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FINANCIAL PLANNING DIVISION ANALYSIS FY 2012-13 Budget

Office of Management and Finance

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I. Overview

Budget Summary	Revised FY 2010-11	Revised FY 2011-12	Request Base FY 2012-13	Request Total FY 2012-13	Percent Change
Resources					
Beginning Fund Balance	\$159,269,936	\$182,091,539	\$171,551,027	\$171,551,027	-5.8%
Taxes	3,531,640	3,049,720	3,412,000	3,412,000	11.9%
Licenses & Permits	5,777,536	6,223,064	6,281,940	6,299,140	1.2%
Charges for Services	48,125,989	46,994,404	51,638,509	52,216,369	11.1%
Intergovernmental Revenues	23,564,424	16,308,139	11,457,452	11,309,936	-30.6%
Interagency Revenue	136,562,174	139,689,460	138,737,756	133,649,333	-4.3%
Fund Transfers - Revenue	7,889,878	17,925,955	7,691,205	7,661,374	-57.3%
Bond and Note Proceeds	56,962,992	4,879,213	0	0	-100.0%
Miscellaneous Sources	5,340,241	8,043,662	7,522,811	7,420,142	-7.8%
General Fund Discretionary	20,984,719	29,012,348	32,313,913	31,659,188	9.1%
General Fund Overhead	11,098,506	11,491,938	12,663,872	12,663,872	10.2%
Total Resources	\$479,108,035	\$465,709,442	\$443,270,485	\$437,842,381	-6.0%
Expenditures					
Personnel Services	\$69,055,876	\$73,687,490	\$72,668,598	\$70,662,630	-4.1%
External Materials and Services	155,150,231	151,657,840	138,433,518	136,889,506	-9.7%
Internal Materials and Services	26,437,436	25,097,306	25,783,379	25,465,891	1.5%
Capital Outlay	31,039,825	25,915,396	24,496,780	24,496,780	-5.5%
Debt Service	20,587,055	19,584,925	19,446,819	19,446,819	-0.7%
Fund Transfers - Expense	7,891,637	20,984,584	8,398,657	8,398,657	-60.0%
Contingency	168,477,275	148,560,865	154,042,734	152,482,098	2.6%
Unappropriated Fund Balance	468,700	221,036	0	0	-100.0%
Total Requirements	\$479,108,035	\$465,709,442	\$443,270,485	\$437,842,381	-6.0%
Total Bureau FTE	672.83	672.50	671.05	648.55	-3.6%

Percent Change is the change from FY 2011-12 Revised Budget to FY 2012-13 Total Requested Budget.

II. Key Issues

Additional Details for Total Requirements and Full-Time Equivalents

Given the size and complexity of the Office of Management and Finance's (OMF) operations, an additional table is provided below that identifies the total budgets and full-time equivalents (FTE) by bureau within the General Fund and by fund for those operations outside of the General Fund. As noted below, Special Appropriations is included in the OMF totals because OMF is the managing agency. For context, Special Appropriations totals \$18.4 million of the total \$32.3 million allocated to OMF as General Fund Discretionary resources in the base budget. In addition to the General Fund and Internal Service Fund operations of OMF, the total budget also includes the City's self-insured Health Fund and both public safety General Obligation Bond funds. Appropriation in the Emergency Communication Fund for FY 2010-11 and FY 2011-12 is associated with the capital project costs for the new Computer-Aided Dispatch system located in

the Bureau of Emergency Communications. The costs were budgeted in OMF because they were part of the Public Safety Systems Revitalization Program (PSSRP) within the Citywide Projects division.

	Revised FY 2010-11	Revised FY 2011-12	Request Base FY 2012-13	Request Total FY 2012-13	Percent Change
Requirements by Fund/Bureau					
General Fund					
Special Appropriations	\$7,177,257	\$15,136,620	\$18,594,890	\$19,050,726	25.9%
Revenue Bureau	9,887,663	10,383,726	10,325,898	10,018,225	-3.5%
Financial Services	8,457,611	8,720,474	8,773,054	8,408,295	-3.6%
Human Resources	7,534,217	7,944,847	8,242,109	8,017,959	0.9%
Internal Business Services	5,733,140	5,506,510	5,027,737	5,217,116	-5.3%
OMF Director's Office	3,969,107	4,573,210	4,645,166	4,508,729	-1.4%
Citywide Projects	1,870,170	3,113,936	4,078,500	3,966,031	27.4%
Technology Services Fund	90,314,956	93,648,729	79,115,460	76,265,460	-18.6%
Health Insurance Operating Fund	56,159,390	61,857,370	66,857,370	66,857,370	8.1%
Facilities Services Operating Fund	59,202,327	62,181,620	61,307,759	61,072,928	-1.8%
CityFleet Operating Fund	49,402,035	48,149,005	46,722,893	45,972,893	-4.5%
Insurance and Claims Operating Fund	32,729,982	35,627,090	38,723,682	38,490,182	8.0%
Workers' Comp Self Insurance Fund	23,157,492	22,643,911	21,761,668	21,728,168	-4.0%
Public Safety GO Bond Fund	39,343,822	26,194,201	19,283,427	19,283,427	-26.4%
EBS Services Fund	15,465,870	16,941,602	17,131,240	16,486,240	-2.7%
Spectator Facilities Operating Fund	26,052,008	15,229,338	14,176,814	14,176,814	-6.9%
Printing & Distribution Services Fund	9,379,494	8,893,831	8,515,751	8,334,751	-6.3%
Property Management License Fund	4,969,552	5,032,686	5,068,250	5,068,250	0.7%
Convention and Tourism Fund	3,842,090	3,052,720	3,415,000	3,415,000	11.9%
BFRES Facilities GO Bond Cons. Fund	6,470,091	3,362,546	1,279,345	1,279,345	-62.0%
Private for Hire Trans. Safety Fund	220,487	221,082	224,472	224,472	1.5%
Emergency Communication Fund	8,150,525	901,057	0	0	-100.0%
Grants Fund	9,618,749	6,393,331	0	0	-100.0%
Total Requirements	\$479,108,035	\$465,709,442	\$443,270,485	\$437,842,381	-6.0%
FTE by Fund/Bureau					
General Fund					
Revenue Bureau	65.50	66.50	66.00	64.50	-3.0%
Financial Services	59.70	60.70	60.50	57.50	-5.3%
Human Resources	60.00	60.00	60.00	59.00	-1.7%
Internal Business Services	39.00	39.00	38.00	41.00	5.1%
OMF Director's Office	30.00	29.67	30.00	30.00	1.1%
Citywide Projects	10.00	10.00	7.69	6.69	-33.1%
Technology Services Fund	220.63	219.63	219.63	204.63	-6.8%
CityFleet Operating Fund	77.00	77.00	77.00	77.00	0.0%
Facilities Services Operating Fund	35.00	36.00	35.92	34.92	-3.0%
Printing & Distribution Services Fund	25.00	23.00	23.00	21.00	-8.7%
EBS Services Fund	20.00	20.00	20.00	20.00	0.0%
Insurance and Claims Operating Fund	14.00	11.15	11.15	10.65	-4.5%
Health Insurance Operating Fund	10.00	10.00	10.00	10.00	0.0%
Workers' Comp Self Insurance Fund	7.00	9.85	9.85	9.35	-5.1%
Public Safety GO Bond Fund	0.00	0.00	2.31	2.31	NA
Total FTE	672.83	672.50	671.05	648.55	-3.6%

Percent Change is the change from FY 2011-12 Revised Budget to FY 2012-13 Total Requested Budget.

General Fund Bureau Financial Plans and Comprehensive Fee Study

According to Comprehensive Financial Management Policy (CFMP) 2.03, five-year financial plans will be prepared annually for the General Fund, most General Fund bureaus, major enterprise funds, special revenue funds and internal service funds. Although the Office of Management and

Finance (OMF) has prepared financial plans for its internal service funds, it did not prepare a plan for the General Fund operations, including Revenue Bureau, Bureau of Financial Services, Bureau of Human Resources, or the OMF Director's Office. Financial Planning neglected to enforce this requirement in its review of the FY 2011-12 budget, and did not notify the bureau that the plan was missing when OMF initially turned in its FY 2012-13 Requested Budget. Given the oversight by both parties, Financial Planning recommends that a more comprehensive five-year financial plan, that includes these operations be submitted with the FY 2013-14 Requested Budget. The plans should be based on current service levels and funding sources, as well as anticipated changes to service levels and funding. If appropriate, the plans will identify additional resources needed to continue current service levels or identified service adjustments.

In addition to completing the five-year financial plans, bureaus are also required to submit fee studies. Comprehensive Financial Management Policy 2.06 states that all bureaus charging fees are required to complete fee studies based upon cost-of-service principles. These studies are to be updated at a minimum of every two years and provided to City Council and the Financial Planning Division in the Requested Budget submission. Although OMF currently analyzes market rates and completes smaller, individual studies on fees when needed, Financial Planning has not been provided with a complete fee study in this Requested Budget or in recent Requested Budgets. Financial Planning recommends that the bureau complete a review of the entire fee structure in FY 2012-13 in an effort to consolidate these efforts and provide a more comprehensive report of all fees charged by the bureau. The report should identify:

- Where appropriate, whether the existing fee structure provides full cost recovery.
- The degree to which a service provides a general benefit in addition to the private benefit provided to a specific business, property or individual.
- The economic impact of new or expanded fees, especially in comparison with other governments within the metropolitan area.
- The true or comprehensive cost of providing a service, including the cost of fee collection and administration.
- The impact of imposing or increasing fees on economically at-risk populations and on businesses.
- The overall achievement of City goals.

According to CFMP 2.06, charges for services that benefit specific users should recover full costs. To ensure that each service is achieving full cost recovery, the fee studies need to break down resources and requirements for each individual service. For example, through analysis of the Requested Budget, Financial Planning discovered that regulatory revenues in the Revenue Bureau are aggregated and used to support all regulatory programs within the Revenue Bureau. The regulatory programs administered by the Revenue Bureau range from taxicab permits to special events permits to the regulation of social games. The information by individual service will allow Financial Planning to identify any areas where one service fee is subsidizing the enforcement of another service. If these subsidies exist, the fee structure should be modified to increase the fees of the subsidized program and decrease the fees for the service that is being overcharged.

Workforce Planning and Training

The Bureau of Human Resources has identified workforce planning as one of its significant issues for FY 2012-13. Over the next two years, 33% of the City's workforce will be eligible for retirement. Investments in the training of entry-level positions and the transfer of institutional knowledge are critical to maintain an educated workforce. Given the lack of available discretionary resources for new or upgraded programs, the bureau realigned existing funding to focus on e-

learning and is establishing a citywide learning committee. To assist in these efforts, Financial Planning recommends the bureau's request to eliminate 0.50 FTE of a Senior Manager position (4% reduction package) and using the remaining funding to create a Training Analyst position. Financial Planning does not recommend eliminating the funding for this new position as included in the bureau's 6% cut package. The new position will provide support for workforce and career development, diversity trainings, and knowledge transfer.

Increase in Pension Debt Redemption Fund Transfer to OMF Director's Office

The OMF Director's Office receives a cash transfer (\$166,540 in FY 2012-13) from the Pension Debt Redemption Fund to support a full-time position in the Policy Team that performs work related to PERS. The transfer increased by 3.1% in FY 2010-11, 2.5% in FY2011-12, and 17.3% in FY 2012-13. Prior to FY 2012-13, it appears that the transfer increased a small percentage due to inflation. In response to a question from FPD about the increase, the bureau responded that the transfer was increased due to increased costs related to the Policy Team. Since the costs of the Pension Debt Redemption Fund are shared by all bureaus Citywide, Financial Planning recommends that increases for administration of the fund be tied to inflation, a common practice of the internal service funds that are operated by OMF. Financial Planning also recommends that the bureau re-evaluate the costs of administering the fund to ensure that the workload ties to the charges allocated.

PSSRP - Project Delays

The three remaining Public Safety Systems Revitalization Program (PSSRP) projects are all experiencing delays due to different reasons. The completion year for the Radio Replacement Project is still FY 2014-15, so the delays on this project are minor. The Regional Justice Information Network (RegJIN or Portland Police Data System) project experienced delays during the past year due to the City terminating negotiations with the previous selected vendor and subsequent revision of the RFP which was just published on February 14, 2012. The cutover date was revised to the fourth quarter of FY 2013-14 from the prior completion year of FY 2012-13, with stabilization efforts expected to carry over into FY 2014-15. The Fire Information System (FIS) is experiencing a lengthier project timeline after a consultant and the project sponsor (Portland Fire & Rescue) helped to develop a revised budget and new, more accurate project completion dates. The newly adopted project charter clarifies that no external vendors are needed for implementation work. The decision was made that all work should be performed by City staff, resulting in increased costs attributable to the Bureau of Technology Services (BTS). The increased budget and lengthier timeline are due to additional work that needs to be performed for the successful completion of the project. The project completion date has been delayed two years, from the current fiscal year to FY 2013-14, with stabilization efforts carrying over into FY 2014-15.

Council should keep in mind that although the projects are now all planned to be completed by FY 2014-15, unforeseen circumstances may emerge that delay the completion dates even more. Although no additional appropriation is needed as a result of these delays, the delays do result in additional costs to the City as staff is working on the projects for additional years. PSSRP's ongoing CAL is currently about \$1.3 million, funds that can be spent on other purposes once the projects are all completed in FY 2014-15, assuming that PSSRP does not take up any new projects.

PSSRP - Next Generation 9-1-1

Following the FCC's report, a federal mandate will most likely be enacted that will require public safety communication centers, including those in the Portland area, to support the new media and technology required for Next Generation 9-1-1 (NG9-1-1), media such as text messages and video. PSSRP has indicated that there may be significant financial impacts resulting from the mandate to implement NG9-1-1. The changes may require technology upgrades and a revamping of the

standard operating procedures currently deployed at the Bureau of Emergency Communications (BOEC). PSSRP is staying involved with the evolving requirements and funding availability, including possible grant funding, to ensure that BOEC and other agencies have enough time and resources to implement the required changes.

PSSRP - Operations & Maintenance Costs of Remaining Projects

In a FY 2011-12 Budget Note, Council directed PSSRP to begin crafting sustainment plans for the remaining projects in its portfolio and report back to Council by January 1, 2012. During the current fiscal year's Fall BMP, PSSRP provided a report elaborating the status of PSSRP project sustainment plans for each of the projects. The report noted that the FIS project has to date identified that there will be no changes to the resources needed for the continuous operation and maintenance of the system, while the other two projects, RegJIN and the Radio Replacement Project, are still in the early phases as product/vendor solicitations have not been completed. Once contracts have been awarded, staff can develop forecasts for sustainment. In regards to cost sharing, staff has developed a preliminary model for the RegJIN project while the current system for cost sharing - using fees and implemented through Inter-Governmental Agreements (IGAs) - is continuing during this early phase of the Radio Project. PSSRP has indicated that there have been no changes since its Fall BMP report. Financial Planning notes that at this time last year, the Confidence Levels for the costs of all projects were "Low," but now the Confidence Levels for two of the projects, RegJIN and FIS, are now considered "High," while that for the Radio project remains "Low." With the contracting of implementation vendors, PSSRP staff should be able to begin crafting more detailed sustainment plans. Although PSSRP does not believe it to be necessary, Financial Planning recommends a continuation of the Budget Note to ensure that PSSRP continues to develop more refined sustainment plans.

Space Planning

City owned buildings are fully occupied, except for the 1900 Building. Due to the downsizing of the Bureau of Development Services (BDS), the sixth floor is vacant and the third is only partially occupied. The vacant space is being covered by the building's major maintenance reserve at an annual rate of approximately \$622,000. In FY 2012-13, a decision package is proposed by Facilities Services to lease the above vacant space. FPD recommendation for this request is presented below under the Decision Package Analysis & Recommendations.

Other major space planning projects include:

- Review options for restacking offices in City Hall, Portland Building, 1900 Building, and the Kelly Building
- Participate in the construction of the Oregon Sustainability Center
- Acquire a new Police Training Facility
- Acquire the Jerome Sears Building to serve as back up Emergency Operations Center and a west side staging area for the de-icing unit.

Replace Outdated Fuel Stations.

The City has four fuel stations that have passed their useful life and are in need of being replaced. These stations are: Columbia Yard, First & Jefferson Garage, Mt Tabor Station, and 47th & Burnside.

Critical Technology Recovery in a Disaster

Currently, the City is not fully prepared to protect its critical technology assets in a large scale natural or man-made disaster. This is a high risk situation that could result in critical systems failure. Specifically, many systems supporting communications for law enforcement, emergency dispatch,

and important administrative functions in the City would be destroyed in a major disaster and it may take several months to fully restore those systems and functions.

To better protect the City, more efforts should be directed to build and operate redundant technical systems for the most critical services at an offsite location. FPD supports BTS efforts in this area and we recommend that BTS coordinates with other bureaus and local jurisdictions as appropriate to jointly develop a plan to accomplish the critical technology recovery and present it to Council for its approval. The plan should include a list of systems deemed critical to City business, a strategy to build, store, and operate the redundant system, as well as a proposal to finance the project.

Reserves Funds

The Bureau of Technology Services reports that its Replacement and Technology Reserves are both under-funded. The Replacement Reserve is funding set aside for the capital replacement of technology equipment and system software that have reached the end of its useful life. The Technology Reserve is generally used to fund the replacement of systems that do not have a replacement reserve. This reserve gets its funding from efficiencies and project savings throughout the bureau. This reserve has been drawn down to a zero balance as of 6/30/2011.

In FY 2010-11, at the direction of the Mayor, OMF retained an independent consultant to perform a focused review of OMF, including a review of the Internal Services Funds' reserves, their uses, and balances. After the first phase of the review, the consultant suggested that "comprehensive rate and reserve studies" will be needed to determine whether the two BTS reserves mentioned above are adequately funded and whether the BTS rates are sufficient to fund them. FPD recommends moving forward with those comprehensive reserve studies.

City of Portland
 Decision Package Recommendations
 (Includes Contingency and Ending Balance)

	Bureau Requested					FPD Analyst Recommendations					
	Bureau Priority	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Office of Management & Finance											
<i>Reductions</i>											
MF_75 - Facilities-4-Eliminate Comcast Cable in 1900	01	0.00	0	0	(15,000)	(15,000)	0.00	0	0	(15,000)	(15,000)
MF_18 - BFS-4-Accounting Rent Savings	02	0.00	(18,722)	0	0	(18,722)	0.00	(18,722)	0	0	(18,722)
MF_76 - Facilities-4-Lease 1900 Building Vacant Spac	03	0.00	0	0	0	0	0.00	0	0	0	0
MF_17 - CBO-4-Space Rent Reduction	04	0.00	(11,506)	0	0	(11,506)	0.00	(11,506)	0	0	(11,506)
MF_77 - Facilities-4-LEED-EB Savings	05	0.00	0	0	(10,000)	(10,000)	0.00	0	0	(10,000)	(10,000)
MF_16 - CBO-4-Sellwood Space Rent	06	0.00	(17,425)	0	0	(17,425)	0.00	(17,425)	0	0	(17,425)
MF_55 - CityFleet-4-Optimize Utilization of Police Flee	07	0.00	0	0	(137,000)	(137,000)	0.00	0	0	(137,000)	(137,000)
MF_89 - PFT - Treasury 4% Space Rent Reduction	08	0.00	0	0	(10,000)	(10,000)	0.00	0	0	(10,000)	(10,000)
MF_12 - BTS-4-Oracle Software Maintenance Reducti	09	0.00	0	0	(33,000)	(33,000)	0.00	0	0	(33,000)	(33,000)
MF_04 - CBO-4-External Materials & Services Cut	10	0.00	(5,475)	0	0	(5,475)	0.00	(5,475)	0	0	(5,475)
MF_19 - BTS-4-Mobile Data Contract Savings	11	0.00	0	0	(152,000)	(152,000)	0.00	0	0	(152,000)	(152,000)
MF_106 - REV-4-Increase Software Lics Fee Decreas	12	0.00	(7,200)	0	7,200	0	0.00	(7,200)	0	7,200	0
MF_20 - RIS-4-Eliminate excess liability second layer	13	0.00	0	0	(134,000)	(134,000)	0.00	0	0	(134,000)	(134,000)
MF_48 - BHR-4-Cut EM&S	14	0.00	(6,624)	0	0	(6,624)	0.00	(6,624)	0	0	(6,624)
MF_13 - CBO-4-Community Service Aide Hours Cut	15	0.00	(8,000)	0	0	(8,000)	0.00	(8,000)	0	0	(8,000)
MF_23 - P&D-4-Eliminate Reproduction Operator II po	16	(1.00)	0	0	(70,000)	(70,000)	(1.00)	0	0	(70,000)	(70,000)
MF_24 - P&D-4-Reduction in Equipment Maintenance	17	0.00	0	0	(21,000)	(21,000)	0.00	0	0	(21,000)	(21,000)
MF_01 - Procurement 4% EMS Reduction	18	0.00	(55,575)	0	0	(55,575)	0.00	(55,575)	0	0	(55,575)
MF_56 - CityFleet-4-Extend Police Vehicle Lifecycles	19	0.00	0	0	(238,000)	(238,000)	0.00	0	0	(238,000)	(238,000)
MF_107 - REV-4-Cut EM&S	20	0.00	(27,681)	0	0	(27,681)	0.00	(27,681)	0	0	(27,681)
MF_26 - BTS-4-800 MHz Radio Equip Replcmt Discor	21	0.00	0	0	(576,041)	(576,041)	0.00	0	0	0	0
MF_94 - BFS-4-Cut FPD .25 Pos Funding	22	(0.25)	(25,090)	0	0	(25,090)	(0.25)	(25,090)	0	0	(25,090)
MF_28 - BTS-4-GIS Major Maintenance Rate Discontii	23	0.00	0	0	(82,739)	(82,739)	0.00	0	0	0	0
MF_99 - PFT-Treasury 4% 0.74 OSS II Reduction	24	(0.74)	0	0	(40,169)	(40,169)	(0.74)	0	0	(40,169)	(40,169)
MF_30 - BTS-4-PBOT Application Analyst III Reductio	25	(1.00)	0	0	(94,056)	(94,056)	(1.00)	0	0	(94,056)	(94,056)
MF_103 - PFT - Debt 4% Professional Services Reduc	26	0.00	0	0	(28,969)	(28,969)	0.00	0	0	(28,969)	(28,969)
MF_29 - BTS-4-Corp App Staffing & External M&S Re	27	(1.00)	0	0	(107,016)	(107,016)	(1.00)	0	0	(107,016)	(107,016)
MF_108 - REV-4-Cut .25 Attorney IA	28	0.00	(57,333)	0	0	(57,333)	0.00	(57,333)	0	0	(57,333)
MF_31 - BTS-4-IRNE Operating External M&S Reduct	29	0.00	0	0	(290,100)	(290,100)	0.00	0	0	(290,100)	(290,100)

City of Portland
Decision Package Recommendations
(Includes Contingency and Ending Balance)

	Bureau Requested					FPD Analyst Recommendations					
	Bureau Priority	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Office of Management & Finance											
<i>Reductions</i>											
MF_05 - CBO-4-Professional Services Cut	30	0.00	(21,624)	0	0	(21,624)	0.00	(21,624)	0	0	(21,624)
MF_32 - BTS-4-Business Solutions External M&S Red	31	0.00	0	0	(90,048)	(90,048)	0.00	0	0	(90,048)	(90,048)
MF_09 - BFS-4-Cut vacant Accountant 1	32	(1.00)	(59,430)	0	0	(59,430)	(1.00)	(59,430)	0	0	(59,430)
MF_65 - EBS-4-Corporate Application Reduction	33	0.00	0	0	(94,056)	(94,056)	0.00	0	0	(94,056)	(94,056)
MF_49 - BHR-4-Reclass Labor Position	34	0.00	(36,000)	0	0	(36,000)	0.00	(36,000)	0	0	(36,000)
MF_66 - EBS-4- Reduction to EMS	35	0.00	0	0	(30,000)	(30,000)	0.00	0	0	(30,000)	(30,000)
MF_50 - BHR-4-Cut 0.5 Senior Mgr Position	36	(0.50)	(78,076)	0	0	(78,076)	(0.50)	(78,076)	0	0	(78,076)
MF_67 - EBS-4-Reduction to Professional Developme	37	0.00	0	0	(40,000)	(40,000)	0.00	0	0	(40,000)	(40,000)
MF_109 - REV-4-Cut 1.0 FTE RTS IV Position	38	(1.00)	(63,285)	0	0	(63,285)	(1.00)	(63,285)	0	0	(63,285)
MF_68 - EBS-4- Reduction to PTE Contracts	39	0.00	0	0	(158,944)	(158,944)	0.00	0	0	(158,944)	(158,944)
MF_95 - BFS-6-FPD Cut EM&S	40	0.00	(1,440)	0	0	(1,440)	0.00	(1,440)	0	0	(1,440)
MF_83 - Facilities-6-Eliminate IAQ Testing in Port Bldg	41	0.00	0	0	(20,000)	(20,000)	0.00	0	0	(20,000)	(20,000)
MF_39 - BTS-6-Support Center External M&S Reducti	42	0.00	0	0	(107,950)	(107,950)	0.00	0	0	(107,950)	(107,950)
MF_33 - BTS-6-Senior IS Mgr and External M&S Redt	43	(1.00)	0	0	(147,924)	(147,924)	(1.00)	0	0	(147,924)	(147,924)
MF_51 - BHR-6-Cut EM&S	44	0.00	(586)	0	0	(586)	0.00	(586)	0	0	(586)
MF_57 - CityFleet-6-Reduction Police Internal Fueling	45	0.00	0	0	(81,000)	(81,000)	0.00	0	0	(81,000)	(81,000)
MF_104 - PFT - Debt 6% Professional Services Reduc	46	0.00	0	0	(14,485)	(14,485)	0.00	0	0	(14,485)	(14,485)
MF_58 - CityFleet-6- PBOT Fleet Utilization	47	0.00	0	0	(69,000)	(69,000)	0.00	0	0	(69,000)	(69,000)
MF_100 - PFT-Treasury 6% 0.26 OSS II Reduction	48	(0.26)	0	0	(13,987)	(13,987)	(0.26)	0	0	(13,987)	(13,987)
MF_21 - RIS-6-Eliminate excess liability second layer	49	0.00	0	0	(66,000)	(66,000)	0.00	0	0	(66,000)	(66,000)
MF_101 - PFT-Treasury 6% Reduce Professional Sen	50	0.00	0	0	(11,097)	(11,097)	0.00	0	0	(11,097)	(11,097)
MF_78 - Facilities-6-Eliminate Desk-side Trash Servic	51	0.00	0	0	(24,000)	(24,000)	0.00	0	0	(24,000)	(24,000)
MF_96 - BFS-6-Cut FPD .5 Pos Funding	52	(0.50)	(50,180)	0	0	(50,180)	(0.50)	(50,180)	0	0	(50,180)
MF_79 - Facilities-6-Eliminate Paper Towels in Port Bl	53	0.00	0	0	(14,000)	(14,000)	0.00	0	0	(14,000)	(14,000)
MF_06 - CBO-6-Community Service Aide Hours Cut	54	0.00	(15,655)	0	0	(15,655)	0.00	(15,655)	0	0	(15,655)
MF_80 - Facilities-6-City Hall HVAC Reductions	55	0.00	0	0	(6,000)	(6,000)	0.00	0	0	(6,000)	(6,000)
MF_110 - REV-6-Cut EM&S	56	0.00	(27,354)	0	0	(27,354)	0.00	(27,354)	0	0	(27,354)
MF_25 - P&D-6-Increase copier/printer replacement c	57	0.00	0	0	(45,000)	(45,000)	0.00	0	0	(45,000)	(45,000)
MF_02 - Procurement 6% EMS Reduction	58	0.00	(25,287)	0	0	(25,287)	0.00	(25,287)	0	0	(25,287)

City of Portland
Decision Package Recommendations
(Includes Contingency and Ending Balance)

	Bureau Requested					FPD Analyst Recommendations					
	Bureau Priority	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Office of Management & Finance											
<i>Reductions</i>											
MF_81 - Facilities-6-Reduce 1900 Bldg MM Reserve	59	0.00	0	0	(210,000)	(210,000)	0.00	0	0	(210,000)	(210,000)
MF_14 - CBO-6-Reduce OSS III Hours	60	0.00	(5,549)	0	0	(5,549)	0.00	(5,549)	0	0	(5,549)
MF_82 - Facilities-6-Reduce Police Janitorial	61	0.00	0	0	(50,000)	(50,000)	0.00	0	0	(50,000)	(50,000)
MF_111 - REV-6-Cut 0.25 Attorney IA	62	0.00	(57,333)	0	0	(57,333)	0.00	(57,333)	0	0	(57,333)
MF_59 - CF-6-Fire Bureau Internal Fueling	63	0.00	0	0	(38,000)	(38,000)	0.00	0	0	(38,000)	(38,000)
MF_52 - BHR-6-Cut 0.5 Senior Mgr Position	64	(0.50)	(66,139)	0	0	(66,139)	0.00	0	0	0	0
MF_69 - EBS-6- Further Reduction to PTE Contracts	65	0.00	0	0	(161,000)	(161,000)	0.00	0	0	(161,000)	(161,000)
MF_34 - BTS-6-Bus. Sol. Billable Analyst IV Reducti	66	(1.00)	0	0	(98,148)	(98,148)	(1.00)	0	0	(98,148)	(98,148)
MF_36 - BTS-6-Project Management Office Staff Redu	67	(1.00)	0	0	(94,056)	(94,056)	(1.00)	0	0	(94,056)	(94,056)
MF_37 - BTS-6-GIS Staffing Reduction	68	(1.00)	0	0	(94,056)	(94,056)	(1.00)	0	0	(94,056)	(94,056)
MF_38 - BTS-6-Account Administration Staffing Reduc	69	(1.00)	0	0	(86,592)	(86,592)	(1.00)	0	0	(86,592)	(86,592)
MF_35 - BTS-6-Data Center Staffing & Ext. M&S Redu	70	(1.00)	0	0	(83,274)	(83,274)	(1.00)	0	0	(83,274)	(83,274)
MF_105 - PFT - Debt 8% Professional Services Reduc	71	0.00	0	0	(14,484)	(14,484)	0.00	0	0	(14,484)	(14,484)
MF_40 - BTS-8-Telecommunications Staffing & Extern	72	(1.00)	0	0	(152,268)	(152,268)	(1.00)	0	0	(152,268)	(152,268)
MF_27 - P&D-8-Interoffice mail efficiencies	73	(1.00)	0	0	(45,000)	(45,000)	(1.00)	0	0	(45,000)	(45,000)
MF_53 - BHR-8-Cut EM&S	74	0.00	(3,036)	0	0	(3,036)	0.00	(3,036)	0	0	(3,036)
MF_60 - CityFleet-8-Assess rent to Home Forward	75	0.00	0	0	(9,600)	(9,600)	0.00	0	0	(9,600)	(9,600)
MF_97 - BFS-8-Cut FPD EMS	76	0.00	(3,531)	0	0	(3,531)	0.00	(3,531)	0	0	(3,531)
MF_61 - CityFleet-8-Police Bureau Low Utilization Rev	77	0.00	0	0	(69,000)	(69,000)	0.00	0	0	(69,000)	(69,000)
MF_03 - Procurement 8% EMS Reductiion	78	0.00	(25,287)	0	0	(25,287)	0.00	0	0	0	0
MF_112 - REV-8-Cut Gen Fund Disc Add Regulatory F	79	0.00	(10,000)	0	10,000	0	0.00	(10,000)	0	10,000	0
MF_62 - CityFleet-8-Police Bureau PM Cycle change	80	0.00	0	0	(8,000)	(8,000)	0.00	0	0	(8,000)	(8,000)
MF_63 - CityFleet-8-Parks Bureau Low Vehicle Utilizai	81	0.00	0	0	(75,000)	(75,000)	0.00	0	0	(75,000)	(75,000)
MF_102 - PFT-Treasury 8% Reduce Professional Sen	82	0.00	0	0	(25,085)	(25,085)	0.00	0	0	(25,085)	(25,085)
MF_64 - CityFleet-8-PBOT Utilization Inventory Reduct	83	0.00	0	0	(25,400)	(25,400)	0.00	0	0	(25,400)	(25,400)
MF_08 - BFS-8-Accounting Temporary Employee Red	84	0.00	(8,000)	0	0	(8,000)	0.00	0	0	0	0
MF_84 - Facilities-8-Lease Vacant Kelly Building Spac	85	0.00	0	0	0	0	0.00	0	0	0	0
MF_113 - REV-8-Cut EM&S	86	0.00	(32,207)	0	0	(32,207)	0.00	0	0	0	0
MF_90 - Facilities-8-Reduce Office Winter Temp to 68	87	0.00	0	0	(13,000)	(13,000)	0.00	0	0	(13,000)	(13,000)

City of Portland
 Decision Package Recommendations
 (Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					FPD Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Office of Management & Finance											
<i>Reductions</i>											
MF_98 - BFS-8-Cut FPD .25 Pos Funding	88	(0.25)	(25,090)	0	0	(25,090)	0.00	0	0	0	0
MF_91 - Facilities-8-Increase Office Summer Temp to	89	0.00	0	0	(15,000)	(15,000)	0.00	0	0	(15,000)	(15,000)
MF_07 - BFS-8-Accounting Training Reduction	90	0.00	(15,000)	0	0	(15,000)	0.00	0	0	0	0
MF_92 - Facilities-8-Reduce Office Window Cleaning	91	0.00	0	0	(19,000)	(19,000)	0.00	0	0	(19,000)	(19,000)
MF_54 - BHR/CBO-8-Cut EM&S	92	0.00	(63,689)	0	0	(63,689)	0.00	(63,689)	0	0	(63,689)
MF_114 - REV-8-Cut 0.5 FTE RTS IV	93	(0.50)	(42,480)	0	0	(42,480)	0.00	0	0	0	0
MF_93 - Facilities-8-Reduce Janitorial Services	94	0.00	0	0	(44,000)	(44,000)	0.00	0	0	(44,000)	(44,000)
MF_15 - CBO-8-Reduce OSS III Hours	95	0.00	(21,203)	0	0	(21,203)	0.00	0	0	0	0
MF_86 - Facilities-8-Eliminate Renewable Energy Fur	96	0.00	0	0	(31,000)	(31,000)	0.00	0	0	0	0
MF_70 - EBS-8- Further Reduction in PTE Contracts	97	0.00	0	0	(161,000)	(161,000)	0.00	0	0	0	0
MF_87 - Facilities-8-Upgrade Software & Reduce Staff	98	(1.00)	0	0	(102,000)	(102,000)	(1.00)	0	0	(102,000)	(102,000)
MF_41 - BTS-8-Windows Server Support Staffing Red	99	(1.00)	0	0	(94,056)	(94,056)	(1.00)	0	0	(94,056)	(94,056)
MF_42 - BTS-8-Radio System Support Staffing	100	(1.00)	0	0	(90,384)	(90,384)	(1.00)	0	0	(90,384)	(90,384)
MF_43 - BTS-8-GIS Staffing Reduction	101	(1.00)	0	0	(98,148)	(98,148)	(1.00)	0	0	(98,148)	(98,148)
MF_44 - BTS-8-Desktop Support Staffing Reduction	102	(1.00)	0	0	(86,592)	(86,592)	(1.00)	0	0	(86,592)	(86,592)
MF_45 - BTS-8-Windows Server Support Staffing Red	103	(1.00)	0	0	(93,404)	(93,404)	(1.00)	0	0	(93,404)	(93,404)
MF_46 - BTS-8-Planning & Development Staffing Red	104	(1.00)	0	0	(98,148)	(98,148)	(1.00)	0	0	(98,148)	(98,148)
MF_22 - RIS-8-Cut Office Support Specialist position	105	(1.00)	0	0	(67,000)	(67,000)	(1.00)	0	0	(67,000)	(67,000)
MF_115 - Facilities-4-Mayor's Security Reductions	NA	0.00	(3,143)	0	0	(3,143)	0.00	0	0	0	0
MF_116 - Facilities-6-Mayor's Security Reductions	NA	0.00	(1,572)	0	0	(1,572)	0.00	0	0	0	0
MF_117 - Facilities-8-Mayor's Security Reductions	NA	0.00	(1,572)	0	0	(1,572)	0.00	0	0	0	0
MF_118 - Facilities-4-City Hall Major Maintenance	NA	0.00	(11,772)	0	0	(11,772)	0.00	0	0	0	0
MF_119 - Facilities-6-City Hall Major Maintenance	NA	0.00	(5,886)	0	0	(5,886)	0.00	0	0	0	0
MF_120 - Facilities-8-City Hall Major Maintenance	NA	0.00	(5,886)	0	0	(5,886)	0.00	0	0	0	0
MF_72 - PSS-4-Vacant Mgmt Analyst position eliminat	NA	(1.00)	(56,235)	0	0	(56,235)	(1.00)	(56,235)	0	0	(56,235)
MF_73 - PSS-6-External M&S Reduction	NA	0.00	(28,117)	0	0	(28,117)	0.00	(28,117)	0	0	(28,117)
MF_74 - PSS-8-Elimination of Contract Employee	NA	0.00	(28,117)	0	0	(28,117)	0.00	0	0	0	0
SA_01 - RACC 4% Cut	NA	0.00	(157,302)	0	0	(157,302)	0.00	(157,302)	0	0	(157,302)
SA_02 - RACC 6% Cut	NA	0.00	(78,653)	0	0	(78,653)	0.00	(78,653)	0	0	(78,653)

City of Portland
Decision Package Recommendations
(Includes Contingency and Ending Balance)

Bureau	Bureau Requested					FPD Analyst Recommendations					
	Priority	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Office of Management & Finance											
<u>Reductions</u>											
SA_03 - RACC 8% Cut	NA	0.00	(78,652)	0	0	(78,652)	0.00	0	0	0	0
SA_04 - Downtown Services 4% Cut	NA	0.00	(43,762)	0	0	(43,762)	0.00	(43,762)	0	0	(43,762)
SA_05 - Downtown Services 6% Cut	NA	0.00	(21,882)	0	0	(21,882)	0.00	(21,882)	0	0	(21,882)
SA_06 - Downtown Services 8% Cut	NA	0.00	(21,881)	0	0	(21,881)	0.00	0	0	0	0
SA_07 - Crisis Assessment Center 4% Cut	NA	0.00	(24,601)	0	0	(24,601)	0.00	(24,601)	0	0	(24,601)
SA_08 - Crisis Assessment Center 6% Cut	NA	0.00	(12,300)	0	0	(12,300)	0.00	(12,300)	0	0	(12,300)
SA_09 - Crisis Assessment Center 8% Cut	NA	0.00	(12,300)	0	0	(12,300)	0.00	0	0	0	0
SA_10 - Future Connect Scholarship 4% Cut	NA	0.00	(20,000)	0	0	(20,000)	0.00	(20,000)	0	0	(20,000)
SA_11 - Future Connect Scholarship 6% Cut	NA	0.00	(10,000)	0	0	(10,000)	0.00	(10,000)	0	0	(10,000)
SA_12 - Future Connect Scholarships 8% Cut	NA	0.00	(10,000)	0	0	(10,000)	0.00	0	0	0	0
SA_13 - City Membership Dues 4% Cut	NA	0.00	(4,450)	0	0	(4,450)	0.00	0	0	0	0
SA_14 - City Membership Dues 6% Cut	NA	0.00	(2,225)	0	0	(2,225)	0.00	0	0	0	0
SA_15 - City Membership Dues 8% Cut	NA	0.00	(2,225)	0	0	(2,225)	0.00	0	0	0	0
SA_16 - Clean & Safe District 4% Cut	NA	0.00	0	0	0	0	0.00	0	0	0	0
SA_17 - Clean & Safe District 6% Cut	NA	0.00	0	0	0	0	0.00	0	0	0	0
SA_18 - Clean & Safe District 8% Cut	NA	0.00	0	0	0	0	0.00	0	0	0	0
SA_19 - Leaders Roundtable 4% Cut	NA	0.00	(583)	0	0	(583)	0.00	(583)	0	0	(583)
SA_20 - Leaders Roundtable 6% Cut	NA	0.00	(291)	0	0	(291)	0.00	(291)	0	0	(291)
SA_21 - Leaders Roundtable 8% Cut	NA	0.00	(291)	0	0	(291)	0.00	0	0	0	0
Total Reductions		(25.50)	(1,641,790)	0	(5,407,076)	(7,048,866)	(24.25)	(1,216,412)	0	(4,556,296)	(5,772,708)
<u>Unfunded Ongoing</u>											
SA_22 - RACC - Right Brain Initiative	NA	0.00	0	100,000	0	100,000	0.00	0	0	0	0
SA_23 - RACC - Work for Art	NA	0.00	0	100,000	0	100,000	0.00	0	0	0	0
SA_24 - RACC - Equity & Diversity Initiatives	NA	0.00	0	48,417	0	48,417	0.00	0	0	0	0
SA_26 - Oregon Food Bank	NA	0.00	0	100,000	0	100,000	0.00	0	0	0	0
SA_27 - Portland Rose Festival	NA	0.00	0	20,000	0	20,000	0.00	0	0	0	0
SA_28 - PPS - Sports Field	NA	0.00	0	200,000	0	200,000	0.00	0	0	0	0
SA_29 - CASH Oregon	NA	0.00	0	75,000	0	75,000	0.00	0	0	0	0
Total Unfunded Ongoing		0.00	0	643,417	0	643,417	0.00	0	0	0	0

City of Portland
 Decision Package Recommendations
 (Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					FPD Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Office of Management & Finance											
<u>Bureau Adds</u>											
MF_11 - Procurement - Local Stimulus / ARRA Compli	01	2.00	0	0	177,002	177,002	2.00	0	0	177,002	177,002
MF_10 - Procurement - Minority Evaluator Staffing	02	1.00	0	0	118,526	118,526	1.00	0	0	118,526	118,526
MF_88 - Facilities-Add-Phase II & III ADA Transition P	03	0.00	0	0	368,000	368,000	0.00	0	0	368,000	368,000
SA_25 - SUN Program - David Douglas HS	NA	0.00	100,000	0	0	100,000	0.00	0	0	0	0
SA_30 - Council Transition Costs	NA	0.00	0	213,817	0	213,817	0.00	0	0	0	0
<i>Total Bureau Adds</i>		<i>3.00</i>	<i>100,000</i>	<i>213,817</i>	<i>663,528</i>	<i>977,345</i>	<i>3.00</i>	<i>0</i>	<i>0</i>	<i>663,528</i>	<i>663,528</i>
<u>Realignments</u>											
MF_47 - BTS-Limited Term to Pemanent Position Con	01	0.00	0	0	0	0	0.00	0	0	0	0
<i>Total Realignments</i>		<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total Office of Management & Finance		(22.50)	(1,541,790)	857,234	(4,743,548)	(5,428,104)	(21.25)	(1,216,412)	0	(3,892,768)	(5,109,180)

Summary by Decision Package Type

<i>Total Reductions</i>	<i>(25.50)</i>	<i>(1,641,790)</i>	<i>0</i>	<i>(5,407,076)</i>	<i>(7,048,866)</i>	<i>(24.25)</i>	<i>(1,216,412)</i>	<i>0</i>	<i>(4,556,296)</i>	<i>(5,772,708)</i>
<i>Total Unfunded Ongoing</i>	<i>0.00</i>	<i>0</i>	<i>643,417</i>	<i>0</i>	<i>643,417</i>	<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Total Bureau Adds</i>	<i>3.00</i>	<i>100,000</i>	<i>213,817</i>	<i>663,528</i>	<i>977,345</i>	<i>3.00</i>	<i>0</i>	<i>0</i>	<i>663,528</i>	<i>663,528</i>
<i>Total Realignments</i>	<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Grand Total	(22.50)	(1,541,790)	857,234	(4,743,548)	(5,428,104)	(21.25)	(1,216,412)	0	(3,892,768)	(5,109,180)

III. Decision Package Analysis & Recommendations

Bureau of Financial Services

Reduction Packages

Rent Space Reductions/MF_18, 89, (\$28,722), Bureau Priorities #2, 8

In FY 2011-12, OMF Facilities completed a work space redesign that allowed Public Finance and Treasury (PFT) staff to relocate to the 12th floor of the Portland Building. Rent charges were reassigned based on the revised square footage allotments. Both Accounting and PFT have included these savings as part of its 4% reduction proposal. The packages reduce ongoing General Fund discretionary resources by \$18,722 and interest income to PFT by \$10,000. FPD recommends accepting the reductions since the savings are already being realized.

FPD Recommendation: (\$28,722)

Professional Service Reductions/MF_101, 102, 103, 104,105, (\$94,120), Bureau Priorities #50, 82, 26, 46, 71

Public Finance and Treasury proposes multiple reductions to their professional service budgets which are funded by interagency revenues and interest income. Although the reductions produce no direct savings to the General Fund, FPD recommends accepting the reductions at the eight percent level. Based on historical spending patterns, the reductions can be taken with little to no impact on current services.

FPD Recommendation: (\$94,120)

Training Reductions/MF_07, 95, 97, (\$19,971), Bureau Priorities #90, 40, 76

The packages include a \$4,971 reduction in the Financial Planning Division (FPD) for staff related training and supplies and a \$15,000 reduction in Accounting for ongoing certification training. Financial Planning recommends accepting the reduction in FPD due to the limited size of the reduction, but restoring the reduction to Accounting. In order to maintain professional certifications for its employees, Accounting needs to have an adequate training budget.

FPD Recommendation: (\$4,971)

Staffing Reductions/MF_08, 09, 94, 96, 98, 99, 100 (\$221,946), (3.00) FTE, Bureau Priorities #84, 32, 22, 52, 88, 24, 48

The packages reduce staffing in Accounting, FPD, and PFT, resulting in \$167,790 of General Fund discretionary savings and \$54,156 of interest income savings. The position reductions include:

- Accounting - Temporary staff that assist with the CAFR (no permanent positions)
- Accounting - Accountant 1 –vacant since 7/2011
- Financial Planning Division - Sr. Financial Analyst –vacant since 3/2011
- Public Finance and Treasury - Office Support Specialist II – vacant since 7/2010

All three of the positions are currently vacant. Due to the vacancies, Public Finance and Treasury has experienced the loss of administrative coverage, Accounting has had to redistribute work and adjust processes necessary to maintain an auditable separation of duties, and FPD has increased the hours of existing part-time staff. Eliminating the Account I position would leave only one of these lower level positions, which provide a training ground for staff entering into this field. Moreover,

cutting the Financial Analyst position in FPD equates to an approximate 10% reduction in staffing levels and means reduced ability to respond to council requests.

Financial Planning recommends eliminating the Accountant 1, Office Support Specialist II, and 0.75 FTE of the Senior Financial Analyst position. The bureau's ability to mitigate the impacts throughout the length of the vacancies displays that they are able to function with reduced staff. Financial Planning does not recommend the final 0.25 FTE reduction for the analyst position and the \$8,000 reduction for temporary staff in Accounting. Financial Planning believes that Accounting has limited flexibility to bring on temporary help due to dwindling resources, which could translate into increased timelines for completing the CAFR. In addition, funding for the 0.25 FTE in Financial Planning could be used to continue the increased hours for existing part-time staff assigned to the budget mapping project. Given these reasons, and that the reductions are within the highest priorities stated by the bureau, Financial Planning recommends restoration of these two reductions.

FPD Recommendation: (\$188,856), (2.75) FTE

Total Reductions Proposed: (\$364,759), (3.00) FTE

FPD Recommended: (\$316,699), (2.75) FTE

Bureau of Human Resources

Reduction Packages

Reductions to External Materials and Services/MF_48, 51, 53, 54 (\$43,935), Bureau Priorities #14, 44, 74, 92

The packages reduce training opportunities for staff, limits flexibility to assist with Council assigned special projects resulting in General Fund discretionary savings of \$43,935. The impacts are progressive with 75% of the cut being levied within the 8% reduction scenario. The budget for EMS in the bureau has ranged from \$600,000 to \$750,000 over the prior three years; however, the budget for FY 2012-13 is estimated at \$950,000 (before reductions). In addition, historical spending patterns for the bureau show that it has underspent EMS by at least \$75,000 over the last three fiscal years. Given the increased budget, and the historical underspending, FPD believes that the bureau can absorb this reduction without significant impacts to programs.

FPD Recommendation: (\$43,935)

Reductions to Staffing/MF_49, 50, 52 (\$180,215), (1.00) FTE, Bureau Priorities #34, 35, 64

The packages result in General Fund discretionary savings through the reclassification of a Labor Relations position and the elimination of a Senior Manager in the Corporate Services Program. The bureau has already completed the reclassification of the Labor Relations position by filling it at a lower level. The position now focuses on providing administrative support to the Corporate Services Program. At the 4% reduction level, 0.50 FTE of the Senior Manager position is eliminated and the remaining 0.50 FTE is reclassified to a Training Analyst position that will support the Citywide Training program. At the 8% reduction level, the funding for the Training Analyst position would be eliminated. Based on the discussion about workforce training and development in the Key Issues section above, Financial Planning recommends the position reduction at the 4% level, allowing the creation of the training position. Financial Planning believes it is necessary to fund workforce and staff development given that 33% of the City's workforce is eligible to retire

within the next two years. In addition, the position will also support the reestablishment of the tuition reimbursement program.

FPD Recommendation: (\$114,076), (0.50) FTE

Total Reductions Proposed: (\$224,150), (1.00) FTE

FPD Recommended: (\$158,011), (.50) FTE

Revenue Bureau

Reduction Packages

Reductions to External Materials and Services/MF_107, 110, 113, (\$87,242), Bureau Priorities #20, 56, 86

The packages reduce training and professional services resulting in General Fund discretionary savings. FPD recommends accepting the cuts at the 6% reduction level or \$55,035 since the reduction at the 8% level is within the bureau's highest priority packages, and the full 8% reduction is not required to balance the General Fund at the Citywide level. Past spending trends indicate this level of cut can be absorbed without significantly impacting programs.

FPD Recommendation: (\$55,035)

Reduce City Attorney Interagency/MF_108, 111, (\$114,666), Bureau Priorities #28, 62

The packages reduce an interagency with the Office of the City Attorney (City Attorney), resulting in General Fund discretionary savings of \$114,666. The interagency, totaling \$295,439 in the base budget for FY 2012-13, was put in place to assist the bureau with tax collections on delinquent accounts. Ongoing funding for the interagency was awarded when the program proved that additional resources were being collected on behalf of the General Fund due to the City Attorney services. The most recent collection activity report from the bureau states that the City Attorney's services are responsible for additional delinquent collections totaling \$232,146 for FY 2011-12 (July through January) and \$306,966 for FY 2010-11 (full year). The bureau has stated that through process improvements and automation of correspondence, the need for the City Attorney services has decreased. Financial Planning recommends the reduction assuming that no delinquent collection revenue will be lost due to the reduction. Financial Planning will continue to monitor the collection efforts, and if it is discovered that the reduction is negatively affecting collections, FPD will work with the bureau to provide Council with alternative reduction options.

FPD Recommendation: (\$114,666)

Increased Fee and Regulatory Revenues/ MF_106, 112, (\$0), Bureau Priorities #12, 79

The bureau proposes off-setting General Fund discretionary support through increased enforcement activities and increased fees in its regulatory programs. Specifically, they recommend:

- Increasing licensing fees on the City owned Tow Desk Application from \$1 per tow to \$2 per tow. It is expected that the increased fees will generate an additional \$7,200 in revenues. The increased costs per tow will either be passed on to the other jurisdictions using the software or absorbed by the currently contracted vendor.
- Implementing enforcement enhancements in the Regulatory Division. This includes increasing oversight and enforcement of permit programs through more frequent audits and field inspections. These efforts are anticipated to bring in an additional \$10,000 per year.

Financial Planning recommends the proposals above, as it allows for General Fund discretionary savings with few expected long-term consequences to the bureau. The Regulatory program may experience some growing pains as they refocus the workload of certain staff and spend less time on special event permit applications, but those effects should diminish over-time.

FPD Recommendation: (\$17,200) decrease in General Fund discretionary, \$17,200 increase in program revenues

Staffing Reductions/MF_109, 114, (\$105,765), (1.50) FTE, Bureau Priorities #38, 93

The packages eliminate a full-time Revenue and Taxation Specialist IV in the Operations Division and half of a Revenue and Taxation Specialist IV assigned to the Delinquent Collections Team. The bureau cites process improvements and automation efforts as having led to the reduced need for staff. Specifically, they describe workload reductions that resulted from the automation of data uploads into SAP and efficiencies gained in the Delinquent Collections Team that have led to a reduced backlog. For these reasons, FPD recommends the elimination of the full-time Revenue Tax Specialist IV in the Operations Division. FPD does not recommend the reduction to the 0.50 FTE in the Delinquent Collections Team because the bureau cannot guarantee that it would not jeopardize the collection of General Fund resources. The position is also the second to the lowest cut identified by the bureau.

FPD Recommendation: (\$63,285), (1.00) FTE

Total Reductions Proposed: (\$307,673), (1.50) FTE

FPD Recommended: (\$232,986), (1.00) FTE

OMF Director's Office

Reduction Packages

Rent Space Reductions/MF_17, 16, (\$28,931), Bureau Priorities #04, 06

In FY 2011-12, OMF Facilities completed a work space redesign that allowed Public Finance and Treasury (PFI) staff to relocate to the 12th floor of the Portland Building. Rent charges were reassigned based on the revised square footage allotments. The OMF Director's Office has included these savings as part of its 4% General Fund reduction packages. FPD recommends accepting the reductions since the savings are already being realized.

FPD Recommendation: (\$28,931)

Reduce External Materials and Services/MF_04, 05, 54, (\$57,099), Bureau Priorities #10, 30, 92

The packages reduce professional services and other materials and services resulting in General Fund discretionary savings. The reductions will reduce the bureau's flexibility to respond to Council requests and continue with business improvement projects. Funding for the customer service survey will also be reduced and conducted biennially vs. annually. Financial Planning recommends approval of the reductions; however, given the size of OMF's budget, FPD encourages the bureau to redirect existing resources to continue the customer service survey on an annual basis. Since the bureau exists to provide services to the public and City bureaus, it is imperative that the bureau continue to monitor the success of its programs through the eyes of its customers. Financial Planning believes that resources could be transferred from other programs and funds within OMF to continue the survey.

FPD Recommendation: (\$57,099)

Reduce External Materials and Services in EBS/MF_66, 67, (\$70,000), Bureau Priorities #35, 37

The packages reduce training and miscellaneous services resulting in interagency savings to EBS service customers. FPD recommends accepting both reductions. Although the package cuts 45% of the EBS training budget, it still leaves them with \$2,500 per FTE. The miscellaneous services cut is expected to have little impact when compared to historical expenditures.

FPD Recommendation: (\$70,000)

Staffing Reductions in Business Operations/MF_06, 13, 14, 15 (\$50,407), Bureau Priorities #54, 15, 60, 95

The packages reduce temporary staff and interagency funding which supports an Office Support Specialist III position resulting in General Fund discretionary savings. The office support position is shared with Facilities and provides contract administration, purchasing duties, and front desk support. The reduction to temporary staff will limit the number of entry level positions that are available for hire to temporary workers with specific skill sets to complete ad hoc projects. Financial Planning recommends the reduction to temporary staff, but recommends retaining a portion of the funding for the office support position. The loss of the support position would lead to long delays in the processing of invoices and no front desk coverage. Further, it would place a large administrative burden on remaining staff.

FPD Recommendation: (\$29,204)

Corporate Application Reduction in EBS/MF_65 (\$94,056), Bureau Priority #33

The package reduces pass-through funding to the Bureau of Technology Services (BTS) for a position that supports BRASS, PatternStream, and other legacy systems. EBS collects the interagency revenues on behalf of BTS and transfers them via an interagency. The programmatic implications of this reduction can be found in the BTS review. FPD recommends the reduction since it has no impact on EBS operations. Furthermore, if the reduction is not taken in BTS, Financial Planning recommends that BTS bill for the services directly.

FPD Recommendation: (\$94,056)

Reduce PTE Contracts in EBS/MF_68, 69, 70 (\$480,944), Bureau Priorities #39, 65, 97

The packages reduce professional services contracts, resulting in interagency savings to EBS services customers. The contracts provide supplemental technical support for SAP, Human Capital Management (HCM), and the Finance and Logistics (FILO) systems. They typically focus on the areas of highest demand and critical problem resolution. The impacts of reduced contract funding, however significant, are preferred over having to reduce staffing levels. EBS included PTE contract reductions as part of the bureau's four, six, and eight percent cut packages; the impacts are as follows:

- **Included in four percent reduction (\$158,944)** – Resources will remain intact for timely completion of high priority change requests and the resolution of maintenance tickets. Contractor response to break fix tickets will be limited, customer service will suffer, use of shadow systems may increase, response times will increase, and there will be delays to the full implementation of SAP.

- **Included in six percent reduction (\$161,000)** – In addition to the impacts cited above, there will be timeliness increases to resolving critical maintenance and service issues. High priority changes and bureau work requests will be delayed.
- **Included in eight percent reduction (\$161,000)** – All impacts described above, plus all projects focused on providing new system functionality would cease. Consultant work would be solely focused on correcting critical service issues, providing necessary system maintenance, and fulfilling legal obligations such as labor contract configurations.

FPD recommends reducing contract support at the six percent level. System enhancements will need to be shelved until such time that funding is more readily available. It is in the City's best interest to not be overly reliant on contract funding for system support. System maintenance contracts are expensive and tend to only increase over time. It was however, necessary to retain a portion of the funding in order to resolve critical system issues in a timely manner. Cutting funding at the eight percent level would have resulted in a daily increase of 130 Help Desk tickets; this type of increase cannot be readily absorbed within current staffing levels. Moreover, it would have lowered the number of high priority changes requests completed annually from 40 to 24. This reduction may lend itself to an increased need for SAP system training for both support staff and users so they can resolve the majority of future incidents without contractor interference

FPD Recommendation: (\$319,944)

Total Reductions Proposed: (\$775,137)

FPD Recommended: (\$570,303)

Bureau of Internal Business Services

Reduction Packages

Procurement 4% and 6% EMS Reduction/MF_01, 02, (\$80,862), Bureau Priorities #18, 58

The above decision packages would reduce the General Fund appropriation for the Bureau of Procurement Services by a total of \$80,862. These reductions would impact various accounts in the External Materials & Services category and will render the bureau with less resources available for professional & technical services, minor office equipment, education, and travel expenses.

FPD Recommendation: (\$80,862)

Procurement 8% EMS Reduction/MF_03, (\$25,287), Bureau Priority #78

This decision package would further reduce the General Fund appropriation for the Bureau of Procurement Services by another \$25,287 in the EMS category. Taken with the above decision packages, the 8% reduction equates to \$106,149 or 17% of the bureau's base EMS budget. Based on the bureau's spending history in this category, FPD believes that this reduction will significantly impact its operations. As a result, this decision package is not recommended.

FPD Recommendation: \$0

Facilities 4%, 6%, and 8% General Fund Reduction/MF_115, 116, 117, (\$6,287), Bureau Priority NA

These decision packages would reduce the General Fund Cash Transfer revenue to the Facilities Services Fund by a total of \$6,287, impacting the security contract service for the Mayor's Office.

As a result of this reduction, the half-hour lunch breaks and another half hour late start for the security officers would not be covered. Since these packages may compromise the security coverage for the office, FPD does not recommend these reductions as proposed.

FPD Recommendation: \$0

Facilities 4%, 6%, and 8% General Fund Reduction/MF_118, 119, 120, (\$23,544), Bureau Priority NA

These decision packages would reduce the General Fund Cash Transfer revenue to the Facilities Services Fund by a total of \$23,544. These packages would reduce the City Hall Major Maintenance reserve to meet this requirement. FPD does not consider using major maintenance reserve as a viable option for ongoing reductions. Additionally, this reserve is projected to have a deficit of approximately \$1.2 million over the next five years. As a result, FPD does not recommend these decision packages.

FPD Recommendation: \$0

Reduce Maintenance Services in City Buildings/MF_75, 77, 80, 83, 90, 91, 92, (\$98,000), Bureau Priorities #1, 5, 55, 41, 87, 89, 91

Facilities Services proposed seven decision packages that would reduce the maintenance services at City buildings by eliminating cable service where it is not needed, shutting HVAC system during nights and weekends, eliminating indoor air quality testing, adjusting the inside temperature, and reducing window cleaning services. Additionally, the process of retro commissioning the Portland Building as part of the LEED-EB certification has yielded an estimated annual saving of \$10,000 which is included in the total reduction above.

FPD Recommendation: (\$98,000)

Lease 1900 Building/MF_76, \$0, Bureau Priority #3

This decision package proposes to lease the vacant space in the 1900 Building to agencies inside or outside of the City. It is estimated that the City could generate an annual lease revenue of \$622,000. Facilities intent to use this new revenue in lieu of a budget reduction for the same amount. No lease agreement for the vacant space has been finalized as of this writing. The new revenue, if materialized, would reduce future rent costs to the building's occupants.

If the new revenue does not materialize in FY 2012-13, Facilities should not use the building's Major Maintenance reserve to meet the reduction because it is unsustainable. Increasing rental rates to the building's occupants is not a good option either as this is unfair to those bureaus. This situation raises questions for a larger policy discussion regarding the practice currently used by Facilities in managing vacant space in City buildings. Additionally, as proposed this action would have no financial impact on the Facilities Services Fund.

FPD Recommendation: \$0

Reduce Janitorial Services in City Buildings/MF_78, 79, 82, 93, (\$132,000), Bureau Priorities #51, 53, 61, 94

These decision packages would reduce janitorial services at City buildings by eliminating paper towels and desk-side trash pickup. The trash collection would be reduced to once a week. The

restrooms and lunchrooms would continue to be serviced daily. This would apply to all buildings in the City, including the Police buildings.

FPD Recommendation: (\$132,000)

Reduce 1900 Building Major Maintenance Reserve/MF_81, (\$210,000), Bureau Priority #59

This proposal would reduce the 1900 Building Major Maintenance Reserve by \$210,000 per year. This can be accomplished by lowering the current reserve rate recovery of 3.2% of building replacement value to 2.5%. This is possible because several major maintenance projects to the building have recently been completed and the building is still relatively new.

FPD Recommendation: (\$210,000)

Lease Vacant Kelly Building Space/MF_84, \$0, Bureau Priority #85

This decision package proposes to lease the vacant space in the Kelly Building for \$100,000. It is to be used in lieu of a budget reduction for the same amount. ONI Crime Prevention Program and Water Bureau Security Dispatch Unit are scheduled to move in March 2012. The new revenue would reduce the future lease cost to the Police Bureau. This action would have no financial impact on the Facilities Services Fund. Additionally, as discussed above in decision package Lease 1900 Building/MF_76, the practice used by Facilities to manage vacant space needs to be reviewed to ensure that it is practical and equitable to all bureaus.

FPD Recommendation: \$0

Eliminate Renewable Energy Funding/MF_86, (\$31,000), Bureau Priority #96

This decision package proposes to eliminate the funding set aside to purchase renewable energy. This would not impact current renewable energy credits already purchased, but would stop new purchase. As a result of this package, Facilities Services will only purchase 75% renewable energy for the buildings that it manages in FY 2012-13, instead of 100% as planned. Because the Green Energy program is a high priority for Council, FPD does not recommend this decision package.

FPD Recommendation: \$0

Upgrade Software & Reduce Staffing/MF_87, (\$102,000), (1.00 FTE), Bureau Priority #98

This decision package proposes to eliminate one filled Administrative Supervisor II position as a result of an upgrade to the maintenance dispatch system that will be completed in FY 2011-12. The duties of dispatch supervision would be transferred to the Maintenance Supervisor.

FPD Recommendation: (\$102,000), (1.00 FTE)

Risk Management 4%, 6%, and 8% Reductions/MF_20, 21, 22, (\$267,000), (1.00 FTE), Bureau Priorities #13, 49, 105

The impact to services as a result of the above decision packages would be as follows:

1. Eliminate excess liability second layer: The City purchases excess insurance policy to limit its tort liability financial exposure. Currently, the City retains the first \$1 million of loss for each occurrence, anything above this amount will become the responsibility of the insurance company. Under the current system, there are two insurance companies with the first company insures the first \$10 million above the City's self insured amount and the second company insures from \$11 million to the maximum limit of \$30 million in loss. The first two decision packages (MF_20 and 21) would eliminate the second layer of excess insurance policy, therefore limiting the insurance coverage for tort liability to \$10 million. The City has

tapped its excess liability coverage only three times in the last 20 years and has never experienced any claim near the \$10 million threshold. The proposed excess insurance policy is similar to the ones carried by other municipal agencies in the region such as Multnomah, Clackamas, Washington Counties, and others.

2. Eliminate Office Support Specialist Position: This action would eliminate a vacant Office Support Specialist position responsible for front desk reception and various administrative support duties. These duties would be absorbed by the remaining staff in the Strategic Support Team.

FPD Recommendation: (\$267,000), (1.00 FTE)

Printing & Distribution 4%, 6%, and 8% Reductions/MF_23, 24, 25, 27, (\$181,000), (2.00 FTE), Bureau Priorities #16, 17, 57, 73

The impact to services as a result of the above decision packages would be as follows:

1. Eliminate one vacant Reproduction Operator II position
2. Eliminate one vacant Distribution Technician position
3. Increase the life expectancy of copiers and printers by one or two years depending on the unit and usage.
4. Streamline the operations of the Digital Color and Interoffice Mail sections.

The above reductions are reasonable and there are no significant impacts to operations projected at this time. FPD recommends the above decision packages.

FPD Recommendation: (\$181,000), (2.00 FTE)

CityFleet 4%, 6%, and 8% Reductions/MF_55, 56, 57, 58, 59, 60, 61, 62, 63, 64, (\$750,000), Bureau Priorities #7, 19, 45, 47, 63, 75, 77, 80, 81, 83

The above decision packages from CityFleet propose reductions affecting several operating bureaus by optimizing their fleet utilization and finding ways to reduce their fuel cost. FPD assumes that the affected bureaus are being consulted to resolve any issues or concerns caused by these proposals. If there are any issues that cannot be resolved causing a change to the amounts presented in this review, FPD asks that CityFleet alerts FPD so that we can inform Council accordingly.

To achieve the above budget reductions, CityFleet proposes a number of strategies to achieve fleet optimization and fuel cost reduction affecting several bureaus, including Police Bureau, Bureau of Transportation, and Bureau of Parks & Recreation. Some of the above strategies include: Identify equipment and vehicles with low usage and propose to bureaus to turn them in; and recommend bureaus to use City-owned fuel stations, whenever possible, to reduce costs. CityFleet also proposes to assess parking space rental to the Home Forward office.

FPD Recommendation: (\$750,000)

Total Reductions Proposed: (\$1,906,980), (3.0 FTE)

FPD Recommended: (\$1,820,862), (3.0 FTE)

Add Packages

Procurement – Local Stimulus & ARRA Compliance/MF_11, \$177,002, 2.00 FTE, Bureau Priority #1

This decision package would provide one-time interagency (IA) resources to continue funding for two limited term positions in the Bureau of Procurement Services for work related to the Federal American Recovery and Reinvestment Act and the local stimulus efforts initiated by Council in 2009. The stimulus funds have resulted in a large number of multi-year projects that require contract compliance activities throughout the life of these projects, with a significant amount of work needing to happen before a contract can be officially closed out and final payment issued.

These positions are being funded by one-time IA resources in FY 2011-12. The bureaus contributing funding to the above positions include: OMF Facilities Services, Water Bureau, Bureau of Environmental Services, Bureau of Transportation, and Bureau of Parks & Recreation. Procurement Services will evaluate the stimulus workload by the end of FY 2012-13 to determine whether these positions will still be needed beyond that time.

FPD Recommendation: \$177,002, 2.00 FTE

Procurement – Minority Evaluator Staffing/MF_10, \$118,526, 1.00 FTE, Bureau Priority #2

This request would provide one-time IA resources to continue funding for the Minority Evaluator position. This is mandated by the Minority Evaluator Program adopted by Council in 2009. This position is currently funded by interagency revenue in FY 2011-12. Because Council desires to fund this position on an ongoing basis, FPD recommends inclusion of this cost in the General Fund Overhead Model starting in FY 2013-14.

FPD Recommendation: \$118,526, 1.00 FTE

Facilities – Add - Phase II & III ADA Transition Plan/MF_88, \$368,000, Bureau Priority #3

This action would provide one-time IA revenue to fund the next two phases of the Citywide ADA Transition Plan project. This effort is required for the City to remain in compliance with federal requirements of Title II of the Americans with Disabilities Act. The first phase of the project for \$373,096 is currently funded in FY 2011-12 by interagency revenue. The total cost of the project is currently estimated at \$741,000 and will be completed in FY 2013-14.

FPD Recommendation: \$368,000

Total Adds Proposed: \$663,528, 3.0 FTE

FPD Recommended: \$663,528, 3.0 FTE

Bureau of Technology Services

The majority of the decision packages eliminate 15 vacant positions throughout BTS operations to meet the required reductions. This represents approximately 7% of the bureau's authorized positions in FY 2012-13. There are several cases where temporary employees are backfilling some of these positions. Additional details are included in the individual packages below.

Reduction Packages

External Materials & Services Reductions/MF_12, 19, 31, 32, 39, (\$673,098), Bureau Priorities #9, 11, 29, 31, 42

The above packages would reduce the appropriation for the External Materials & Services (EMS) allocated to various functions in BTS. Of the above total, \$185,000 is due to savings throughout the bureau. The remaining amount would come from reductions affecting the IRNE Operations, Support Center, and Business Solutions Divisions. The total reduction of \$673,098 is approximately 4.3% of the total base EMS budgeted in FY 2012-13. Overall, these packages would render BTS with less funding to procure professional & technical services to assist its staff in supporting bureau's requests for technology projects.

FPD Recommendation: (\$673,098)

800 MHz Radio Equipment Replacement Discontinuance/MF_26, (\$576,041), Bureau Priority #21

BTS collects revenues to cover for the maintenance and replacement of the 800 MHz radio equipment. This decision package would eliminate the replacement portion of the rates for the above radio system, resulting in an annual savings of \$576,041. This reduction is proposed because the replacement fund will not be required in the immediate future as these equipment purchases will take place from FY 2012-13 to FY 2014-15; and therefore these radios will be new as of that date.

FPD does not consider using replacement reserve as a viable option for ongoing reductions. This practice is not sustainable in the long run and will leave the City without an adequate reserve to replace these public safety function-critical equipment when they reach the end of their useful life. This practice may lead to substantial unfunded liability in the near future and possible disruption in public safety services throughout the City. This practice will also exacerbate the already difficult situation related to the lack of adequate funding for replacement reserves as described in BTS Five-year Financial Plan and on its Baseline Template. Based on the above arguments, FPD does not recommend this reduction package.

FPD Recommendation: \$0

GIS Major Maintenance Rate Discontinuance/MF_28, (\$82,739), Bureau Priority #23

BTS charges operating bureaus for the geographic information system (GIS) services. These charges are designed to cover the costs associated with the services including an amount for major maintenance expenses. This major maintenance portion also includes an amount for the replacement cost of the system. This decision package would eliminate the major maintenance portion of the GIS rate charged to bureaus. This is proposed because the fund currently has sufficient resources to cover anticipated major maintenance expenses for the next five years. Similar to the discussion above, FPD does not consider using reserves for major maintenance and equipment replacement as a financially prudent strategy to meet ongoing reductions. As a result, FPD does not recommend this decision package.

FPD Recommendation: \$0

Corporate Application Staffing & External M&S Reduction/MF_29, (\$107,016), (1.00 FTE), Bureau Priority #27

This action would eliminate one Application Analyst III position in the Business Solutions Division responsible for Corporate Financial and Human Resources application support, including BRASS (budget development software), PatternStream (budget publication software) and other similar applications.

FPD Recommendation: (\$107,016), (1.00 FTE)

PBOT Application Analyst III Reduction/MF_30, (\$94,056), (1.00 FTE), Bureau Priority #25

This decision package would eliminate one Application Analyst III position funded by the Bureau of Transportation at the request of the bureau.

FPD Recommendation: (\$94,056), (1.00 FTE)

Senior IS Mgr and External M&S Reduction/MF_33, (\$147,924), (1.00 FTE), Bureau Priority #43

This decision package would eliminate one Senior Information Systems Manager position managing a group of analysts supporting the Revenue Bureau, Risk Management, and the Portland Housing Bureau. Without this position, the managerial responsibility of the above analysts would be assigned to the remaining managers in the Business Solution Division resulting in increased response time to requests for assistance from bureaus.

FPD Recommendation: (\$147,924), (1.00 FTE)

Business Solution Billable Analyst IV Reduction/MF_34, (\$98,148), (1.00 FTE), Bureau Priority #66

This action would eliminate one Application Analyst IV position funded through billable services charges from City bureaus. This reduction would reduce BTS ability in software application and development support to bureaus.

FPD Recommendation: (\$98,148), (1.00FTE)

Data Center Staffing & External M&S Reduction/MF_35, (\$83,274), (1.00 FTE), Bureau Priority #70

This action would eliminate one Information Systems Technician II position in the Data Center responsible for monitoring equipment and environmental conditions at the center after business hours. The position also triages customer calls for technical assistance after business hours. This decision package would impact BTS ability to provide first level technical support after business hours and reduce its ability to properly monitor the Data Center. Although the position is vacant, it has been backfilled by a temporary employee since it was originally vacated.

FPD Recommendation: (\$83,274), (1.00 FTE)

Project Management Office Staff Reduction/MF_36, (\$94,056), (1.00 FTE), Bureau Priority #67

This decision package would eliminate one Information Analyst III position in the Project Management Office. This position is responsible for project management such as: Windows 7 Implementation, PatternStream, Emergency Coordination Center, and security compliance functions. With this reduction the bureau would have fewer project managers which could lead to delayed or deferred of technology projects throughout the City.

FPD Recommendation: (\$94,056), (1.00 FTE)

GIS Staffing Reductions/MF_37, 43, (\$192,204), (2.00 FTE), Bureau Priority #68, 101

The above two decision packages would eliminate one Application Analyst III and one Application Analyst IV positions assigned to the GIS in the Business Solution Division. These positions are responsible for supporting the existing GIS maps and the development of custom mapping

capabilities as requested by the bureaus. These reductions would increase response time to request for GIS support.

FPD Recommendation: (\$192,204), (2.00 FTE)

Account Administration Staffing Reduction/MF_38, (\$86,592), (1.00 FTE), Bureau Priority #69

This action would eliminate one Information Systems Analyst II position assigned to the Support Center Division responsible for activities related to the account administration functions. This reduction would increase waiting time for City staff requiring account changes in the City network system.

FPD Recommendation: (\$86,592), (1.00 FTE)

Telecommunications Staffing & External M&S Reduction/MF_40, (\$152,268), (1.00 FTE), Bureau Priority #72

This action would eliminate one Communication and Networking Project Manager position in the Telecommunication Operations. The loss of this position would impact the bureau's ability to manage telecommunications projects, including land lines and commercial cellular phone projects. Although the position is vacant, it has been backfilled by a temporary employee since it was originally vacated.

FPD Recommendation: (\$152,268), (1.00 FTE)

Windows Server Support Staff Reduction/MF_41, 45, (\$187,460), (2.00 FTE), Bureau Priority #99, 103

This action would eliminate one Information Systems Analyst III and one Principal Information Systems Analyst positions responsible for supporting the Windows Server and Microsoft Exchange email servers in the Production Services group. These reductions would increase the response time for City employees seeking BTS assistance in resolving server and email issues. Although these positions are vacant, they have been backfilled by temporary employees.

FPD Recommendation: (\$187,460), (2.00 FTE)

Radio System Support Staffing/MF_42, (\$90,384), (1.00 FTE), Bureau Priority #100

This decision package would eliminate one Electronics Technician II position responsible for responding and resolving issues related to communications equipment, including the public safety radio support system. The elimination of this position would result in increased response time, particularly after business hours. Although the position is vacant, it has been backfilled by a temporary employee since it was originally vacated.

FPD Recommendation: (\$90,384), (1.00 FTE)

Desktop Support Staffing Reduction/MF_44, (\$86,592), (1.00 FTE), Bureau Priority #102

This action would eliminate one Information Systems Analyst II position responsible for responding and resolving onsite desktop, laptop, and general office computing support issues throughout the City. This reduction would increase response time to request for support on the above services. Although the position is vacant, it has been backfilled by a temporary employee since it was originally vacated.

FPD Recommendation: (\$86,592), (1.00 FTE)

Planning & Development Staffing Reduction/MF_46, (\$98,148), (1.00 FTE), Bureau Priority #104

This reduction would eliminate one Principal Information Systems Analyst position in the Planning & Development team resulting in increased response time for projects related to new and emerging technologies. Although recently vacant, the position has now been backfilled by a temporary employee.

FPD Recommendation: (\$98,148), (1.00 FTE)

Total Reductions Proposed: (\$2,850,000), (15 FTE)

FPD Recommended: (\$2,191,220), (15 FTE)

Realignment Packages

Converting Limited Term to Permanent Position/MF_47, \$0, 1.00 FTE, Bureau Priority #1

The Bureau of Development Services (BDS) requested to convert one Limited Term Information Systems Analyst II to permanent position to provide ongoing support for its Information Technology Advancement Project. There is no fiscal impact in FY 2012-13. The ongoing funding for this position will be provided by BDS.

FPD Recommendation: \$0, 1.00 FTE

Total Realignments Proposed: \$0, 1.00 FTE

FPD Recommended: \$0, 1.00 FTE

Citywide Projects

Reduction Packages

PSS-4-Vacant Management Analyst Position Elimination/MF_72, (\$56,235), (1.00) FTE, Bureau Priority #1

PSSRP proposes to eliminate a Management Analyst position that has been vacant since June 2011. The full cost of the position is \$83,112, while PSSRP's 4% reduction amount is \$56,235, so the balance of the position's salary and benefits not applied to the 4% reduction (\$26,877) will be added to External Materials & Services to provide technical consulting and administrative services. Financial Planning is recommending this package because OMF has indicated that although fewer staff resources will be available for change management services on both the Radio and the RegJIN projects as well as overall program needs, a refinement and reorganization of staff roles and responsibilities will enable PSSRP to manage any potential impacts.

FPD Recommendation: (\$56,235), (1.00) FTE

PSS-6-External M&S Reduction/MF_73, (\$28,117), Bureau Priority #2

This package reduces PSSRP's administration budget by reducing funds to hire a contract employee to perform administrative functions so that other PSSRP staff would have to perform some of the work that this assistant would otherwise be doing. Financial Planning is recommending this reduction because it believes that PSSRP should be able to absorb these administrative duties due to

one project being already completed (CAD Replacement) and the remaining projects all experiencing delays (see discussion in Key Issues above).

FPD Recommendation: (\$28,117)

PSS-8-Elimination of Contract Employee/ MF_74, (\$28,117), Bureau Priority #3

With the approval of this package, the remaining funds allocated to the contract employee to perform administrative duties will be eliminated, and all the support services provided by this assistant would have to be performed by other PSSRP staff. Financial Planning is not recommending this reduction because PSSRP has indicated that further cutting of critical administrative support may result in additional project delays.

FPD Recommendation: (\$0)

Total Reductions Proposed: (\$112,469), (1.00) FTE

FPD Recommended: (\$84,352), (1.00) FTE

Special Appropriations

Reduction Packages

RACC Budget Reduction/SA_01, 02, 03, (\$314,607)

The above packages will reduce the General Fund resources for the Regional Arts & Culture Council by \$314,607 in accordance with the 4%, 6%, and 8% budget reductions directed by Council. Since, only a lesser reduction is required to balance the General Fund in FY 2012-13, FPD recommends a cut of \$235,955 or 6% of the base budget.

FPD Recommendation: (\$235,955)

Downtown Services Budget Reduction/SA_04, 05, 06, (\$87,525)

These packages will reduce the General Fund resources for the Downtown Services in accordance with Council directions. Since, only a lesser reduction is required to balance the General Fund in FY 2012-13, FPD recommends a cut of \$65,644 or 6% of the base budget.

FPD Recommendation: (\$65,644)

Crisis Assessment Center Budget Reduction/SA_07, 08, 09, (\$49,201)

These packages will reduce the General Fund resources for the Crisis Assessment Center in accordance with Council directions. Since, only a lesser reduction is required to balance the General Fund in FY 2012-13, FPD recommends a cut of \$36,901 or 6% of the base budget.

FPD Recommendation: (\$36,901)

Future Connect Scholarship Budget Reduction/SA_10, 11, 12, (\$40,000)

These packages will reduce the General Fund resources for the Downtown Services in accordance with Council directions. Since, only a lesser reduction is required to balance the General Fund in FY 2012-13, FPD recommends a cut of \$30,000 or 6% of the base budget.

FPD Recommendation: (\$30,000)

Membership Dues Budget Reduction/SA_13, 14, 15, (\$8,900)

These packages will reduce the General Fund resources for the Membership Dues Special Appropriation by \$8,900. The Membership Dues is under budgeted and will have an estimated overexpenditure of \$30,000 by the end of FY 2011-12. As a result, FPD does not recommend this reduction.

FPD Recommendation: \$0

Leaders Roundtable Budget Reduction/SA_19, 20, 21, (\$1,165)

These packages will reduce the General Fund resources for the Leaders Roundtable in accordance with Council directions. Since, only a lesser reduction is required to balance the General Fund in FY 2012-13, FPD recommends a cut of \$874 or 6% of the base budget.

FPD Recommendation: (\$874)

Total Reductions Proposed: (\$501,398)

FPD Recommended: (\$369,374)

Add Packages

FPD has not included funding for any of the add packages below. FPD recommends that the Mayor and Council prioritize these requests and allocate any one-time funding available in the updated forecast to the highest priority items.

Of the requests received for FY 2012-13, the following are currently funded in this fiscal year:

1. Oregon Food Bank: \$100,000
2. Portland Rose Festival: \$20,000
3. RACC – Right Brain Initiative: \$50,000
4. RACC – Work for Art: \$50,000
5. RACC – Equity & Diversity Initiatives: \$48,417
6. Sports Field: \$300,000
7. CASH Oregon Free Tax Preparation: \$75,000

RACC Right Brain Initiative/SA_22, \$100,000

The Right Brain Initiative helps ensure that arts education remains in Portland schools, providing students with the critical 21st century skills that they will need to succeed in school and in life.

RACC Work for Art/SA_23, \$100,000

This request will provide funding for staff position during RACC's busiest campaign to attract new donors.

RACC Equity & Diversity Initiatives/SA_24, \$48,417

This funding would allow RACC to invest in more cultural diversity training; translate guidelines and application materials into Spanish, Russian, Chinese, Somali and Vietnamese; and increase staff dedicated to coordinating these diversity outreach activities.

SUN Program – David Douglas HS/SA_25, \$100,000

This request will provide ongoing funding to support David Douglas SUN program. This program provides extended learning opportunities that include career support and post-secondary access support to Portland's highest poverty high school.

Oregon Food Bank/SA_26, \$100,000

This package will provide financial assistance to the Oregon Food Bank. This organization collects and distributes emergency food to those in need. It is estimated that this funding would provide approximately 200,000 lbs of food or 150,000 meals to hungry people in the community.

Portland Rose Festival/SA_27, \$20,000

This request will provide funding for 141 public toilets along the 4.2 mile Grand Floral Parade and at the Oregon Convention Center for parade-goers with special needs. Additionally, the project will provide enforcement of City rules regarding the prohibition of marking space in the public right-of-way.

Portland Public School Sports Field/SA_28, \$200,000

This decision package requests \$200,000 for one project in FY 2012-13. This funding will leverage an additional \$1 million or more per school from Portland Public Schools, along with private organizations, corporations and individual donors.

CASH Oregon Free Tax Preparation/SA_29, \$75,000

In FY 2012-13, CASH Oregon will provide free tax preparation at 30 tax sites in the City to individuals and families earning less than \$40,000 per year.

Council Transition Costs/SA_30, \$213,817

This is funding set aside for the FY 2012-13 transition costs related to Council Offices.

IV. Capital Improvement Plan Analysis & Recommendations

Capital Plan Summary	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	5-Year Total
BTS	\$3,354,995	\$4,575,083	\$1,349,400	\$1,058,100	\$498,000	\$10,835,578
CityFleet	7,737,858	8,521,193	10,993,132	9,819,003	11,718,749	\$48,789,935
Citywide Projects	8,988,666	16,173,088	25,785,684	0	0	\$50,947,438
Facilities	14,437,011	12,501,689	1,142,286	0	0	\$28,080,986
Capital Plan Total	\$34,518,530	\$41,771,053	\$39,270,502	\$10,877,103	\$12,216,749	\$138,653,937

PSSRP - Budget Components and Future Year Implications

The table below shows the FY 2012-13 budgets of the various individual PSSRP projects and which funds they are budgeted in. Of the \$13.2 million budgeted for the 800 MHz Radio Replacement Project, less than \$5.8 million are budgeted for program expenditures. PSSRP expects to publish a replacement system RFP, evaluate vendor proposals, and work with regional partner agencies on the development of new IGAs for ongoing support costs. \$7.5 million will be placed in contingency, with only about \$13,000 of that intended for actual contingency purposes in FY 2012-13, and the rest placed aside for use during future years. FY 2012-13 and future year expenditures on the Radio Replacement Project are paid for by funds from the voter-approved Public Safety General Obligation Bond passed in November of 2010.

Fund	General			Public Safety GO Bond	Technology Services	Total
Project/Use	Portland Police Data Systems (RegJin)	Fire Information System (FIS)	Administration	800 MHz Radio Replacement	Future Use on RegJin & FIS	

Budgeted Beginning Fund Balance				13,230,296	12,786,163	26,016,459
Fund Transfers - Revenue			2,672,637			2,672,637
General Fund Discretionary			1,321,511			1,321,511
Revenue			3,994,148	13,230,296	12,786,163	30,010,607

Personell Services	355,961	96,446	392,033	307,035		1,151,475
External Materials and Services	2,277,193	27,604	207,509	4,159,908		6,672,214
Internal Materials and Services	53,560	357,195	226,647	57,511		694,913
Capital Outlay				1,235,755		1,235,755
Fund Transfers - Expense					2,672,637	2,672,637
Contingency		47,716*		7,470,087	10,065,810	17,583,613
Expenses	2,686,714	528,961	826,189	13,230,296	12,738,447	30,010,607

*Contingency for the FIS project is actually housed in the Technology Services Fund and not the General Fund.

For the Fire Information System (FIS) project, PSSRP staff has budgeted about \$529,000 for the year, with about \$48,000 of that in contingency, to be financed by General Fund resources and a transfer from the Technology Services Fund. During the year, a technical consultant will be assisting BTS developers in their re-platforming work and working with Portland Fire & Rescue to ensure adherence to scope, budget, and schedule.

The budget for the RegJIN project for FY 2012-13 is almost \$2.7 million, also financed by General Fund resources and the transfer of the \$2.7 million from the Technology Services Fund. Work on the project in FY 2012-13 include vendor selection, contract preparation, and costing out of potential sustainment expenditures. Furthermore, PSSRP will develop a higher-confidence proposal for sharing ongoing costs with regional partners and continue to work on the IGAs.

At this point, there is about \$10.1 million in the Technology Services Fund reserved for contingency purposes for FY 2012-13 and for work on the RegJIN and FIS projects in FY 2013-14 and beyond. Planned expenditures for those projects total only about \$7.4 million for FY 2013-14 and FY 2014-15, so there can potentially be \$2.65 million of savings after the projects are completed in FY 2014-15 that Council can decide to use for other purposes, in addition to the ongoing \$1.3 million in CAL that PSSRP currently receives. All this is assuming, though, that PSSRP will not utilize the funds set aside for contingency purposes and will not be working on any new projects. However, costs for technology projects are difficult to project and are often underestimated. In addition, as discussed in the Key Issues section above, with the federal mandate to adopt Next Generation 9-1-1, the assumption that PSSRP will not be working on new projects may not be realistic.

CityFleet Major Projects:

- Fire Bureau Replacement: Scheduled replacement vehicles and equipment for Fire Bureau: \$1,035,956 in FY 2012-13, \$4,379,620 Five-year total.
- Police Replacement: Scheduled replacement vehicles and equipment for Police Bureau: \$2,087,093 in FY 2012-13, \$13,110,935 Five-year total.
- Transportation Replacement: Scheduled replacement vehicles and equipment for Bureau of Transportation: \$2,046,793 in FY 2012-13, \$18,463,947 Five-year total.

- Parks Replacement: Scheduled replacement vehicles and equipment for Parks & Recreation: \$1,272,115 in FY 2012-13, \$7,974,185 Five-year total.

Facilities Services Major Projects:

- Fire GO-Station 21: This project is for work related to the construction of Fire Station 21. The project will be completed in FY 2014-15. The estimated costs over the next three years are as follows: \$1,746,658 in FY 2012-13, \$4,459,160 in FY 2013-14, and \$1,142,286 in FY 2014-15.
- Emergency Coordination Center (ECC): The City will start on the construction phase of the ECC in 2012. The new center would allow the Portland Bureau of Emergency Management (PBEM) offices to move from a leased space to the new building and co-locate with the Water Bureau Emergency Management section to form the new Emergency Coordination Center. The total project cost is estimated at \$19.8 million. Of this amount, the PBEM's share will be 54% and the remaining will be the responsibility of the Water Bureau. The General Obligation bonds in 2010 provide \$4 million of funding to the PBEM's portion.
- Police Training Facility: The total cost of the project is set at a cost not to exceed \$15 million. The center will be located at 14912 NE Airport Way. The remodeling work will start in FY 2012-13 and the project will be completed in FY 2013-14.

Bureau of Technology Services Major Projects:

- AIX Hardware Technology Refresh: This project replaces and consolidates end-of-life Advanced Interactive Executive hardware systems. This will result in fewer, larger, and more efficient systems for the City.
- Enterprise Network Technology Refresh: This is a multi-year project to provide a six-year refresh of technology for the City's data network infrastructure. This project does not include the IRNE, INET, WiFi, or Police data network as these are included in other projects.
- SAN Storage Expansion: This project addresses the City needs for increasing storage capacity in the most cost effective storage environment.
- Walters Hill Radio Site: This project continues the effort to develop the 800 MHz radio site. The improvements include site work, tower construction, microwave installation, and other activities to make the site suitable for the radio system.

V. Performance and Accountability

Service Improvement Plan

The Office of Management and Finance, in conjunction with stakeholder input, has begun the processes of developing its 2012-17 Strategic Plan. Along with updating the mission, values, and goals, FPD recommends a thorough review of performance measures to ensure alignment with the revised strategic direction. Below is a review of OMF's current performance measures and associated recommendations.

OMF Director's Office

FY 2011-12 performance measures indicate that the number of high priority change requests opened annually and Help Desk tickets opened daily have declined when compared to data from FY 2010-11. This is likely the result of the SAP system stabilizing and transitioning into more of a maintenance mode.

Performance Measures	FY 2010-2011	FY 2011-2012
Number of High Priority Change requests Received Annually	66	44
Average Number of Help Desk Tickets Open Daily	268	50

Both of the metrics highlighted above would be impacted if the eight percent reductions were accepted in full. FY 2012-13 change requests would triple to an average of 185 tickets opened daily, and more importantly it would further limit the unit from being able to resolve high priority change requests because EBS would lack the contractor support necessary to resolve critical maintenance and production issues. These metrics should be closely monitored being that FPD has recommended reductions to contract funding as submitted in the six percent reduction packages.

Bureau of Human Resources

The bureau continues to work on a Citywide training program that seeks to provide management and supervisory classes, new employee orientations, cultural competency trainings, and fill gaps identified by bureaus. This has led to an increase in the number of trainings hours coordinated, 5,698 hours in FY 2010-11 to 8,500 hours in FY 2011-2012, and a rise in the number of Labor Relations training sessions conducted, 31 sessions in FY 2010-11 to 75 in FY 2011-12.

Revenue Bureau

The bureau's current performance measures have remained stable and include new measures for the total supported revenues collected and the number of supported accounts. Financial Planning recommends the bureau add a new measure for FY 2012-13 that tracks the percentage of business license tax returns filed online. The utilization rate of online filings is a good indicator of the success the bureau is having in implementing this important functionality.

Bureau of Financial Services

The number of manual payroll checks issued by Accounting continues to increase from 3,530 in FY 2010-11, 3,634 in FY 2011-12 to a projected high of 3,743 in FY 2012-2013. The reasons for producing a manual check can vary from bureaus incorrectly entering invoices to a time sensitive request from a Council Office. Regardless of the cause, the manual processes can consume a relatively large amount of staff time. Financial Planning recommends that Accounting work with the bureaus and the EBS team to enhance training and guidance materials to try and prevent the bulk of errors that may lead to process delays.

Public Safety Systems Revitalization Project

PSSRP's Program Summary Template has two rows with data, with one line for bureau level expenses and another line for fund level expenses (fund transfers, debt service, contingency, unappropriated fund balance). Fund level expenses total about \$20.2 million, are 100% regarded as Operating, and are placed under the "Other" category in the Resources section of the template. In regards to the bureau level expenses, about 90.8% are for Capital, with only 16.6% coming from the General Fund. There are no rankings between these two types of expenses and no performance measures associated with PSSRP since an independent quality assurance services firm on contract with the City tracks the quality and effectiveness of PSSRP's work.

Bureau of Internal Business Services

The overall major assets managed by the funds in the Bureau of Internal Business Services are trending well: The percent of assets in good condition has improved from 51% from 5 years ago to 55% today and is projected to remain at this level in the next five years. The percent in poor condition will continue to be a 0% in five years as it is today. The projected major maintenance backlog amount in five years will also remain the same as it is today at \$5 million ongoing and \$75

million in one-time resources. Additionally, Facilities Services pointed out that their under funded Major Maintenance reserves may lead to increased reliability issues affecting some the assets in their portfolio in the future.

Major projects and initiatives include:

- Procurement Services: Presenting new strategies based on the Disparity Study to Council in Spring 2012.
- Facilities Services: Providing project management for new construction projects related to the passage of the Public Safety Bond measure and the development of the Oregon Sustainability Center.
- Risk Management: Implementing the Risk Management Information System in FY 2012-13.

Bureau of Technology Services

Overall, the performance measures for the Bureau of Technology Services continue to trend well in the out years: The percent of major assets in good condition has increased from 80% five years ago to 90% today and is projected to increase to 97% in the next five years. The percent of major assets in poor condition is projected to remain at 0% in the next five years. While this is good news, the bureau is concerned about some reliability issues as a result of recent budget reductions as well as those proposed in FY 2012-13 Requested Budget. Additionally, the major maintenance backlog projected in five years remains at \$13.9 million per year as it is today.