.60%
Internal Materials & Services	\$506,112	\$492,451	-2.70%
Fund Transfers - Expense	\$5,000	\$5,000	0.00%
<b>Total Requirements</b>	<b>\$6,769,839</b>	<b>\$6,995,006</b>	<b>3.33%</b>

▶ FPD analyst concern

### Revenues

Charges for Services consist mostly of Liquor Licensing revenues. These revenues showed no effect from the economic downturn last year and ended the year at 22% above budget. The office plans to re-assess its funding projection model and will be increasing future budget estimates.

Interagency Revenues ended the year at 79% of the budgeted amount due mostly to two projects at the North Portland Neighborhood Office (NPNO) that did not expend their full allotments. NPNO plans to change its approach to Neighborhood Clean-Ups this year to be able to fully use the IA funding from the Bureau of Planning and Sustainability this year. The other project was the North Portland Trail Alignment, which began much later than ONI had originally expected, and so NPNO was not able to utilize the potential funds from the Parks Bureau.

Miscellaneous Revenue came in at 13% over budget due to the sales of Crime Watch signs and donations to the Graffiti program.

Even taking into account the over-collection of the above-mentioned external revenues, ONI will have overspent its General Fund discretionary by 3.2%, or \$197,891, due to the advances issue. See narrative in External Materials & Services below and the discussion in the Summary of Significant Issues above.

### Expenditures

Personal Services, Internal Materials & Services, and Fund Transfer expenditures were all within budget.

The office has overspent External Materials & Services by 8.6% or \$262,121 due to the lack of budgeting of recovery of advances from prior years, resulting in an over-expenditure of 3.3% in the office's total General Fund budget.

Grants Fund (217)	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
▶ Intergovernmental Revenues	\$50,000	\$15,000	-70.00%
<b>Total Resources</b>	<b>\$50,000</b>	<b>\$15,000</b>	<b>-70.00%</b>
<b>Requirements</b>			
External Materials & Services	\$50,000	\$45,000	-10.00%
<b>Total Requirements</b>	<b>\$50,000</b>	<b>\$45,000</b>	<b>-10.00%</b>

▶ FPD analyst concern

Revenues

ONI received a cash advance of \$50,000 from ODOT in October 2009 for the Bryant Street Overpass project. \$15,000 of expenses and revenues were recognized in February 2011, and an additional \$30,000 of expenses were recognized in June 2011. However, on the revenue side the advance recovery process was not properly adhered to, resulting in the \$30,000 in revenue being recognized one month later in the new fiscal year. ONI is requesting to re-appropriate the remaining \$5,000 of the grant during this Fall BMP.

Expenditures

ONI expenditures in the Grants Fund were within budget.

### FY 2010-11 Performance Measure Reporting

While some of ONI's non-workload performance measures are fairly straightforward and easy to track, the office realizes that some other ones need more consistency in application.

Measures such as administration staff as a percentage of total bureau staff, administration budget as a percent of total bureau budget, percent of liquor licenses with complaints addressed through TPM enforcement, percent of clients satisfied with mediation services, and percent of calls answered in less than 25 seconds are fairly straightforward and easy to track. The office has met its goals for most of these measures last year.

In its narrative discussing performance measures, the office mentions four measures that require more consistency in tracking: number of people reached by direct communications, number trained on leadership/organizational development skills, number of activities, and number of partnerships with underrepresented groups. The data for three out of four of these measures show enormous changes from the prior fiscal year due to changes in what is actually being tracked or different neighborhood groups tracking different things, making year-to-year comparisons meaningless. Financial Planning recommends that it develop consistent approaches to what is actually tracked and train staff and community members to apply these approaches uniformly across the organization. ONI is aware of this issue and should be agreeing to the recommendation.

**Financial Planning Division Analysis  
FY 2011-12 Fall BMP**

**Portland Bureau of Transportation**

Report Date: October 26, 2011

Analysis by: Lisa Shaw

**Summary of Significant Issues**

*Fiscal Sustainability.* PBOT's financial health continues to warrant close monitoring. The bureau experienced a few years of revenue stability after several years of shortfalls. This period of relative financial calm appears to be eroding primarily due to the most recent Oregon Department of Transportation's (ODOT) *Economic and Revenue Forecasts'* revised Gas Tax revenue projections as published in September 2011. Factors contributing to PBOT's financial concerns:

1. **State Revenue Shortfalls** – Based on PBOT's and ODOT projections the bureau is revising its forecast and reducing appropriation for anticipated Gas Tax revenues by \$4.2 million. The bureau conservatively reduced its budgeted expectations even beyond the initial recommendation by the State, erring on the side of caution. While this may not seem like a significant reduction out of a programmatic budget of nearly \$140 million, the fact that more than 60% of its discretionary revenue source is trending downward suggests that the bureau may be in for more Gas Tax-related cuts during the FY 2012-13 budget development process and beyond.
2. **Project Expenditures** – PBOT appears to be accelerating overall program spending in order to match an ambitious agenda. Project spending sometimes appears to out-pace external revenue sources which can put a strain on existing General Transportation Funds (GTR). For example, the \$15 million bond sale that the bureau has planned for this November will primarily reimburse the Transportation Operating Fund for a series of capitably-eligible work dating back to February 2011. While financing capital projects on a reimbursement basis is not an uncommon approach, the bureau could have chosen to delay several millions of dollars worth of project spending during FY 2010-11 until bond proceeds became available. Not waiting for the bond sale created a strain on PBOT's cash position.

To help address these issues, the bureau is encouraged to explore several tactics:

- **Discretionary Revenues.** Parking garage and on street parking revenues represent approximately 30% of the bureau's pure discretionary revenue stream. Although a primary goal of Parking Operations is encouraging parking turnover downtown rather than revenue generation, the program also represents an increasingly important revenue source. It is important for PBOT to focus strategically on increasing this revenue base as Highway Trust Fund resources are dwindling. The bureau currently does not have a published performance measure to track the link between existing marketing strategies and related parking revenues. PBOT is encouraged to develop formal systems in order to implement the most effective methods for increasing the customer base and strengthen these revenue streams.
- **Project Assessment.** Perform a reassessment of what the bureau is able to realistically accomplish programmatically within a given fiscal year. This includes developing a funding / cost risk assessment tool that lists the funding and expense risks associated with major projects and assigning a code or grade indicating the likelihood of failure by type of risk. This is particularly critical regarding large capital projects that are contingent upon partner revenues or other program revenues not directly within the bureau's control.
- **Internal Process.** Develop and maintain stringent financial processes throughout the bureau. The bureau cannot afford mid-year financial surprises. As an example, in FY 2010-11 the bureau ended the year with major object overspending in external materials and services, by \$7.9 million. Although underspending in personal services and capital outlay more than cover this shortfall, the fact that the bureau did not have the systems in place to foresee such a significant cost overrun is concerning and

does not bode well for making mid-year adjustments to respond to potential future revenue shortfalls.

### Recommended Requests

1. TR\_002/*Fleet Services Carryover, \$928,200*

TR\_003/*Facility Improvements Carryover, \$187,000*

TR\_004/*Safety Incentive Program, \$0*

- The bureau is requesting to carryover \$928,200 and increase the interagency with CityFleet in order to cover the cost of 20 vehicles and equipment that were ordered in FY 2010-11 but not delivered. The impacted groups include Traffic and Street Cleaning; the single largest purchase is a new paint-stripping machine costing \$370,000.
- Carrying over \$187,000 to complete updates to the Kerby facility that were not completed. The project includes resurfacing the roof and eliminating some safety concerns regarding the air-conditioning unit. Work to be completed by March 2012.
- The bureau is recognizing a \$14,032 savings with Risk Management in Worker's Compensation Insurance charges due to PBOT safety initiatives.

*FPD Recommendation: \$1,115,200 from contingency*

3. TR\_005/*Sustainable Freight Strategy Carryover, \$28,292*

TR\_006/*Foster-Lents Integration Partnership Carryover, \$18,583*

Carrying funds over in order to complete each study. The Freight study should be completed by June 2012 and the FLIP study by December 2012. This indicates that an additional carryover request will needed.

*FPD Recommendation: \$46, 875 from contingency*

6. TR\_007/*One-Time General Fund Project Carryover, \$23,267*

Council approved \$250,000 for ADA sidewalk work during the FY 2007-08 budget development process. With this carryover, the bureau will be redesigning up to 10 ADA corner curb ramps to meet the most recent federal guidelines. Work should be completed by the end of winter 2011. Additionally, PBOT is installing yellow truncated dome warning features on existing ramps in the central city. This component should be completed by the end of the fiscal year.

*FPD Recommendation: \$23,267 in contingency*

7. TR\_008/*Convert LT to Permanent (Bicycle & Ped Planning), \$0, 1.0 FTE*

The bureau is converting an existing 80% limited term position into permanent full time position. The budgetary impact is net zero to the bureau. The current year value is \$70,400; the full year value is \$88,000. This position has been, and will, be dedicated to bicycle and pedestrian planning. About one third of salary and benefits will be paid for out of the bicycle parking fund; the other two thirds is covered by bicycle and pedestrian work performed on various capital projects and related projects within the Maintenance Operations group. The bicycle parking fund appears to have the capacity and is stable enough to support the ongoing funding of about \$30,000, or one third of the position. Additionally, there appears to be sufficient funding for capital projects related to bicycle and pedestrian infrastructure to support the position as permanent and full time. PBOT will need to reassess this position if the bicycle parking fund balance dips below current projections or if the mix of capital projects changes such that bike/ped projects are significantly reduced.

*FPD Recommendation: \$0, 1.0 FTE*

8. TR\_009/Position Reclassification, \$21,613

The bureau is requesting to reclassify three positions:

- Development Services Supervisor to Senior Program Manager, \$15,413
- RWA Agent Supervisor pay grade increase from 8 to 10, \$6,200
- Sr Engineering Assoc to Engineer, \$0

The increase will be supported by additionally anticipated permit revenues. The bureau is encouraged to regularly monitor these revenue projections to ensure that this reflects the most reasonable, conservative estimate available. Any revenue shortfalls will need to be counterbalanced by programmatic cuts or reductions to these positions.

*FPD Recommendation: \$21,613 in new revenues*

9. TR\_010/Match Carryover, \$0

This net zero carryover request, reallocates \$181,165 for 28 projects or initiatives. Primarily project schedules have shifted such that the match dollars will be needed in the current year.

*FPD Recommendation: \$0*

10. TR\_011/Bond Sale, \$0

PBOT added \$15 million in bond proceed revenues to their Spring BMP FY 2010-11, however, the bureau's earlier assumption that the sale would take place in June 2011 was not realized. This action reduces planned beginning fund balance and increases bond proceeds to account for the bond sale that is planned for November 2011.

*FPD Recommendation: \$0*

11. TR\_012/Parks LA, \$55,000

The bureau of Parks and Recreation is hiring PBOT for design and planning work related to sidewalks.

*FPD Recommendation: \$55,000 in interagency funds*

12. TR\_013/Project Adjustments, \$255,480

The bureau is carrying over / adjusting grant funding in the following projects due to changes in design and construction schedules:

- SE 122nd (T00278) \$250,000
- Going to River (T00275) \$40,000
- Lake Oswego Streetcar (\$35,000)
- Vancouver over Columbia Slough \$13,137

And redistributing resources for the following non-grant project:

- Pearl Circulation Plan (\$12,657)

This transaction is comprised of a \$62,000 reduction in the Operating Fund [200] in personal services within the Transportation Planning group and a \$49,343 increase in materials and services within the Grants Fund [217] Transportation Planning in order to true up the original Adopted Budget submission.

- Paving net zero
- A shift of \$100,000 from Street Maintenance Engineering Support to T00055 Paving Preservation Program for pavement testing.

The grant portion of the transactions had originally been recognized via the following ordinances: 184570 and 183429 during FY 2010-11.

*FPD Recommendation: \$255,480 in grant funds*

13. TR\_014/LA with BES for Greenstreet Projects, \$81,000

TR\_015/LA with BES for Sewer/Stormwater Service, \$0

- Recognizes an \$81,000 agreement with BES for PBOT's Sidewalk Section to provide work at Holman Park and Buster Simpson Park.
- This net zero request moves \$392,294 between existing service categories for stormwater services.

*FPD Recommendation: \$81,000 in interagency funds*

14. TR\_016/Interagency with Revenue Bureau, \$51,785

PBOT is increasing its billing and collection services with the Revenue Bureau in order to accommodate an increased number of Leaf Day customers. Several changes were made to the FY 2011-12 version of the Leaf Day program including:

- A streamlined and more informative webpage  
<http://www.portlandonline.com/transportation/leafday>
- An online leaf zone locator
- Ability of residents to rake leaves into the street for pickup
- Ability to pay or opt out online

The bureau has indicated that expenditures and revenue collections are projected to be similar to FY 2010-11: revenues of \$415,000 and expenses of \$726,000. If this is the case, revenues will cover about 60% of program expenses and GTR will subsidize the remainder. Currently, PBOT's Leaf Fee revenue is reflected in the budget at \$350,000; this request's recognition of an additional \$51,785 will bring the bureau's budget in line with prior year actuals.

The bureau is encouraged to track expenses and revenues again carefully for the FY 2011-12 leaf season in order to understand how the refined program will impact payment compliance and begin to estimate when the program will become self sustaining.

*FPD Recommendation: \$51,785 in external revenues*

15. TR\_017/Emergency Landslide, \$0

The goal of this request is to fund an additional \$1.8 million for emergency landslide issues (on SW Broadway Drive and SW Sam Jackson Park Road). In order to cover the additional expenditures, PBOT is making the following programmatic reductions:

- Harbor Dr. / River Parkway project reductions (\$800,000)
- Maintenance Division PS (\$327,000) and EM&S reductions (\$473,000) for a total one time reduction of (\$800,000)
- Business Services Accountant II (\$73,426)
- Business Services GIS Tech I (\$64,212)
- Transportation Options vacancy (\$62,362)

It should be noted that the Accounting II position PBOT is offering up as salary savings had originally been identified as funding approximately 80% of the newly created limited term Public Information Manager

position the bureau created in July 2011. PBOT will need to identify alternate savings or programmatic cuts to fund the position or delay hiring.

*FPD Recommendation: \$0*

*16. TR\_018/Pkg Studies/Yamhill-Morrison/Bike Study, \$0*

The bureau is reprogramming the budget in order to fund the following high priority projects totalling \$599,000:

- Central Eastside and NW Parking Studies \$249,000
- Revitalization of Yamhill/Morrison retail spine (installing planters in 32 locations) \$250,000
- Bike Share Program Study and RFP preparation \$100,000

Funds for these projects will be redirected from the following areas:

- Electrician (\$86,346) and Streetlights & Signal Manager (\$103,227) vacancy savings
- Interagency reduction with BTS based vacancy savings (\$146,970)
- Business Energy Tax Credit (BETC) application fee savings (\$30,000)
- Draw on contingency of (\$232,457)

*FPD Recommendation: \$0*

*17. TR\_019 Gas Tax Revenue Estimated Reduction \$0*

The bureau is managing a decrease in previously anticipated revenues. Based on information from the State of Oregon's Department of Transportation and the bureau's own internal projections, PBOT is recognizing the following resource reductions of \$4.7 million:

- \$4.2 million reduction in Gas Tax revenue appropriation
- \$415,500 reduction in beginning fund balance

To adjust for this loss, the following is proposed:

- Revenue - Increasing the fund transfer from the Parking Facilities Fund by \$1.5 million
- Revenue - Recognizing a small savings from the transit mall agreement with TriMet \$145,000
- Expense - Reducing Sidewalk projects by \$3.25 million
- Expense - Reducing Parking Fund contingency by \$541,595
- Expense - Increasing Operating Fund contingency by \$232,457

The most significant adjustment is the reduction to the sidewalk program. The bureau is recommending reducing the current year's budget by 45%, revising the original budget from \$7 million to \$3.75 million. The bureau intends to increase its FY 2012-13 sidewalk budget by the \$3.25 million in order maintain the original program total.

*FPD Recommendation: \$0*

*18. TR\_020/Add Four Permanent Streetcar Positions, \$0, 4.0 FTE*

The bureau is requesting to create four additional positions in order to reflect the increase in Streetcar operations with the loop extension. Two Streetcar Operation Supervisors and Two Streetcar Maintenance Supervisor for a full year value of \$320,304. In the current year, the costs will be funded by the federal funds that are supporting a majority of the expansion. Startup costs have been identified as reasonable and acceptable charges to the grant. After operations have begun, the position will be funded with GTR in the Transportation Operating Fund.

This package will increase the total number of permanent positions from 7.0 FTE to 11.0 FTE, a 43% staffing increase, to accommodate 3.3 miles of additional line.

Adding permanent positions that will ultimately be the direct responsibility of the bureau's discretionary revenue is a fiscal risk that PBOT is not well positioned to handle.

FPD recommends that the PBOT hire four *limited term* employees in the positions identified above and wait until one full year of active service to evaluate the actual ongoing workload. If revenues allow and experience supports the workload levels, the bureau should request converting the limited term positions to permanent positions at that time.

*FPD Recommendation: \$0, 0 FTE*

### **Not Recommended Requests**

#### *1. TR\_001/General Fund Request – Downtown Mktg Initiative, \$133,374*

PBOT has requested an exemption from the bureau's entire FY 2011-12 Adopted Budget General Fund cut target. Non-public safety bureaus were required to submit cuts equalling 1.5% of their discretionary GF total. PBOT's original proposed cut to Streetlight utility payments in the amount of \$133,374 was not recommended and an alternate package was proposed by Financial Planning.

The bureau argued effectively that it was not feasible to cut a small portion of the streetlight utility payment as individual lamps could not be turned off or reprogrammed to shorter duration in order to achieve the needed underspending. As a result, FPD recommended restoring the cut to streetlights and proposed cutting an apparent duplicative service provided by TravelPortland in marketing the City owned parking garages.

The PBOT discretionary reduction in FY 2011-12 is required. There are a few options available to accomplish this:

- *Re-negotiating the Downtown Marketing Initiative contract*. The bureau has stated that it would be difficult to re-open this contract, however it is not clear that negotiation has been attempted. The contract has been held harmless in previous General Fund cuts even though approximately a quarter of the nearly \$1 million contract is subsidized by General Fund resources. Additionally, there appears to be duplicative parking garage marketing services provided by TravelPortland and the SmartPark contractors, Central Parking. If the duplication exists, the garage marketing services could be renegotiated out of the existing DMI contract without adversely impacting the garages and associated revenue stream.
- *Parking Garage Funds*. If it is the bureau's position that the marketing efforts outlined in the DMI contract are complimentary, rather than duplicative, the bureau could chose to backfill the reduced General Fund subsidy with parking garage revenues. The bureau is encouraged to create a performance measure to track the link between DMI efforts with increased parking revenues. See additional discussion in the Performance Measure section below.
- *Other program cuts*. The bureau could evaluate other programmatic areas to cut in order to free up GTR to pay for the contract shortfall.

*FPD Recommendation: \$0*

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

### **Decision Packages and Non-Technical BMP Changes**

Most decision packages are in progress or completed. Listed below are highlights of packages which have stalled or changed:

- *Arterial Streets / Contract Paving \$1,908,057 (originally \$2,960,124)*

Some funds for this project were redirected to fund FY 2010-11 funding deficits and to pay for higher priority projects. Project work on NE Sandy Boulevard will resume in the current year.

- *Deficient Bridges/Overpasses \$559,221 (originally \$867,563)*

Some funds for this project were redirected to fund FY 2010-11 funding deficits and to pay for higher priority projects. Project work will resume in the current year.

#### Non-Technical BMP changes (from Spring BMP)

- *BES loan partial repayment - \$13 million increased appropriation*

A partial loan payment of \$5 million was made. PBOT was asked by OMF to maintain the Federal funds that will be used to repay the loan in the Grant Fund (217) in order to ensure that the Grant Funds would not end the year with a negative balance. The \$17 million balance of the original \$22 million is due to BES' Sewer System Rate stabilization fund by June 30, 2012. The bureau may need to increase appropriation during the Spring BMP order to make the final payment.

- *Bond financing for Capital projections - \$15 million increased appropriation*

The bond sale was not completed in FY 2010-11, but is scheduled to occur on November 8, 2011 with a closing on November 22. The bureau may need to increase appropriation during the Spring BMP to accommodate the sale once the transaction has been completed.

#### Service Improvement Plans

##### Final update for FY 2010-11:

- *Mobile Maximo* (workorder management program) – New approach  
PBOT reassess the bureau's direction and needs. A new plan will be implemented in the current year. Please see below.
- *Parking Operations Division Service Improvement* – Completed
- *Sunderland Yards Crushing Operation* – Completed

##### FY 2011-12 Service Improvement Plan:

- *Pavement Management* – The bureau will load pavement treatment rules and maintenance cost data into the new system, Street Saver in order to run predictive models and report on pavement status.
- *Mobile Technology* – The bureau will identify and potentially purchase mobile options for improving workgroup data management specifically within Operations and Maintenance. This is the replacement SIP for *Mobile Maximo* as listed for FY 2010-11.
- *Asset Management Levels of Service* – The bureau will establish Specific, Measurable, Attainable, Relevant, and Time-bound (SMART) level of service for all PBOT asset classes.

## FY 2010-11 Reconciliation

Transportation Operating Fund - 200	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
▶ Budgeted Beginning Fund Balance	16,613,921	5,850,439	-64.79%
Licenses & Permits	1,157,300	2,441,625	110.98%
Charges for Services	29,655,339	34,001,341	14.66%
▶ Intergovernmental Revenues	58,062,573	56,995,397	-1.84%
Interagency Revenue	28,382,294	27,101,452	-4.51%
Fund Transfers - Revenue	21,332,902	19,349,182	-9.30%
▶ Bond and Note	20,495,079	5,935,079	-71.04%
Miscellaneous	2,571,077	1,754,338	-31.77%
<b>Total Resources</b>	<b>\$178,270,485</b>	<b>\$153,428,853</b>	<b>-13.93%</b>
<b>Requirements</b>			
Personal Services	62,695,304	57,569,881	-8.18%
▶ External Materials and Services	39,655,909	47,522,395	19.84%
▶ Internal Materials and Services	23,226,693	23,488,625	1.13%
▶ Capital Outlay	13,411,966	7,332,265	-45.33%
Bond Expenses	9,425,783	5,496,933	-41.68%
Fund Transfers - Expense	5,853,929	5,839,953	-0.24%
Contingency	24,000,901	0	-100.00%
Unbudgeted Ending Fund Balance	0	6,178,801	n/a
<b>Total Requirements</b>	<b>\$178,270,485</b>	<b>\$153,428,853</b>	<b>-13.93%</b>

▶ FPD Analyst concern

### Resources

*Beginning Fund Balance.* This source is significantly lower than what had been anticipated. Of the \$11.3 million shortfall, \$6.5 is attributed to bond financing which did not take place last year. These expenses will be reimbursed during the current fiscal year after the November 2011 bond sale takes place. Another \$2.7 million is explained due to project billings that will take place in the current fiscal year. The work was completed in FY 2010-11 and should have been appropriately billed and received in FY 2010-11. The remaining \$2.1 million balance is related to SmartMeter purchases which went through prior to receiving proceeds from a previously established line-of-credit.

*Intergovernmental Revenues.* While this source is under the 10% reporting threshold, the nearly 2% , or \$1 million, undercollection in intergovernmental revenues is primarily attributed to lower Gas Tax Funds. Any undercollecting in Gas Tax is a concern (as stated in Significant Issues above).

*Bond and Note.* The bureau's originally planned \$15 million bond sale did not materialize in FY 2010-11. The sale has now officially been scheduled for November 2011. PBOT increased revenue appropriations during the Spring BMP to accommodate the potential revenue from the sale, however in retrospect it was very ambitious to assume that a sale could have been completed by the end of June.

*Miscellaneous.* This is the result of lower 'donation' revenues received and lower revenues from the Sunderland Yard sale of recycled materials.

*Overall.* The bureau is encouraged to take a more fiscally conservative approach to all revenue projections.

## Expenses

*External Materials and Services.* The overall overexpenditure is overstated by about \$1.5 million. Two year-end accruals to correct for mistaken entries will have the net effect of reducing the \$47.5 million actual expenditure to \$46 million. After the corrections are implemented, the revised figures will represent closer to an 18% overexpenditure rather than nearly 20%. The revised variance is still material.

Contributing factors were schedule delays in three capital projects: Division Street, Eastside Streetcar Expansion and SW Moody. Originally, these projects were anticipated to have progressed to the construction stage primarily, however various delays pushed capital spending out to FY 2011-12. Adding to the overexpenditure was the recognition of the SmartMeter parking meter purchase as external materials and services rather than capital outlay as the bureau had initially anticipated and, more importantly budgeted. The bureau recognizes that this budget to actuals mismatch should have been caught soon enough to have made the appropriate adjustments.

*Internal Materials and Services.* The bureau failed to make an internal overhead recovery adjustment of \$3 million. There would have been no overexpenditure in this major object category if the transaction had been submitted and processed in a timely manner. The bureau requested this transaction too late to be considered as part of the Spring BMP but was encouraged to revisit during the Over Expenditure Ordinance.

*Overall.* PBOT's spending was within its program budget as a whole, spending 98% or \$135.7 million out of a revised budget of \$138.8 million. The spending allocation among the major object categories, however, was not aligned with major object budgeting. All bureaus were given two end-of-year opportunities to adjust budgeted appropriation, the Spring BMP and the Over Expenditure Ordinance, however the major object issues highlighted in the chart above were not addressed. It is essential that PBOT tighten its internal controls in order to address overspending issues as they arise. The bureau is in the process of working with the new SAP reporting tool, Business Objects (commonly referred to as "BobJ") in order to develop specialized reports with which to monitor discrete program areas more carefully. This should enable more thorough monitoring by program managers as well as bureau fiscal staff. The bureau is encouraged to continue this work as well as to emphasize refinement and accuracy of all expense estimates and to look holistically across all programs in order to rebalance sub-budgets and make programmatic changes as necessary.

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Transportation Reserve Fund - 212</b>			
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$25,646	\$3,938	-84.64%
Bond and Note	\$2,494,354	\$2,494,354	0.00%
Miscellaneous	\$20,000	\$6,975	-65.13%
<b>Total Resources</b>	<b>\$2,540,000</b>	<b>\$2,505,267</b>	<b>-1.37%</b>
<b>Requirements</b>			
Bond Expenses	\$2,500,000		-100.00%
Contingency	\$4,000,000		-100.00%
Unbudgeted Ending Fund Balance	\$0	\$2,505,267	n/a
<b>Total Requirements</b>	<b>\$6,500,000</b>	<b>\$2,505,267</b>	<b>-61.46%</b>

► FPD Analyst concern

## Expenses

No actuals have yet been recorded in SAP, the City's accounting system of record. Until the formal City-wide year end closing has been completed this information will not be available. No issues are anticipated.

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Gas Tax Bond Redemption Fund - 308</b>			
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$5,485	\$4,532	-17.37%
Fund Transfers - Revenue	\$1,085,550	\$1,071,574	-1.29%
Miscellaneous	\$0	\$45	n/a
<b>Total Resources</b>	<b>\$1,091,035</b>	<b>\$1,076,151</b>	<b>-1.36%</b>
<b>Requirements</b>			
Bond Expenses	\$1,085,550	\$1,071,574	-1.29%
Contingency	\$5,485		-100.00%
Unbudgeted Ending Fund Balance	\$0	\$4,577	n/a

▶ FPD Analyst concern

No significant issues in this fund.

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Parking Facilities Fund - 606</b>			
<b>Resources</b>			
Budgeted Beginning Fund Balance	9,564,263	9,567,626	0.04%
▶ Charges for Services	11,217,000	10,725,650	-4.38%
Interagency Revenue	912,536	881,507	-3.40%
Fund Transfers - Revenue	3,902	3,902	0.00%
▶ Miscellaneous	163,000	148,881	-8.66%
<b>Total Resources</b>	<b>\$21,860,701</b>	<b>\$21,327,566</b>	<b>-2.44%</b>
<b>Requirements</b>			
Personal Services	139,648	111,381	-20.24%
External Materials and Services	3,338,615	3,061,371	-8.30%
Internal Materials and Services	2,861,143	1,835,841	-35.84%
Bond Expenses	12,091,747	3,791,746	-68.64%
Fund Transfers - Expense	3,429,548	3,429,548	0.00%
Contingency	0	0	n/a
Unbudgeted Ending Fund Balance	0	9,097,679	n/a
<b>Total Requirements</b>	<b>\$21,860,701</b>	<b>\$21,327,566</b>	<b>-2.44%</b>

▶ FPD Analyst concern

**Resources**

*Charges for Service.* While the overall performance is only 4.38% less than budget, the City-owned parking garages represent an increasingly significant component of discretionary revenue for PBOT. Based on PBOT's FY 2011-16 Financial Forecast submitted during the Requested Budget, the originally planned \$3.1 million transfer from the Parking Facilities Fund to Transportation Operating Fund represented an approximate 3% contribution to PBOT's GTR, or discretionary funding. While this appears to be a relatively minor contribution, there are mitigating factors which increase the weight and importance of this revenue stream.

1. The steady decline in Gas Tax funds. During this BMP process, the bureau is decreasing its budgeted appropriation of State Gas Tax by \$4.2 million to reflect a reduction in the State's forecast while, at the same

time, increasing its reliance on Parking Garage revenues by \$1.5 million. This allocation shift is likely to continue over the foreseeable future.

2. Level of discretion. There are limitations on the types of functions and activities that the funds can pay for. For example, Gas Tax funds cannot legally pay for any transit activities. This restriction does not exist for parking garage or other on-street parking revenues. Of the fully discretionary parking related revenues, parking garage revenues represent about 10%, or \$3.1 million out of about \$30 million.

Embedded in the Charges and Fees figure is also PBOT's rental stream from the various retail establishments on the ground floors of the garages. Of the \$567,000 budgeted, the bureau achieved approximately \$520,000, or about 90%. While under-achieving by this percentage may seem insignificant, given the bureau's overall reduction in State revenues and relatively flat / slightly declining parking revenues, it is important that this revenue source is shored up and that this dip does not represent a trend. PBOT would do well to focus its efforts on reducing retail space vacancies.

Please see below for the recommendation that PBOT create a performance measure to track the impact various marketing initiatives have on the City's ability to collect parking garage revenues. While revenue generation has never been the bureau's primary goal with the Parking Garages, the importance of the revenue stream suggests creating a more strategic approach.

*Miscellaneous Revenues.* This revenue stream reflects a reduction in the interest income earned on investments. PBOT should review its current year assumptions to ensure the budget reflects an accurate representation of the current economic climate.

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>TR Grants Funds - 217</b>			
<b>Resources</b>			
Budgeted Beginning Fund Balance	13,000,000		-100.00%
Intergovernmental Revenues	114,622,720	88,514,365	-22.78%
Interagency Revenue	0	135	n/a
Miscellaneous	0	92,919	n/a
<b>Total Resources</b>	<b>\$127,622,720</b>	<b>\$88,607,419</b>	<b>-30.57%</b>
<b>Requirements</b>			
Personal Services	7,727,493	5,127,458	-33.65%
External Materials and Services	9,992,478	7,895,694	-20.98%
Internal Materials and Services	4,315,167	1,986,859	-53.96%
Capital Outlay	92,587,582	78,788,635	-14.90%
Bond Expenses	13,000,000	5,000,000	-61.54%
<b>Total Requirements</b>	<b>\$127,622,720</b>	<b>\$98,798,646</b>	<b>-22.59%</b>

▶ FPD Analyst concern

**Overall** As of October 5, 2011 PBOT's grants reimbursement backlog was \$13.4 million. Of this amount, the Eastside Portland Streetcar accounted for just under 60% or \$7.6 million. Bureaus are expected to submit reimbursement paperwork in a timely manner in order to avoid a financial burden on their operating funds and on the City's General Fund. During the Spring BMP FY 2010-11 BMP process, PBOT's backlog was twice this amount at \$27 million; this revised figure demonstrates that PBOT continues to make considerable progress. Over the past fiscal year the bureau hired three temporary employees to focus on eliminating the historical reimbursement backlog. Additionally, the bureau has increased the permanent staff assigned to

grants work to reflect the ongoing effort needed to maintain the necessary reimbursement pace. The bureau must not relent, however. Slow grant reimbursements will only add to the bureau's existing financial frailty.

### **Expenses**

Slow overall capital project spending impacts the grants revenues collected as well as each major object spending category. As is discussed in the FY 2010-11 Capital Project Reconciliation section below, the bureau experienced lags in construction across all capital programs. A significant portion of PBOT's CIP flows through the grants funds.

Primary projects contributing to the underspending include:

- Cully Boulevard
- Portland Streetcar Eastside Extension
- Columbia River Crossing
- Sidewalk (ARRA) work
- Portland to Milwaukie LRT
- Moody Parkway
- Vancouver over the Columbia Slough

All project work continues in FY 2011-12.

Bond expenditures are significantly less than planned in that the partial repayment of the loan to Environmental Services Rate Stabilization Fund of \$13 million (out of the \$22 million total) had originally been anticipated. By year end, PBOT had been required to maintain a larger balance in the grants funds to avoid negative fund balance and postponed a majority of the payment until FY 2011-12. BES required that the bureau make a minimum payment of \$5 million, which is reflected in the actuals.

### **FY 2010-11 Performance Measure Reporting**

Existing Measures. All measures are capturing a steady progress in their respective areas. The following areas are highlighted for review:

- *Signalized intersections.* The actual work achieved was considerably higher than originally targeted for FY 2010-11. The original target of 92 was outpaced by the year end actual of 127 – surpassing the goal by 40%. This increased performance is the direct result of the expansion of projects from the CIP that require signal timing updates and a new federal requirement for changing the assumed walking speeds. As a result, the bureau has updated its target for FY 2011-12 to 140.
- *New measures.* PBOT has two brand new measures for FY 2011-12: Percent of CIP funding from partner organizations (with a target of 71%) and number of Center and Main Street projects contributing the Citywide goal of creating 20-minute neighborhoods (goal of 16). No prior year actuals exist – this bullet serves as a flag for evaluation next year to gauge the bureau's performance and the relative usefulness of these recent additions.

Suggested Measures. PBOT should consider adding the following two measures during the FY 2012-13 budget development process:

- *Recycling.* Reinstate one of the former Sunderland Yards performance measures (or create a new measure) in order to track the results of creating and maintaining a gravel and compost yard. PBOT made the business decision to bring this service in-house rather than continue to rely on outside vendors. As the operation is not completely sustained through outside sales [sales fund approximately 30% of the Sunderland Yard recycling operations] and the bureau is in the process of recognizing dwindling gas tax and General Fund support, it bears formal reminding (internally and externally) why this program should continue to be supported by other transportation resources.

- *Parking Garage performance.* Create a performance measure to track and evaluate the resources spent on marketing SmartPark parking spaces against the relative increase in customer base and revenue collected. The bureau is encouraged to work with Financial Planning to help create an appropriate measure, or measures, to capture the impact. Efforts to maintain and, ideally, increase this discretionary source should be monitored formally in order to evaluate and impact future revenues in a strategic way.

Please see a more technical discussion about the importance of parking garage revenues in the Fund 606 section above.

### FY 2010-11 Capital Project Reconciliation

The bureau ended the year with an 18% underspending across all capital programs. The most significant areas of underspending are outlined below:

Program	Revised Budget	Actuals	Variance
Centers and Main Streets	\$98.6 million	\$86.2 million	(\$12.3) million
Freight and Industrial	\$ 7.5 million	\$ 5.4 million	(\$2.1) million
Local Street Design	\$ 1.3 million	\$ 0.741million	(\$0.869) million
Neighborhood Livability	\$ 7.7 million	\$ 4.5 million	(\$3.2) million
Preservation and Rehab	\$17.9 million	\$11.6 million	(\$6.3) million
Special Projects	\$ 5.7 million	\$4.1 million	(\$1.6) million
<b>Total</b>	<b>\$139.2 million</b>	<b>\$113.9 million</b>	<b>(\$25.3) million</b>

Highlights of approximately \$19 million, or 75%, of the bureaus' CIP underspending:

*Centers and Main Streets.* Two projects contribute to this 13% underspending. Cully Boulevard construction has been completed, however as the project was partially funded by a federal Housing and Urban Development (HUD) grant, expenditures and revenues were recorded as an interagency billing to the Housing Bureau rather than reflected as part of the CIP program. The bureau is reviewing the way that this was handled in order to proposed a more accurate expenditure recognition should a similar situation arise in future years. Additionally, some Portland Streetcar expenses anticipated in FY 2010-11 did not materialize by the end of the fiscal year. They are shifted to the current year.

*Preservation and Rehabilitation.* Ongoing work in this program area was anticipated to lag which explains most of the 35% underspending. As a result, a portion of this was recognized as a carryforward during the FY 2011-12 budget development process. For more accurate reporting and accountability purposes, PBOT should have reduced the FY 2010-11 appropriation by a commensurate amount during the Spring BMP process. The bureau is encouraged to review its capital budget appropriation more thoroughly in anticipation of this occurring again in the current year so that they may reconcile known fiscal year shifts during the Spring BMP process. This provides Council as well as the general public a more accurate way in which to track and monitor capital spending. Neglecting to reduce appropriation when underspending is known, or even planned, creates an artificially high variance that contributes to workload misunderstandings and creates obstacles to outside review and monitoring.

### FY 2011-12 Capital Project Reporting

The Fall BMP includes a \$1.7 million reduction in appropriation, adjusting the FY 2011-12 Adopted Budget CIP from \$97.4 million to \$95.4 million. This adjustment is the net result of the following transactions:

- \$3.2 million in state Gas Tax funds out of \$8 million dedicated this year to sidewalk improvements (in East Portland as well as Southwest Portland) will be deferred in recognition of the State and City's revised Gas Tax forecast. TR\_019.

It is very early in the fiscal year for the bureau to have made very significant process in implementing its CIP. Current year actual expenditures are \$11.5 million, or 12% of the revised budget of \$95.5 million. Work has primarily occurred within the Centers and Main Streets program, \$4.7 million [Moody Parkway work in the South Waterfront and Streetcar Loop work], Special Projects, \$3.4 million [primarily SmartMeter parking meter installation], and Preservation and Rehabilitation \$2 million [distributed evenly among several projects].

**Financial Planning Division Analysis  
FY 2011-12 Fall BMP**

**City Attorney**

Report Date: October 26, 2011

Analysis by: Bob Tomlinson

**There are no significant issues or Fall BMP requests from the City Attorney.**

**Comments on FY 2010-11 Decision Packages and Non-Technical BMP Changes, and Service Improvement Plans**

**Decision Packages and Non-Technical BMP Changes**

**1. Portland Police Bureau Legal Services – Reduction**

Description: The Adopted Budget included a \$194,743 reduction in service provided to the Portland Police Bureau (PPB); the Police Bureau initiated the cut. The City Attorney's Office will hold a position vacant in order to accommodate this revenue and service level reduction.

Status: The office eliminated the attorney position that provided legal services to the Portland Police Bureau.

Results: The City Attorney provides a police legal advisor to help PPB with operational policy and practice and also to assist City policy makers with policing matters. When a team of two lawyers performed this work, they were busy with tasks ranging from advising officers at arrest scenes to drafting City Code on sidewalk management.

When one of the lawyer positions fell to budget cuts, after discussion with the Police Bureau, the City Attorney was forced to decline work in some areas, including chronic nuisance enforcement, and engage outside counsel to pursue forfeiture actions.

Fixed work overhead, such as responding to criminal subpoenas and motions for return of property, now makes up a greater proportion of the remaining lawyer's schedule, displacing work that is more directed at assisting and improving the bureau. That work is now concentrated in major policy development areas such as use of force, staffing the numerous Council and police administration meetings at which legal input may be necessary, interfacing with other governmental and police agencies and staffing regular Police Bureau functions such as training, tort claim review and study of use of force.

As a result, there has been a reduction in the availability of timely legal advice to the street, a reduction in contact with officers and sergeants over day-to-day issues and much less time spent in the field observing operations. The remaining lawyer is also unable to realistically commit significant time to PPB functions such as policy manual monitoring and updating - one of several factors moving PPB toward outsourcing policy manual maintenance.

**2. Housing Bureau Attorney**

Description: To provide funding for one full time Deputy City Attorney position and one part time Legal Assistant position to perform legal work for the Housing Bureau. The positions will assume all housing work previously performed by PDC's attorney, who will transfer to the City Attorney's Office. Funding will be provided through an interagency agreement with the Housing Bureau.

Status: Complete. The positions are filled; the PDC attorney transferred to City Attorney's Office and the legal work is ongoing.

### **3. 3% Ongoing Reduction**

Description: As directed, the City Attorney's Office identified an ongoing 3% reduction to General Fund discretionary revenue. The office proposed to reduce external materials and services in the amount of \$55,971.

Status: Savings in Personal Services costs due to temporary vacancies reduced the need to cut external material services.

### **4. 1 % One-Time Reduction**

Description: As directed, the City Attorney's Office identified a one-time 1% reduction. The office proposed to reduce education and travel expenses in the amount of \$18,657. Education and travel were reduced in the prior year and cannot sustain ongoing cuts.

Status: Complete. Reductions were made to out of town travel for educational purposes. The office intends to reinstate out of town travel when necessary in the upcoming budget cycle to allow for quality legal training.

## **Service Improvement Plans**

### **1. Improve upon current efforts to provide timely responses to inquiries**

The office has initiated a 24-hour goal for initial response to legal inquiries and will continue to work to achieve that goal on all matters. When immediate answers cannot be provided, attorneys will work with the client to agree on the timetable for response. The recent reorganization of the office into practice groups will assist attorneys in giving timely responses by providing additional back-up attorneys through information sharing and cross training. The Practice Management system currently being implemented will make it easier to retrieve information to provide timely responses.

**Status:** Underway

**Est. Date of Completion:** Ongoing

**Summary:** The 24-hour response time goal for initial inquiries was implemented in 2008. The office conducts customer service surveys every two years and incorporated this goal into the survey to measure progress. In 2008 and 2010, over 80% of customers rated initial timeliness satisfaction at high or very high. Although 80% is commendable, the office plans to improve upon those numbers in the future. The respondents that rated timeliness at neutral or low have the option to comment and/or contact the City Attorney to discuss ideas for improvement. The City Attorney has met with bureau directors to review the results for each bureau.

### **2. Provide consistent legal advice throughout bureaus and Council offices**

One of the purposes of reorganizing into practice groups is to take advantage of the expertise of attorneys in the office and provide opportunities for sharing that knowledge. As the practice groups get more experience in operating as groups, attorneys can share more information and improve the office's ability to provide consistent advice. The Practice Management system will provide a repository for advice so that attorneys can quickly access that information and use it for giving consistent advice.

**Status:** Underway

**Est. Date of Completion:** Ongoing

**Summary:** The office is in its third year of the reorganization into practice groups. Chief Deputy City Attorneys hold monthly practice group meetings to discuss legal issues and City projects. Although difficult to measure, it is expected that this additional internal communication will provide for more consistent legal advice. In addition, the office purchased and configured Practice Manager Software to provide a base of information for all attorneys and staff. The software was implemented in September 2009, and after two

years, has been embraced by most staff members. The office's change management team is continuing to develop best practices and to train staff on how to use the system to its full potential.

### **3. Providing additional training to bureaus and Council offices**

The office will increase use of technology and easily accessible media to provide training to bureaus and Council offices on matters of general government. This includes public records, public meetings and ethics as well as specific advice on employment, construction, tort liability and other matters. The office will seek to develop training materials that can be shared in an efficient and effective way. This will include web page materials, FAQs and other shared media, as well as personal trainings. Training programs help the City meet its obligations and avoid risk.

**Status:** Underway

**Est. Date of Completion:** December 2011; with ongoing updates

**Summary:** The office exceeded its training goal by providing over 350 hours of training in FY 2010-11. This is a 15% increase over FY 2009-10. The office is working on an improved training program for City bureaus and council offices and will continue to keep training a high priority. Additionally, the City Attorney's office website now contains basic training materials and information and is in the planning stages for future development. Once an updated training program is in place and materials are completed, materials will be placed on the City Attorney website for access by City employees.

## FY 2010-11 Reconciliation

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Charges for Services	\$0	\$2,377	N.A.
Interagency Revenue	4,523,704	4,523,704	0.00%
General Fund Discretionary	1,781,135	1,359,402	-23.68%
General Fund Overhead	2,539,320	2,539,320	0.00%
<b>Total Resources</b>	<b>\$8,844,159</b>	<b>\$8,424,803</b>	<b>-4.74%</b>
<b>Requirements</b>			
Personal Services	\$7,602,124	\$7,318,606	-3.73%
External Materials and Services	510,463	386,043	-24.37%
Internal Materials and Services	731,572	720,154	-1.56%
<b>Total Requirements</b>	<b>\$8,844,159</b>	<b>\$8,424,803</b>	<b>-4.74%</b>

▶ FPD analyst concern

Personal Services: Spending was 4% under budget primarily due to temporary vacancies throughout the year.

External Materials and Services: This category was under-spent by 24% for several reasons. For the past several years, the office has budgeted funds in External M&S for temporary staffing needs. Savings in Personal Services this year reduced the need to use External M&S for temporary staffing needs. Additionally, the office made temporary reductions in out of town travel and legal publications. Finally, the office eliminated one attorney FTE due to reductions in the Police Bureau budget, which reduced related external expenses.

### FY 2010-11 Performance Measure Reporting

Litigation cases handled for the year were as projected. The actual hourly rate was slightly lower than anticipated due to expenses coming in under budget.

The number of contracts reviewed was significantly higher than target. Although the City Attorney's office has no control over the number of contracts that come through the office for review, the office has been able to handle the increase with available resources.

The number of training hours provided was higher than target due to the high priority the office has placed on training. One thing to note, however, is that budget reductions at the Police Bureau eliminated one attorney position. This resulted in reduced legal training for that bureau by about 25% over prior year.

**Financial Planning Division Analysis  
FY 2011-12 Fall BMP**

**Office of the City Auditor**

Report Date: October 26, 2011

Analysis by: Kezia Wanner

**Recommended Requests**

1. *AU\_001/Carryover: Review of Liens Collection Process, \$50,000*

The Auditor's Office entered into an agreement in FY 2010-11 for an outside review of the current liens collection process, which involves both the Auditor's Office Assessments, Liens, Finance, and Foreclosures program; the Revenue Bureau; the Bureau of Development Services; and other City bureaus. A delay in releasing the RFP resulted in the likelihood that the funds would not be expended in the prior fiscal year; therefore the Auditors' Office submitted a 2011 Spring BMP request to reduce their FY 2010-11 budget by \$50,000 with the intention to request to re-appropriate the funds in this Fall BMP.

*FPD Recommendation: \$50,000 General Fund discretionary*

2. *AU\_002/Carryover: On-Call Land Use Hearings Officer, \$10,000*

Funding is requested for on-call land use hearings officer services. There was a delay in the procurement process for services in the prior year, and accordingly the Auditor's Office requested to reduce their FY 2010-11 budget in the Spring BMP and request the appropriation in the current fiscal year.

*FPD Recommendation: \$10,000 General Fund discretionary*

3. *AU\_003/Carryover: Review of Officer-Involved Shootings, \$25,000*

Last fiscal year, the Auditor's Office entered into a \$250,000 contract for an outside review of officer-involved shootings and in-custody death cases. A portion of the work occurred in the prior fiscal year, but the majority of the work is anticipated to occur in the current and future fiscal years. The Auditor's Office requested to reduce their FY 2010-11 budget by \$25,000 with the intention to request the appropriation in the Fall BMP.

*FPD Recommendation: \$25,000 General Fund discretionary*

4. *AU\_004/Encumbrance Carryover, \$99,063*

The Auditors' Office had \$179,963 in contract encumbrances carried over from prior fiscal year to the current fiscal year. The Auditor's Office has determined that the required budget for outstanding services for the current fiscal year totals \$99,063. The encumbrance detail is as follows:

- \$68,200 for the City's external annual financial audit
- \$14,680 for public web access for lien information
- \$4,000 for temporary staffing to work on data entry for the community survey
- \$1,232 for captioning services for televised City Council meetings
- \$1,176 for land Use Hearings Officer services
- \$1,975 for review of Police officer-involved shooting/in-custody deaths
- \$3,920 for PSU Oregon Fellowship Program participation
  - \$1,480 for electrical wiring project at Archives and Records Center
  - \$1,950 for Summer Works 2011 intern staff

\$450 for staff training

*FPD Recommendation: \$99,063 General Fund discretionary*

5. *AU\_005/LID Transfer to Water, \$49,500*

This reflects a transfer of funds from the Local Improvement District Fund to the Water Construction Fund of estimated proceeds from Water SDC assessment contracts included in a December 2011 bond sale. The transfer of funds will occur in the amount of the actual proceeds.

*FPD Recommendation: \$49,500 bond revenues and fund transfer to Water Construction Fund*

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

### **Budget Notes**

The purpose of the Bancroft Bond Interest and Sinking Fund is to provide financing for 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:** The CAO delegated responsibility for the recommendations to the City Treasurer. The City Treasurer completed the report and gave it to the Auditor's Office for review, and then submitted it to City Council on January 31, 2011. One of the Auditor's Office recommendations was that a stakeholder's group be created by OMF to define the specific allowed uses of the fund reserve account; to date no stakeholder group has been convened so the Auditor's Office intends to convene a stakeholder's group to work on this issue.

### **Decision Packages and Non-Technical BMP Changes**

#### **Increase the LID IA for Lien Accounting System Replacement project**

In the Fall BMP 2010, a \$145,000 IA was established between the Auditors' Office and BTS for a lien accounting system. After working on the project for several months, BTS determined that they would not be able to meet the obligations to deliver a new system, so BTS reversed approximately half of the project costs they had charged to that point. The Auditor's Office is now looking at hiring an IT consultant to determine other options for a new lien accounting system.

### **Service Improvement Plans**

**Goal #1:** Strengthen the authority and police oversight capacity of the Auditor's Independent Police Review (IPR) program

**Status:** In 2010 the IPR program experienced some significant changes and these include greater authority of the IPR director to initiate cases; required IPR approval for closing administrative investigations or sending them to Police command staff for further action; IPR's ability to challenge the Police Bureau's findings or recommended discipline; and instating the IPR director as a voting member of the Police Review Board, the body that recommends disciplinary actions to the chief of Police.

**Goal #2:** Improve and revise the annual community survey

**Status:** The Auditor's Office worked with a consultant to develop methods for better survey response rates for the 2010 community survey; the 2010 survey response rates reflected a 4% increase in participation.

**Goal #3:** Increase capacity for more routine audits of IT systems and ongoing reviews of the City's SAP system

**Status:** Audit Services staff has received training in new audit analysis software and hired a Sr. IT Auditor. IT audits that are planned to occur in 2011 and 2012 include transaction testing/analysis of City financial transactions, testing/analysis of PDC transactions, and broad evaluation of the PSSRP program.

### FY 2010-11 Reconciliation

Auditor's Operating Fund	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Charges for Services	\$335,388	\$423,403	26.24%
Interagency Revenue	\$1,205,028	\$774,353	-35.74%
Miscellaneous	\$10,000	\$14,384	43.84%
General Fund discretionary	\$4,152,903	\$3,446,205	-17.02%
General Fund overhead	\$3,609,767	\$3,609,767	0.00%
<b>Total Resources</b>	<b>\$9,313,086</b>	<b>\$8,268,112</b>	<b>-11.22%</b>
<b>Requirements</b>			
Personal Services	\$4,819,740	\$4,733,285	-1.79%
External Materials & Services	\$1,888,357	\$1,120,469	-40.66%
Internal Materials & Services	\$2,604,989	\$2,414,358	-7.32%
<b>Total Requirements</b>	<b>\$9,313,086</b>	<b>\$8,268,112</b>	<b>-11.22%</b>

▶ FPD analyst concern

#### Auditor's Office Operating Fund (General Fund)

Interagency Revenues came in 36% lower than budget due to a combination of factors including the cancellation of the BTS Lien Accounting System project which was IA funded from the LID fund to the Auditor's operating fund, the lower external audit costs which in turn resulted in lower IA revenues from paying bureaus, and decreased lien searches.

External materials and services were underspent by 41% primarily due to contract work budgeted but did not occur in FY 2010-11, including the IPR review and public liens searches, and the lower than projected costs for the City's financial audit.

Fund 201 - Assessment Collection Fund	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$79,924	\$79,338	-0.73%
▶ Miscellaneous	\$2,000	\$530	-73.50%
<b>Total Resources</b>	<b>\$81,924</b>	<b>\$79,868</b>	<b>-2.51%</b>
<b>Requirements</b>			
Internal Materials & Services	\$1,321	\$1,320	-0.08%
Fund Transfer - expense	\$38	\$38	0.00%
Contingency	\$80,565	\$78,328	-2.78%
<b>Total Requirements</b>	<b>\$81,924</b>	<b>\$79,686</b>	<b>-2.73%</b>

Miscellaneous revenues came in 73.5% lower than budget due to the decrease in investment earnings. The interest rates continue to be suppressed due to the stagnant economy.

<b>Fund 401 - LID Fund</b>	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$5,309,031	\$6,358,902	19.78%
Charges for Services	\$815,540	\$868,190	6.46%
Fund Transfer - Revenue	\$2,788	\$2,788	0.00%
▶ Bond and Note	\$12,015,204	\$9,487,181	-21.04%
Miscellaneous	\$2,372,500	\$2,232,314	-5.91%
<b>Total Resources</b>	<b>\$20,515,063</b>	<b>\$18,949,375</b>	<b>-7.63%</b>
<b>Requirements</b>			
External Materials & Services	\$445,000	\$435,607	-2.11%
Internal Materials & Services	\$1,648,940	\$1,248,097	-24.31%
Bond Expenses	\$5,849,068	\$4,937,120	-15.59%
Fund Transfers- Expense	\$7,940,425	\$6,712,402	-15.47%
Contingency	\$4,631,630	\$5,616,149	21.26%
<b>Total Requirements</b>	<b>\$20,515,063</b>	<b>\$18,949,375</b>	<b>-7.63%</b>

Bond and note revenues were 21% lower than budget due to the decreased external funding needed for LID projects, specifically PBOT projects. Of the \$2.5 million variance between budget to actuals, \$1.2 million of that reflects PBOT projects that were budgeted but not billed by fiscal year end.

<b>Fund 311 - Bancroft Bond Fund</b>	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$15,948,373	\$13,961,657	-12.46%
Bond and Note	\$0	\$1,500,000	na
Miscellaneous	\$8,693,522	\$8,137,354	-6.40%
<b>Total Resources</b>	<b>\$24,641,895</b>	<b>\$23,599,011</b>	<b>-4.23%</b>
<b>Requirements</b>			
Unappropriated Fund Balance	\$12,529,154	\$10,188,431	-18.68%
▶ Bond Expenses	\$8,612,741	\$9,910,580	15.07%
Miscellaneous	\$3,500,000	\$3,500,000	0.00%
<b>Total Requirements</b>	<b>\$24,641,895</b>	<b>\$23,599,011</b>	<b>-4.23%</b>

Bond Expenses were 15% higher than budgeted due to the recording of a \$1.5 million loan to BDS in Spring 2011. If this was not included in Bond Expenses, the actuals would have been 98% of budget.

### FY 2010-11 Performance Measure Reporting

Some items of note in Auditor's Office Fall BMP report on prior year performance are below:

#### **Increase in number of Audits**

The Audit Services Division increased its goal for audits issued annually from nine to 12. The office has stopped producing the Service Efforts and Accomplishments (SEA) report in order to free up staff resources

to conduct more audits. In FY 2010-11, the office met its goal and issued 12 audits. The goal of 12 audits issued continues in FY 2011-12.

**Satisfaction of Ombudsman Services**

The citizen rate of satisfaction with the services received by the Auditor's Office increased from 75% in FY 2009-10 to 80% in FY 2010-11. The satisfaction rates with the services can vary quite significantly from year to year; only a small percentage of people receiving services actually respond to the surveys and each of their survey results can influence the aggregate number.

**TRIM/Efiles**

The number of electronic documents viewed through Efiles has increased from FY 2009-10 from 270,802 to 336,820 in FY 2010-11. The goal for FY 2011-12 is 400,000.

**Financial Planning Division Analysis  
FY 2011-12 Fall BMP**

**Office of Government Relations**

Report Date: October 26, 2011

Analysis by: Bob Tomlinson

**There are no significant issues or Fall BMP requests from the Government Relations.**

**Comments on FY 2010-11 Decision Packages and Non-Technical BMP Changes, and Service Improvement Plans**

**Decision Packages and Non-Technical BMP Changes**

**Interagency Reductions:** These packages reflect a net decrease of \$72 in interagency costs resulting from decision packages approved in the Office of Management and Finance's Proposed Budget.

Status: An adjustment to the bureau's ongoing General Fund discretionary target was made to balance the decreased costs.

**Federal Assistant Funding:** The Adopted Budget granted Government Relations an add package of \$48,000 to continue the position of Federal Legislative Assistant which assists the Director with the preparation and implementation of the City's federal legislative agenda. This position is primarily responsible for federal research, analyzing federal legislation, drafting federal correspondence, monitoring legislation, preparing advocacy materials, and preparing and reviewing city comments on legislation and rulemaking, monitoring national media, and providing other support as needed to the Director, council offices and bureaus.

Status: This position has provided extensive support within the Office of Government Relations and to City bureaus and Council offices. The position has also allowed the City to achieve success on its federal legislative program during a challenging political and economic climate. Government Relations will ask for permanent full-time funding for this position in the FY 2012-13 budget.

**Annual Sessions Funding:** Government Relations received \$16,240 in the Mayor's Proposed Budget for Annual Legislative Sessions. This will cover car rentals, administrative, printing and other expenses related to the annual sessions which will run 35 business days in even numbered years.

Status: This package was approved for this fiscal year only. Annual sessions will continue for the foreseeable future. The bureau will request permanent funding for this expense in FY 2012-13.

**Service Improvement Plans**

**Coverage of state legislative issues:** The ambitious agenda that the City Council and bureaus seek at the state level has fully occupied the lobby staff during the interim with additional issues that could be addressed, but go beyond the already stretched capacity of the office. The Office of Government Relations received funding in the fall BMP for an additional position of Federal Assistant in advance of the 2011 session. The bureau asked that this position be made permanent with ongoing funding. This position has served several bureaus and Council offices, by ensuring coverage at key meetings involving federal legislative issues, research on new funding and policy opportunities, and communication with the federal legislative delegation and federal agencies. Permanently funding this position allows for deeper research and analysis and faster service to the Council offices and bureaus.

The bureau did not receive permanent funding for this position in the budget process; however one time money was received. The bureau will be asking for permanent funding in FY 2012-13.

**Bill Tracking and Response:** The growing number of state bills in combination with the bureau's bill tracking system that needs some upgrades has made present bill tracking inefficient and can be prone to error. It also requires additional staff time in Salem. In the next fiscal year, the office will update its technology if funding allows.

The bureau is currently looking at a new tracking system that is already established and may provide all the updates and information that the City requires for fast and accurate tracking.

**Agenda Development:** The agenda development process involved public input earlier this year into the legislative agenda. This process can continue to be improved for the next regular legislative session to ensure the community has the opportunity to identify issues and that the process is transparent and efficient for staff.

The bureau has already begun development of the State legislative agenda for the February 2012 Session, and continues to improve upon opportunities with community engagement as well as Statewide outreach to legislators and attendance at town halls.

**Customer Service:** The office will continue to strive to meet a high level of customer service for the Council offices and the bureaus, as well as to the city's external customers. The office will aim to produce a customer service survey in the fall of 2011 to evaluate the office's customer relations efforts.

Government Relations released a customer service survey during the summer of 2011. Positive surveys were received back from participants.

### FY 2010-11 Reconciliation

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Interagency Revenues	\$72,271	\$72,271	0.00%
General Fund Discretionary	\$483,718	\$446,820	-7.63%
General Fund Overhead	\$646,975	\$646,975	0.00%
<b>Total Resources</b>	<b>\$1,202,964</b>	<b>\$1,166,066</b>	<b>-3.07%</b>
<b>Requirements</b>			
Personal Services	\$760,892	\$733,226	-3.64%
External Materials and Services	\$289,327	\$275,450	-4.80%
▶ Internal Materials and Services	\$152,745	\$157,390	3.04%
<b>Total Requirements</b>	<b>\$1,202,964</b>	<b>\$1,166,066</b>	<b>-3.07%</b>

▶ FPD analyst concern
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Internal Materials and Services were overspent by 3% due to motor pool expenses and unanticipated replacement of office equipment in Portland and Salem. The overspending was offset by underspending in Personal Services and External M&S.

### FY 2010-11 Performance Measure Reporting

Government Relations successfully achieved its performance measure goals by reporting to Council regularly during the Legislative Session as well as producing a legislative package that was distributed to bureau directors, liaisons, Council Offices and was posted on the website. The bureau is currently producing a Legislative Report that will be distributed to bureau directors, liaisons, Council office and will be available on the web page. Government Relations has worked diligently to maintain the outreach program that was established. The bureau has and will continue to meet with targeted legislators, organizations and community individuals and report findings to City staff and elected officials.

**Financial Planning Division Analysis  
FY 2011-12 Fall BMP**

**Office of Human Relations**

Report Date: October 26, 2011

Analysis by: Kezia Wanner

**Summary of Significant Issues**

The establishment of the Office of Equity and Human Rights was approved by Council Ordinance #184880 September 21, 2011. The intended next steps are to transition both staff and budget of the Office of Human Relations (OHR), and \$525,000 appropriation from a FY 2011-12 Special Appropriation, to the Office of Equity. The transfers are expected to occur in the current fiscal year and Financial Planning is working with Commissioner Fritz's Office and OHR on the transition strategy and timeline.

**Recommended Requests**

*1. HN\_001/Carryover Request for Inter-Group Dialogue Program, \$40,000*

In the Spring BMP 2011, OHR requested to carry forward \$40,000 of funds they anticipated would be unspent at year end, to hire a consultant to train program facilitators. The FY 2010-11 budget was reduced by the \$40,000 in the Spring BMP and their current request would re-appropriate funds in the current fiscal year.

OHR has reported that they have hired a consultant to conduct the training. The scope of work states that the contractor will "train experienced facilitators to be successful trainers for future facilitator trainings and to act as peer coaches for other facilitators.... This training will provide skills and experience for participants to train new facilitators and to coach other facilitators on inter-group and cross-cultural differences or conflicts."

*FPD Recommendation: \$40,000 General Fund discretionary*

*2. HN\_002/Carryover Request for Human Rights Commission, \$20,000*

OHR requested to reduce their FY 2010-11 budget by \$20K in the Spring BMP with the intention of requesting the funding in the 2011 Fall BMP for the purpose of hiring a consultant to assist the Human Rights Commission (HRC) in strategic planning. The RFP is currently being finalized and HRC is working to alert a group of appropriate vendors that the RFP will be released by mid-December. The timeline is to have the vendor selected by end of November, a contract in place by end of December, and work completed by April 1, 2012.

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

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

**Decision Packages and Non-Technical BMP Changes**

**Carryover Request for Intergroup Dialogues**

The request was made in Spring BMP 2011 to carryover the funds and request them in this Fall BMP. See request HN\_001 above for further details.

**Human Rights Commission Carryover**

The request was made in Spring BMP 2011 to carryover the funds and request them in this Fall BMP. See request HN\_002 above for further details.

**Service Improvement Plans**

**Goal #1: Increase the visibility and credibility of the HRC.**

Some of the methods by which the HRC intended to achieve this goal for FY 2010-11 include: hosting meetings in different geographic regions of Portland for greater outreach, define and promote the different roles of HRC/OHR, and conduct customer survey to gauge the performance of OHR/HRC.

**Status:** It was found that the HRC meeting attendance was not impacted so much by the geographic region of town as much as the topics addressed at the meetings. The HRC/OHR distinction has largely been cleared up by the public process of establishing an Office of Equity and Human Rights. The HRC has not yet, but does intend to use customer surveys as a way to evaluate their performance.

**Goal #2: Strengthen partnerships among human rights organizations to effectively promote and protect human rights.**

**Status:** In addressing this goal during FY 2010-11, the Community Education and Peace Building program efforts included a film and dialogue series, presentations on strategic and emerging human rights issues, and community outreach.

**Goal #3: Reduce Racial Tension**

This goal is addressed primarily through the Intergroup Dialogue program activities where facilitated conversations occur between members of historically or currently oppositional groups. These dialogues consist of a series of meetings held over a two-month period.

**Status:** OHR has recently hired a train-the-trainer consultant who will assist in building program capacity and self-sustainability during the current fiscal year., and more details of this effort are included in the Fall BMP request HN\_001 above.

**Goal #4: Deepen collaboration with City bureaus to further equity and access for underrepresented groups.**

The focus of the goal revolves around creating working relationships between City staff and newcomer communities.

**Status:** In FY 2010-11 the New Portlander program developed two sub-programs to address this goal: the Avenue to Success and Barriers to Success programs.

**FY 2010-11 Reconciliation**

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
General Fund Discretionary	\$689,438	\$666,231	-3.37%
<b>Total Resources</b>	<b>\$689,438</b>	<b>\$666,231</b>	<b>-3.37%</b>
<b>Requirements</b>			
Personal Services	\$408,516	\$393,195	-3.75%
External Materials & Services	\$246,171	\$248,167	0.81%
Internal Materials & Services	\$34,751	\$24,869	-28.44%
<b>Total Requirements</b>	<b>\$689,438</b>	<b>\$666,231</b>	<b>-3.37%</b>

OHR overspent external materials & services by 1%, although did not overspend material & services on the whole. The over-expenditure occurred primarily due to adjustments made in the 2011 Spring BMP of reducing their EM&S for 1) carryovers for Intergroup Dialogue trainings and hiring a strategic planning consultant for HRC strategic planning consultant, and 2) moving budget from EM&S to personal services to cover a possible over-expenditure due to a severance payout.

The Office of Human Relations underspent Internal Materials & Services by 28% primarily due to scaling back planned Printing & Distribution printing work that was instead done on the office's own on-site printer. Additionally OHR utilized CityFleet services less than was planned for when they originally established the IA level of service.

### **FY 2010-11 Performance Measure Reporting**

OHR submitted partial performance measure updates as part of the Fall BMP. The updates were for the Intergroup Dialogue program and the Human Rights Education program.

The Intergroup Dialogue program performance actuals for FY 2010-11 surpassed the prior year actuals and current year targets significantly. For instance, the FY 2009-10 number of program participants was 42 but for FY 2010-11 increased to 120. Additionally the number of hours contributed by volunteer facilitators was 1,188 in FY 2009-10 and in FY 2010-11 it increased to 1,600. A primary reason for the increases is that one of the four OHR staff positions was dedicated to the Intergroup Dialogue program in FY 2010-11, which has increased the program capacity from that point forward.

The Human Rights Education program participants significantly increased in FY 2010-11 with 1,000 participants as compared to 140 participants in the prior year. The increases can be primarily attributed to the expanded number of events from FY 2009-10 to FY 2010-11.

FPD will work with program staff to revise their program performance targets to better reflect the level of achievement that the organization currently has the capacity to achieve.

**Financial Planning Division Analysis  
FY 2011-12 Fall BMP**

**Council Offices**

Report Date: October 26, 2011

Analysis by: Bob Tomlinson/Doug Le

**Office of the Mayor**

**Recommended Requests**

1. *MY\_001/Encumbrance Carryover, \$475,995, 0 FTE*

This encumbrance carryover request is for agreements and contracts held by the Office of Youth Violence Prevention and three areas of the Education Program; Summer Works, Ninth Grade Counts, and College and Career Connections. All of the agreements are for youth summer programs. Additionally, the request carries over \$5,000 for the East Portland Action Plan granted through ONI. Grantees were chosen in FY 2010-11, the payments were anticipated in FY 2010-11 and were encumbered as such. These funds ensure fulfillment of the payment terms of the agreements.

*FPD Recommendation: \$475,995*

2. *MY\_002/Education Program Revenues, \$3,000, 0 FTE*

This decision package appropriates \$3,000 to the Mayor's Office Education Fund as Miscellaneous Revenue. These are pass through funds that will be used for scholarship writing workshops provided by the Black United Fund. The Education Program will match these funds for a total sponsorship of \$6,000.

*FPD Recommendation: \$3,000*

3. *MY\_003/ Office of Youth Violence Prevention Program Carryover, \$35,000, 0 FTE*

This new request is for a program carryover for the Office of Youth Violence Prevention in the amount of \$35,000. The Office held some FY 2010-11 funds aside to reconcile an issue with an advance to a vendor. The request was not made in the Spring BMP because the issue was anticipated to be corrected by year end. Reconciliation is almost complete. These funds will be used to take inappropriate expenses off the grant fund.

*FPD Recommendation: \$35,000*

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

**External M&S & Program One-Time 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.

**External M&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.

**Education Program Add \$741,750**

The package requests one-time General Fund discretionary to support 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: Most funds were spent for summer programs. The grant agreements and contracts for the remaining funds are done.

**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 was 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 the Office of Neighborhood Involvement 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.

**Cradle to Career \$50,000**

This package provides \$50,000 for Cradle to Career, a division of the Education Program of the Portland Schools Foundation. Work will include development of organizational, business, and communication plans to better support children and youth.

Status report: Complete. Funds have been granted to Portland Schools Foundation.

### FY 2010-11 Reconciliation

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Intergovernmental Revenue	\$119,212	\$120,187	0.82%
Interagency Revenue	\$722,071	\$722,071	0.00%
Miscellaneous	\$45,669	\$45,757	0.19%
General Fund Discretionary	\$2,610,245	\$1,167,206	-55.28%
General Fund Overhead	\$994,610	\$994,610	0.00%
<b>Total Resources</b>	<b>\$4,491,807</b>	<b>\$3,049,831</b>	<b>-32.10%</b>
<b>Requirements</b>			
Personal Services	\$2,218,451	\$2,190,711	-1.25%
▶ External Materials and Services	\$1,853,041	\$445,622	-75.95%
Internal Materials and Services	\$420,315	\$413,498	-1.62%
<b>Total Requirements</b>	<b>\$4,491,807</b>	<b>\$3,049,831</b>	<b>-32.10%</b>

▶ FPD analyst concern
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The Mayor's Office spent 68% of their total Revised Budget in FY 2010-11. The under expenditure in External M&S is partially due to BRASS not recognizing advances as actuals. The total amount of advances at the end of FY 2010-11 was \$681,233, so total External M&S actuals were \$1,126,855. The remaining External M&S underexpenditure is the result of a large carryover amount and the move of funds from Personal Services to External M&S in the Spring BMP due to unanticipated position vacancies throughout the year.

## Commissioner of Public Affairs (Saltzman)

### Recommended Requests

1. *PA\_001/Adjust Beginning Fund Balance – Children’s Levy \$1,556,668, 0 FTE*

Increase to beginning fund balance for Children's Levy. This request is needed to align budget with accounting records. This adjustment is the result of underspending on grants and accumulated variance of revenues over projections. This request increases beginning fund balance by \$1,556,668; expenditures increased are miscellaneous services (grant expenditures) and contingency.

*FPD Recommendation: \$1,556,668*

2. *PA\_002/Encumbrance Carryover Request \$673,476, 0 FTE*

This request carries over \$673,476 in encumbrances related to the Gateway Center for Domestic Violence.

*FPD Recommendation: \$673,476*

3. *PA\_003/Comm. Public Affairs Program Carryover Request \$155,000, 0 FTE*

This request is for the Gateway Center for Domestic Violence program carryover of \$155,000. The agreement was approved by Council in FY 2009-10 and is a multi-year project valid through FY 2013-14.

*FPD Recommendation: \$155,000*

4. *PA\_004/Comm. Public Affairs Appropriate Funds for Awarded Grants \$263,250, 0 FTE*

This request is to appropriate budget to the grant fund to the two grants awarded to the Gateway Center for Domestic Violence.

*FPD Recommendation: \$263,250*

5. *PA\_005/Comm. Public Affairs Domestic Violence Advocate Funding \$41,720, 0 FTE*

Multnomah County received a federal grant to pilot a one-year program to provide crisis advocacy services to victims of domestic violence in conjunction with the Portland Police Bureau. Multnomah County will contribute \$83,155 to this program. An additional \$41,720 is necessary to hire two advocates for a full-year of the pilot program.

*FPD Recommendation: \$41,720*

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

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

This 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 External M&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 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.

**Encumbrance Carryover \$334,759**

This request carries over \$334,759 in encumbrances related to the Gateway Center for Domestic Violence from last fiscal year.

Status report: Complete. Funds were added to the office’s budget in the Fall BMP.

**Program Carryover \$768,900**

This request is for the Gateway Center for Domestic Violence program carryover.

Status report: Complete. Funds were added to the office’s budget in the Fall BMP.

**Appropriate Funding for Awarded Grants \$225,000**

This request is to appropriate funding in the Grant Fund for the two grants awarded to the Gateway Center for Domestic Violence.

Status report: Goods and services are being procured and report requirements are being met according to the terms of the grants.

## FY 2010-11 Reconciliation

### Commissioner of Public Affairs – General Fund

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
General Fund Discretionary	\$1,400,687	\$373,854	-73.31%
General Fund Overhead	\$1,184,741	\$1,184,741	0.00%
<b>Total Resources</b>	<b>\$2,585,428</b>	<b>\$1,558,595</b>	<b>-39.72%</b>
<b>Requirements</b>			
Personal Services	\$951,800	\$907,333	-4.67%
External Materials and Services	\$1,479,950	\$506,391	-65.78%
Internal Materials and Services	\$153,678	\$144,871	-5.73%
<b>Total Requirements</b>	<b>\$2,585,428</b>	<b>\$1,558,595</b>	<b>-39.72%</b>

▶ FPD analyst concern
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The under expenditure in External Materials & Services is due to multi-year contracts for the Gateway Center for Domestic Violence. Carryover into FY 2011-12 is being requested in this Fall BMP. This is a complex project to develop and implement a multi-agency receiving center for victims of domestic violence. Most of the contracts for this project are in effect through FY 2013-14.

Commissioner of Public Affairs (Saltzman)

Portland Children's Levy Fund

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Budgeted Beginning Balance	\$4,875,468	\$6,726,950	37.98%
Taxes	\$12,746,355	\$12,833,832	0.69%
Miscellaneous	\$0	\$76,900	N.A.
<b>Total Resources</b>	<b>\$17,621,823</b>	<b>\$19,637,682</b>	<b>11.44%</b>
<b>Requirements</b>			
Personal Services	\$431,613	\$432,741	0.26%
External Materials and Services	\$15,758,678	\$14,300,343	-9.25%
Internal Materials and Services	\$43,480	\$40,992	-5.72%
Fund Transfers - Expense	\$25,000	\$25,000	0.00%
Contingency	\$1,363,052	\$0	-100.00%
Contingency	\$0	\$4,838,606	N.A.
<b>Total Requirements</b>	<b>\$17,621,823</b>	<b>\$19,637,682</b>	<b>11.44%</b>

▶ FPD analyst concern

External Materials and Services expenditures were significantly below budget (\$1.46 million). These expenditures include grants to nonprofits, the single largest expenditure of the fund. All grants are based on cost reimbursement. For this fiscal year, grantee agencies underspent their budgets by over \$800,000 (5.6%). The remaining \$600,000 was the result of creating the fund budget prior to finalizing individual grant budgets. Total actual grant budgets for the fiscal year were significantly below the figure in the fund budget. Contingency/Ending Fund Balance was not spent as it was not needed. Miscellaneous revenues were not budgeted but actuals included interest on fund balance.

**Commissioner of Public Safety (Leonard)**

**Recommended Requests**

1. PS\_001/Conversion of One-time Reduction to Ongoing Reduction, \$0, 0 FTE

This decision package is related to the mandatory one and a half percent budget cuts that are now ongoing. The required one and a half percent reduction equates to \$5,000. The reduction is achieved by eliminating a 0.39 FTE Commissioner Admin Support Specialist position. Any savings achieved by eliminating this position will remain in Personal Services for potential vacation payouts for departing staff.

FPD Recommendation: \$0

**Comments on FY 2010-11 Spring BMP Decision Packages**

**External M&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.

**External M&S & Personal Services 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.

**Commissioner of Public Safety (Leonard)**

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
General Fund Discretionary	\$318,943	\$293,637	-7.93%
General Fund Overhead	\$431,773	\$431,773	0.00%
<b>Total Resources</b>	<b>\$750,716</b>	<b>\$725,410</b>	<b>-3.37%</b>
<b>Requirements</b>			
Personal Services	\$624,655	\$613,701	-1.75%
External Materials and Services	\$15,911	\$3,963	-75.09%
Internal Materials and Services	\$110,150	\$107,746	-2.18%
<b>Total Requirements</b>	<b>\$750,716</b>	<b>\$725,410</b>	<b>-3.37%</b>

▶ FPD analyst concern

The savings in External Materials & Services are due to a contract that was no longer needed. Those funds were never re-allocated.

**Commissioner of Public Utilities (Fritz)**

**Recommended Requests**

1. PU\_001/Conversion of One-time Reduction to Ongoing Reduction, \$0, 0 FTE

This decision package is related to the mandatory 1.5% budget cuts that are now ongoing. The ongoing cut is achieved by reducing a Commissioner Staff Representative position from 1 FTE to 0.4 FTE. Savings are zero due to the prior one-time cuts.

*FPD Recommendation: \$0*

**Comments on FY 2010-11 Spring 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.

**Commissioner of Public Utilities (Fritz)**

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Interagency Revenue	\$88,992	\$82,492	-7.30%
General Fund Discretionary	\$317,366	\$298,359	-5.99%
General Fund Overhead	\$446,348	\$446,348	0.00%
<b>Total Resources</b>	<b>\$852,706</b>	<b>\$827,199</b>	<b>-2.99%</b>
<b>Requirements</b>			
Personal Services	\$699,324	\$686,550	-1.83%
External Materials and Services	\$22,850	\$10,997	-51.87%
Internal Materials and Services	\$130,532	\$129,652	-0.67%
<b>Total Requirements</b>	<b>\$852,706</b>	<b>\$827,199</b>	<b>-2.99%</b>

▶ FPD analyst concern

The under expenditure in External Materials and Services is due to appropriation transfer from Personal Services, because the office did not fill a vacancy last fiscal year.

**Commissioner of Public Works (Fish)**

**Recommended Request**

1. PW\_001/Personal Services Technical Adjustment, \$0, 0 FTE

This request is for a technical adjustment to Personal Services to fix a line item that is currently showing a negative budget.

FPD Recommendation: \$0

**Comments on FY 2010-11 Spring BMP Decision Packages**

**External M&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.

**Commissioner of Public Works (Fish)**

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Interagency Revenue	\$120,000	\$120,000	0.00%
General Fund Discretionary	\$340,105	\$332,149	-2.34%
General Fund Overhead	\$460,043	\$460,043	0.00%
<b>Total Resources</b>	<b>\$920,148</b>	<b>\$912,192</b>	<b>-0.86%</b>
<b>Requirements</b>			
Personal Services	\$782,409	\$781,554	-0.11%
External Materials and Services	\$13,242	\$6,147	-53.58%
Internal Materials and Services	\$124,497	\$124,491	0.00%
<b>Total Requirements</b>	<b>\$920,148</b>	<b>\$912,192</b>	<b>-0.86%</b>

▶ FPD analyst concern

Savings in External M&S are due to decreased consulting, miscellaneous services, supplies, and out-of-town travel.

**Financial Planning Division Analysis  
FY 2011-12 Fall BMP**

**OMF - Bureau of Internal Business Services**

Report Date: October 26, 2011

Analysis by: Bob Tomlinson/Doug Le

This analysis includes the following internal services funds: CityFeet Operating Fund, Printing & Distribution Services Operating Fund, Facilities Services Operating Fund, Insurance & Claims Operating Fund, Workers' Compensation Self Insurance Operating Fund, Spectator Facilities Operating Fund, and BFRES Facilities GO Bond Construction Fund. This review also includes the Bureau of Procurement Services which is funded primarily by the General Fund.

**Summary of Significant Issues**

The NBA has already canceled part of the basketball season due to their labor negotiation work stoppage and may cancel the entire season. This will result in a significant loss of revenues from the Rose Quarter and impact the Spectator Facilities Fund by up to \$3.6 million based on prior season totals.

**Recommended Requests**

1. *MF\_004/Insurance and Claims - True-up Budgeted Beginning Balance, \$4,594,893, 0 FTE*

True-up Beginning Fund Balance by \$4,594,630 and appropriate the budget per the following:

- \$75,000 in Capital for the Risk Management Information System (RMIS) purchase. \$75,000 of the Insurance & Claims' fund portion of the total projected cost was expected to possibly be spent toward the end of FY 2010-11 but was not. The major part of this fund's half of the RMIS purchase was re-budgeted in the FY 2011-12 Adopted Budget. The remaining \$75,000 needs to be carried over and added to the amount already appropriated in the FY 2011-12 Adopted Budget. The City has received bids in September 2011 for the RMIS and expects to make the purchase sometime in FY 2011-12
- \$4,519,893 in External M&S for claims-related payments. There are large claims outstanding, which could be settled at any time in FY 2011-12.

*FPD Recommendation: \$4,594,893*

2. *MF\_012/ Insurance and Claims - Temporarily Double-fill Existing Admin Position, \$0, 0.3 Temporary FTE*

Move \$17,779 from Contingency to Personal Services for 30% of a temporary Sr. Admin Assistant that will double-fill another existing staff position from October through the end of FY 2011-12. Also move \$600 from Contingency for the cost of an ergonomic chair for the temporary employee. This is needed because several years ago reductions were made in Risk's administrative staffing. In the last two to three years Risk has experienced increased administrative requirements. Thus Risk's professional and technical staff have had to spend too much of their time performing necessary day-to-day administrative functions taking them away from their core responsibilities. This temporary position will help Risk get caught up and provide the professional and technical staff time to perform more of their core functions. This request is combined with MF\_028 below to fund one temporary position.

*FPD Recommendation: \$0, 0.3 Temporary FTE*

3. *MF\_027/Workers' Compensation - True-up Budgeted Beginning Balance, \$364,997, 0 FTE*

True-up the Beginning Fund Balance by \$364,997 and appropriate the budget per the following:

- \$75,000 in Capital for the Risk Management Information System (RMIS) purchase. \$75,000 of the Workers' Comp fund's portion of the total projected cost was expected to be spent toward the end of FY 2010-11 but was not. The major part of this fund's half of the RMIS purchase was re-budgeted in the FY 2011-12 Adopted Budget. The remaining \$75,000 needs to be carried over and added to the amount already appropriated in the FY 2011-12 Adopted Budget. The City has received bids in September 2011 for the RMIS and expects to make the purchase sometime this fiscal year.
- \$289,997 in External M&S for claims payments. The amount budgeted for claims payments are mostly for payments for medical bills for injured workers, this needs to be increased because the amount in the Adopted Budget is less than the actual spent during last fiscal year due to rising medical costs.

*FPD Recommendation: \$364,997*

4. *MF\_028/ Workers' Compensation - Temporarily Double-fill Existing Admin Position, \$0, 0.7 Temporary FTE*

Move \$41,483 from Contingency to Personal Services for 70% of a temporary Sr. Admin Assistant that who will double-fill another existing staff position from October through the end of the FY 2011-12. This request also includes a move from Contingency for an increase of \$3,093 to BTS IA for services related phone and IT costs. This request is combined with MF\_012 above to fund one temporary position.

*FPD Recommendation: \$0, 0.7 Temporary FTE*

5. *MF\_065/ Spectator Facilities - Capital/ Repair Adjustment, \$0, 0 FTE*

This action increases appropriation by \$500,000 to the maintenance and capital line items in order to provide capacity for unplanned expenses. The operating agreements for both Jeld Wen Field and the Rose Quarter allow the operators to make emergency improvements to keep the facilities operating. The funding source for this request is Spectator Facilities contingency.

*FPD Recommendation: \$0*

6. *MF\_075/ Printing and Distribution - Cut Position Ongoing, \$0, (1.0) FTE*

This request changes a one-time FY 2011-12 budget reduction to an ongoing cut of a vacant Reproduction Operator I position. While this action removes the position ongoing, the dollars were already cut from Personal Services in the current year Adopted Budget.

*FPD Recommendation: \$0, (1.0) FTE*

7. *MF\_088/ Facilities - True-up Emergency Coordination Center (ECC) Project Budget, (\$571,787), 0 FTE*

The purpose of this adjustment request is to true-up the budget for the ECC project to reflect the current schedule and financing component of a Memorandum of Understanding with the Water Bureau.

*FPD Recommendation: (\$571,787)*

8. *MF\_092/ Facilities - Kelly Building Purchase Carryover, \$0, 0 FTE*

Carryover \$944,714 in appropriation and funding collected in FY 2010-11 for purchase of the Kelly Building. Move \$751,486 in FY 2011-12 Adopted Budget to project B00008 for the building purchase.

*FPD Recommendation: \$0*

9. *MF\_094/Facilities – Add Temporary Property Manager, \$0, 1.0 Temporary FTE*

Add \$43,000 in appropriation to the part-time employee account to provide temporary support to the Property Management Division.

*FPD Recommendation: \$0, 1.0 Temporary FTE*

10. *MF\_098/Facilities – Increase Police IA for Project Management, \$100,000, 0 FTE*

Increase IA with Police for Training Facility project management costs.

*FPD Recommendation: \$100,000*

11. *MF\_114/Procurement – Encumbrance Carryover, \$88,777, 0 FTE*

This request is to carryover \$88,777 in General Fund encumbrances from FY 2010-11 in three basic contract categories; technology upgrade, sheltered market program and technical assistance, and sustainability.

*FPD Recommendation: \$88,777*

**Not Recommended Requests**

1. *MF\_131/MF\_164/Facilities – Kelly Building Purchase, \$263,000, 0 FTE*

The Kelly Building is in the process of being purchased by the City from Multnomah County for \$1.7 million; the transaction is expected to be complete by the end of November 2011. The Police Bureau is requesting an additional \$263,000 to purchase a separate tax lot that occupies a 100' by 100' area within the building's parking garage. Because citywide contingency is low – this request would absorb about 20% of the total \$1.4 million available – and the City does not require this additional parking for its current use of the building, FPD recommends against this request.

*FPD Recommendation: \$0*

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

**Spring BMP Information**

**Budget Notes**

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 & Fall BMP Non-Technical Requests**

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

In FY 2010-11, CityFleet will 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: CityFleet is on target to meet the amount stated in this reduction package by year end.

### ***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: CityFleet is on target to meet the amount stated in this reduction package by year end.

### ***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 acceptable.

### ***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. These 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: HVAC systems were set back an additional 30 minutes, and there have been no after hours operation. Due to scheduling janitorial staff for day time shifts, lighting needs for the building are also reduced. Work order efficiencies have resulted in less overtime by mechanics. Water flow restrictors were installed in all faucets and showers, and reduced flow toilet flush devices are currently being installed.

### ***FA - Mayor's Security Service, \$106,000***

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

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

***EM – Emergency Coordination Center, \$19,849,000***

The new center would allow the Portland Office of Emergency Management to move from a leased space to a new and permanent location and co-locate with the Water Bureau Emergency Management Section. The overall management of this project is the responsibility of the Water Bureau.

Status Report: The project design is currently 60% complete. The revised medium confidence cost estimate is \$19,849,000. Construction is currently anticipated to begin in mid-FY 2011-12. Voters approved \$4.0 million of GO Bonds for this project in November 2010. Facilities now has all the resources needed to fund the project estimated cost. The project estimate was included in the OMF FY 2011-12 Requested Budget and Capital Plan.

***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. The fall Ergo and Wellness Fair were eliminated as a result of this reduction.

***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 reported.

***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. Existing performance measure results, particularly those measuring MWESB involvement in City contracting, may be reduced as a result of this reduction.

***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: 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: The program has placed minority evaluators on 119 proposal evaluation panels and the database now has 284 candidates.

***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: A contractor was selected and the contract was approved by Council in April. The estimated date of completion is January 31, 2012.

**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: CityFleet has purchased the vehicles and equipment approved by Council.

***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. The sidewalk, HVAC, arena ceiling paint, and garage lighting projects are complete. There are additional repairs to the chiller system for the arena ice sheet. The seat repair program is deferred, pending completion of a comprehensive restoration plan of the Memorial Coliseum, which is scheduled for completion in the spring 2012.

***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: Work is underway and projected for completion by December 31, 2011. Funds are being carried over.

***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: Work begun in January 2011.

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

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: Work is progressing as planned.

***Facilities Services – Purchase Kelly Building, \$2 million***

Multnomah County owns the building located at 4747 E Burnside. They have declared it surplus property and plan to sell the building. The Police Traffic division is currently occupied approximately half of the facility. This package establishes a budget of \$2 million to purchase the property.

Status Report: Council has approved \$831,514 of the purchase amount in the Winter BMP. The remaining amount is included in the OMF Requested Budget for FY 2011-12.

### ***Procurement Services – Encumbrance Carryover, \$427,854***

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 draft report was released for public comment in April, with a final report to City Council in June 2011. The technology upgrade and final adjustments are completed.

### **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 completed these changes.

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

BTS – BTS was unable to complete some CIPs last year due to two reasons: issues with the contractor resulted in delays to the ACD project and related Voice Mail Replacement project; conflicting projects, including numerous operating projects, restricted the time employees could dedicate to the IRNE Fiber Construction project. These CIPs will be carried over and completed in FY 2011-12.

CityFleet – Vehicle and equipment that were scheduled for receipt in FY 2010-11 were delayed due to manufacturer build times and order timing. These POs represent carryover requests for CityFleet in the Fall BMP for FY 2011-12. The Stanton Yard Fuel project was completed in FY 2010-11.

EBS Services – The implementation of Business Objects (BOBJ) is continuing into FY 2011-12. Initial implementation is complete and additional functionality within the existing BOBJ footprint will be carried into FY 2011-12.

Facilities – The FY 2010-11 budget to actual variance was due to Union station projects (\$3,917,533) funded through grants not occurring as quickly as planned (in FY 2011-12 these will be treated as repair & maintenance projects); the budget assumed the Stations 18 and 31 projects would be completed in FY 2011-12 (Station 18 was almost done and Station 31 won't be completed until mid FY 2011-12); the budget for the Spectator Facilities MLS project was not loaded in a funded program, but was in the fund's budget and the project was within budget; and the project to install shelving in the new Archives center is taking longer than planned and will be done in FY 2011-12 (few expenses were incurred in FY 2010-11).

Risk Management – Risk was delayed in going out to bid on a Risk Management Information System until it had been confirmed that SAP could not satisfactorily perform this function. That confirmation was received late in FY 2010-11 and Risk went out to bid in July 2011.

#### **FY 2011-12 Capital Project Reporting**

BTS – The Bureau of Technology Services was not able to complete several of their capital improvement projects last year, so it was necessary to carry over funding for these projects into the current fiscal year. All projects are expected to be completed prior to the end of FY 2011-12.

Citywide Projects – Significant delays in the RFP selection process of an implementation vendor for the RegJIN project is the primary source of slowed spending at the project and overall program level, necessitating an overall reduction in the current year's budget, producing a 32% budget variance.

Risk Management – The adopted budget assumed that \$150,000 of the original \$500,000 would be expended in FY 2010-11. That didn't happen, so that amount has been added to the FY 2011-12 budget to bring it up to the full \$500,000 project balance.

**FY 2010-11 Reconciliation**

**Fund 100 - Bureau of Internal Business Services – General Fund**

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Charges for Services	\$1,196	\$1,414	18.23%
Intergovernmental Revenues	\$125,000	\$129,800	3.84%
Interagency Revenue	\$609,426	\$611,639	0.36%
Miscellaneous	\$206,090	\$207,444	0.66%
General Fund Discretionary	\$1,575,197	\$1,191,397	-24.37%
General Fund Overhead	\$3,216,231	\$3,216,231	0.00%
<b>Total Resources</b>	<b>\$5,733,140</b>	<b>\$5,357,925</b>	<b>-6.54%</b>
<b>Requirements</b>			
Personal Services	\$4,047,480	\$3,864,842	-4.51%
External Materials and Services	\$1,108,024	\$949,844	-14.28%
Internal Materials and Services	\$577,636	\$543,239	-5.95%
<b>Total Requirements</b>	<b>\$5,733,140</b>	<b>\$5,357,925</b>	<b>-6.54%</b>

▶ FPD analyst concern

The General Fund portion of the Bureau of Internal Business Services (BIBS) includes the Bureau of Procurement Services and BIBS administrative staff. The section ended the fiscal year within its budget.

**Fund 400 – Bureau of Fire, Rescue, and Emergency Services Facilities GO Bond Construction Fund**

	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	6,446,556	6,442,725	-0.06%
Fund Transfer - Revenue	1,622	1,622	0.00%
Miscellaneous	21,913	40,972	86.98%
<b>Total Resources</b>	<b>\$6,470,091</b>	<b>\$6,485,319</b>	<b>0.24%</b>
<b>Requirements</b>			
Personal Services	0	(323)	N.A.
External Materials and Services	720,260	312,849	-56.56%
Internal Materials and Services	422,968	202,352	-52.16%
Capital Outlay	3,524,870	2,317,125	-34.26%
Fund Transfers - Expense	103,050	103,050	0.00%
Contingency	1,698,943	0	-100.00%
Ending Fund Balance	0	3,550,266	N.A.
<b>Total Requirements</b>	<b>\$6,470,091</b>	<b>\$6,485,319</b>	<b>0.24%</b>

▶ FPD analyst concern

Miscellaneous revenue is higher than budget due to interest earnings on higher than average ending fund balance.

The appropriations for the External M&S, Internal M&S, and Capital Outlay categories are maintained at a high level due to uncertainties related to the renovation projects of Fire Stations 18 and 31.

**Fund 607 - Spectator Facilities Operating Fund**

	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	7,896,755	7,896,754	0.00%
Charges for Services	6,165,500	6,982,425	13.25%
Intergovernmental Revenues	1,847,437	1,847,438	0.00%
Fund Transfers - Revenue	2,862	2,862	0.00%
Bond and Note	10,000,000	9,840,146	-1.60%
Miscellaneous	139,454	99,826	-28.42%
<b>Total Resources</b>	<b>\$26,052,008</b>	<b>\$26,669,451</b>	<b>2.37%</b>
<b>Requirements</b>			
External Materials and Services	1,940,000	1,923,186	-0.87%
Internal Materials and Services	486,667	441,718	-9.24%
Capital Outlay	10,000,000	9,840,146	-1.60%
Bond Expenses	6,877,758	6,486,781	-5.68%
Fund Transfers - Expense	103,139	103,139	0.00%
Contingency	6,644,444	0	-100.00%
Ending Fund Balance	0	7,874,481	N.A.
<b>Total Requirements</b>	<b>\$26,052,008</b>	<b>\$26,669,451</b>	<b>2.37%</b>

▶ FPD analyst concern

Charges for Services revenues are higher than budgeted due to increased user, suite, and parking fees from the Portland Trailblazers, Portland Winter Hawks, and concerts. Miscellaneous revenue is lower than budget due to lower than estimated interest earnings.

**Fund 701 - Facilities Services**

	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	15,435,886	24,679,271	59.88%
Charges for Services	2,128,416	908,031	-57.34%
Intergovernmental Revenues	4,045,199	1,122,826	-72.24%
Interagency Revenue	24,303,359	22,955,247	-5.55%
Fund Transfers - Revenue	4,238,699	4,238,699	0.00%
Bond and Note	8,348,884	62,318	-99.25%
Miscellaneous	701,884	647,167	-7.80%
<b>Total Resources</b>	<b>\$59,202,327</b>	<b>\$54,613,559</b>	<b>-7.75%</b>
<b>Requirements</b>			
Personal Services	3,521,132	3,146,224	-10.65%
External Materials and Services	22,291,512	13,890,693	-37.69%
Internal Materials and Services	2,824,468	2,721,079	-3.66%
Capital Outlay	2,155,586	710,235	-67.05%
Bond Expenses	5,781,739	5,777,661	-0.07%
Fund Transfers - Expense	1,518,306	1,518,306	0.00%
Contingency	21,109,584	0	-100.00%
Ending Fund Balance	0	26,849,361	N.A.
<b>Total Requirements</b>	<b>\$59,202,327</b>	<b>\$54,613,559</b>	<b>-7.75%</b>

▶ FPD analyst concern

There are 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. Regarding the Bond and Note category, bonds for the construction of the Emergency Coordination Center will not be sold until FY 2011-12 when the project is closer to the construction phase.

On the expenditure side, the External Materials & Services and Capital Outlay categories were under spent due to delays in major maintenance projects such as the City Hall Exterior Sandstone Cleaning & Repair, Portland Building Exterior Envelope Restoration, and Union Station Roof Replacement Project – Non grant funded.

**Fund 702 - CityFleet Operating Fund**

	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	17,936,161	18,043,488	0.60%
Intergovernmental Revenues	119,999	110,181	-8.18%
Interagency Revenue	29,610,728	27,446,316	-7.31%
Fund Transfer Revenue	734,976	734,976	0.00%
Bond and Note	50,171	50,171	0.00%
Miscellaneous	950,000	782,833	-17.60%
<b>Total Resources</b>	<b>\$49,402,035</b>	<b>\$47,167,965</b>	<b>-4.52%</b>
<b>Requirements</b>			
Personal Services	6,614,453	6,156,634	-6.92%
External Materials and Services	11,594,610	10,530,951	-9.17%
Internal Materials and Services	1,833,753	1,744,953	-4.84%
Capital Outlay	13,270,491	9,800,120	-26.15%
Bond Expenses	278,804	269,213	-3.44%
Fund Transfers - Expense	981,262	981,262	0.00%
Contingency	14,828,662	0	-100.00%
Ending Fund Balance	0	17,684,832	N.A.
<b>Total Requirements</b>	<b>\$49,402,035</b>	<b>\$47,167,965</b>	<b>-4.52%</b>

▶ FPD analyst concern

Overall, the fund ended the fiscal year within its budget. On the revenue side, the continued low interest earning resulted in lower than budgeted Miscellaneous revenue. On the requirements side, the Capital Outlay category was under spent by approximately 26%. This is due primarily to the timing of goods delivered to the City by year end and the recording of actual expenditures in the fiscal year.

**Fund 703 - Printing & Distribution Services Operating Fund**

	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	2,033,188	2,033,188	0.00%
Charges for Services	99,385	98,407	-0.98%
Intergovernmental Revenues	978,486	1,059,003	8.23%
▶ Interagency Revenue	6,140,572	5,160,638	-15.96%
Fund Transfer Revenue	3,262	3,262	0.00%
▶ Miscellaneous	124,601	70,842	-43.14%
<b>Total Resources</b>	<b>\$9,379,494</b>	<b>\$8,425,340</b>	<b>-10.17%</b>
<b>Requirements</b>			
Personal Services	1,974,322	1,712,340	-13.27%
External Materials and Services	3,839,824	3,575,235	-6.89%
Internal Materials and Services	792,612	684,068	-13.69%
Capital Outlay	574,878	312,260	-45.68%
Bond Expenses	94,481	91,231	-3.44%
Fund Transfers - Expense	325,119	325,119	0.00%
Contingency	1,778,258	0	-100.00%
Ending Fund Balance	0	1,725,087	N.A.
<b>Total Requirements</b>	<b>\$9,379,494</b>	<b>\$8,425,340</b>	<b>-10.17%</b>

▶ FPD analyst concern

In this fiscal year, the Printing & Distribution fund performed in the similar manner as last year. On the requirements side, the actual expenditures for External Materials & Services correspond with the program revenues, except beginning balance. This is due to the economy and budget reductions in the City in recent years. The fund only spent approximately 46% of its appropriation for Capital Outlay due to delay in planned equipment replacement.

**Fund 704 - Insurance and Claims Operating Fund**

	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	21,741,897	21,741,893	0.00%
Interagency Revenue	10,693,426	10,693,426	0.00%
Fund Transfer - Revenue	4,656	4,656	0.00%
▶ Miscellaneous	290,003	218,765	-24.56%
<b>Total Resources</b>	<b>\$32,729,982</b>	<b>\$32,658,740</b>	<b>-0.22%</b>
<b>Requirements</b>			
Personal Services	1,127,392	1,067,885	-5.28%
External Materials and Services	9,066,314	4,330,762	-52.23%
Internal Materials and Services	2,101,055	2,081,469	-0.93%
Capital Outlay	257,000	0	-100.00%
Bond Expenses	52,061	50,271	-3.44%
Fund Transfers - Expense	504,728	504,728	0.00%
Contingency	19,621,432	0	-100.00%
Ending Fund Balance	0	24,623,625	N.A.
<b>Total Requirements</b>	<b>\$32,729,982</b>	<b>\$32,658,740</b>	<b>-0.22%</b>

▶ FPD analyst concern

The appropriation for Capital Outlay was not spent this 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 Workers' Compensation Self Insurance Fund. The Miscellaneous revenue category was over budgeted in FY 2010-11.

**Fund 705 – Workers’ Compensation Self Insurance Operating Fund**

	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	18,900,039	18,900,039	0.00%
Interagency Revenue	3,956,657	3,956,657	0.00%
Fund Transfer Revenue	1,934	1,934	0.00%
Miscellaneous	298,862	325,085	8.77%
<b>Total Resources</b>	<b>\$23,157,492</b>	<b>\$23,183,715</b>	<b>0.11%</b>
<b>Requirements</b>			
Personal Services	972,221	929,342	-4.41%
External Materials and Services	3,332,188	2,757,105	-17.26%
Internal Materials and Services	570,216	554,942	-2.68%
Capital Outlay	257,000	0	-100.00%
Bond Expenses	48,698	47,022	-3.44%
Fund Transfers - Expense	227,307	227,307	0.00%
Contingency	17,749,862	0	-100.00%
Ending Fund Balance	0	18,667,997	N.A.
<b>Total Requirements</b>	<b>\$23,157,492</b>	<b>\$23,183,715</b>	<b>0.11%</b>

▶ FPD analyst concern

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 will be under-spent in this fiscal year.

**Financial Planning Division Analysis  
FY 2011-12 Fall BMP**

**OMF - General Fund Divisions**

Report Date: October 26, 2011

Analysis by: Jeramy Patton

**Recommended Requests**

1. MF\_108/*Financial Planning-Encumbrance Carryovers, \$85,000*

Request appropriates General Fund discretionary dollars to fund an encumbrance carryover related to the implementation of a new automated budget document publishing system. The implementation was delayed due to a licensing issue that prevented a citywide rollout. The system is expected to be fully operational and available to users for the FY 2012-13 budget process.

*FPD Recommendation: \$85,000*

2. MF\_143/*Public Finance and Treasury – VDI Revenue, \$25,000*

Recognizes \$25,000 of new revenues from the issuance of the VDI Refunding bonds and increases appropriation in the Chief Administrator's Office and Public Finance and Treasury for staff time associated with the refunding.

*FPD Recommendation: \$25,000*

3. MF\_117/*Revenue Bureau – Summer Intern Encumbrance Carryover, \$975*

Request appropriates General Fund discretionary dollars to fund an encumbrance carryover for the Mayor's Summer Youth Connect internship program. The encumbrance existed in SAP at the end of FY 2010-11, and is therefore a valid request for encumbrance carryover funds.

*FPD Recommendation: \$975*

4. MF\_049/*Bus Ops-OSS1 Permanent Status, \$0, convert 1.00 limited term position to permanent*

Request changes the status of an office support position from limited term to permanent. The bureau will absorb the ongoing costs of the position within their existing budget. The duties of the position have recently been fulfilled by a limited term position. With the expected move of Public Finance and Treasury to the Portland Building, and the enhanced security protocols (limited floor access with required receptionist check-in) that come with that, the workload of the position is expected to continue for the foreseeable future.

*FPD Recommendation: \$0, convert 1.00 limited term position to permanent*

5. MF\_050/*Bus Ops-Encumbrance Carryover, \$29,960*

Request appropriates General Fund discretionary dollars to fund encumbrance carryovers for three contracts (Communications Across Barriers, Olympic Performance, and AKT) in Business Operations. The encumbrances existed in SAP at the end of FY 2010-11, and are therefore valid requests for encumbrance carryover funds.

*FPD Recommendation: \$29,960*

6. MF\_157/Transfer unspent NeoGov funding back to GF, \$25,000

Financial Planning recommends the transfer of unspent NeoGov project funds be transferred to General Fund contingency. OMF had originally requested that the funds be transferred to the Citywide training fund. Financial Planning also recommends that any additional savings that materialize from the project in the future be returned to General Fund contingency.

FPD Recommendation: \$25,000

**Not Recommended Requests**

1. MF\_109/Cash Transfer to Citywide Training Fund, \$25,000

Request transfers unspent funding for the NeoGov implementation from the EBS fund to the Human Resources training fund to support citywide training. The original transfer for NeoGov funding was made in FY 2009-10 and was supported with General Fund discretionary dollars. If the project was housed in the General Fund, any savings at the end of the project would have automatically fell to ending fund balance and been available to Council to re-appropriate to the next priority project. Financial Planning recommends against the request because there isn't a nexus between the NeoGov project and the training fund that would support the reassignment of General Fund dollars. Any request for General Fund dollars related to the establishment of the training fund should be requested as a draw from General Fund contingency.

FPD Recommendation: \$0

2. MF\_110/BHR Request in Support of Citywide Training, \$75,000

Request appropriates \$75,000 from General Fund contingency to support citywide succession planning and workplace development. In particular, the funding will allow the Bureau of Human Resources (BHR) to implement employee webinars to orient new employees to various City processes, functions, and its organizational structure. Although the program has merit, it is still in the start-up phase. Council has directed bureaus to prepare deep cuts for FY 2012-13 and restricted bureaus from requesting funding for new programs. Due to the limited amount of General Fund contingency dollars available, and that the new program will not have an opportunity for continued funding next year, Financial Planning does not recommend the request. If the program is deemed more critical than other functions of Human Resources, then it should be implemented within existing resources.

FPD Recommendation: \$0

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

**Budget Notes**

All budget notes were completed.

**Decision Packages and Non-Technical BMP Changes**

The bureau implemented all reduction packages as directed. Most add packages were also implemented, with a few exceptions. The funding for replacement of the budget publishing software was encumbered due to a licensing issue that prevented a citywide rollout.

### Service Improvement Plans

The bureau's strategic plan was approved in February 2011, and it is already being implemented by staff. The reorganization of the Business Operations division is complete and the new Bureau of Internal Business Services is operational. Changes to City Code to reflect the reorganization were adopted by Council on April 20, 2011. Financial Planning recommends that the bureau update its Service Improvement Plan to identify new improvements given the completion of the items in the current plan.

### FY 2010-11 Reconciliations

▶ Denotes FPD Analyst Concern
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#### *OMF Director's Office*

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Charges for Services	\$1,375	\$1,375	0.00%
General Fund Discretionary	\$182,885	\$159,628	-12.72%
General Fund Overhead	\$172,312	\$172,312	0.00%
<b>Total Resources</b>	<b>\$356,572</b>	<b>\$333,315</b>	<b>-6.52%</b>
<b>Requirements</b>			
Personal Services	\$325,346	\$313,195	-3.73%
External Materials and Services	\$12,280	\$4,861	-60.42%
Internal Materials and Services	\$18,946	\$15,259	-19.46%
<b>Total Requirements</b>	<b>\$356,572</b>	<b>\$333,315</b>	<b>-6.52%</b>

The under spending in external materials and services was due to a reduction in travel and education expenditures. The prior Chief Administrative Officer limited travel in light of his scheduled departure from the bureau in July 2011.

#### *Financial Services*

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
▶ Charges for Services	\$324,774	\$88,230	-72.83%
Intergovernmental Revenues	\$234,823	\$220,156	-6.25%
▶ Interagency Revenue	\$750,785	\$490,739	-34.64%
Miscellaneous	\$1,045,891	\$1,029,845	-1.53%
General Fund Discretionary	\$2,792,536	\$2,371,872	-15.06%
General Fund Overhead	\$3,308,802	\$3,308,802	0.00%
<b>Total Resources</b>	<b>\$8,457,611</b>	<b>\$7,509,644</b>	<b>-11.21%</b>
<b>Requirements</b>			
Personal Services	\$5,997,215	\$5,573,124	-7.07%
▶ External Materials and Services	\$1,021,918	\$610,454	-40.26%
Internal Materials and Services	\$1,438,478	\$1,326,066	-7.81%
<b>Total Requirements</b>	<b>\$8,457,611</b>	<b>\$7,509,644</b>	<b>-11.21%</b>

The under spending in external materials and services was largely due to a delay in the final implementation of a new automated budget publishing system, savings in the Curbsider project budget, and significant under spending in professional services, out-of-town travel, and miscellaneous expenses within Public Finance and Treasury. Since Public Finance and Treasury is supported with interest revenues (miscellaneous) and interagencies, the under spending is also reflected in the under collection of these resources. The under collection of interest revenues is not reflected above due to the miscoding of deferred compensation program revenues. Deferred Compensation budgeted its revenues as charges for services, but the actual collections were coded as miscellaneous, thus the appearance of an under collection of charges for services revenues above.

*Human Resources*

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Interagency Revenue	\$497,674	\$447,986	-9.98%
Fund Transfers - Revenue	\$325,543	\$325,543	0.00%
▶ Miscellaneous	\$43,138	\$3,319	-92.31%
General Fund Discretionary	\$3,072,756	\$2,911,400	-5.25%
General Fund Overhead	\$3,595,106	\$3,595,106	0.00%
<b>Total Resources</b>	<b>\$7,534,217</b>	<b>\$7,283,354</b>	<b>-3.33%</b>
<b>Requirements</b>			
Personal Services	\$6,081,840	\$6,013,901	-1.12%
▶ External Materials and Services	\$603,712	\$444,685	-26.34%
Internal Materials and Services	\$848,665	\$824,768	-2.82%
<b>Total Requirements</b>	<b>\$7,534,217</b>	<b>\$7,283,354</b>	<b>-3.33%</b>

The under spending in external materials and services was largely due to a reduction in advertising and pre-placement exams purchased on behalf of customer bureaus. Miscellaneous revenues were under budget because the Revised Budget stated COPPEA training fund revenues as miscellaneous instead of interagency revenues. The Revised Budget was never updated to account for the error.

*Health Fund*

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$15,705,501	\$8,354,159	-46.81%
Charges for Services	\$39,376,693	\$43,943,951	11.60%
▶ Interagency Revenue	\$8,000	\$335,984	4099.80%
▶ Miscellaneous	\$1,069,196	\$454,854	-57.46%
<b>Total Resources</b>	<b>\$56,159,390</b>	<b>\$53,088,948</b>	<b>-5.47%</b>
<b>Requirements</b>			
Personal Services	\$1,031,055	\$955,105	-7.37%
External Materials and Services	\$42,274,935	\$39,297,215	-7.04%
Internal Materials and Services	\$428,365	\$416,981	-2.66%
▶ Bond Expenses	\$26,660	\$21,272	-20.21%
Fund Transfers - Expense	\$586,945	\$586,945	0.00%
Contingency	\$11,811,430	\$11,811,430	0.00%
<b>Total Requirements</b>	<b>\$56,159,390</b>	<b>\$53,088,948</b>	<b>-5.47%</b>

Additional revenue in charges for services was realized in FY 2010-11 due to corrections to payroll clearing accounts related to health benefits. Interagency revenues increased due to expenses for reimbursement to the Health Fund for employees experiencing a layoff being reclassified from direct bill to interagency revenue. Miscellaneous revenue is down due to a delay by the federal government for government retiree reimbursements. Bond expenses are lower for the fund due to lower than anticipated PERS charges.

*Business Operations*

	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Interagency Revenue	\$2,302,172	\$2,302,172	0.00%
Fund Transfers - Revenue	\$138,477	\$138,477	0.00%
Miscellaneous	\$8,870	\$8,870	0.00%
General Fund Discretionary	\$500,516	\$246,173	-50.82%
General Fund Overhead	\$662,500	\$662,500	0.00%
<b>Total Resources</b>	<b>\$3,612,535</b>	<b>\$3,358,192</b>	<b>-7.04%</b>
<b>Requirements</b>			
Personal Services	\$2,899,986	\$2,773,048	-4.38%
▶ External Materials and Services	\$94,171	\$4,714	-94.99%
Internal Materials and Services	\$618,378	\$580,430	-6.14%
<b>Total Requirements</b>	<b>\$3,612,535</b>	<b>\$3,358,192</b>	<b>-7.04%</b>

In FY 2009-10, SAP failed to bill the City in a timely manner for the City's license fee to operate the enterprise business system. In order to post the expenses in the correct year, an accrual was entered in the amount of \$400,000 for FY 2009-10. The accrual also posted a \$400,000 credit in FY 2010-11 to offset the invoice expense when it was posted. However, when the actual invoice was received in FY 2010-11, the billed amount was only \$320,000. This action created a negative expense in Business Operations totaling \$80,000. At the direction of Financial Planning, Business Operations underspent its budget in external materials and services by \$80,000 to prevent spending appropriation that shouldn't have existed. The \$4,714 of expenses shown above for external materials and services actually reflects an \$84,714 expenditure if the credit for the accrual is ignored.

*Revenue Bureau*

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Licenses & Permits	\$862,000	\$926,126	7.44%
Charges for Services	\$18,000	\$22,767	26.48%
Intergovernmental Revenues	\$856,552	\$856,708	0.02%
▶ Interagency Revenue	\$4,094,754	\$3,533,560	-13.71%
Miscellaneous	\$87,400	\$81,627	-6.61%
General Fund Discretionary	\$3,968,957	\$3,840,919	-3.23%
<b>Total Resources</b>	<b>\$9,887,663</b>	<b>\$9,261,707</b>	<b>-6.33%</b>
<b>Requirements</b>			
Personal Services	\$5,887,074	\$5,729,182	-2.68%
▶ External Materials and Services	\$1,620,242	\$1,308,842	-19.22%
Internal Materials and Services	\$2,380,347	\$2,223,683	-6.58%
<b>Total Requirements</b>	<b>\$9,887,663</b>	<b>\$9,261,707</b>	<b>-6.33%</b>

The under spending in external materials and services, and subsequent under collection of interagency resources, were due to lower than expected costs related to interagency agreements. The interagency with the Water Bureau over-estimated the amount of work the bureau would be able to complete for various projects, and the Transportation Leaf Removal Fee program was new, and therefore operations costs were unknown at the time the interagency was budgeted. In addition, Transportation chose not to have Revenue Bureau process credit card payments (interagency savings of \$86,000) and Printing and Distribution costs (\$27,000) were charged directly to Transportation (budgeted interagency had these expenses flowing through the Revenue Bureau).

*Property Management License Fund*

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$40,601	\$41,313	1.75%
Licenses & Permits	\$4,915,536	\$4,862,235	-1.08%
Charges for Services	\$10,650	\$20,528	92.75%
Miscellaneous	\$2,765	\$3,809	37.76%
<b>Total Resources</b>	<b>\$4,969,552</b>	<b>\$4,927,885</b>	<b>-0.84%</b>
<b>Requirements</b>			
Unappropriated Fund Balance	\$77,810	\$41,050	-47.24%
External Materials and Services	\$4,843,342	\$4,838,737	-0.10%
Internal Materials and Services	\$48,400	\$48,098	-0.62%
<b>Total Requirements</b>	<b>\$4,969,552</b>	<b>\$4,927,885</b>	<b>-0.84%</b>

The fund remained within its budgeted appropriation, and licenses and permits revenues were on target for the year. Increased charges for services revenues were largely due to enhanced tracking and collection of late charges.

*Private for Hire Transportation Safety Fund*

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$219,267	\$219,815	0.25%
Miscellaneous	\$1,220	\$1,469	20.41%
<b>Total Resources</b>	<b>\$220,487</b>	<b>\$221,284</b>	<b>0.36%</b>
<b>Requirements</b>			
Unappropriated Fund Balance	\$163,020	\$220,699	35.38%
Fund Transfers - Expense	\$585	\$585	0.00%
Contingency	\$56,882	\$0	-100.00%
<b>Total Requirements</b>	<b>\$220,487</b>	<b>\$221,284</b>	<b>0.36%</b>

Other than the budgeted payment for General Fund overhead, the fund remained inactive over the course of the year. The Revenue Bureau stated during the FY 2011-12 Requested Budget that the fund will need to replace the outdated vehicle cameras currently in use, however, the fund still remains inactive in the current year.

*Convention and Tourism Fund*

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$306,206	\$307,035	0.27%
Taxes	\$3,531,640	\$3,131,679	-11.33%
Fund Transfers - Revenue	\$711	\$711	0.00%
Miscellaneous	\$3,533	\$3,490	-1.22%
<b>Total Resources</b>	<b>\$3,842,090</b>	<b>\$3,442,915</b>	<b>-10.39%</b>
<b>Requirements</b>			
Unappropriated Fund Balance	\$227,870	\$255,981	12.34%
External Materials and Services	\$3,403,541	\$3,040,781	-10.66%
Internal Materials and Services	\$146,613	\$132,800	-9.42%
Fund Transfers - Expense	\$13,353	\$13,353	0.00%
Contingency	\$50,713	\$0	-100.00%
<b>Total Requirements</b>	<b>\$3,842,090</b>	<b>\$3,442,915</b>	<b>-10.39%</b>

The fund remained within its budgeted appropriation, however, taxes revenues were under budget by 11%. During the 2011 Spring BMP, an adjustment was made to increase taxes revenues, and subsequent expenses in external materials and services, by \$247,000 to prevent a possible over-expenditure of the fund. The adjustment was a precautionary move given expenditure trends of the fund. The revenues and subsequent expenditures never materialized.

**FY 2010-11 Performance Measure Reporting**

There are no significant issues regarding performance measures to report.

**Financial Planning Division Analysis  
FY 2011-12 Fall BMP**

**OMF - Bureau of Technology Services**

Report Date: October 26, 2011

Analysis by: Bob Tomlinson/Doug Le

**Recommended Requests**

1. *MF\_037/BTS – Additional Beginning Fund Balance, \$3,912,178, 0 FTE*

This request is to true up the beginning fund balance, recognizing an additional \$3,912,178. These funds are needed to support carryover appropriation of prior year CIPs and Operating Projects as well as to fund new projects.

*FPD Recommendation: \$3,912,178*

2. *MF\_041/BTS – ACD (Avaya) Project, \$190,792, 0 FTE*

This request is to appropriate \$190,792 in funds for additional requested work on the ACD Upgrade project. This work and the funding are at the request of the Water Bureau.

*FPD Recommendation: \$190,792*

3. *MF\_042/BTS – ACD (Avaya) Software Purchase, \$92,142, 0 FTE*

This request is to appropriate \$92,142 in funding to cover the cost of a software purchase for the IVR Credit Card project. This project is related to the ACD upgrade and funding will be from the Water Bureau.

*FPD Recommendation: \$92,142*

4. *MF\_061/BTS – Salary Adjustment Contingency Allocation, \$0, 0 FTE*

This request is to move \$457,092 in salary contingency funds budgeted for cost of living and health increases, reallocating them to cost centers where the expenses will be incurred.

*FPD Recommendation: \$0*

5. *MF\_062/BTS – Cash Transfer GO Bond Fund Replacement Balance, \$0, 0 FTE*

This request is to transfer \$8,330,854 from the BTS Fund (706000) to the GO Bond Fund (403000). This represents the balance of Radio Replacement funds committed to the PSSRP Radio project.

*FPD Recommendation: \$0*

6. *MF\_069/BTS – IT Continuity Assessment, \$191,200, 0 FTE*

This request is to appropriate \$191,200 in UASI 09 Grant funds for Information Security's IT Continuity Assessment project. The project will hire contractors/consultants to assist with planning activities for an IT Business Continuity Assessment. The consultants would conduct a regional business impact analysis.

*FPD Recommendation: \$191,200*

7. *MF\_072/BTS – Radio Equipment Upgrade UASI 10 Grant, \$315,000, 0 FTE*

This request is to appropriate \$315,000 in UASI 10 Grant funds to upgrade the existing radio system. This project will upgrade the radio system's zone controller equipment, controller links, radio "bridge" simulcast and the dispatch/PSAP bridge.

*FPD Recommendation: \$315,000*

8. *MF\_073/BTS – PSSRP LA Decrease, (\$395,549), 0 FTE*

PSSRP has requested a decrease of \$395,549 to their BTS interagency due to slow project spending on the RegJIN and Fire projects.

*FPD Recommendation: (\$395,549)*

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

### **Spring BMP Requests**

***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.

***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.

***Reclassification of CAD Software Engineer to PISA, \$0, 0 FTE***

This is to reclassify one CAD Software Engineer position to a Principal Information Systems Analyst to support the large server infrastructure required for the replacement CAD system scheduled for go-live in FY 2010-11.

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. The work will be completed by the Public Safety Systems Revitalization Project.

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 will be achieved by the end of this fiscal year.

***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.

**Non-Technical FY 2010-11 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 impact at the fund level.

Status report: The upgrade is scheduled for completion in January 2012.

***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 impact at the fund level.

Status report: Pilot Windows 7 deployment in progress. Full production rollout is scheduled to start in FY 2011-12.

***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 contingency in the Technology Services Fund; therefore there is no fiscal impact at the fund level.

Status report: Complete. Property purchase closed in December 2010.

## FY 2010-11 Reconciliation

### Fund 706 Technology Services Fund

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$40,014,811	\$39,464,803	-1.37%
Charges for Services	\$0	\$140,464	N.A.
Intergovernmental Revenues	\$5,738,179	\$4,787,891	-16.56%
Interagency Revenue	\$42,851,945	\$41,348,902	-3.51%
Fund Transfers - Revenue	\$1,311,525	\$1,311,525	0.00%
Bond and Note	\$64,996	\$64,996	0.00%
Miscellaneous	\$33,500	\$619,958	1750.62%
<b>Total Resources</b>	<b>\$90,014,956</b>	<b>\$87,738,539</b>	<b>-2.53%</b>
<b>Requirements</b>			
Personal Services	\$24,919,301	\$23,667,458	-5.02%
External Materials and Services	\$17,524,420	\$11,977,332	-31.65%
Internal Materials and Services	\$4,181,351	\$3,887,396	-7.03%
Capital Outlay	\$1,000,000	\$677,466	-32.25%
Bond Expenses	\$1,833,404	\$1,821,998	-0.62%
Fund Transfers - Expense	\$2,949,872	\$2,310,481	-21.68%
Contingency	\$37,906,608	\$0	-100.00%
Ending Fund Balance	\$0	\$43,396,408	N.A.
<b>Total Requirements</b>	<b>\$90,314,956</b>	<b>\$87,738,539</b>	<b>-2.85%</b>

▶ FPD analyst concern

The fund finished the fiscal year within its budget. 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. Delays in several capital and operating projects have caused the fund to under spend its appropriations for External Materials & Services and Capital Outlay.

**Financial Planning Division Analysis  
FY 2011-12 Fall BMP**

**OMF - Enterprise Business Solution**

Report Date: October 26, 2011

Analysis by: Bob Tomlinson/Doug Le

**Recommended Requests**

1. MF\_148/EBS COLA and Benefits Appropriation, \$0, 0 FTE

The benefits rate paid by the City for employees increased by 8.8% for FY 2011-12 and the COLA for the City was adopted at 1%. This increase is budgeted as contingency in the EBS Fund. This request is to appropriate budgeted funds from contingency to the benefits and salary accounts as the expenses have been incurred as of July 1, 2011 when the rates took effect.

FPD Recommendation: \$0

2. MF\_149/EBS Carryover for Open POs, \$0, 0 FTE

This request is to appropriate Fund carryover of \$236,475 for eight open Purchase Order (PO) task orders for PTE Services for Business Objects and ongoing support for the HCM configuration requirements.

FPD Recommendation: \$0

3. MF\_150/EBS Increase Salaries for Change in Pay Scale, \$0, 0 FTE

Request to fund the cost estimate for the change in pay scale for the SAP Business System Analyst series in the amount of \$70,000 from contingency.

FPD Recommendation: \$0

4. MF\_152/EBS Transfer to OMF, \$2,712, 0 FTE

This request allocates costs associated with the retirement payout for the prior CAO and the transition of the new CAO across OMF.

FPD Recommendation: \$2,712

5. MF\_153/EBS Internal to Major Object Code Changes, \$0, 0 FTE

Move funds between major object codes to the correct commitment items where costs are incurred.

FPD Recommendation: \$0

6. MF\_159/EBS Cash Transfer to General Fund, (\$25,000), 0 FTE

FPD recommends transferring \$25,000 from EBS Fund Balance to the General Fund. The original request transferred the funds to BHR per request MF\_151 below. BHR had transferred funds to the EBS Fund for the Neogov project and the request was to return unspent funds to BHR.

FPD Recommendation: (\$25,000)

## Not Recommended Requests

### 1. MF\_151/EBS Cash Transfer to Human Services, \$0, 0 FTE

BHR transferred funds into the EBS Fund for the Neogov project and this request is to return unspent funds to BHR. FPD recommends transferring the \$25,000 to the General Fund per request MF\_159 above and does not recommend this request.

*FPD Recommendation: \$0*

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

### ***EBS Training Carryover Reduction, (\$60,904)***

One-time reduction of training budget by \$60,904. No significant impact on operations reported in the Spring BMP.

Status report: Complete. The budget was reduced.

### ***EBS Reduction External Materials & Services, (\$19,200)***

This is an ongoing reduction of the External M&S by \$19,200. No significant impact on operations reported in the Spring BMP.

Status report: Complete. The budget was reduced.

### ***EBS Space Rent Reduction, (\$163,526)***

Due to reduced staff of the EBS Ongoing Operations, the division's space requirement is now less than before, yielding an ongoing saving of \$163,526.

Status report: Complete. The budget was reduced.

### ***Functional Staff – Adding 5 Positions, \$540,000***

These positions will be added to the Functional Support Team to provide additional resources to the EBS Division.

Status report: Complete. The recruitments are complete for the training and operational support positions. Additional recruitments for the analyst positions are underway.

### ***Business Objects, \$116,000***

This funding is to purchase and implement the Business Objects software to provide better reporting tools built on the SAP platform.

Status report: The initial Business Objects reports were developed and implemented. The initial group of super users was trained and is now developing bureau-level templates. Training is underway for an additional 30 super users throughout April, 2011.

### ***Support Staff Continuing Training, \$100,000***

This funding is to provide adequate training for the EBS Support Team to reach the necessary level of expertise to support SAP operational functionalities.

Status report: Staff has completed 18 technical development courses, gaining valuable knowledge to improve the effectiveness of end-user support and reducing the need for consulting services. Staff will continue to complete technical development courses as time permits based on priority projects and workload.

### ***Consulting Support – Post Production Services, \$1,036,000***

This package requests ongoing funding to provide post production consulting support to supplement and augment City technical and functional support staff.

Status report: The on-demand, flexible service contracts are being used to support critical needs where the City lacks the experience and expertise, particularly in the time management configuration requirements of the recently negotiated Labor contracts.

***Convert Six Limited Term Positions to Ongoing***

This conversion was approved in the Winter BMP. There is no fiscal impact on the EBS Division as a result of these conversions.

Status report: Complete.

**FY 2009-10 Reconciliation**

**Fund 708 EBS Services Fund**

	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
Budgeted Beginning Fund Balance	\$4,493,273	\$4,160,895	-7.40%
Interagency Revenue	\$10,730,676	\$10,777,104	0.43%
Fund Transfers - Revenue	\$230,000	\$230,000	0.00%
▶ Miscellaneous	\$11,921	\$36,920	209.71%
<b>Total Resources</b>	<b>\$15,465,870</b>	<b>\$15,204,919</b>	<b>-1.69%</b>
<b>Requirements</b>			
Personal Services	\$2,260,800	\$1,855,096	-17.95%
External Materials and Services	\$1,780,340	\$974,195	-45.28%
Internal Materials and Services	\$4,279,937	\$4,154,994	-2.92%
Bond Expenses	\$4,115,950	\$4,115,950	0.00%
Fund Transfers - Expense	\$43,692	\$43,692	0.00%
Contingency	\$2,985,151	\$0	-100.00%
Ending Fund Balance	\$0	\$4,060,992	N.A.
<b>Total Requirements</b>	<b>\$15,465,870</b>	<b>\$15,204,919</b>	<b>-1.69%</b>

▶ FPD analyst concern

Overall, the EBS Services Fund finished the fiscal year within its budget. Miscellaneous revenue ended up higher than estimated due to the large ending fund balance from last fiscal year. The variance in External Materials & Services is due to not spending professional services contracts related to the FILO modules in the budget.

**Financial Planning Division Analysis  
FY 2011-12 Fall BMP**

**OMF Citywide Projects - Public Safety Systems Revitalization Program  
(PSSRP) and the Public Safety General Obligation Bond Fund**

Report Date: October 26, 2011

Analysis by: Yung Ouyang

**Summary of Significant Issues**

*Project Delays* – Of the three remaining PSSRP projects, one is experiencing a one-year delay, while the other two may also be potentially delayed. The RegJIN (or Portland Police Data System) project will be delayed a year due to the buying out of a vendor's product by another company, thus necessitating a re-issuance of the RFP. Its completion date is now projected to be in FY 2013-14. The Fire Information System (FIS) and the Radio Replacement Projects are both experiencing delays as well, but their final completion dates are not expected to change at the moment (FY 2012-13 for FIS, and FY 2014-15 for the Radio Replacement Project). However, PSSRP has indicated that no additional costs will be incurred for any of the projects, and the only additional costs that may be incurred in future years due to the delays will be for PSSRP Project Management and Administration, which is funded ongoing by the General Fund. At this point, the program does not know if these additional administration costs will materialize or not.

**Recommended Requests**

1. *MF\_111/Public Safety GO Bond Fund Beginning Fund Balance, \$2,462,825, 0.0 FTE*

OMF is requesting to true-up beginning fund balance to the correct figure of \$21,821,774 to provide a more accurate overall report on the status of the fund.

*FPD Recommendation: \$2,462,825, 0.0 FTE*

2. *MF\_122/PSSRP RegJIN & FIS Project Resource Carryover, \$50,704, 0.0 FTE*

PSSRP requests to carryover unspent General Fund dollars from FY 2010-11 for the RegJIN and FIS projects to ensure that the projects' General Fund budgets and resources remain intact throughout the lives of the projects.

Financial Planning and OMF-Business Operations agreed that in addition to transferring unspent funds between the General Fund and the Technology Services Fund, this method was the best way for PSSRP to true-up prior year General Fund actuals to capture any remaining unspent dollars from the prior fiscal year for these multi-year capital projects.

*FPD Recommendation: \$50,704, 0.0 FTE*

3. *MF\_123/Technology Services Fund to General Fund Cash Transfer Reduction, (\$6,036,249), 0.0 FTE*

This request reduces the transfer of resources designated for out-year use on the RegJIN and FIS projects, which reside in the Technology Services Fund, to the General Fund for current-year use. The reduction is 78% of the amount initially budgeted. See Summary of Significant Issues section above in regards to the project delays. Financial Planning recommends this request because spending on the projects has slowed down due to the delays.

*FPD Recommendation: (\$6,036,249), 0.0 FTE*

4. *MF\_124/PSSRP Beginning Fund Balance Recognition in the Emergency Communications Fund, \$250,285, 0.0 FTE*

PSSRP requests to true-up the CAD-Next project's beginning fund balance in the Emergency Communications Fund by the amount unused last year. Of the \$250,285 amount, \$194,132 is project carryover, and \$56,153 is from interest revenue that PSSRP is requesting to be transferred to the Technology Services Fund (see MF\_127) where it will become a part of the program's contingency.

*FPD Recommendation: \$250,285, 0.0 FTE*

5. *MF\_125/PSSRP Beginning Fund Balance in the Technology Services Fund, \$2,015,455, 0.0 FTE*

This request trues-up beginning fund balance for the portion of PSSRP cash and program contingency that is housed in the Technology Services Fund to be held for future program use.

*FPD Recommendation: \$2,015,455, 0.0 FTE*

6. *MF\_126/PSSRP Technical Adjustments, \$0, 0.0 FTE*

PSSRP requests to make technical adjustments in the Technology Services Fund, where PSSRP cash program reserves are budgeted, and the Public Safety GO Bond Fund, where the Radio Replacement Project is budgeted, to better align budget to forecasted actuals.

This request contains the transactions corresponding to the transfer reduction requested in MF\_123 above. In addition, the transactions in the Public Safety GO Bond Fund reflect a transfer of resources from Radio Project Stabilization (an upgrade to the existing Motorola system) to Radio Project Replacement (the next phase of the Replacement Project, which may or may not be a Motorola solution). Depending on the solution developed by the engineering consultant, these two distinct capital assets will be combined to either create a single asset, or the asset associated with the next phase will become the new Radio System asset and the upgrade to the existing Motorola one will then be disposed of.

During the last PSSRP Steering Committee meeting, staff announced its intention to create contingencies for each of the projects instead of a single contingency for all the projects together. This request, as well as MF\_128, contains the transactions needed to accomplish that.

*FPD Recommendation: \$0, 0.0 FTE*

7. *MF\_127/Emergency Communications Fund to Technology Services Fund Cash Transfer Increase, \$56,153, 0.0 FTE*

This request increases the cash transfer from the Emergency Communications Fund to the Technology Services Fund by the amount representing CAD-Next Revenue Bond interest earned, as mentioned in MF\_124 above. The amount of the transfer increase is 11% of the \$500,000 amount initially budgeted. The funds will now become part of overall PSSRP contingency.

*FPD Recommendation: \$56,153, 0.0 FTE*

8. *MF\_128/Technology Services Fund to Public Safety GO Bond Fund Cash Transfer Increase, \$11,155,199, 0.0 FTE*

PSSRP requests to increase the transfer from the Technology Services Fund to the Public Safety GO Bond Fund. \$2,735,000 of PSSRP contingency is being reallocated to the Radio Replacement Project's contingency,

while \$8,420,199 represent the remaining balance of replacement reserves that have been designated to partially fund the Radio Replacement Project. The transfer amount in the Adopted Budget was only \$253,330, so it is a substantial increase to \$11.4 million. The balance of BTS Radio Replacement funds is being transferred so that all Radio System Replacement project resources reside in a single fund for better ease of financial management and tracking.

During the last PSSRP Steering Committee meeting, staff announced its intention to create contingencies for each of the projects instead of a single contingency for all the projects together. This request, as well as MF\_126, contains the transactions needed to accomplish that.

*FPD Recommendation: \$11,155,199, 0.0 FTE*

9. *MF\_129/PSSRP Regional Radio PSIC Grant Carryover, \$96,346, 0.0 FTE*

This request recognizes and carries over \$96,346 in FY 2010-11 unspent Public Safety Interoperable Communications (PSIC) grant funds from the Department of Homeland Security and the Department of Commerce designated for work on the Regional Radio System planning effort.

*FPD Recommendation: \$96,346, 0.0 FTE*

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

### **Budget Notes**

During FY 2010-11, the public safety bureaus and OMF were directed to continue to refine the funding plan for PSSRP and report back to Council in a work session presentation. The budget note noted that Council would give priority consideration to one-time and ongoing funding for the project and that ongoing funding of \$1.2 million will be directed towards the project from the General Fund starting in FY 2011-12. With the passing of the Public Safety General Obligation (GO) Bond measure by the voters of Portland in November of last year, all the funding needs of PSSRP have been met.

### **Decision Packages and Non-Technical BMP Changes**

EM&S Reduction - Professional Services (one-time): As directed, PSSRP reduced its budget as a part of the Citywide reduction process. The Program reduced its budget for Professional Services by about \$15,000. While it thus had less funds to hire outside consultants, the reduction has not impacted the operational aspect of the projects.

EM&S Reduction – Professional Services (ongoing): The Program also reduced its ongoing budget for Professional Services by the same amount. The funds were intended to hire an outside consultant to review that its technical approach was in-line with industry best practices. However, the office has concluded that the review can be accomplished by cost sharing between projects.

Radio Replacement Project Transfer from External Materials and Services to Internal Materials and Services – During the Over-Expenditure Ordinance process, \$90,000 was moved from EM&S to IM&S to prevent over-expenditure. With this action, there was no over-expenditure in the major object category (almost 96% of the IM&S budget was consumed).

### FY 2010-11 Reconciliation

General Fund (100)	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
General Fund Discretionary	\$1,870,170	\$1,789,734	-4.30%
Interfund Cash Transfer - Revenue	\$0	\$18,500	N/A
<b>Total Resources</b>	<b>\$1,870,170</b>	<b>\$1,808,234</b>	<b>-3.31%</b>
<b>Requirements</b>			
Personal Services	\$762,782	\$756,084	-0.88%
External Materials & Services	\$223,263	\$190,844	-14.52%
Internal Materials & Services	\$349,846	\$340,297	-2.73%
Interfund Cash Transfer - Expense	\$534,279	\$521,009	-2.48%
<b>Total Requirements</b>	<b>\$1,870,170</b>	<b>\$1,808,234</b>	<b>-3.31%</b>

▶ FPD analyst concern

Revenues

The \$18,500 incoming cash transfer was a budgeted transaction, but it was budgeted in a non-PSSRP fund center due to Financial Planning's method of handling General Fund related cash transfers.

Expenditures

All expenditures were within budget.

Grants Fund (217)	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
▶ Federal, State, and Local Sources	\$1,092,691	\$965,126	-11.67%
<b>Total Resources</b>	<b>\$1,092,691</b>	<b>\$965,126</b>	<b>-11.67%</b>
<b>Requirements</b>			
External Materials & Services	\$1,092,691	\$965,126	-11.67%
<b>Total Requirements</b>	<b>\$1,092,691</b>	<b>\$965,126</b>	<b>-11.67%</b>

▶ FPD analyst concern

Revenues

Grant revenues ended the year at 88% of the budgeted amount. Only about \$465,000 of a \$593,000 PSIC grant was expended and reimbursed, accounting for the over 10% variance. PSSRP is requesting to carry over about \$96,000 of the remaining unspent funds during this Fall BMP (MF\_129).

Expenditures

Grant expenditures were within budget.

<b>Public Safety General Obligation Bond Fund (403)</b>	<b>FY 2010-11 Revised Budget</b>	<b>FY 2010-11 Year-End Actuals</b>	<b>Percent Variance</b>
<b>Resources</b>			
▶ Fund Transfers - Revenue	\$844,881	\$207,469	-75.44%
▶ Bond and Note	\$45,791,941	\$26,662,244	-41.78%
▶ Miscellaneous	\$0	\$28,242	N/A
<b>Total Resources</b>	<b>\$46,636,822</b>	<b>\$26,897,955</b>	<b>-42.32%</b>
<b>Requirements</b>			
Personal Services	\$155,173	\$130,632	-15.82%
External Materials & Services	\$6,723,454	\$4,160,331	-38.12%
Internal Materials & Services	\$580,661	\$555,286	-4.37%
Bond Expenses	\$300,000	\$229,932	-23.36%
Contingency / Ending Balance	\$38,877,534	\$21,821,774	-43.87%
<b>Total Requirements</b>	<b>\$46,636,822</b>	<b>\$26,897,955</b>	<b>-42.32%</b>

▶ FPD analyst concern

Revenues

The Fund Transfer from the Technology Services Fund was appropriated to cover PSSRP Radio Replacement Project expenses that were not reimbursable by GO Bond proceeds. The initial amount budgeted, about \$845,000, was determined to be the amount that BTS would be responsible for in the Public Safety GO Bond Fund. The figure was later revised as a Motorola Milestone payment was accrued the previous year and recorded to the Technology Services Fund. The net result was that only about \$207,000 was actually needed to be transferred to cover the BTS reimbursable expenses.

In regards to Bond and Note, after the Winter BMP, PSSRP revised its projection for spending on the radio project for how much it would accomplish during the two-year timeframe set for the bond sale sizing. The actual amount sold (about \$26.7 million) was based on this lower forecasted need by PSSRP, as opposed to the \$45.8 million initially budgeted).

Expenditures

Delays in both the Radio Replacement Project and the Fire Station 21 project, as well as lower than planned expenses in the Radio Replacement Project, caused the much-lower-than-budgeted actual expenditures in Personal Services and External Materials & Services.

**FY 2010-11 Capital Project Reconciliation**

The variance between Year-end Actuals and the Revised Budget was less than 10%, and so the office was not required to provide an explanation.

For the Public Safety GO Bond Fund, see the FY 2010-11 Reconciliation section immediately above.

**FY 2011-12 Capital Project Reporting**

The 32% variance between the Adopted budget and the post-Fall BMP Revised budget is mainly due to a request to reduce the RegJIN project’s budget by \$6.0 million (and the corresponding transfer from the Technology Services Fund, where out-year resources for the project reside, to the General Fund) due to a

delay slowing the project down. See narrative in Summary of Significant Issues section and request MF\_123 above.

For the Public Safety GO Bond Fund, the only variances between the Fall BMP adjusted budget and the Adopted budget are due to the truing up of beginning balance and a transfer of \$2,000 from contingency to the bond issuance line item. See MF\_111 above.

**Financial Planning Division Analysis  
FY 2011-12 Fall BMP**

**OMF - General Fund Special Appropriation**

Report Date: October 26, 2011

Analysis by: Doug Le

**Recommended Requests**

1. *SA\_001/Encumbrance Carryover, \$145,097*

This request is to carryover two encumbrances in the General Fund Special Appropriations, Janus Youth Program Inc. for \$142,500 for work related to the Mental Health Crisis Special Appropriation and \$2,597 for Susan J. Thomas contract for work related to the COPPEA Professional Development Special Appropriation.

*FPD Recommendation: \$145,097*

2. *SA\_003/Sports Improvements - Parkrose School District, \$100,000*

Council approved funding for this project in the FY 2010-11 Spring BMP; however, the work was not completed until September 2011. There was no carryover for this project in the Spring BMP. Council approved ordinance #184832 on August 11, 2011 to authorize an intergovernmental agreement with the Parkrose School District for the above project.

*FPD Recommendation: \$100,000*

**Not Recommended Requests**

1. *SA\_002/First Stop Portland, \$15,000*

This is a new General Fund request to offer financial assistance to Portland State University to provide logistics and planning services to visiting delegations interested in Portland's sustainability and livability practices.

FPD does not recommend this request due to limited General Fund resources.

*FPD Recommendation: \$0*

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

***RACC 3% Ongoing Reduction, (\$110,485)***

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)***

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***

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***

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 was transferred to the Office of Neighborhood Involvement in Winter BMP.

***Mental Health Crisis Program, \$540,000***

This program includes \$400,000 for mental health crisis and \$140,000 for Multnomah County Mental Health Crisis Center.

Status Report: A \$150,000 contract with Central City Concern to support the Sobering Station was approved by Council on 4-13-11. A carryover of \$50,000 from the remaining balance into FY 2011-12 was included in the Spring BMP.

***Portland Rose Festival, \$75,000***

This program provides one-time funding to offset various bureau costs related to Rose Festival Event.

Status Report: Complete. Fund was expended.

***Roosevelt Athletic Complex, \$200,000***

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: Complete. Fund was expended.

***Parkrose School District, \$35,000, 0 FTE***

This package requests one-time General Fund resources to support the Parkrose School District.

Status Report: The fund has not been used.

***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: Complete. \$142,500 was expended, the remaining fund was encumbered.

***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: Complete. Fund was expended.

***Village Market, \$50,000***

This package provides 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.

Status Report: Complete. Fund was expended.

***WorldQuest, \$7,500***

This package requests funding to support the WorldQuest Global Knowledge Competition and the International Speaker Series. This event offers local youth an opportunity to demonstrate and advance their knowledge of culture, geography, and international affairs.

Status Report: Complete. Fund was expended.

***Parkrose School District – Sports Field Improvements, \$100,000***

This package will provide additional funding for the Parkrose High School sports field project. This field will serve an ethnically diverse community in a part of the city that currently lacks sports fields.

Status Report: Fund was not expended in FY 2010-11. A request is being made in this BMP for the above project which was completed in September 2011.

**FY 2010-11 Reconciliation**

**General Fund Special Appropriations**

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
<b>Resources</b>			
Interagency Revenue	\$12,000	\$12,000	0.00%
General Fund Discretionary	\$7,021,702	\$6,565,921	-6.49%
General Fund Overhead	\$143,555	\$143,555	0.00%
<b>Total Resources</b>	<b>\$7,177,257</b>	<b>\$6,721,476</b>	<b>-6.35%</b>
<b>Requirements</b>			
External Materials and Services	\$7,077,257	\$6,588,918	-6.90%
▶ Internal Materials and Services	\$100,000	\$132,558	32.56%
<b>Total Requirements</b>	<b>\$7,177,257</b>	<b>\$6,721,476</b>	<b>-6.35%</b>

▶ FPD analyst concern

Overall the Special Appropriation ended with 93.65% of its appropriation spent by the end of FY 2010-11; however, the City Membership Dues item was overspent by \$26,160. The Internal Materials & Services category was overspent, because the budget for several charges in this category was included in the External Materials & Services category.