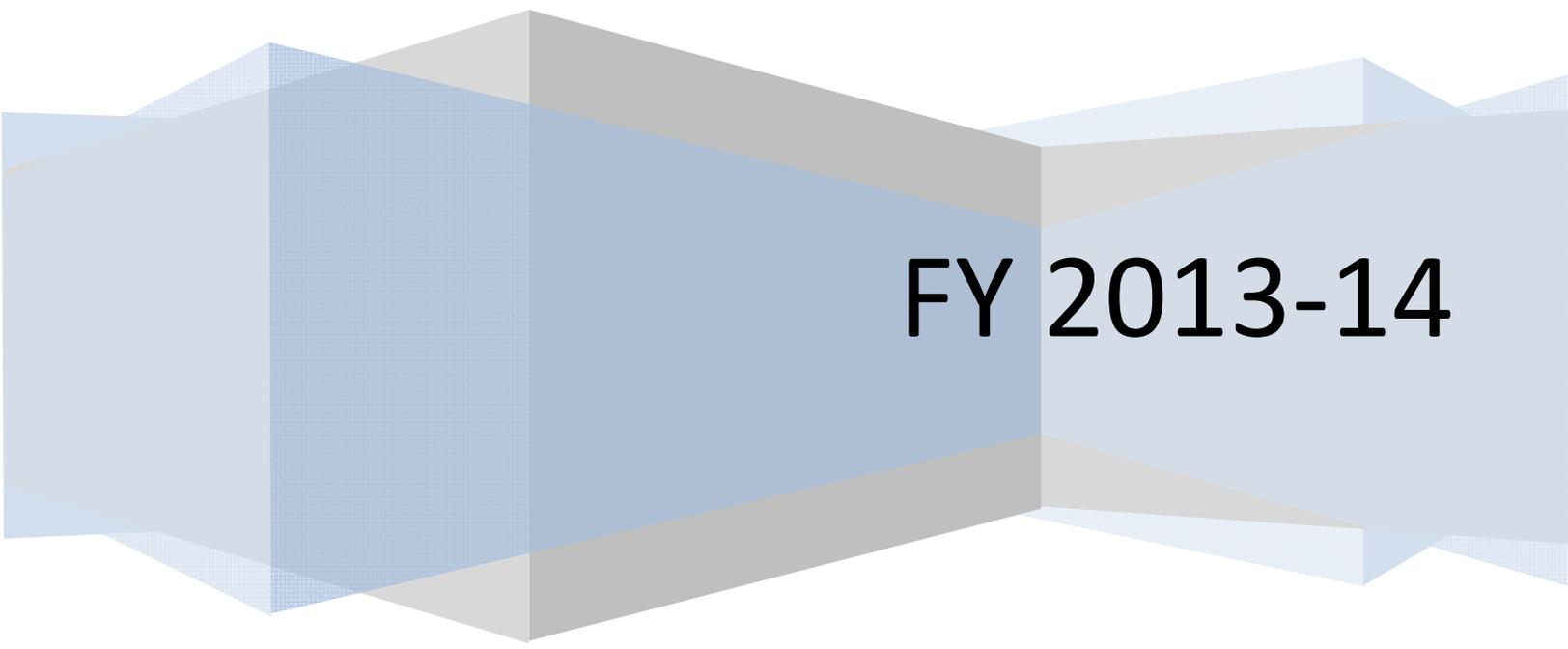


City of Portland

# Fall Supplemental Budget

CBO Analysis and Recommendations

Prepared: October 2013



FY 2013-14



## Table of Contents

|                                                           |    |
|-----------------------------------------------------------|----|
| Table of Contents .....                                   | 3  |
| Introduction .....                                        | 5  |
| Notes on Format Changes.....                              | 5  |
| General Fund Summary .....                                | 6  |
| Capital Set-Aside .....                                   | 7  |
| Surplus Revenue Carryover.....                            | 8  |
| Encumbrance Carryover .....                               | 8  |
| New Requests .....                                        | 8  |
| Significant Non-General Fund Changes .....                | 9  |
| Current Appropriation Level (CAL) Changes .....           | 10 |
| General Fund Overhead Changes .....                       | 11 |
| Position Changes .....                                    | 11 |
| Public Safety.....                                        | 15 |
| Bureau of Emergency Communications.....                   | 16 |
| Bureau of Fire and Police Disability and Retirement ..... | 18 |
| Portland Police Bureau .....                              | 20 |
| Portland Fire & Rescue.....                               | 25 |
| Portland Bureau of Emergency Management .....             | 26 |
| Parks, Recreation and Culture .....                       | 29 |
| Portland Parks & Recreation.....                          | 30 |
| Public Utilities .....                                    | 33 |
| Portland Water Bureau.....                                | 34 |
| Bureau of Environmental Services.....                     | 37 |
| Community Development.....                                | 41 |
| Bureau of Development Services.....                       | 42 |
| Portland Housing Bureau .....                             | 44 |
| Bureau of Planning and Sustainability .....               | 47 |
| Portland Development Commission .....                     | 49 |
| Office of Neighborhood Involvement .....                  | 50 |
| Office of Equity & Human Rights .....                     | 53 |
| Transportation and Parking .....                          | 55 |
| Portland Bureau of Transportation.....                    | 56 |

|                                                       |    |
|-------------------------------------------------------|----|
| Office of the Mayor.....                              | 60 |
| Commissioner of Public Affairs (Dan Saltzman).....    | 62 |
| Commissioner of Public Safety (Steve Novick) .....    | 64 |
| Commissioner of Public Utilities (Amanda Fritz) ..... | 65 |
| Commissioner of Public Works (Nick Fish).....         | 67 |
| Office of the City Auditor .....                      | 68 |
| City Support Services .....                           | 71 |
| City Budget Office .....                              | 72 |
| Office of the City Attorney .....                     | 73 |
| Office of Government Relations .....                  | 74 |
| Special Appropriations .....                          | 75 |
| Office of Management and Finance .....                | 77 |

## Introduction

In the Fall Budget Monitoring Process (BMP), City bureaus 1) request supplemental budget adjustments to the current fiscal year budget and 2) report on financial and program performance through the end of the last fiscal year. This report summarizes the highlights of supplemental budget requests and the recommendations of the City Budget Office (CBO). A separate Prior Year report will be forthcoming in November.

The supplemental budget ordinance will be heard by Council on November 6, 2013.

## Notes on Format Changes

It should be noted that there are several elements that have traditionally been included in the CBO's BMP review that are not included in this report. These are:

- 1) Request-by-request recommendations. This level of detail can be found on our website at: <https://www.portlandoregon.gov/cbo/article/467861>
- 2) Prior Year Budget Reporting: Discussion of FY 2012-13 budget-to-actuals variances, budget note reporting, decision package updates, performance reporting, etc. will be included in a separate report to be electronically distributed in November.

These changes are being tested as part of a process reengineering effort. In the Summer of 2013, CBO began reengineering the budget monitoring and supplemental budget process (collectively referred to as the BMP). The goals were – and continue to be – to provide the greatest value for City Council while also meeting the needs of bureaus through the most efficient process.

After a number of stakeholder meetings and requests for input, CBO determined that the outputs should:

- 1) **Split *monitoring* documents from *decision-support* documents.** Mingling these purposes was leading to a surfeit of information that was hindering decision-makers' ability to understand the decision points and our recommendations.
- 2) **Allow for 'drill-down' to the appropriate level of detail.** The prior format did not distinguish or delineate well between high-level overview and technical detail. The new format provides a Citywide summary followed by very brief bureau summaries. Within the bureau summaries, key decision points are highlighted first, followed by a discussion of the overall submission. The online report with the package-by-package detail is available for further drill-down.

The engineering process is ongoing and will likely result in other process changes. In the meantime, we invite all stakeholders to provide feedback on the current review format. Please contact Claudio Campuzano (x3-6848) with any comments.

## General Fund Summary

| Budget Summary- General Fund    | Adopted Budget       | Current Revised Budget | Recommended Adjustments | Total Recommended Revised |
|---------------------------------|----------------------|------------------------|-------------------------|---------------------------|
| <b>Resources</b>                |                      |                        |                         |                           |
| Budgeted Beginning Fund Balance | \$8,597,109          | \$8,597,109            | \$20,763,270            | \$29,360,379              |
| Taxes                           | 212,778,740          | 212,778,740            | -                       | 212,778,740               |
| Licenses & Permits              | 162,027,886          | 162,027,886            | -                       | 162,027,886               |
| Charges for Services            | 19,562,555           | 19,562,555             | (11,694)                | 19,550,861                |
| Intergovernmental Revenues      | 25,944,930           | 25,944,930             | 172,231                 | 26,117,161                |
| Interagency Revenue             | 23,409,113           | 23,409,113             | 257,285                 | 23,666,398                |
| Fund Transfers - Revenue        | 38,116,432           | 38,116,432             | (972,540)               | 37,143,892                |
| Miscellaneous                   | 3,840,311            | 3,840,311              | 141,595                 | 3,981,906                 |
| <b>Total Resources</b>          | <b>\$494,277,076</b> | <b>\$494,277,076</b>   | <b>\$20,350,147</b>     | <b>\$514,627,223</b>      |
| <b>Requirements</b>             |                      |                        |                         |                           |
| Personnel Services              | \$319,015,413        | \$319,015,413          | (\$52,548)              | \$318,962,865             |
| External Materials and Services | 74,229,036           | 74,229,036             | 5,779,776               | 80,008,812                |
| Internal Materials and Services | 49,973,165           | 49,973,165             | 906,110                 | 50,879,275                |
| Capital Outlay                  | 185,000              | 185,000                | 989,619                 | 1,174,619                 |
| Bond Expenses                   | 7,325,708            | 7,325,708              | -                       | 7,325,708                 |
| Fund Transfers - Expense        | 35,266,207           | 35,266,207             | 11,313,000              | 46,579,207                |
| Contingency                     | 8,282,547            | 8,282,547              | 1,414,190               | 9,696,737                 |
| <b>Total Requirements</b>       | <b>\$494,277,076</b> | <b>\$494,277,076</b>   | <b>\$20,350,147</b>     | <b>\$514,627,223</b>      |

The Fall Supplemental Budget, as recommended, includes a total increase in FY 2013-14 expenses in the General Fund of \$20.4 million. These expenses are primarily funded with \$20.8 million in additional Beginning Fund Balance. There are several other revenue changes, most notably a \$1 million decrease in fund transfers. This decrease is related to direction received from the Tax Supervising Conservation Commission (TSCC) to directly budget expenses out of the Parks Local Option Levy Fund. This is a purely technical change with no impact on the services provided.

The \$20.8 million beginning balance is recommended to be allocated as follows:

- **Encumbrance Carryover:** CBO recommends encumbrance carryover of \$5.3 million. Encumbrances reflect prior year commitments of prior year resources. To the degree that spending on those commitments did not occur, the ending balance corresponding to this underspending is reallocated in the current year.

This category includes funding for advances that have been made where the good or service has not yet been delivered.

- **Surplus Revenue:** Per City Financial Policy (FIN 2.06), bureaus may retain all excess bureau-generated revenue. Bureaus requested – and CBO recommends – \$1.4 million be allocated to bureaus pursuant to this policy. However, as discussed in the Revenue Policy Recommendation section below, CBO notes that the policy as written does not result in recommendations that are consistent with General Fund management principles.
- **Excess Balance:** The remaining \$14.1 million of excess balance is recommended to be budgeted as follows:
  - **Capital Set-Aside:** Per City Financial Policy (FIN 2.03), at least 25% of General Fund discretionary revenue that exceeds budgeted beginning fund balance after adjustments (e.g., encumbrance carryover) should be allocated to infrastructure maintenance and replacement. This results in a \$3.5 million minimum to be allocated to capital maintenance and replacement. CBO recommends \$4.3 million of bureau requests, exceeding the minimum requirement of the policy.
  - **Future Year Set-Aside:** Per City Financial Policy (FIN 2.04), any remaining excess balance should be added to contingency to be used as a resource for the upcoming budget process. CBO has recommended complying with this policy by setting \$8.1 million aside for future year debt-repayment and the remaining \$1.7 to a reserved contingency.

In addition to the recommendations for the newly budgeted balance, CBO recommends a total of \$268,677 (of a total requested amount of \$4.2 million) in new requests to be funded out of the unrestricted contingency, leaving \$2,818,007.

Between the \$1.7 million set-aside for the FY 2014-15 budget and the unrestricted contingency draw, the total recommended increase in contingency is \$1,414,190.

## Capital Set-Aside

As noted above, CBO has recommended \$4.3 million per the capital set-aside policy. That policy states:

*“At least 25 percent of General Fund discretionary revenue that exceeds budgeted beginning balance (adjusted) will be allocated to infrastructure maintenance or replacement in the fall budget monitoring process. [...] Infrastructure maintenance projects to be considered for funding will be projects requested but not funded in the prior year's budget and projects that are underway but still require funding.”*

The items recommended under this policy include:

- \$3.2 million to pay off a Portland Parks & Recreation line of credit. This line of credit was established to allow the bureau to move forward with several maintenance facility renovations. The resources freed up by this repayment will allow the bureau to address roughly \$370,000 of additional deferred maintenance each year. The payoff will also save an estimated \$530,000 in interest costs.
- \$834,619 is recommended to outfit 51 vehicles in the Portland Police Bureau with Mobile Audio Video (MAV) technology.
- \$155,000 for servers to house an email solution for Police; Federal security guidelines prohibit the bureau from moving to the cloud with the rest of the City.
- \$88,464 for carryover of project funding for the Public Safety System Revitalization Project.

### **Surplus Revenue Carryover**

As noted above, CBO has recommended \$1.4 million per the surplus revenue carryover policy. That policy states:

*“Revenue Surpluses. Bureaus shall retain all excess bureau-generated revenue. Surpluses above the budgeted revenue estimate will be available to the bureau for appropriation through the budget monitoring process. Additional appropriations will be used for activities that support the function or program generating the additional fees.”*

While CBO recommends these requests based on the existing policy, we have concerns regarding the unintended impacts of this policy on the City budget. We plan to work with Council to potentially revise the policy to achieve an outcome that is consistent with General Fund management principles.

### **Encumbrance Carryover**

Bureaus requested a total of \$5,314,643 in encumbrance carryover. CBO recommended all but \$38,997 of this amount. The adjustment is a decrease to the PDC request. The resulting figure represents those contracts actually encumbered by PDC.

### **New Requests**

The attached report shows new requests totaling \$12.3 million. This includes the \$8.1 million recommended for utilization under the excess balance policy. That policy states:

*“For the fall budget monitoring process, General Fund discretionary revenue that exceeds budgeted beginning balance (adjusted) will be added to the General Fund contingency, except for funds allocated to infrastructure maintenance or replacement. Funds that had been reserved to pay for General Fund encumbrances but are not needed for this purpose will also be added to the General Fund contingency. These funds will be included as a resource in the annual budget process for the upcoming fiscal year.”*

CBO recommends setting the debt repayment aside through a transfer to the General Reserve Fund and making a commitment to retiring the debt as quickly as possible with that resource. In effect, this will create ongoing funding in the FY 2014-15 budget process of about \$3.5 million.

The remaining new requests, totaling \$4.2 million, are considered under the contingency policy which states:

*“The City will budget a contingency account for each operating fund adequate to address reasonable but unforeseen requirements within the fiscal year.”*

Most requests were not recommended as they were not unforeseen. A notable exception is a request from the Portland Housing Bureau for \$1.7 million to address growing bottlenecks in the homeless system. This request is not recommended for funding at this time based on a lack of clarity around its use. A stakeholder group is currently working on developing a more detailed plan, which may be available before Council votes on the Fall Supplemental on November 6.

The report on page 13 has the complete list of requests and CBOs recommendations. For additional discussion, see the relevant bureau sections.

## **Non-General Fund Changes**

Below is a summary of significant changes in funds other than the General Fund. See the bureau sections for a more complete list of items and further discussion.

- **Portland Parks & Recreation:** A total of \$325,794 is budgeted out of Golf and Portland International Raceway contingencies to fund a special drainage district assessment related to the recertification of Portland’s levees.
- **Bureau of Development Services:** Fifteen new positions are recommended to address an increasing bureau workload. The positions are a mix of programmatic and administrative staff. See the ‘Positions’ section below for full details on classifications.

- **Portland Housing Bureau:** Unanticipated CDBG loan payoffs provide an additional \$779,400 for an upcoming Affordable Rental Housing development Notice of Funding Availability.
- **Portland Bureau of Transportation:** \$2.4 million in state revenue and \$1.0 million in SDC revenue appropriated for sidewalk and safety improvements along the 136th Avenue corridor. \$3.1 million in federal revenue appropriated for the Thurman Street Bridge Rehab project and \$712,000 in state revenue for the Moody Blvd project. \$1.6 million is appropriated for track relocation work Moody Blvd.

## **PERS Savings**

During the FY 2013-14 budget development process, PERS rates were estimated based on legislation that was pending at the time. Subsequent to the passage of the legislation, new rates were established that were lower than the estimate. This resulted in roughly \$1 million in the General Fund and \$1.5 million in other funds. Bureaus were asked to explain the use of this savings. Those explanations are contained within the bureau sections.

## **Current Appropriation Level (CAL) Changes**

Portland Parks & Recreation has identified a number of acquired properties and projects that have come online for which it is requesting ongoing operations and maintenance funding beginning in FY 2014-15. These requests are made based on language from the authorizing ordinances. In addition to \$590,106 already scheduled to be included in the bureau's CAL target, a further \$55,670 is recommended to be added for Phase I improvements of the South Waterfront Greenway. This recommendation is based on financial policy, recent practice, the Council intent cited in the ordinance (185370), and CBO's interpretation of Council direction in recent years. Several items highlighted by the bureau as coming online soon are not recommended to be included in CAL at this time. They should be requested as part of the FY 2014-15 budget process or at some later date when costs and in-service dates are more certain. These include:

- South Waterfront Greenway Phase II
- Chimney Park-Pier Park Ped/Bike Bridge
- Westmoreland Park – Nature Play

## General Fund Overhead Changes

The General Fund Overhead Advisory Committee has recommended that Council direct CBO to update the overhead model throughout the budget process to reflect decisions made by Council. This is a return to the City's practice before 2005. The change will more accurately reflect the overhead charges each fund is responsible for in the budget year and will lessen the true-up adjustments required in future years.

In addition to the above change, the overhead committee also recommends some additional changes in how the model is calculated. Although technical in nature, these changes do shift the allocation of overhead costs. Specifically:

- When a new fund is added to the model, the metrics are rolled back three years, which gives a more accurate allocation to the new fund. When a fund is closed, the metrics for the last three years are removed.
- The Children's Investment Fund, Property Management License Fund, Convention and Tourism Fund, Arts Education and Access Fund, and the Mount Hood Cable Regulatory Commission Fund will be charged a flat overhead amount of \$25,000. The funds are largely used to pass through funding to other organizations and governments, and the flat fee was deemed equitable given the level of overhead services used.
- Vacant regular, limited term, double fill, job-share, and recurring positions are now included in the model.

## Position Changes

The following table summarizes recommended position changes in the supplemental budget:

| Bureau/Class                            | Regular     | Limited Term | Total        |
|-----------------------------------------|-------------|--------------|--------------|
| <b>BDS</b>                              | <b>15</b>   |              | <b>15</b>    |
| Accountant I                            | 1           |              | 1            |
| Administrative Specialist, Sr           | 1           |              | 1            |
| Building Inspector II                   | 1           |              | 1            |
| Development Services Technician II      | 3           |              | 3            |
| Management Analyst                      | 1           |              | 1            |
| Management Assistant                    | 3           |              | 3            |
| Office Support Specialist II            | 1           |              | 1            |
| Planner II. City-Land Use               | 1           |              | 1            |
| Plans Examiner, Commercial              | 1           |              | 1            |
| Plumbing Inspector, Sr                  | 1           |              | 1            |
| Program Specialist, Assistant           | 1           |              | 1            |
| <b>BES</b>                              | <b>1.2</b>  |              | <b>1.2</b>   |
| Business Systems Analyst, Assistant     | 0.2         |              | 0.2          |
| Engineering Associate, Sr-Electrical    | 1           |              | 1            |
| <b>ONI</b>                              | <b>2</b>    |              | <b>2</b>     |
| Office Support Specialist II            | -1          |              | -1           |
| Program Specialist, Assistant           | 3           |              | 3            |
| <b>Parks</b>                            | <b>3</b>    | <b>-1.33</b> | <b>1.67</b>  |
| Administrative Assistant                | -1          |              | -1           |
| Administrative Specialist, Sr           | 2           | -1           | 1            |
| Business Operations Supervisor          | 1           |              | 1            |
| Electrician/Instrument Technician       | 1           |              | 1            |
| Horticulturist                          | 1           |              | 1            |
| Maintenance Mechanic                    | -1          |              | -1           |
| Recreation Coord I-Multnomah Art Center | 1           | -0.33        | 0.67         |
| Utility Worker II                       | -1          |              | -1           |
| <b>PBOT</b>                             | <b>2</b>    |              | <b>2</b>     |
| Engineering Associate-Civil             | 1           |              | 1            |
| Portland Streetcar Operations Supvr     | 1           |              | 1            |
| <b>Police</b>                           | <b>1</b>    |              | <b>1</b>     |
| Police Lieutenant                       | 1           |              | 1            |
| <b>Total</b>                            | <b>24.2</b> | <b>-1.33</b> | <b>22.87</b> |

**General Fund Reconciliation**

Exhibit #4

|                                                                                     | <u>Bureau Request</u> | <u>CBO Recommendations</u> |
|-------------------------------------------------------------------------------------|-----------------------|----------------------------|
| <b>Capital Set-Aside Request</b>                                                    |                       |                            |
| Office of Management & Finance - PSSRP-RegJIN & FIS Project Resource Carryover (N   | \$88,464              | \$88,464                   |
| Portland Parks & Recreation - Pay off City Debt of \$3.2M Line of Credit (PK_009)   | \$3,218,000           | \$3,218,000                |
| Portland Police Bureau - MAVTechnology (1 Lt. Term position) (PL_010)               | \$894,403             | \$834,619                  |
| Portland Police Bureau - Mobile Data Computer (MDC) Funding Gap (PL_013)            | \$500,000             | \$0                        |
| Portland Police Bureau - Servers to House PPB Email Solutions - CJIS (PL_014)       | \$180,000             | \$155,000                  |
| <b>Total Capital Set-Aside Request</b>                                              | <b>\$4,880,867</b>    | <b>\$4,296,083</b>         |
| <b>Carryover Request</b>                                                            |                       |                            |
| Office of Neighborhood Involvement - Carryover of excess revenues (NI_011)          | \$21,985              | \$21,985                   |
| Portland Fire & Rescue - Recognize excess program revenues (FR_006)                 | \$570,012             | \$570,012                  |
| Portland Parks & Recreation - Fall - Gen Fund Non-Disc Revenue Carryover (PK_004)   | \$403,463             | \$403,463                  |
| Portland Police Bureau - Police Non-discretionary Carryover (PL_002)                | \$416,410             | \$416,410                  |
| <b>Total Carryover Request</b>                                                      | <b>\$1,411,870</b>    | <b>\$1,411,870</b>         |
| <b>Encumbrance Carryover Request</b>                                                |                       |                            |
| Commissioner of Public Affairs - Encumbrance Carryover Request (PA_002)             | \$363,821             | \$363,821                  |
| Commissioner of Public Affairs - Advance Carryover Request (PA_003)                 | \$82,256              | \$82,256                   |
| Commissioner of Public Safety - CPS-Fall Bump Encumbrance Carryover-Printer Main (F | \$300                 | \$300                      |
| Commissioner of Public Works - CPW-Fall Bump Encumbrance Carryover-Printer Main (   | \$300                 | \$300                      |
| Office of Equity & Human Rights - Encumbrance Carryover (OE_001)                    | \$32,671              | \$32,671                   |
| Office of Management & Finance - Accounting - Encumbrance Carryover (MF_040)        | \$87,800              | \$87,800                   |
| Office of Management & Finance - Revenue - Encumbrance Carryover (MF_049)           | \$57,926              | \$57,926                   |
| Office of Management & Finance - Procurement Svs Carryover Request (MF_083)         | \$155,153             | \$155,153                  |
| Office of Neighborhood Involvement - PO Encumbrance Carryover (NI_006)              | \$295,182             | \$295,182                  |
| Office of the Mayor - Mayor-Encumbrance Carryovers (MY_002)                         | \$272,185             | \$272,185                  |
| Office of the Mayor - Mayor-Advance Carryover Requests (MY_003)                     | \$529,963             | \$529,963                  |
| Portland Development Commission - Encumbrance Carryover (ZD_001)                    | \$123,915             | \$84,918                   |
| Portland Fire & Rescue - Encumbrance Carryover (FR_005)                             | \$392,005             | \$392,005                  |
| Portland Housing Bureau - General Fund Encumbrance Carryover (HC_003)               | \$6,307               | \$6,307                    |
| Portland Parks & Recreation - Fall - Encumbrance Carryover (PK_003)                 | \$333,180             | \$333,180                  |
| Portland Police Bureau - Police Encumbrance carryover (PL_001)                      | \$567,178             | \$567,178                  |
| Special Appropriations - Advance Carryover (SA_005)                                 | \$2,014,501           | \$2,014,501                |
| <b>Total Encumbrance Carryover Request</b>                                          | <b>\$5,314,643</b>    | <b>\$5,275,646</b>         |
| <b>New Request</b>                                                                  |                       |                            |
| Bureau of Development Services - Tree Project Program Coordinator Position (DS_006) | \$55,404              | \$0                        |
| Bureau of Planning & Sustainability - Central City 2035: SE Quadrant Plan (PN_009)  | \$95,000              | \$0                        |
| Commissioner of Public Utilities - Sick Leave Implementation (PU_002)               | \$86,000              | \$86,000                   |
| Fund & Debt Management - Debt Repayment Set-Aside (FM_002)                          | \$8,095,000           | \$8,095,000                |
| Office of Neighborhood Involvement - Civic Engagement Grants (NI_012)               | \$300,000             | \$0                        |
| Office of the City Auditor - Council Worksession Captioning Request (AU_002)        | \$7,500               | \$0                        |
| Office of the Mayor - Mayor-Legal Services Contingency Request (MY_004)             | \$1,410               | \$1,410                    |
| Office of the Mayor - Mayor-Last Thursday Costs Contingency Request (MY_005)        | \$15,000              | \$15,000                   |

**General Fund Reconciliation**

Exhibit #4

|                                                                                      | <u>Bureau Request</u> | <u>CBO Recommendations</u> |
|--------------------------------------------------------------------------------------|-----------------------|----------------------------|
| <b>New Request</b>                                                                   |                       |                            |
| Office of the Mayor - Mayor-Entertainment District Costs Cont Request (MY_006)       | \$16,000              | \$16,000                   |
| Portland Development Commission - PDC - Housing Bureau Revenue Swap (ZD_002)         | (\$200,000)           | (\$200,000)                |
| Portland Housing Bureau - Immediate Options On Homelessness (HC_001)                 | \$1,900,000           | \$200,000                  |
| Portland Parks & Recreation - Fall-O&M for Major Projects Completed in FY13-14 (PK_0 | \$280,708             | \$103,181                  |
| Portland Police Bureau - School Resource Officers (4 positions) (PL_007)             | \$265,664             | \$0                        |
| Portland Police Bureau - Diversity and Equity Training (PL_008)                      | \$50,000              | \$0                        |
| Portland Police Bureau - Narcotics Dog Replacement (PL_009)                          | \$23,300              | \$0                        |
| Portland Police Bureau - Restoration of Traffic Officers (5 positions) (PL_011)      | \$514,800             | \$0                        |
| Portland Police Bureau - Gang Enforcement Team staffing (3 positions) (PL_012)       | \$202,704             | \$0                        |
| Portland Police Bureau - Budget Note Required Staffing Study (PL_015)                | \$200,000             | \$0                        |
| Portland Police Bureau - Domestic Violence Response Advocate Contract (PL_016)       | \$30,000              | \$0                        |
| Portland Police Bureau - Southeast Precinct Property Purchase (PL_017)               | \$263,500             | \$0                        |
| Portland Police Bureau - Effective Communication Training (PL_018)                   | \$100,000             | \$0                        |
| Special Appropriations - FY 213-14 COPPEA (SA_001)                                   | (\$2,914)             | (\$2,914)                  |
| Special Appropriations - League of OR Cities Foundation (SA_002)                     | \$25,000              | \$25,000                   |
| Special Appropriations - Columbia River Levee Repair & Certification (SA_003)        | \$25,000              | \$25,000                   |
| <b>Total New Request</b>                                                             | <b>\$12,349,076</b>   | <b>\$8,363,677</b>         |
| <b>Technical Adjustment</b>                                                          |                       |                            |
| Bureau of Planning & Sustainability - Reallocation between Programs (PN_004)         | \$0                   | \$0                        |
| Office of the Mayor - Mayor-Move Encumbrance to MFSA23 (MY_008)                      | (\$5,399)             | (\$5,399)                  |
| Portland Police Bureau - Lifeworks Funding moved from Spec Approp (PL_005)           | \$100,000             | \$100,000                  |
| Special Appropriations - Transfer LifeWorks NOW to Police (SA_004)                   | (\$100,000)           | (\$100,000)                |
| Special Appropriations - MFSA23-Transfer Enc Carryover from Mayors Office (SA_006)   | \$5,399               | \$5,399                    |
| <b>Total Technical Adjustment</b>                                                    | <b>\$0</b>            | <b>\$0</b>                 |
| <b>Grand Total</b>                                                                   | <b>\$23,956,456</b>   | <b>\$19,347,276</b>        |

# Public Safety

# Bureau of Emergency Communications

Analyst: Yung Ouyang

| Budget Summary- All Funds       | Current Revised Budget (A) | Bureau Request (B) | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|---------------------------------|----------------------------|--------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>                |                            |                    |                                |                                   |
| Budgeted Beginning Fund Balance | \$2,481,067                | \$0                | \$0                            | \$2,481,067                       |
| Charges for Services            | 285,950                    | 0                  | 0                              | 285,950                           |
| Intergovernmental Revenues      | 7,098,830                  | 0                  | 0                              | 7,098,830                         |
| Fund Transfers - Revenue        | 13,307,197                 | 12,387             | 0                              | 13,319,584                        |
| Miscellaneous                   | 50,000                     | 0                  | 0                              | 50,000                            |
| <b>Total Resources</b>          | <b>\$23,223,044</b>        | <b>\$12,387</b>    | <b>\$0</b>                     | <b>\$23,235,431</b>               |
| <b>Requirements</b>             |                            |                    |                                |                                   |
| Personnel Services              | \$13,687,772               | \$26,147           | \$0                            | \$13,713,919                      |
| External Materials and Services | 1,042,031                  | 221,000            | 0                              | 1,263,031                         |
| Internal Materials and Services | 3,735,073                  | (13,760)           | 0                              | 3,721,313                         |
| Bond Expenses                   | 1,357,746                  | 0                  | 0                              | 1,357,746                         |
| Fund Transfers - Expense        | 897,991                    | 0                  | 0                              | 897,991                           |
| Contingency                     | 2,502,431                  | (221,000)          | 0                              | 2,281,431                         |
| <b>Total Requirements</b>       | <b>\$23,223,044</b>        | <b>\$12,387</b>    | <b>\$0</b>                     | <b>\$23,235,431</b>               |

## Key Council Decisions

- Total appropriations are increased by \$12,387 due to BTS underspending on the IBM Frame (AIX) Project and hence, a refund from the Technology Services Fund to BOEC. The bureau is budgeting the additional funds, as well as \$13,760 in savings from OMF IAs resulting from lower PERS rates, in its overtime budget.
- BOEC is transferring \$221,000 from contingency to fund a study to develop a 3-1-1 program for the City. The project was not completed last year, and the funds were transferred into contingency during last year's Spring BMP. The bureau is carrying over the funds during this current Fall BMP.

## Discussion

### Overtime Budget

As a part of its 6% reduction during the FY 2012-13 budget development process, BOEC's overtime budget was reduced by \$600,000, and the bureau's overtime budget for the current fiscal year continues to be low. During this BMP, the bureau is supplementing it with savings from OMF IAs resulting from lower PERS rates as well as the rebate from BTS. In addition, although the bureau has not made the actual budget adjustment, it intends to use the \$73,627 in PERS savings from existing positions for

overtime purposes as well. These supplements together bring the funds intended for overtime to about \$232,000, which is still well under the FY 2011-12 budget of about \$825,000. The actual spending on overtime that year was about \$750,000. Last year, vacancy savings enabled the bureau to still underspend in personnel services even with a minimal overtime budget of about \$184,000; actual spending on overtime in FY 2012-13 was about \$668,000. However, the number of vacancies so far this year has been minimal. BOEC has the discretion whether or not to use overtime to staff vacancies or to fill in for staff on vacation or on sick leave. If the bureau chooses to limit the use of overtime, call-taking and dispatching performance may suffer.

#### *PERS Savings*

See narrative above on the bureau's Overtime Budget for a discussion of how the bureau intends to use its PERS savings.

# Bureau of Fire and Police Disability and Retirement

Analyst: Yung Ouyang

| Budget Summary- All Funds       | Current Revised Budget (A) | Bureau Request (B) | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|---------------------------------|----------------------------|--------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>                |                            |                    |                                |                                   |
| Budgeted Beginning Fund Balance | \$14,504,338               | \$0                | \$0                            | \$14,504,338                      |
| Taxes                           | 118,618,232                | 0                  | 0                              | 118,618,232                       |
| Interagency Revenue             | 542,200                    | 0                  | 0                              | 542,200                           |
| Fund Transfers - Revenue        | 759,000                    | 0                  | 0                              | 759,000                           |
| Bond and Note                   | 28,000,000                 | 0                  | 0                              | 28,000,000                        |
| Miscellaneous                   | 430,000                    | 0                  | 0                              | 430,000                           |
| <b>Total Resources</b>          | <b>\$162,853,770</b>       | <b>\$0</b>         | <b>\$0</b>                     | <b>\$162,853,770</b>              |
| <b>Requirements</b>             |                            |                    |                                |                                   |
| Personnel Services              | \$1,848,432                | \$0                | \$0                            | \$1,848,432                       |
| External Materials and Services | 112,539,688                | (44,425)           | 0                              | 112,495,263                       |
| Internal Materials and Services | 7,509,065                  | (575)              | 0                              | 7,508,490                         |
| Capital Outlay                  | 30,000                     | 45,000             | 0                              | 75,000                            |
| Bond Expenses                   | 28,339,886                 | 0                  | 0                              | 28,339,886                        |
| Fund Transfers - Expense        | 859,699                    | 0                  | 0                              | 859,699                           |
| Contingency                     | 11,727,000                 | 0                  | 0                              | 11,727,000                        |
| <b>Total Requirements</b>       | <b>\$162,853,770</b>       | <b>\$0</b>         | <b>\$0</b>                     | <b>\$162,853,770</b>              |

| Budget Summary - Fire and Police Disability and Retirement Fund Only | Current Revised Budget (A) | Bureau Request (B) | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|----------------------------------------------------------------------|----------------------------|--------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>                                                     |                            |                    |                                |                                   |
| Budgeted Beginning Fund Balance                                      | \$13,754,338               | \$0                | \$0                            | \$13,754,338                      |
| Taxes                                                                | 118,618,232                | 0                  | 0                              | 118,618,232                       |
| Interagency Revenue                                                  | 542,200                    | 0                  | 0                              | 542,200                           |
| Fund Transfers - Revenue                                             | 759,000                    | 0                  | 0                              | 759,000                           |
| Bond and Note                                                        | 28,000,000                 | 0                  | 0                              | 28,000,000                        |
| Miscellaneous                                                        | 430,000                    | 0                  | 0                              | 430,000                           |
| <b>Total Resources</b>                                               | <b>\$162,103,770</b>       | <b>\$0</b>         | <b>\$0</b>                     | <b>\$162,103,770</b>              |
| <b>Requirements</b>                                                  |                            |                    |                                |                                   |
| Personnel Services                                                   | \$1,848,432                | \$0                | \$0                            | \$1,848,432                       |
| External Materials and Services                                      | 112,539,688                | (44,425)           | 0                              | 112,495,263                       |
| Internal Materials and Services                                      | 7,509,065                  | (575)              | 0                              | 7,508,490                         |
| Capital Outlay                                                       | 30,000                     | 45,000             | 0                              | 75,000                            |
| Bond Expenses                                                        | 28,339,886                 | 0                  | 0                              | 28,339,886                        |
| Fund Transfers - Expense                                             | 109,699                    | 0                  | 0                              | 109,699                           |
| Contingency                                                          | 11,727,000                 | 0                  | 0                              | 11,727,000                        |
| <b>Total Requirements</b>                                            | <b>\$162,103,770</b>       | <b>\$0</b>         | <b>\$0</b>                     | <b>\$162,103,770</b>              |

## Key Council Decisions

- None

## Discussion

FPDR has only two budget amendment requests: 1) a reduction of \$575 in OMF IAs costs resulting from lower PERS rates, and 2) a transfer of \$45,000 from funds for retirement payments to a capital outlay line item needed to pay for additional database improvements, increasing the budget in this fiscal year by 150%.

## *PERS Savings*

FPDR is realizing \$12,455 in savings due to lower PERS rates for existing staff. The bureau is allowing the savings to fall to balance and thereby reduce its FY 2014-15 levy requirement.

# Portland Police Bureau

Analyst: Tess Jordan

| Budget Summary- All Funds       | Current Revised Budget (A) | Bureau Request (B) | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|---------------------------------|----------------------------|--------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>                |                            |                    |                                |                                   |
| Budgeted Beginning Fund Balance | \$1,092,394                | \$401,346          | \$0                            | \$1,493,740                       |
| Licenses & Permits              | 1,931,000                  | 0                  | 0                              | 1,931,000                         |
| Charges for Services            | 905,192                    | 0                  | 0                              | 905,192                           |
| Intergovernmental Revenues      | 7,197,670                  | 766,436            | 0                              | 7,964,106                         |
| Interagency Revenue             | 3,989,228                  | 0                  | 0                              | 3,989,228                         |
| Miscellaneous                   | 1,531,050                  | 0                  | 0                              | 1,531,050                         |
| General Fund Discretionary      | 153,250,580                | 4,302,959          | (2,229,752)                    | 155,323,787                       |
| <b>Total Resources</b>          | <b>\$169,897,114</b>       | <b>\$5,470,741</b> | <b>(\$2,229,752)</b>           | <b>\$173,138,103</b>              |
| <b>Requirements</b>             |                            |                    |                                |                                   |
| Personnel Services              | \$129,545,982              | \$1,069,377        | (\$837,952)                    | \$129,777,407                     |
| External Materials and Services | 12,610,348                 | 2,428,054          | (403,300)                      | 14,635,102                        |
| Internal Materials and Services | 27,623,425                 | 175,191            | (200,000)                      | 27,598,616                        |
| Capital Outlay                  | 0                          | 1,798,119          | (788,500)                      | 1,009,619                         |
| Fund Transfers - Expense        | 11,675                     | 0                  | 0                              | 11,675                            |
| Contingency                     | 105,684                    | 0                  | 0                              | 105,684                           |
| <b>Total Requirements</b>       | <b>\$169,897,114</b>       | <b>\$5,470,741</b> | <b>(\$2,229,752)</b>           | <b>\$173,138,103</b>              |

## Key Council Decisions

- CBO recommends \$1.084 million in one-time General Fund associated with encumbrance carryover, external program carryover, and movement of the LifeWorks Special Appropriation into the bureau's budget.
- One-time General Fund of \$989,619 is recommended for two capital requests: \$834,619 for patrol video cameras and \$155,000 to purchase email servers. The FTE and ongoing portions of these requests are excluded.
- CBO recommends authorizing 1.0 FTE additional Lieutenant to correct an error during the FY 2013-14 Adopted Budget process.
- Three packages requesting 12 position re-instatements are not recommended. These included four School Resource Officers within the Youth Services Division, five FTE within the Traffic Division, and three FTE within the Gang Enforcement Team.
- Two packages requesting training support are not recommended. These include \$100,000 for effective communication training and \$50,000 for diversity and equity training.
- Additional packages not recommended are \$23,000 to acquire an additional narcotics canine, \$500,000 to replace hardware for mobile data computers, \$200,000 for a minimum staffing study, \$30,000 to enhance Domestic Violence

Response Advocate coverage, and \$263,500 to purchase a portion of the Kelly Building parking lot not included in the 2012 City acquisition of that property.

## Discussion

### *Capital requests*

CBO recommends \$834,619 to outfit 51 cars with five-camera, 360 degree video technology and purchase data network and server infrastructure. The bureau currently has 10 patrol cars in the Traffic Division and two in central Precinct outfitted with this technology. This investment increases accountability. Studies report that video recording increases officer professionalism, lowers complaints against officers, lowers use of force, and is valuable in training contexts. IPR supports this investment because it will allow for more efficient complaint investigation and render more cases provable. If the City is committed to this investment, this program will incur estimated annual costs of \$600,000 - \$700,000 to outfit all patrol cars and replace the cameras on a five-year cycle. The recommendation excludes 1.0 FTE Senior Business Analyst to oversee this and other PPB technologies. Council should consider adding the ongoing funds to support this investment when the bureau brings forward the project contract for Council approval.

A second capital recommendation for \$155,000 replaces PPB server capacity when City email programs move to the cloud this fiscal year. This solution does not meet Criminal Justice Information Service standards, with which the Police Bureau must comply. These standards require that every employee with data access pass background checks. Storing data and programs in the cloud would extend this requirement to Microsoft employees. This recommendation excludes \$25,000 in ongoing funding associated with this investment. Council should consider adding the ongoing funds to support this investment when the bureau brings forward the project contract for Council approval.

### *Staffing requests*

Three packages request the reinstatement of 12 FTE eliminated in the Adopted Budget. None were recommended, as there is no ongoing General Fund available with which to support ongoing positions. CBO recommends that permanent General Fund position authorization be addressed within the FY 2014-15 budget development process.

- **Gang Enforcement:** In FY 2012-13, the division maintained eight officers and two sergeants on the day shift (investigative duty) and seven officers and one sergeant on afternoon shift (patrol, proactive duty). In the current fiscal year staffing has been reduced by one officer on each shift. The bureau's Standard Operating Procedure requires a four officer minimum for Gang Violence

Response Team (GVRT) incidence response, meaning that the afternoon shift can currently respond to only one incident at a time. The bureau wishes to increase coverage across both shifts, and its supervisory ratio on the afternoon shift.

Gang incidents appear to continue to rise. GVRT call outs have increased 74% between 2008 and 2012. There were a total of 118 call outs in 2012. There was a 22% increase in GVRT call outs in summer 2013 (June – Sept) compared to summer 2012. At 44 over a four month period, this equates to roughly 2.5 call outs per week.

- **School Resource Officers:** Four officer positions were eliminated in the FY 2013-14 Adopted Budget from the Youth Services Division, resulting in a decrease from 16 School Resource Officers (SROs) to 12. PPB management has identified 15 high schools that need a police presence: all Portland Public School high schools, David Douglas, Parkrose, and three alternative high schools. In the current fiscal year, Lincoln High School is not assigned an SRO and four schools are assigned 0.50 SRO coverage. Currently SROs are redeployed as necessary for incident response. This request would increase coverage to one SRO per school, and provide additional supervision. Current division span of control is 1:11.

SRO officers provide 1) the perception of safety, and comfort to the school community to know that someone is paying attention to safety, 2) response to issues occurring on school grounds or within the student body, 3) the opportunity for positive interaction with law enforcement, and 4) a commitment to the use of restorative justice as an alternative to the criminal justice system.

It is too early in the school year to compile trend data on number of police reports taken on school property, or crimes reported. In FY 2012-13, each SRO averaged 56 reports per school year. SROs perform many duties beyond report writing.

- **Traffic Division:** Five officers were eliminated in the FY 2013-14 Adopted Budget. The operational impact of FTE reductions in the current year is a net loss of 1.0 FTE due to four vacancies in FY 2012-13. In the previous year, vacancies were spread throughout the shifts. In the current year the division eliminated the night shift (9 pm – 7 am), eliminating traffic detail after afternoon shift begins its paperwork around 2 am (the shift ends at 3 am).

The bureau describes the elimination of night shift as impacting patrol availability when patrol officers need to process DUIs – which can take several hours – and

negatively impacting public safety in general, due to the impact that car accidents have on public safety. In 2012 there were 32 traffic fatalities within the City of Portland, compared to 24 homicides. A 2005 National Center for Statistics and Analysis study concluded that one-third of fatal car accidents were speeding-related, and that 41% of those speeding drivers were intoxicated. In 2011, 10.5% of DUII arrests occurred between 2 am and 3 am (averaging a little over two per week), and 2.7% occurred between 3 am and 7 am (an average of 0.6 per week).

This request also includes \$200,000 to support five vehicles eliminated in the FY 2013-14 Adopted Budget. The vehicle elimination was unworkable: as traffic cars are used across multiple shifts, the elimination of five officers (or a single shift) does not allow for equivalent vehicle elimination. The vehicles remain in service; without additional budget the bureau will need to reallocate existing funds.

### *Training Requests*

The bureau requested funding for two trainings, effective communication and diversity and equity training. These were not recommended because they fall outside of the Financial Policies' focus on capital repair and maintenance (for excess beginning fund balance), or reasonable and unforeseen expense (for contingency).

- Effective communication (\$100,000): This training request covers a three-year contract to train Field Training Officers in communication techniques to build bureau legitimacy, decrease tension, and decrease confrontations when enforcement action is taken. The training is put on by an external subject matter expert, with later trainings to be provided by in-house trainers
- Diversity and equity training (\$50,000) : This request was generated by the Community and Police Relations Committee (CPRC). The CPRC was formed in 2009 to address issues involving racial profiling. The group spent several years researching racial equity trainings that aim to change behavior by raising awareness of institutional racism and racial disparities. CPRC members then proposed training content and design appropriate for Police Bureau sworn staff. In January 2013 the prototype one-day training was delivered to roughly 50 PPB command staff by two external subject matter experts; the bureau reports strong satisfaction with the training. This funding would support extending the training to the bureau's 134 Sergeants, and provide follow up for command staff. The PPB's goal is to extend this training to all existing staff, and then provide it to new hires and during in-service via Training Division staff.

### *SE Precinct Property Purchase*

This \$263,500 request funds acquisition of a taxlot within the Kelly Building taxlot that was acquired by the City in 2012. This taxlot contains 50 parking spaces (within two parking decks); an additional 178 parking spaces are within the taxlot already owned by the City and are available for City and community use. The 50 parking spaces within the taxlot not owned by the City have been roped off by the owner and are not accessible for use. For the building's current use, the 178 spaces are sufficient. This amount of parking translates into a parking ratio of 6.29 spaces per 1,000 square feet (when the building's windowless basement is excluded from the building square footage), well above suburban commercial and retail parking ratios.

If PPB were to re-open SE Precinct at the Kelly Building – accommodating three shifts and roughly 130-150 staff – the bureau would require use of the additional 50 spaces. CBO recommends that purchase of this property be considered as a part of a SE Precinct discussion. Opening a fourth precinct would involve other costs as well, such as additional command staff; and a larger conversation in which Council will need to engage during the budget process.

# Portland Fire & Rescue

Analyst: Tess Jordan

| Budget Summary- All Funds       | Current Revised Budget (A) | Bureau Request (B) | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|---------------------------------|----------------------------|--------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>                |                            |                    |                                |                                   |
| Budgeted Beginning Fund Balance | \$1,857,329                | \$766,623          | \$0                            | \$2,623,952                       |
| Licenses & Permits              | 1,736,000                  | 0                  | 0                              | 1,736,000                         |
| Charges for Services            | 1,265,000                  | 0                  | 0                              | 1,265,000                         |
| Intergovernmental Revenues      | 1,082,240                  | 219,470            | 0                              | 1,301,710                         |
| Interagency Revenue             | 3,426,649                  | 0                  | 0                              | 3,426,649                         |
| Fund Transfers - Revenue        | 587,874                    | 0                  | 0                              | 587,874                           |
| Bond and Note                   | 12,679,000                 | 0                  | 0                              | 12,679,000                        |
| Miscellaneous                   | 216,200                    | 0                  | 0                              | 216,200                           |
| General Fund Discretionary      | 88,606,109                 | 962,017            | 0                              | 89,568,126                        |
| <b>Total Resources</b>          | <b>\$111,456,401</b>       | <b>\$1,948,110</b> | <b>\$0</b>                     | <b>\$113,404,511</b>              |
| <b>Requirements</b>             |                            |                    |                                |                                   |
| Personnel Services              | \$85,207,698               | \$60,000           | (\$52,309)                     | \$85,215,389                      |
| External Materials and Services | 6,687,702                  | 1,134,585          | 52,309                         | 7,874,596                         |
| Internal Materials and Services | 4,839,672                  | (13,098)           | 0                              | 4,826,574                         |
| Capital Outlay                  | 5,463,443                  | 766,623            | 0                              | 6,230,066                         |
| Contingency                     | 9,257,886                  | 0                  | 0                              | 9,257,886                         |
| <b>Total Requirements</b>       | <b>\$111,456,401</b>       | <b>\$1,948,110</b> | <b>\$0</b>                     | <b>\$113,404,511</b>              |

## Key Council Decisions

- CBO recommends a total of \$962,017 in one-time General Fund associated with encumbrance carryover and external program revenue carryover. The bureau appropriated these funds to external materials and services.
- The bureau's General Fund under spending was \$2.2 million in FY 2012-13; after encumbrance carryover and external program revenue carryover, \$1.265 million of the bureau's FY 2012-13 General Fund appropriation will fall to balance.
- The bureau will redirect its one-time PERS savings of \$52,309 to building maintenance and repair (external materials and services).

## Discussion

No significant issues to discuss.

# Portland Bureau of Emergency Management

Analyst: Yung Ouyang

| Budget Summary- All Funds       | Current Revised Budget (A) | Bureau Request (B) | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|---------------------------------|----------------------------|--------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>                |                            |                    |                                |                                   |
| Intergovernmental Revenues      | \$5,084,195                | (\$706,660)        | \$0                            | \$4,377,535                       |
| General Fund Discretionary      | 781,806                    | 0                  | 0                              | 781,806                           |
| General Fund Overhead           | 1,216,836                  | 0                  | 0                              | 1,216,836                         |
| <b>Total Resources</b>          | <b>\$7,082,837</b>         | <b>(\$706,660)</b> | <b>\$0</b>                     | <b>\$6,376,177</b>                |
| <b>Requirements</b>             |                            |                    |                                |                                   |
| Personnel Services              | \$1,938,216                | \$10,418           | \$0                            | \$1,948,634                       |
| External Materials and Services | 4,521,591                  | (719,837)          | 0                              | 3,801,754                         |
| Internal Materials and Services | 623,030                    | 2,759              | 0                              | 625,789                           |
| <b>Total Requirements</b>       | <b>\$7,082,837</b>         | <b>(\$706,660)</b> | <b>\$0</b>                     | <b>\$6,376,177</b>                |

| Budget Summary - General Fund Only | Current Revised Budget (A) | Bureau Request (B) | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|------------------------------------|----------------------------|--------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>                   |                            |                    |                                |                                   |
| General Fund Discretionary         | \$781,806                  | \$0                | \$0                            | \$781,806                         |
| General Fund Overhead              | 1,216,836                  | 0                  | 0                              | 1,216,836                         |
| <b>Total Resources</b>             | <b>\$1,998,642</b>         | <b>\$0</b>         | <b>\$0</b>                     | <b>\$1,998,642</b>                |
| <b>Requirements</b>                |                            |                    |                                |                                   |
| Personnel Services                 | \$1,229,080                | \$0                | \$0                            | \$1,229,080                       |
| External Materials and Services    | 146,532                    | (2,759)            | 0                              | 143,773                           |
| Internal Materials and Services    | 623,030                    | 2,759              | 0                              | 625,789                           |
| <b>Total Requirements</b>          | <b>\$1,998,642</b>         | <b>\$0</b>         | <b>\$0</b>                     | <b>\$1,998,642</b>                |

## Key Council Decisions

- Total expenses are decreased by about \$707,000 due to two actions: 1) the appropriation of about \$212,500 for the FY 2012-13 Emergency Management Performance Grant (EMPG), and 2) the removal of about \$920,000 for the 2011 Urban Areas Security Initiative (UASI) grant. The EMPG grant supports PBEM operations, including staffing costs, with \$10,418 added to personnel services during this Fall BMP. In regards to the UASI grant, PBEM serves as the coordinator of emergency preparedness grants for the metro-area and passes the funds to other local jurisdictions. This adjustment allows the distribution of grant revenues and expenditures to the correct bureaus - Police, Fire, and Technology Services - for planned spending.

## Discussion

### *Increased Costs Resulting from the Co-location of Administrative Offices at the New Emergency Coordination Center*

PBEM's administrative office has recently moved into the new Emergency Coordination Center while construction continues on the building. The new space encompasses more square footage and requires additional technological enhancements, resulting in increased costs. However, the exact increase is unknown at this time. PBEM will work with OMF to determine changes to ongoing O&M costs and plans to pay for these additional costs through grants and overhead funding.

### *PERS Savings*

PBEM's PERS savings for existing positions amount to \$10,322. The bureau intends to use the funds for its Neighborhood Emergency Team (NET) program, specifically supporting regular and advanced training, overtime for the trainers, and equipment and supplies used for the trainings.



# Parks, Recreation and Culture

# Portland Parks & Recreation

Analyst: Claudio Campuzano

| Budget Summary- All Funds       | Current Revised Budget (A) | Bureau Request (B)  | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|---------------------------------|----------------------------|---------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>                |                            |                     |                                |                                   |
| Budgeted Beginning Fund Balance | \$12,108,764               | \$22,406,049        | \$0                            | \$34,514,813                      |
| Taxes                           | 1,922                      | 0                   | 0                              | 1,922                             |
| Licenses & Permits              | 431,028                    | 0                   | 0                              | 431,028                           |
| Charges for Services            | 36,214,987                 | (101,734)           | 0                              | 36,113,253                        |
| Intergovernmental Revenues      | 6,901,186                  | 1,492,963           | 0                              | 8,394,149                         |
| Interagency Revenue             | 1,864,566                  | 61,600              | 0                              | 1,926,166                         |
| Fund Transfers - Revenue        | 2,385,808                  | 2,214,690           | 0                              | 4,600,498                         |
| Miscellaneous                   | 2,600,095                  | 93,039              | 0                              | 2,693,134                         |
| General Fund Discretionary      | 43,074,444                 | 1,017,351           | (177,527)                      | 43,914,268                        |
| <b>Total Resources</b>          | <b>\$105,582,800</b>       | <b>\$27,183,958</b> | <b>(\$177,527)</b>             | <b>\$132,589,231</b>              |

|                                 |                      |                     |                    |                      |
|---------------------------------|----------------------|---------------------|--------------------|----------------------|
| <b>Requirements</b>             |                      |                     |                    |                      |
| Personnel Services              | \$48,881,601         | \$473,591           | (\$11,318)         | \$49,343,874         |
| External Materials and Services | 23,228,092           | 1,447,512           | (166,209)          | 24,509,395           |
| Internal Materials and Services | 8,622,945            | 1,017,758           | 0                  | 9,640,703            |
| Capital Outlay                  | 17,290,007           | 6,159,669           | 0                  | 23,449,676           |
| Bond Expenses                   | 1,154,159            | 3,218,000           | 0                  | 4,372,159            |
| Fund Transfers - Expense        | 1,684,778            | (1,003,310)         | 0                  | 681,468              |
| Contingency                     | 4,558,428            | 15,870,738          | 0                  | 20,429,166           |
| Unappropriated Fund Balance     | 162,790              | 0                   | 0                  | 162,790              |
| <b>Total Requirements</b>       | <b>\$105,582,800</b> | <b>\$27,183,958</b> | <b>(\$177,527)</b> | <b>\$132,589,231</b> |

| Budget Summary- General Fund | Current Revised Budget (A) | Bureau Request (B) | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|------------------------------|----------------------------|--------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>             |                            |                    |                                |                                   |
| Licenses & Permits           | \$391,028                  | \$0                | \$0                            | \$391,028                         |
| Charges for Services         | 16,241,787                 | 0                  | 0                              | 16,241,787                        |
| Intergovernmental Revenues   | 206,494                    | 0                  | 0                              | 206,494                           |
| Interagency Revenue          | 1,839,740                  | 61,600             | 0                              | 1,901,340                         |
| Fund Transfers - Revenue     | 1,009,362                  | (1,009,362)        | 0                              | 0                                 |
| Miscellaneous                | 893,487                    | 48,039             | 0                              | 941,526                           |
| General Fund Discretionary   | 43,074,444                 | 1,017,351          | (177,527)                      | 43,914,268                        |
| <b>Total Resources</b>       | <b>\$63,656,342</b>        | <b>\$117,628</b>   | <b>(\$177,527)</b>             | <b>\$63,596,443</b>               |

|                                 |                     |                  |                    |                     |
|---------------------------------|---------------------|------------------|--------------------|---------------------|
| <b>Requirements</b>             |                     |                  |                    |                     |
| Personnel Services              | \$41,989,285        | (\$499,292)      | (\$11,318)         | \$41,478,675        |
| External Materials and Services | 15,808,188          | (185,080)        | (166,209)          | 15,456,899          |
| Internal Materials and Services | 5,858,869           | 802,000          | 0                  | 6,660,869           |
| <b>Total Requirements</b>       | <b>\$63,656,342</b> | <b>\$117,628</b> | <b>(\$177,527)</b> | <b>\$63,596,443</b> |

## Key Council Decisions

- \$3.2 million of General Fund ending balance is recommended to pay off a line of credit extended to the bureau to upgrade various maintenance facilities.
- \$103,191 of a requested \$280,708 is recommended to fund operations and maintenance (O&M) on newly acquired or developed assets. Included are portions the Broadmoor property acquisition and the South Waterfront Greenway requests. Not recommended is the O&M for Lotus Island, a property that has been maintained by a third party for the last 20 years, and portions of the Broadmoor and South Waterfront requests.
- A new position – Access and Equity Manager – is recommended. Creation of this position utilizes existing bureau resources; this position is funded with \$118,000 from the administrative portion of operations and maintenance increases.
- Two positions are converted from limited term to regular utilizing existing resources – in one case, structurally increased revenue and, in the other, the administrative portion of operations and maintenance increases.
- A total of \$403,463 in ‘surplus revenue’ is recommended for carryover from FY 2012-13. The request is technically sufficient per City Financial Policy. However, compliance with this policy – which is based off of the bureau’s revenue budget – in effect rewards underbudgeting of revenues. As discussed in the City Summary, CBO recommends revisiting this policy to achieve the intended outcomes.
- A total of \$333,180 is recommended for General Fund encumbrance carryover.
- A total of \$325,794 is budgeted out of the enterprise fund contingencies (Golf and Portland International Raceway) to fund a special drainage district assessment related to the recertification of Portland’s levees. This charge is particularly impactful for PIR which ended FY 2012-13 with a lower than expected balance and will be managing an unanticipated General Fund Overhead charge in FY 2014-15.

## Discussion

Portland Parks and Recreation has requested a total of \$4.2 million in General Fund discretionary. The bulk of this request is, as noted above, a \$3.2 million request to retire a line of credit that allowed the bureau to move forward the renovation of several maintenance facilities. CBO recommends this request as being both in the spirit of the financial policy that dedicates at least 25% of excess ending balance to capital maintenance and repair projects and because it saves considerable interest costs over the life of the debt. This is a financially sound decision and one that is an appropriate use of one-time funding. It should be noted that the request doesn’t show in the

discretionary line item in the table above because it is a cash transfer revenue from the General Fund to the Parks Capital Improvement Program Fund.

In addition to the line of credit repayment, the bureau requested \$1 million in General Fund through three requests – one for encumbrance carryover, one for surplus revenue carryover, and one for operations and maintenance. All three of these were requested under various City Financial Polices and Council ordinances. CBO has recommended the bulk of these requests but will be exploring adjustments to the policies in order to better align them with the desired outcomes.

Other significant changes in the budget include a shift of \$675,000 of expenses from a central materials and service line item to the CityFleet interagency. The bulk of this (\$550,000) covers the planned purchase of vehicles to implement the Washington Park Transportation Management plan, which was funded with anticipated revenues in the Adopted Budget. This change allocates out that resource.

The General Fund table above also reflects a technical change in how resources from the Parks Local Option Levy Fund are budgeted to backfill certain service cuts. This change is purely technical, but the impact is to reduce the cash transfer from the levy fund and commensurately reduce expenses in the General Fund. This change was required by the Tax Supervising & Conservation Commission in order to ensure proper transparency on the spending of levy funds.

With regard to non-General Fund changes, the table above shows a \$22.4 million increase to beginning fund balance. This is a truing up of balances based on current FY 2012-13 close estimates. The majority of this balance is in the capital fund and, within that, the SDC subfund. SDCs have been far outperforming estimates over the last several years. Of the total balance budgeted, \$20.4 million is in the SDC subfund and, of that, \$15.1 million is budgeted contingency. Within that contingency figure is \$10.3 million unallocated with the remainder in project contingencies for various projects.

#### *PERS Savings*

PP&R has roughly \$26,000 of the \$226,000 in funds outside of the General Fund (Golf, PIR, CIP, etc.). For these funds, the savings will be used to offset any contingency throughout the year and fall to ending fund balance. The roughly \$200,000 remaining for PP&R's General Fund will primarily be utilized to offset unexpected one-time costs that have been incurred due to bureau-wide transitions and implementation of budget reduction packages.

# Public Utilities

# Portland Water Bureau

Analyst: Ryan Kinsella

| Budget Summary- All Funds       | Current Revised Budget (A) | Bureau Request (B)  | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|---------------------------------|----------------------------|---------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>                |                            |                     |                                |                                   |
| Budgeted Beginning Fund Balance | \$233,886,685              | \$31,746,651        | \$0                            | \$265,633,336                     |
| Charges for Services            | 139,407,766                | 0                   | 0                              | \$139,407,766                     |
| Intergovernmental Revenues      | 666,000                    | 1,112,000           | 0                              | \$1,778,000                       |
| Interagency Revenue             | 3,201,050                  | 280,000             | 0                              | \$3,481,050                       |
| Fund Transfers - Revenue        | 221,253,375                | 4,673,679           | 0                              | \$225,927,054                     |
| Miscellaneous                   | 5,344,115                  | 0                   | 0                              | \$5,344,115                       |
| <b>Total Resources</b>          | <b>\$603,758,991</b>       | <b>\$37,812,330</b> | <b>\$0</b>                     | <b>\$641,571,321</b>              |
| <b>Requirements</b>             |                            |                     |                                |                                   |
| Personnel Services              | \$61,769,827               | \$0                 | \$0                            | \$61,769,827                      |
| External Materials and Services | 23,592,899                 | \$377,724           | 0                              | \$23,970,623                      |
| Internal Materials and Services | 19,844,784                 | \$778,127           | 0                              | \$20,622,911                      |
| Capital Outlay                  | 98,715,853                 | \$6,284,262         | 0                              | \$105,000,115                     |
| Bond Expenses                   | 51,036,055                 | \$150,000           | 0                              | \$51,186,055                      |
| Fund Transfers - Expense        | 226,677,164                | \$4,654,202         | 0                              | \$231,331,366                     |
| Contingency                     | 85,997,797                 | \$25,568,015        | 0                              | \$111,565,812                     |
| Unappropriated Fund Balance     | 36,124,612                 | 0                   | 0                              | \$36,124,612                      |
| <b>Total Requirements</b>       | <b>\$603,758,991</b>       | <b>\$37,812,330</b> | <b>\$0</b>                     | <b>\$641,571,321</b>              |

| <b>Water Operating Fund - 602</b> | <b>Current Revised Budget (A)</b> | <b>Bureau Request (B)</b> | <b>CBO Recommended Adjustments(C)</b> | <b>Total Recommended Revised (A+B+C)</b> |
|-----------------------------------|-----------------------------------|---------------------------|---------------------------------------|------------------------------------------|
| <b>Resources</b>                  |                                   |                           |                                       |                                          |
| Budgeted Beginning Fund Balance   | \$67,884,490                      | \$3,326,794               | \$0                                   | \$71,211,284                             |
| Charges for Services              | 137,907,766                       | 0                         | 0                                     | \$137,907,766                            |
| Intergovernmental Revenues        | 566,000                           | 0                         | 0                                     | \$566,000                                |
| Interagency Revenue               | 3,132,550                         | 280,000                   | 0                                     | \$3,412,550                              |
| Fund Transfers - Revenue          | 139,077,345                       | 1,261                     | 0                                     | \$139,078,606                            |
| Bond and Note                     | 0                                 | 700,000                   | 0                                     | \$700,000                                |
| Miscellaneous                     | 1,129,083                         | 0                         | 0                                     | \$1,129,083                              |
| <b>Total Resources</b>            | <b>\$349,697,234</b>              | <b>\$4,308,055</b>        | <b>\$0</b>                            | <b>\$354,005,289</b>                     |
| <b>Requirements</b>               |                                   |                           |                                       |                                          |
| Personnel Services                | \$61,479,933                      | (\$369,270)               | \$0                                   | \$61,110,663                             |
| External Materials and Services   | 23,385,399                        | 165,910                   | 0                                     | \$23,551,309                             |
| Internal Materials and Services   | 19,625,195                        | 47,326                    | 0                                     | \$19,672,521                             |
| Capital Outlay                    | 98,615,853                        | 6,284,262                 | 0                                     | \$104,900,115                            |
| Bond Expenses                     | 2,589,497                         | 150,000                   | 0                                     | \$2,739,497                              |
| Fund Transfers - Expense          | 87,199,662                        | 4,454,202                 | 0                                     | \$91,653,864                             |
| Contingency                       | 56,801,695                        | (6,424,375)               | 0                                     | \$50,377,320                             |
| <b>Total Requirements</b>         | <b>\$349,697,234</b>              | <b>\$4,308,055</b>        | <b>\$0</b>                            | <b>\$354,005,289</b>                     |

## Key Council Decisions

- None

## Discussion

The bureau includes eleven requests in the Fall BMP, nearly all of which are adjustments due to true-ups from FY 2012-13 and carryovers from funds that fell to balance and budgeted in contingency at the year's end. Noted below are three areas in which the bureau requests larger adjustments in the Fall BMP.

### Contingency

The bureau will decrease contingency in the Water Fund by a net amount of \$1,181,375, due a number of adjustments as detailed below. Discussion of the specific reasons for adjustment contingency is within the CBO review of bureau requests.

### Adjustments to Contingency in Water Fund (602)

|                      |                                                                        |
|----------------------|------------------------------------------------------------------------|
| (4,472,418)          | Transfer of revenues to Water Construction Fund                        |
| (7,055,000)          | Transfer to Water Construction Fund for carryover of CIP               |
| 3,326,794            | Adjust beginning fund balance                                          |
| (150,000)            | Provide bond issuance costs; to be reimbursed by bond proceeds         |
| 18,216               | True-up costs of BES's Green Street Initiative                         |
| 280,000              | Increased IA with Parks Bureau for fountain operations and maintenance |
| (186,451)            | Carryover for Bull Run studies and monthly-billing project             |
| (30,000)             | True-up renewable energy certificate costs                             |
| 31,223               | Internal service funds savings                                         |
| 1,261                | Internal service funds savings                                         |
| <b>\$(8,236,375)</b> |                                                                        |

#### *Capital Program*

Due to adjustments in the bureau's FY 2012-13 capital program, largely as a result of delays in projects for various reasons, the bureau requests to carryover prior year budgeted amounts into the current capital program for a net increase of \$7,055,000. Because the expenses were not incurred in FY 2012-13 capital budget, no new revenues are required in order to fund this increase.

#### *PERs Savings*

The bureau reduced PERs costs by \$1,040,000 for the FY 2013-14 Adopted Budget, based upon a conservative estimate of anticipated savings. The CBO has estimated that the bureau will realize an additional \$400,000 in savings as a result of the PERS legislation. Though not included as budget request in Fall BMP, the bureau has indicated that it will use the savings to offset decrease water sales revenues due to lower than planned sales to date.

# Bureau of Environmental Services

Analyst: Ryan Kinsella

| Budget Summary- All Funds       | Current Revised Budget (A) | Bureau Request (B) | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|---------------------------------|----------------------------|--------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>                |                            |                    |                                |                                   |
| Budgeted Beginning Fund Balance | \$99,312,000               | \$1,976,054        | \$0                            | \$101,288,054                     |
| Licenses & Permits              | 1,506,314                  | 0                  | 0                              | 1,506,314                         |
| Charges for Services            | 292,265,820                | 0                  | 0                              | 292,265,820                       |
| Intergovernmental Revenues      | 1,817,872                  | 379,205            | 0                              | 2,197,077                         |
| Interagency Revenue             | 2,381,667                  | 750,000            | 0                              | 3,131,667                         |
| Fund Transfers - Revenue        | 308,832,552                | (29,152)           | 0                              | 308,803,400                       |
| Bond and Note                   | 225,650,000                | 0                  | 0                              | 225,650,000                       |
| Miscellaneous                   | 1,415,000                  | 0                  | 0                              | 1,415,000                         |
| <b>Total Resources</b>          | <b>\$933,181,225</b>       | <b>\$3,076,107</b> | <b>\$0</b>                     | <b>\$936,257,332</b>              |
| <b>Requirements</b>             |                            |                    |                                |                                   |
| Personnel Services              | \$59,052,684               | \$130,307          | \$0                            | \$59,182,991                      |
| External Materials and Services | 52,298,751                 | 916,634            | 0                              | 53,215,385                        |
| Internal Materials and Services | 39,703,261                 | (23,579)           | 0                              | 39,679,682                        |
| Capital Outlay                  | 88,688,268                 | 21,506             | 0                              | 88,709,774                        |
| Bond Expenses                   | 156,559,679                | 0                  | 0                              | 156,559,679                       |
| Fund Transfers - Expense        | 313,805,232                | 226,000            | 0                              | 314,031,232                       |
| Contingency                     | 171,373,673                | 1,805,239          | 0                              | 173,178,912                       |
| Unappropriated Fund Balance     | 51,699,677                 | 0                  | 0                              | 51,699,677                        |
| <b>Total Requirements</b>       | <b>\$933,181,225</b>       | <b>\$3,076,107</b> | <b>\$0</b>                     | <b>\$936,257,332</b>              |

| Sewer System Operating Fund - 600 | Current Revised Budget (A) | Bureau Request (B) | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|-----------------------------------|----------------------------|--------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>                  |                            |                    |                                |                                   |
| Budgeted Beginning Fund Balance   | \$56,091,000               | \$1,976,054        | \$0                            | \$58,067,054                      |
| Licenses & Permits                | 1,506,314                  | 0                  | 0                              | 1,506,314                         |
| Charges for Services              | 288,539,820                | 0                  | 0                              | 288,539,820                       |
| Intergovernmental Revenues        | 316,570                    | 0                  | 0                              | 316,570                           |
| Interagency Revenue               | 1,974,667                  | 750,000            | 0                              | 2,724,667                         |
| Fund Transfers - Revenue          | 129,622,552                | (29,152)           | 0                              | 129,593,400                       |
| Miscellaneous                     | 685,000                    | 0                  | 0                              | 685,000                           |
| <b>Total Resources</b>            | <b>\$478,735,923</b>       | <b>\$2,696,902</b> | <b>\$0</b>                     | <b>\$481,432,825</b>              |
| <b>Requirements</b>               |                            |                    |                                |                                   |
| Personnel Services                | \$58,523,959               | \$130,307          | \$0                            | \$58,654,266                      |
| External Materials and Services   | 48,737,827                 | 592,429            | 0                              | 49,330,256                        |
| Internal Materials and Services   | 38,749,035                 | (73,579)           | 0                              | 38,675,456                        |
| Capital Outlay                    | 88,048,268                 | 21,506             | 0                              | 88,069,774                        |
| Bond Expenses                     | 2,543,236                  | 0                  | 0                              | 2,543,236                         |
| Fund Transfers - Expense          | 185,638,120                | 221,000            | 0                              | 185,859,120                       |
| Contingency                       | 56,295,478                 | 1,805,239          | 0                              | 58,100,717                        |
| Unappropriated Fund Balance       | 200,000                    | 0                  | 0                              | 200,000                           |
| <b>Total Requirements</b>         | <b>\$478,735,923</b>       | <b>\$2,696,902</b> | <b>\$0</b>                     | <b>\$481,432,825</b>              |

### Key Council Decisions

- Increase contingency budget due to realizing total PERS-related savings of \$155,000 and new interagency revenues of \$248,000
- Carryover \$133,000 in expenses for vehicle purchases and project costs
- Draw \$283,000 from contingency for COPPEA professional development contributions, new radios for PSSRP system compatibility and a budgeting error.
- Authorize budget adjustments that create three temporary/limited-term positions and increase a 0.80 FTE part-time position to a full-time position.

### Discussion

The bureau includes five requests in the Fall BMP, each including a number of budget adjustments. Nearly all adjustments are due to true-ups from FY 2012-13 budget in addition carryovers from funds that fell to balance and budgeted in contingency at the year's end.

### Carryover Requests

The bureau requests to carryover \$100,000 to replace a forklift that recently failed at the Columbia Boulevard Waste Water Treatment Plant and to purchase a vehicle used

by field operations for testing and soil sampling. The bureau also requests carryover for a stormwater planning management project.

| <b>Carryover Requests</b> |                                          |
|---------------------------|------------------------------------------|
| 35,000                    | Stormwater Management Plan project       |
| 67,654                    | Purchase of vehicle for field operations |
| 30,000                    | Purchase of forklift for treatment plant |
| <b>132,654</b>            |                                          |

**Reallocations**

Also included in the bureau requests are reallocations of budget for several positions, including two Community Service Aides, one limited-term Electrical Engineer and the remaining 0.20 FTE of an 0.80 FTE Assistant Business Systems Analyst. Council authorization is not required to create any of these positions, but Council approval is required to approve the adjustments that were requested by the bureau in the Fall BMP.

Requested adjustments also include realizing savings or new revenues, including a total savings of \$155,000 due to the recent PERS legislation, \$750,000 for increased interagencies with the Portland Water Bureau, a reduction of \$35,000 for capital expenditures that provide the basis for One-Percent for Green contributions, and \$2,000,000 in System Development Charge (SDC) beginning fund balance. The bureau is requesting to reallocate savings and the interagency increases to bureau contingency; the bureau requests that the increased SDC balance be used for debt service payments. In total, these adjustments net to an increase of \$403,678 to bureau contingency.

| <b>Increases to Contingency</b> |                                              |
|---------------------------------|----------------------------------------------|
| 132,876                         | PBOT IA savings due to PERS                  |
| 22,802                          | Internal Service Fund IA savings due to PERS |
| 248,000                         | Increase in IA with Water Bureau             |
| <b>403,678</b>                  |                                              |

Lastly, the bureau will draw \$287,887 from contingency for the expenses below.

| <b>New Draws on Contingency</b> |                                              |
|---------------------------------|----------------------------------------------|
| 36,887                          | COPPEA Professional Development Contribution |
| 25,000                          | Bureau budget error (overtime)               |
| 221,000                         | Purchase of PSSRP-compatible radios          |
| <b>282,887</b>                  |                                              |

### *PERS Savings*

CBO has estimated that the bureau will realize an additional \$400,000 in savings as a result of the PERS legislation. Though not included as budget request in Fall BMP, the bureau has indicated that it will budget the savings in bureau contingency with the intent of slightly lessening the required rate increase over the next five years.

# Community Development

# Bureau of Development Services

Analyst: Sara Lowe

| Budget Summary- All Funds       | Current Revised Budget (A) | Bureau Request (B) | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|---------------------------------|----------------------------|--------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>                |                            |                    |                                |                                   |
| Budgeted Beginning Fund Balance | \$13,177,485               | \$0                | \$0                            | \$13,177,485                      |
| Licenses & Permits              | \$22,854,164               | \$0                | \$0                            | \$22,854,164                      |
| Charges for Services            | 8,909,147                  | 0                  | 0                              | \$8,909,147                       |
| Interagency Revenue             | 929,161                    | 2,277              | 0                              | \$931,438                         |
| Fund Transfers - Revenue        | 2,033,470                  | 64,545             | (55,404)                       | \$2,042,611                       |
| Bond and Note                   | 1,802,343                  | 0                  | 0                              | \$1,802,343                       |
| Miscellaneous                   | 2,229,973                  | 0                  | 0                              | \$2,229,973                       |
| <b>Total Resources</b>          | <b>\$51,935,743</b>        | <b>\$66,822</b>    | <b>(55,404)</b>                | <b>\$51,947,161</b>               |
| <b>Requirements</b>             |                            |                    |                                |                                   |
| Personnel Services              | \$25,189,551               | \$795,828          | (55,404)                       | \$25,929,975                      |
| External Materials and Services | 4,030,243                  | 0                  | 0                              | 4,030,243                         |
| Internal Materials and Services | 7,138,190                  | 283,320            | 0                              | 7,421,510                         |
| Bond Expenses                   | 1,009,670                  | 0                  | 0                              | 1,009,670                         |
| Fund Transfers - Expense        | 947,890                    | 0                  | 0                              | 947,890                           |
| Contingency                     | 8,620,199                  | (1,012,326)        | 0                              | 7,607,873                         |
| Unappropriated Fund Balance     | 5,000,000                  | 0                  | 0                              | 5,000,000                         |
| <b>Total Requirements</b>       | <b>\$51,935,743</b>        | <b>\$66,822</b>    | <b>(55,404)</b>                | <b>\$51,947,161</b>               |

## Key Council Decisions

- Fifteen new positions funded by contingency in the current year.
- Cost savings totaling \$11,418, of which \$9,141 is attributable to a technology project coming in below budget and the remaining amount related to interagency PERS savings. The bureau's intention is to use the PERS savings to fund materials and services costs associated with positions requested in the Fall BMP, including additional space, computers, and vehicles.
- \$280,000 for the purchase of vehicles ordered in the prior year, but received in the current year.
- City Budget Office does not recommend funding for .5 FTE related to implementation of the Citywide Tree Project.

## Discussion

City Budget Office (CBO) recommends net supplemental budget changes totaling \$11,418, including the transfer of \$1.012 million from contingency. The contingency

draw includes \$280,000 for vehicles ordered in the prior year, but received in the current year.

The remaining draw of \$740,424 is dedicated to funding 15 new positions, necessary to address an increasing bureau workload. The positions, which include a mix of both programmatic and administrative staff, have a five-year cost of approximately \$5.2 million, to be supported by increased fee and permit revenues. The bureau has updated its five-year financial forecast to include a revised FY 2012-13 ending fund balance of \$24.0 million, which is \$10.0 million higher than originally projected. Based on the revised forecast, the bureau is able to absorb the costs of the new positions.

The additional staff are expected to increase services levels in several divisions and allow the bureau to expand its hours of operation in the Development Services Center to five days a week. Including positions added in the prior two years, the bureau's authorized FTE will increase to 239.23, 62.0 FTE fewer than in FY 2009-10.

The CBO does not recommend the request for \$55,404 in new General Fund discretionary revenues, to support .5 FTE dedicated to the continued implementation of the Citywide Tree project. CBO recommends that BDS take an alternative approach to funding this request by shifting General Fund resources committed to the Land Use Services Program to the requested position.

# Portland Housing Bureau

Analyst: Claudio Campuzano

| Budget Summary- All Funds       | Current Revised Budget (A) | Bureau Request (B)  | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|---------------------------------|----------------------------|---------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>                |                            |                     |                                |                                   |
| Budgeted Beginning Fund Balance | \$1,744,916                | \$515,239           | \$0                            | \$2,260,155                       |
| Charges for Services            | 345,780                    | 0                   | 0                              | 345,780                           |
| Intergovernmental Revenues      | 57,965,229                 | 9,498,605           | 0                              | 67,463,834                        |
| Interagency Revenue             | 73,332                     | 0                   | 0                              | 73,332                            |
| Bond and Note                   | 8,029,941                  | (73,384)            | 0                              | 7,956,557                         |
| Miscellaneous                   | 5,664,859                  | 1,814,538           | 0                              | 7,479,397                         |
| General Fund Discretionary      | 10,124,808                 | 1,906,307           | (1,700,000)                    | 10,331,115                        |
| <b>Total Resources</b>          | <b>\$83,948,865</b>        | <b>\$13,661,305</b> | <b>(\$1,700,000)</b>           | <b>\$95,910,170</b>               |

|                                 |                     |                     |                      |                     |
|---------------------------------|---------------------|---------------------|----------------------|---------------------|
| <b>Requirements</b>             |                     |                     |                      |                     |
| Personnel Services              | \$6,110,568         | \$47,596            | \$0                  | \$6,158,164         |
| External Materials and Services | 72,105,976          | 13,317,211          | (1,700,000)          | 83,723,187          |
| Internal Materials and Services | 1,085,612           | (2,599)             | 0                    | 1,083,013           |
| Bond Expenses                   | 1,291,293           | 0                   | 0                    | 1,291,293           |
| Fund Transfers - Expense        | 1,087,481           | 0                   | 0                    | 1,087,481           |
| Contingency                     | 2,267,935           | 179,097             | 0                    | 2,447,032           |
| Unappropriated Fund Balance     |                     | 120,000             | 0                    | 120,000             |
| <b>Total Requirements</b>       | <b>\$83,948,865</b> | <b>\$13,661,305</b> | <b>(\$1,700,000)</b> | <b>\$95,910,170</b> |

| Budget Summary- General Fund | Current Revised Budget (A) | Bureau Request (B) | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|------------------------------|----------------------------|--------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>             |                            |                    |                                |                                   |
| Intergovernmental Revenues   | \$0                        | \$138,000          | \$0                            | \$138,000                         |
| Interagency Revenue          | 73,332                     | 0                  | 0                              | 73,332                            |
| Miscellaneous                | 7,500                      | 0                  | 0                              | 7,500                             |
| General Fund Discretionary   | 10,124,808                 | 1,906,307          | (1,700,000)                    | 10,331,115                        |
| <b>Total Resources</b>       | <b>\$10,205,640</b>        | <b>\$2,044,307</b> | <b>(\$1,700,000)</b>           | <b>\$10,549,947</b>               |

|                                 |                     |                    |                      |                     |
|---------------------------------|---------------------|--------------------|----------------------|---------------------|
| <b>Requirements</b>             |                     |                    |                      |                     |
| Personnel Services              | \$496,132           | (\$750)            | \$0                  | \$495,382           |
| External Materials and Services | 9,962,881           | 2,096,937          | (1,700,000)          | 10,359,818          |
| Internal Materials and Services | (253,373)           | (51,880)           | 0                    | (305,253)           |
| <b>Total Requirements</b>       | <b>\$10,205,640</b> | <b>\$2,044,307</b> | <b>(\$1,700,000)</b> | <b>\$10,549,947</b> |

## Key Council Decisions

- CBO does not, at this time, recommend a \$1.7 million request by PHB for 'Immediate Options on Homelessness'. The scope and details of the request are still

in development. We recommend reconsideration upon a fuller understanding of the proposed uses and desired outcomes.

- A total of \$300,000 in non-General Fund resources are budgeted to fund programs identified in a report accepted by Council in September 2013. Sources include redirected General Fund (\$100,000) and a larger than expected CDBG allocation which is swapped with PDC for more flexible General Fund resources (\$200,000).
- Encumbrance carryover of \$6,307 in the General Fund is recommended.
- Unanticipated CDBG loan payoffs provide additional funding of \$779,400 for an upcoming Affordable Rental Housing development Notice of Funds Availability.

## Discussion

On September 18, 2013, City Council approved a report that explained the immediate uses of \$300,000 in redirected resources to open existing shelter bottlenecks. These uses were defined in the report as increases to contracts with existing providers for various specific services including:

- \$70,000 to Human Solutions for street outreach, rent assistance, housing placement, retention
- \$100,000 to JOIN for street outreach, rent assistance, housing placement, retention
- \$30,000 to the Northwest Pilot Project for shelter diversion, housing placement support, and retention
- \$100,000 to Transition Projects for shelter diversion, housing placement, and retention

The report also made note of what a potential \$700,000 investment could accomplish. The bureau's supplemental request includes that \$700,000 plus an additional \$1 million for priority vulnerable populations.

A stakeholder group has been convened to prioritize this additional funding in the service delivery system. This group is currently scheduled to meet twice. The first meeting has already occurred, with stakeholders providing input on which existing or potential programs might best reduce or eliminate bottlenecks in the system. The second session will occur on October 28 where preferred allocations will be discussed. Ideally, this timing would provide an opportunity for the group's feedback to inform bureau priorities which could in turn be communicated to City Council prior to final decisions in the Fall Supplemental during the November 6 hearing. In the meantime, given the lack of detailed spending plan at this point, CBO does not currently recommend the additional funding.

It is important to note that under City financial policy, excess balance can only be used for capital projects or carried over to the next fiscal year. One-time operational funding, such as that requested in this package, should come from General Fund contingency and is only available for reasonable, unforeseen requests. Based on the request, it appears that this request meets this threshold (see HC\_001 discussion). However, if Council decides to fund this request, the decision should be made with the explicit understanding that it is one-time funding.

The remainder of the requested changes to PHB's budget are primarily grant carryover (i.e. the rebudgeting of grant funding that was unspent in the prior year), new grant revenues based on actual allocations, or revised loan income estimates from previous federal grant-funded loans.

#### *PERS Savings*

PHB is realizing roughly \$43,000 in savings across all funds associated with difference between the budgeted assumption and the actual rate. Over 90% of this savings will be realized in funds which are restricted in their use – CDBG, HOME, TIF — and will be used to support existing programs and their administration.

# Bureau of Planning and Sustainability

Analyst: Ryan Kinsella

| Budget Summary- All Funds       | Revised Budget (A)  | Request (B)      | Recommended Adjustments(C) | Recommended Revised (A+B+C) |
|---------------------------------|---------------------|------------------|----------------------------|-----------------------------|
| <b>Resources</b>                |                     |                  |                            |                             |
| Budgeted Beginning Fund Balance | \$1,708,207         | \$135,270        | \$0                        | \$1,843,477                 |
| Licenses & Permits              | 2,858,230           | 0                | 0                          | \$2,858,230                 |
| Charges for Services            | 2,224,620           | 0                | 0                          | \$2,224,620                 |
| Intergovernmental Revenues      | 1,668,055           | 425,439          | 0                          | \$2,093,494                 |
| Interagency Revenue             | 318,064             | 43,270           | 0                          | \$361,334                   |
| Miscellaneous                   | 44,177              | 4,530            | 0                          | \$48,707                    |
| General Fund Discretionary      | 6,898,594           | 95,000           | (95,000)                   | \$6,898,594                 |
| General Fund Overhead           | 544,977             | 0                | 0                          | \$544,977                   |
| <b>Total Resources</b>          | <b>\$16,264,924</b> | <b>\$703,509</b> | <b>(95,000)</b>            | <b>\$16,873,433</b>         |

|                                 |                     |                  |                 |                     |
|---------------------------------|---------------------|------------------|-----------------|---------------------|
| <b>Requirements</b>             |                     |                  |                 |                     |
| Personnel Services              | \$10,302,156        | \$286,607        | (95,000)        | \$10,493,763        |
| External Materials and Services | 1,612,216           | 418,538          | 0               | \$2,030,754         |
| Internal Materials and Services | 2,404,413           | (1,636)          | 0               | \$2,402,777         |
| Bond Expenses                   | 48,486              | 0                | 0               | \$48,486            |
| Fund Transfers - Expense        | 206,699             | 0                | 0               | \$206,699           |
| Contingency                     | 4,371               | 0                | 0               | \$4,371             |
| Unappropriated Fund Balance     | 1,686,583           | 0                | 0               | \$1,686,583         |
| <b>Total Requirements</b>       | <b>\$16,264,924</b> | <b>\$703,509</b> | <b>(95,000)</b> | <b>\$16,873,433</b> |

| Bureau Operating Fund - 100 | Current Revised Budget (A) | Bureau Request (B) | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|-----------------------------|----------------------------|--------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>            |                            |                    |                                |                                   |
| Intergovernmental Revenues  | \$230,000                  | \$14,231           | \$0                            | \$244,231                         |
| Interagency Revenue         | 308,064                    | 43,270             | 0                              | \$351,334                         |
| General Fund Discretionary  | 6,898,594                  | 95,000             | (95,000)                       | \$6,898,594                       |
| General Fund Overhead       | 544,977                    | 0                  | 0                              | \$544,977                         |
| <b>Total Resources</b>      | <b>\$7,981,635</b>         | <b>\$152,501</b>   | <b>(95,000)</b>                | <b>\$8,039,136</b>                |

|                                 |                    |                  |                 |                    |
|---------------------------------|--------------------|------------------|-----------------|--------------------|
| <b>Requirements</b>             |                    |                  |                 |                    |
| Personnel Services              | \$6,856,716        | \$202,526        | (95,000)        | \$6,964,242        |
| External Materials and Services | 506,916            | 2,987            | 0               | \$509,903          |
| Internal Materials and Services | 618,003            | (53,012)         | 0               | \$564,991          |
| <b>Total Requirements</b>       | <b>\$7,981,635</b> | <b>\$152,501</b> | <b>(95,000)</b> | <b>\$8,039,136</b> |

## Key Council Decisions

- Bureau requests one-time General Fund Discretionary funding for the SE Quadrant portion of the bureau's Central City 2035 plan.

## Discussion

A number of technical adjustments are included in the bureau's Fall BMP requests, including requests to carryover grant funding and adjustments to the Solid Waste Management Program. The bureau also requests to reallocate its current General Fund budget due to minor reorganizations within the bureau. The bureau requests minor increases in outside revenues due to an increase in two IAs and an IGA with PDC, increasing the bureau's operating budget by \$57,501. CBO has reviewed and recommends all technical requests.

The bureau also requests one-time General Fund Discretionary funding for the SE Quadrant portion of the bureau's Central City 2035 plan. To expedite planning decisions that will determine development standards in the industrial area of the Central Eastside, the bureau has delayed the work on two tasks that are required in order to receive approximately \$95,000 in funding from the Metro CET grant. Because the bureau will not deliver upon these tasks until FY 2014-15, the bureau will not receive funding in FY 2014-15, leaving an estimated gap of \$95,000.

CBO does not recommend funding the bureau's request, as the funding gap did not result from unforeseen circumstances. In addition, following from previous recommendations, CBO recommends that all planning efforts be funded within ongoing resources, in contrast to one-time General Fund Discretionary. Rather, CBO recommends several other options, in addition to using the bureau's PERs savings, to fund the Central City plan until the Metro grant revenues are received in FY 2014-15: (1) reallocate resources from other areas of the bureau budget, (2) use savings from current vacancies, or (3) maintain the original timeline and complete the required grants tasks, thereby eliminating the funding gap.

For further discussion of this request, please see request PN\_009.

# Portland Development Commission

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Analyst: Tess Jordan

| Budget Summary- All Funds       | Current Revised Budget (A) | Bureau Request (B) | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|---------------------------------|----------------------------|--------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>                |                            |                    |                                |                                   |
| General Fund Discretionary      | 4,777,437                  | (76,085)           | (38,997)                       | 4,662,355                         |
| <b>Total Resources</b>          | <b>\$4,777,437</b>         | <b>(\$76,085)</b>  | <b>(\$38,997)</b>              | <b>\$4,662,355</b>                |
| <b>Requirements</b>             |                            |                    |                                |                                   |
| External Materials and Services | 4,777,437                  | (76,085)           | (38,997)                       | 4,662,355                         |
| <b>Total Requirements</b>       | <b>\$4,777,437</b>         | <b>(\$76,085)</b>  | <b>(\$38,997)</b>              | <b>\$4,662,355</b>                |

## Key Council Decisions

- PDC’s General Fund is reduced by \$200,000 in a revenue swap with the Housing Bureau; its CDBG contract will be correspondingly increased. This is a one-time swap to allow the Housing Bureau to immediately increase its investment for homeless services for women. For the current year, PDC will reduce General Fund support for its Economic Opportunities Initiative program (which is also supported by CDBG). The agency does not anticipate impacts to this program.
- \$84,918 in encumbrance carryover is granted, reflecting four outstanding contracts with NPI, Main Street, Small Business Technical Assistance and Microenterprise providers. This is slightly less than the \$123,915 remaining on the agency’s FY 2012-13 contract with the City.

## Discussion

None.

# Office of Neighborhood Involvement

Analyst: Yung Ouyang

| Budget Summary- All Funds       | Current Revised Budget (A) | Bureau Request (B) | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|---------------------------------|----------------------------|--------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>                |                            |                    |                                |                                   |
| Charges for Services            | \$308,101                  | \$0                | \$0                            | \$308,101                         |
| Intergovernmental Revenues      | 278,005                    | 0                  | 0                              | 278,005                           |
| Interagency Revenue             | 17,346                     | 0                  | 0                              | 17,346                            |
| Miscellaneous                   | 597                        | 3,031              | 0                              | 3,628                             |
| General Fund Discretionary      | 6,503,435                  | 617,167            | (300,000)                      | 6,820,602                         |
| General Fund Overhead           | 220,631                    | 0                  | 0                              | 220,631                           |
| <b>Total Resources</b>          | <b>\$7,328,115</b>         | <b>\$620,198</b>   | <b>(\$300,000)</b>             | <b>\$7,648,313</b>                |
| <b>Requirements</b>             |                            |                    |                                |                                   |
| Personnel Services              | \$3,536,177                | \$113,314          | \$0                            | \$3,649,491                       |
| External Materials and Services | 3,240,348                  | 431,334            | (300,000)                      | 3,371,682                         |
| Internal Materials and Services | 551,590                    | 75,550             | 0                              | 627,140                           |
| <b>Total Requirements</b>       | <b>\$7,328,115</b>         | <b>\$620,198</b>   | <b>(\$300,000)</b>             | <b>\$7,648,313</b>                |

## Key Council Decisions

- ONI’s request for \$300,000 in one-time General Fund discretionary resources for Civic Engagement grants is not recommended. See discussion below.
- \$169,240 increase in External Materials & Services due to prior-year encumbrance carryovers
- \$125,942 carried over to fund prior-year advances
- \$21,985 of excess revenues carried over from the Crime Prevention and Liquor License programs
- Notable changes in ONI’s Personnel Services budget and FTEs include:
  - A \$24,798 transfer from the Crime Prevention and Neighborhood Resource Center programs (and \$19,930 from the Noise Program) to fund an Assistant Program Specialist for the Multnomah County Youth Program (1.0 FTE)
  - A \$38,512 transfer from the Miscellaneous line time in the Noise Program to fund an additional Assistant Program Specialist in that program (1.0 FTE)

## Discussion

### Noise Program

Several of ONI’s requests in this BMP concern the Noise Program which was transferred to the office from the Bureau of Development Services (BDS) in the Mayor’s Proposed budget during the FY 2013-14 budget development process. The adjustments include:

- Purchase of a second vehicle needed since ONI plans to have two full-time employees in the field;
- An increase in rent and the purchase of an additional copier needed due to the location of ONI staff in two separate locations in City Hall;
- The addition of another Assistant Program Specialist to provide support to the Noise Review Board, investigate noise variances, and other program needs.

The CBO recommends these Noise Program adjustments. Although ONI took over the budget and overall management of the program on July 1st, it was not until Sept 3rd that the office was able to assume administration and move the office over from BDS. The reallocated budget at ONI allows for program support from both an OSS II and a higher level Assistant Program Specialist. This allows front line support for walk-in customers, live answering of phone calls, and prompt follow up regarding complaints. The first month after the transfer in September was spent catching up on a backlog of complaints. The Assistant Program Specialist can provide time sensitive problem solving and coordination with the Noise Control Officer who otherwise can be difficult for the public to reach due to workload that requires he be frequently in the field or in meetings. Once the inspection position is filled, it will allow an increase in inspection capacity allowing Noise Control to respond to more complaints. Although the program has increased expenses at ONI such as for rent, the copier, and the vehicle, the office notes that overall these expenses are less than the amount spent on administration/overhead at BDS so that has allowed it to accomplish the new staffing model.

While no adjustments are being made during this Fall BMP for the transfer of reserves in the Noise Program from the Development Services Fund, ONI is in discussion with BDS and the CBO regarding the subject. The reserves are needed to mitigate the effects of fluctuations in that program's revenues. The CBO recommends the transfer be made into an existing reserve in the General Fund created years ago, but is currently not being used, for Neighborhood Inspections. The amount held in reserve by BDS is approximately \$30,000, and the transfer can be made in a BMP once the CAFR is issued and the exact figure is determined.

### *Civic Engagement Grants*

The CBO is not recommending ONI's request for \$300,000 in one-time funding for Civic Engagement Grants. The City's financial policy states that at least 25% of excess General Fund balance be allocated to infrastructure maintenance or replacement in the Fall BMP, with the remainder being carried over to the next fiscal year. Thus, the Civic

Engagement Grants cannot be funded out of excess balance. Contingency can be used for non-infrastructure items for uses that are determined to be reasonable but unforeseen. The CBO does not believe that the Civic Engagement Grants meet this criterion set out in the City's financial policies because the grants were cut by Council as part of the FY 2013-14 budget development process.

However, the CBO notes that \$160,000 of the request would enable ONI to further the City's equity goals since the funds would be allocated to the Diversity and Civic Leadership (DCL) program and organizations that serve elders and persons with disabilities. The CBO recommends that Council work with ONI and the Office of Equity to develop programs that would enable the City to achieve its equity goals during the FY 2014-15 budget development process.

### *PERS Savings*

ONI's PERS savings for existing positions is projected to be \$23,918. The office plans to use about \$10,000 for the Neighborhoods USA (NUSA) conference in Eugene in May 2014. NUSA represents individuals, organizations, and governments working at the neighborhood level to improve their communities. The conference provides an opportunity to share experiences and expertise and receive training. The next conference being held here in Oregon provides a lower cost option that will allow broader participation for Portland than in past years. The funds will be used to co-sponsor the conference and to provide scholarships to encourage participation by neighborhood, coalition, DCL, and other civic engagement partners.

Approximately \$5,000 to \$10,000 of the PERS savings will be used to contract for support to complete the evaluation of the DCL program. The remaining funds will be used for unbudgeted equipment needs. Depending on availability, it may fund items such as language interpretation headsets for DCL partner organizations, monitor upgrades for Information & Referral staff, new projectors for presentations, and possibly conversion to laptops for selected staff.

# Office of Equity & Human Rights

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Analyst: Amy Suntoke

| Budget Summary- All Funds       | Current Revised Budget (A) | Bureau Request (B) | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|---------------------------------|----------------------------|--------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>                |                            |                    |                                |                                   |
| Charges for Services            | \$0                        | \$90,000           | \$0                            | 90,000                            |
| Intergovernmental Revenues      | 0                          | 20,000             | 0                              | 20,000                            |
| Miscellaneous                   | 0                          | 525                | 0                              | 525                               |
| General Fund Discretionary      | 769,597                    | 32,671             | 0                              | 802,268                           |
| General Fund Overhead           | 504,262                    | 0                  | 0                              | 504,262                           |
| <b>Total Resources</b>          | <b>\$1,273,859</b>         | <b>\$143,196</b>   | <b>\$0</b>                     | <b>\$1,417,055</b>                |
| <b>Requirements</b>             |                            |                    |                                |                                   |
| Personnel Services              | \$1,069,594                | \$0                | \$0                            | \$1,069,594                       |
| External Materials and Services | 87,160                     | 140,345            | 0                              | 227,505                           |
| Internal Materials and Services | 117,105                    | 2,851              | 0                              | 119,956                           |
| <b>Total Requirements</b>       | <b>\$1,273,859</b>         | <b>\$143,196</b>   | <b>\$0</b>                     | <b>\$1,417,055</b>                |

## Key Council Decisions

- Authorization of encumbrance carryover totaling \$32,671 to cover three service contracts.
- Recognition of new revenue totaling \$110,525, with the vast majority of revenue relating to the upcoming equity conference in March 2014.
- The bureau intends to keep its PERS savings budgeted in personnel services. Barring any other urgent needs that arise over the rest of the fiscal year, these savings will remain there and offset any unforeseen personnel expenses (e.g., retirement vacation payouts) or any need to access the compensation set-aside.

## Discussion

The authorization of encumbrance carryover is associated with three one-time cost contracts. The contracts provide services related to bureau wide branding strategy development, institutional racism training, and strategic planning facilitation.

The recognition of new revenue consists of \$90,000 collected from conference participants, \$20,000 from Multnomah County for conference related items, and \$525 in refunds from returned office supplies.



# Transportation and Parking

# Portland Bureau of Transportation

Analyst: Yung Ouyang

| Budget Summary- All Funds       | Current Revised Budget (A) | Bureau Request (B)  | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|---------------------------------|----------------------------|---------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>                |                            |                     |                                |                                   |
| Budgeted Beginning Fund Balance | \$41,481,558               | \$6,286,647         | (\$7,945,000)                  | \$39,823,205                      |
| Licenses & Permits              | 2,086,800                  | 0                   | 0                              | 2,086,800                         |
| Charges for Services            | 54,267,438                 | 2,648,471           | 0                              | 56,915,909                        |
| Intergovernmental Revenues      | 89,116,053                 | 6,212,000           | 0                              | 95,328,053                        |
| Interagency Revenue             | 28,447,619                 | (63,058)            | 0                              | 28,384,561                        |
| Fund Transfers - Revenue        | 18,766,919                 | 3,260,000           | 0                              | 22,026,919                        |
| Bond and Note                   | 9,362,520                  | 0                   | 7,945,000                      | 17,307,520                        |
| Miscellaneous                   | 3,292,543                  | 65,000              | 0                              | 3,357,543                         |
| <b>Total Resources</b>          | <b>\$246,821,450</b>       | <b>\$18,409,060</b> | <b>\$0</b>                     | <b>\$265,230,510</b>              |
| <b>Requirements</b>             |                            |                     |                                |                                   |
| Personnel Services              | \$73,262,690               | \$950,152           | \$0                            | \$74,212,842                      |
| External Materials and Services | 39,338,544                 | 2,055,653           | 0                              | 41,394,197                        |
| Internal Materials and Services | 27,919,899                 | 49,983              | 0                              | 27,969,882                        |
| Capital Outlay                  | 33,446,955                 | 11,566,814          | 0                              | 45,013,769                        |
| Bond Expenses                   | 14,448,436                 | 262,817             | 0                              | 14,711,253                        |
| Fund Transfers - Expense        | 16,351,658                 | (17,197)            | 0                              | 16,334,461                        |
| Contingency                     | 42,053,268                 | 3,540,838           | 0                              | 45,594,106                        |
| <b>Total Requirements</b>       | <b>\$246,821,450</b>       | <b>\$18,409,060</b> | <b>\$0</b>                     | <b>\$265,230,510</b>              |

| <b>Budget Summary - Transportation Operating Fund Only</b> | <b>Current Revised Budget (A)</b> | <b>Bureau Request (B)</b> | <b>CBO Recommended Adjustments(C)</b> | <b>Total Recommended Revised (A+B+C)</b> |
|------------------------------------------------------------|-----------------------------------|---------------------------|---------------------------------------|------------------------------------------|
| <b>Resources</b>                                           |                                   |                           |                                       |                                          |
| Budgeted Beginning Fund Balance                            | \$31,995,275                      | \$6,286,647               | \$0                                   | \$38,281,922                             |
| Licenses & Permits                                         | 2,086,800                         | 0                         | 0                                     | 2,086,800                                |
| Charges for Services                                       | 41,160,338                        | 2,648,471                 | 0                                     | 43,808,809                               |
| Intergovernmental Revenues                                 | 63,213,967                        | 2,400,000                 | 0                                     | 65,613,967                               |
| Interagency Revenue                                        | 27,637,615                        | (75,658)                  | 0                                     | 27,561,957                               |
| Fund Transfers - Revenue                                   | 15,395,774                        | 3,260,000                 | 0                                     | 18,655,774                               |
| Bond and Note                                              | 9,362,520                         | 0                         | 0                                     | 9,362,520                                |
| Miscellaneous                                              | 3,222,548                         | 65,000                    | 0                                     | 3,287,548                                |
| <b>Total Resources</b>                                     | <b>\$194,074,837</b>              | <b>\$14,584,460</b>       | <b>\$0</b>                            | <b>\$208,659,297</b>                     |
| <b>Requirements</b>                                        |                                   |                           |                                       |                                          |
| Personnel Services                                         | \$67,164,986                      | \$668,422                 | \$0                                   | \$67,833,408                             |
| External Materials and Services                            | 35,231,121                        | 2,042,226                 | 0                                     | 37,273,347                               |
| Internal Materials and Services                            | 19,339,526                        | (179,460)                 | 0                                     | 19,160,066                               |
| Capital Outlay                                             | 18,914,247                        | 8,266,814                 | 0                                     | 27,181,061                               |
| Bond Expenses                                              | 9,745,166                         | 262,817                   | 0                                     | 10,007,983                               |
| Fund Transfers - Expense                                   | 10,938,820                        | (17,197)                  | 0                                     | 10,921,623                               |
| Contingency                                                | 32,740,971                        | 3,540,838                 | 0                                     | 36,281,809                               |
| <b>Total Requirements</b>                                  | <b>\$194,074,837</b>              | <b>\$14,584,460</b>       | <b>\$0</b>                            | <b>\$208,659,297</b>                     |

## Key Council Decisions

- Major increases in total appropriation are accounted for by the following requests:
  - A carryover of \$6,202,136 that increases the Transportation Operating Fund’s balance to complete various General Transportation Revenue (GTR) projects
  - Contingency is increased by \$3.26 million to recognize a transfer from the Local Improvement District (LID) Fund for the portion of the Streetcar project funded by the LID process. The costs were incurred in the prior year, but final assessment occurs after project costs are finalized.
  - \$3.1 million in federal revenue appropriated for the Thurman Street Bridge Rehab project and \$712,000 in State revenue for the Moody Blvd project
  - \$2.4 million in state revenue and \$1.0 million in SDC revenue appropriated for sidewalk and safety improvements along the 136<sup>th</sup> Avenue corridor
  - \$1,648,471 appropriated for track relocation work on Moody Blvd (SDC financed)
- The total draw on contingency is \$284,000, less than 1%. Contingency funds are requested for the Hatfield Resident Fellows Sponsorship, the 2010 Transportation Line of Credit, and the Central City Transportation Management Plan.
- The bureau added two positions: 1) an Engineering Associate to work on the LED street lighting project, and 2) a Streetcar Operation Supervisor converted to permanent.

## Discussion

### *GTR Projects*

The carryover of about \$6.2 million to complete design work and construction of GTR projects is the largest adjustment requested during this BMP. Most of the GTR projects are sidewalk-related. Normally, the amount requested to be carried over during the fall is smaller, but last year, the bureau was instructed to budget all of the projects regardless of when they would be worked on. About six percent of the \$6.2 million requested for GTR projects are for projects in the East Portland in Motion Plan.

### *Thurman Street Bridge Rehabilitation*

\$3.1 million in federal revenue is being appropriated for the Thurman St. Bridge Rehab project, accounting for half the increase in intergovernmental revenues. The Thurman St. project is one of the major new projects for the bureau this year and is scheduled to be completed in the summer of 2014. Deteriorating conditions on the bridge prompted the bureau to apply for federal funding for rehabilitation. The project proposes to replace the existing steel floor beams and timber stringers with modern steel members adequate to carry modern freight loading and replace the timber deck with steel deck, adequate to accommodate an asphalt paving overlay.

### *Moody Blvd*

The Moody Blvd. project supports development in the North Macadam Urban Renewal Area, the Portland Milwaukie Light Rail Project, and existing Portland Streetcar operations. The area has only one access way, and extensive development has resulted in congestion. The project aims to improve traffic flow in the south waterfront area. Most of the work has already been completed, and the bureau requests to appropriate funding for the final pieces of the project which consist of some track relocation work and additional street improvements. In addition to State funding from Oregon Transportation Investment Act dollars, the project is funded by a federal stimulus TIGER grant, federal earmarks, SDC revenue, and local funds. During this BMP, \$1.65 million in SDC revenue is being appropriated for the track relocation work, with \$712,000 in state revenue appropriated for street improvement work.

### *136<sup>th</sup> Avenue Corridor*

This project is another major project in FY 2013-14. A pedestrian fatality prompted the area's state representative to locate state funds for sidewalk construction. A total of \$3.6 million was granted by the state, but PBOT is only appropriating \$2.4 million this year (along with \$1.0 million from SDCs), with the rest planned for next year. The bureau will construct sidewalks and the accompanying necessary infrastructure along SE 136th Ave. In addition to the sidewalk constructions, the project is also implementing

enhanced crossing locations, pedestrian amenities, and required stormwater management tools. During this BMP, the bureau is appropriating \$2.4 million of new revenues from the state and \$1.0 million from SDCs. This request accounts for about 18.5% of the increase in PBOT's total appropriation in this BMP.

#### *Contingency Draw for 2010 Transportation Line of Credit*

PBOT is drawing \$174,000 from contingency to allow the bureau to make up for a FY 2012-13 shortage in its 2010 Transportation Line of Credit. Last year's budget was not adjusted in time because the LOC payment was not due until after the Over-expenditure Ordinance, and the shortage did not come to light until then.

#### *Notable interagency adjustments*

##### Revenues

- \$50,000 increase in revenue from BES for a culvert project
- \$132,876 decrease in IA revenue from BES to reflect lower PERS costs, higher health benefit costs, the FY 2013-14 COLA, and a higher estimated fleet replacement credit
- \$15,000 increase in revenue from BPS for planning services for the Portland-Milwaukie LRT Employment-Transit Oriented Development Project

##### Expenses

- \$18,270 increase in payments to BPS for work on the Division-Midway Neighborhood Street Plan, paid for by a federal grant
- \$28,000 increase in payment to Parks for landscape work at two yards
- \$22,340 increase in the COPPEA IA at the request of HR, paid for by GTR

PBOT is also expecting to receive reimbursement revenue from other bureaus to cover the costs of the City's Cooperative Leadership Institute program and has budgeted \$65,000 in Miscellaneous revenue.

#### *PERS Savings*

PBOT's PERS savings for existing positions amount to \$457,200. Of that amount, approximately \$274,200 is GTR, with the remaining \$183,000 being savings to the customers that PBOT is working for. The \$274,200 along with the savings from the interagencies will be factored into balancing PBOT's 5-year forecast. With weather-related impacts still outstanding, updates to the forecast are ongoing throughout the year.

# Office of the Mayor

Analyst: Doug Le

| Budget Summary                  | Current Revised Budget (A) | Bureau Request (B) | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|---------------------------------|----------------------------|--------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>                |                            |                    |                                |                                   |
| General Fund Discretionary      | \$185,778                  | \$829,159          | \$0                            | \$1,014,937                       |
| General Fund Overhead           | 1,666,553                  | 0                  | 0                              | 1,666,553                         |
| <b>Total Resources</b>          | <b>\$1,852,331</b>         | <b>\$829,159</b>   | <b>\$0</b>                     | <b>\$2,681,490</b>                |
| <b>Requirements</b>             |                            |                    |                                |                                   |
| Personnel Services              | \$1,379,672                | \$137,786          | \$0                            | \$1,517,458                       |
| External Materials and Services | 173,406                    | 700,753            | 0                              | 874,159                           |
| Internal Materials and Services | 299,253                    | (9,380)            | 0                              | 289,873                           |
| <b>Total Requirements</b>       | <b>\$1,852,331</b>         | <b>\$829,159</b>   | <b>\$0</b>                     | <b>\$2,681,490</b>                |

### Key Council Decisions

- Encumbrance Carryover: \$272,185
- Advance Carryover: \$529,963
- Legal Services: \$1,410
- Last Thursday Costs: \$15,000
- Entertainment District Costs: \$16,000

### Discussion

The Mayor’s Office requested an increase in appropriation in the amount of \$829,159. Of this amount, \$802,148 is for the encumbrance and advance carryovers. The office ended last fiscal year with sufficient General Fund Discretionary ending balance to fund these carryovers. The office also requested one-time resources for the following items:

- Legal services \$1,410: This request is to cover labor advice provided to the Mayor’s Office regarding specific grievances filed against the City. This effort is in coordination with the Bureau of Human Resources and the City Attorney’s Office.
- Last Thursday \$15,000: This request covers the following expenses incurred at the Last Thursday events: Port-a-potties \$5,284, security \$8,167, garbage pickup \$175, and street sweepers \$1,400. The Mayor’s Office is looking to work with outside stakeholders to take more ownership of the event.
- Entertainment District Costs: The expenses in this request are in addition to the street closure costs borne by the Bureau of Transportation, or patrol and enforcement costs borne by the Portland Police Bureau. Because these costs are

not specific to any of the above bureaus, they are treated as citywide costs and reside in the Mayor's Office.

These one-time costs are considered reasonable, but unforeseen and therefore they qualify for General Fund Contingency.

Additionally, the office realized PERS savings of \$666 from the Internal Services Funds and \$13,401 based on its Personnel Services budget. The office intends to use these funds to backfill some of the reductions taken in FY 2013-14 and to ensure that it will end the fiscal year within budget. CBO recommends the approval for all requests submitted in the Fall BMP.

# Commissioner of Public Affairs (Dan Saltzman)

Analyst: Doug Le

| Budget Summary- All Funds       | Current Revised Budget (A) | Bureau Request (B) | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|---------------------------------|----------------------------|--------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>                |                            |                    |                                |                                   |
| Budgeted Beginning Fund Balance | \$1,000,000                | \$0                | \$0                            | \$1,000,000                       |
| Taxes                           | 8,652,748                  | 0                  | 0                              | 8,652,748                         |
| General Fund Discretionary      | 961,353                    | 446,077            | 0                              | 1,407,430                         |
| General Fund Overhead           | 524,058                    | 0                  | 0                              | 524,058                           |
| <b>Total Resources</b>          | <b>\$11,138,159</b>        | <b>\$446,077</b>   | <b>\$0</b>                     | <b>\$11,584,236</b>               |
| <b>Requirements</b>             |                            |                    |                                |                                   |
| Personnel Services              | \$1,506,982                | \$0                | \$0                            | \$1,506,982                       |
| External Materials and Services | 9,438,150                  | 446,267            | 0                              | 9,884,417                         |
| Internal Materials and Services | 165,461                    | (364)              | 0                              | 165,097                           |
| Fund Transfers - Expense        | 25,000                     | 0                  | 0                              | 25,000                            |
| Contingency                     | 2,566                      | 174                | 0                              | 2,740                             |
| <b>Total Requirements</b>       | <b>\$11,138,159</b>        | <b>\$446,077</b>   | <b>\$0</b>                     | <b>\$11,584,236</b>               |

| Budget Summary- General Fund    | Current Revised Budget (A) | Bureau Request (B) | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|---------------------------------|----------------------------|--------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>                |                            |                    |                                |                                   |
| General Fund Discretionary      | \$961,353                  | \$446,077          | \$0                            | \$1,407,430                       |
| General Fund Overhead           | 524,058                    | 0                  | 0                              | 524,058                           |
| <b>Total Resources</b>          | <b>\$1,485,411</b>         | <b>\$446,077</b>   | <b>\$0</b>                     | <b>\$1,931,488</b>                |
| <b>Requirements</b>             |                            |                    |                                |                                   |
| Personnel Services              | \$1,037,531                | \$0                | \$0                            | \$1,037,531                       |
| External Materials and Services | 317,281                    | 446,267            | 0                              | 763,548                           |
| Internal Materials and Services | 130,599                    | (190)              | 0                              | 130,409                           |
| <b>Total Requirements</b>       | <b>\$1,485,411</b>         | <b>\$446,077</b>   | <b>\$0</b>                     | <b>\$1,931,488</b>                |

## Key Council Decisions

- General Fund Encumbrance carryover: \$363,821
- General Fund Advance Encumbrance carryover: \$82,256

## Discussion

The office of the Commissioner of Public Affairs requested an increase in General Fund appropriation in the amount of \$446,077 to carry over encumbrances and advances made last fiscal year, but still outstanding as of June 30, 2013. The office ended last

fiscal year with sufficient General Fund Discretionary balance to fund these carryovers. Additionally, the office realized PERS savings of \$10,803 (\$7,649 in General Fund and \$3,154 in Children's Levy Fund). The office intends to use these funds to backfill some of the reductions taken in FY 2013-14 in both funds and to ensure that it will end the fiscal year within budget. There are no significant issues related to the Children's Levy Fund at this time. CBO recommends the approval for all requests submitted in the Fall BMP.

# Commissioner of Public Safety (Steve Novick)

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Analyst: Doug Le

| <b>Budget Summary</b>           | <b>Current Revised Budget (A)</b> | <b>Bureau Request (B)</b> | <b>CBO Recommended Adjustments(C)</b> | <b>Total Recommended Revised (A+B+C)</b> |
|---------------------------------|-----------------------------------|---------------------------|---------------------------------------|------------------------------------------|
| <b>Resources</b>                |                                   |                           |                                       |                                          |
| General Fund Discretionary      | \$385,085                         | \$300                     | \$0                                   | \$385,385                                |
| General Fund Overhead           | 524,057                           | 0                         | 0                                     | 524,057                                  |
| <b>Total Resources</b>          | <b>\$909,142</b>                  | <b>\$300</b>              | <b>\$0</b>                            | <b>\$909,442</b>                         |
| <b>Requirements</b>             |                                   |                           |                                       |                                          |
| Personnel Services              | \$759,503                         | \$0                       | \$0                                   | \$759,503                                |
| External Materials and Services | 52,430                            | 403                       | 0                                     | 52,833                                   |
| Internal Materials and Services | 97,209                            | (103)                     | 0                                     | 97,106                                   |
| <b>Total Requirements</b>       | <b>\$909,142</b>                  | <b>\$300</b>              | <b>\$0</b>                            | <b>\$909,442</b>                         |

## Key Council Decisions

- None

## Discussion

The office realized PERS savings of \$103 from the Internal Services Funds and \$5,206 based on its Personnel Services budget; it intends to use these savings to backfill some of the reductions taken in FY 2013-14 and to ensure it will end the fiscal year within budget. There are no other significant issues to report at this time. CBO recommends the approval of all requests in the Fall BMP.

# Commissioner of Public Utilities (Amanda Fritz)

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Analyst: Doug Le

| Budget Summary- All Funds       | Current Revised Budget (A) | Bureau Request (B) | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|---------------------------------|----------------------------|--------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>                |                            |                    |                                |                                   |
| General Fund Discretionary      | \$384,143                  | \$86,000           | \$0                            | \$470,143                         |
| General Fund Overhead           | 524,057                    | 0                  | 0                              | 524,057                           |
| <b>Total Resources</b>          | <b>\$908,200</b>           | <b>\$86,000</b>    | <b>\$0</b>                     | <b>\$994,200</b>                  |
| <b>Requirements</b>             |                            |                    |                                |                                   |
| Personnel Services              | \$781,965                  | \$20,000           | \$0                            | \$801,965                         |
| External Materials and Services | 17,326                     | 66,155             | 0                              | 83,481                            |
| Internal Materials and Services | 108,909                    | (155)              | 0                              | 108,754                           |
| <b>Total Requirements</b>       | <b>\$908,200</b>           | <b>\$86,000</b>    | <b>\$0</b>                     | <b>\$994,200</b>                  |

### Key Council Decisions

- Sick Leave Implementation: \$86,000

### Discussion

The Office of the Commissioner of Public Utilities requested a net increase in appropriation of \$86,000. This request is to provide funding for the Sick Leave Implementation. On March 13, 2013, Council approved Ordinance #185926 to change the City Code to require Protected Sick Leave Time for employees of businesses working in the City. The requested amount for this program is needed to fund the outreach effort and a half-year contract with the Oregon Bureau of Labor and Industries for enforcement services.

While Council approved the ordinance in March 2013, the implementation of this rule had the potential to be impacted by the 2013 State Legislature on bills introduced related to statewide paid sick leave. As the 2013 Legislature did not pass the statewide law on paid sick leave and the final City administrative rules are in place, the office now submits the above request in the Fall BMP to ensure sufficient resources for the implementation of the Protected Sick Time ordinance. This request is considered reasonable, but unforeseen and therefore it qualifies for General Fund Contingency.

Additionally, the office realized PERS savings of \$155 from OMF internal services providers and \$5,952 based on its Personnel Services budget. The office intends to use

these savings to provide services to the public, especially as it pertains to the implementation of the Protected Sick Leave rules and to ensure that the office will end the fiscal year within budget. CBO recommends the approval for all requests submitted in the Fall BMP.

# Commissioner of Public Works (Nick Fish)

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Analyst: Doug Le

| <b>Budget Summary- All Funds</b> | <b>Current Revised Budget (A)</b> | <b>Bureau Request (B)</b> | <b>CBO Recommended Adjustments(C)</b> | <b>Total Recommended Revised (A+B+C)</b> |
|----------------------------------|-----------------------------------|---------------------------|---------------------------------------|------------------------------------------|
| <b>Resources</b>                 |                                   |                           |                                       |                                          |
| Charges for Services             |                                   | \$306                     | \$0                                   | \$306                                    |
| General Fund Discretionary       | 384,866                           | 300                       | 0                                     | 385,166                                  |
| General Fund Overhead            | 524,057                           | 0                         | 0                                     | 524,057                                  |
| <b>Total Resources</b>           | <b>\$908,923</b>                  | <b>\$606</b>              | <b>\$0</b>                            | <b>\$909,529</b>                         |
| <b>Requirements</b>              |                                   |                           |                                       |                                          |
| Personnel Services               | \$778,145                         | \$306                     | \$0                                   | \$778,451                                |
| External Materials and Services  | 22,461                            | 513                       | 0                                     | 22,974                                   |
| Internal Materials and Services  | 108,317                           | (213)                     | 0                                     | 108,104                                  |
| <b>Total Requirements</b>        | <b>\$908,923</b>                  | <b>\$606</b>              | <b>\$0</b>                            | <b>\$909,529</b>                         |

## Key Council Decisions

- None

## Discussion

The office realized new revenue of \$306 and budgeted it in Personnel Services. There is a request for an encumbrance carryover of \$300. Due to a decrease in PERS rates, the office realized a \$213 savings from the Internal Services Funds and \$6,355 based on its Personnel Services budget. The office intends to use these savings to backfill some of the reductions taken in FY 2013-14 and to ensure that it will end the fiscal year within budget. CBO recommends the approval for all requests submitted in the Fall BMP.

# Office of the City Auditor

Analyst: Jeramy Patton

| Budget Summary- All Funds       | Current Revised Budget (A) | Bureau Request (B) | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|---------------------------------|----------------------------|--------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>                |                            |                    |                                |                                   |
| Budgeted Beginning Fund Balance | \$18,372,584               | \$0                | \$0                            | \$18,372,584                      |
| Charges for Services            | 1,289,612                  | (102,000)          | 0                              | \$1,187,612                       |
| Interagency Revenue             | 840,476                    | 0                  | 0                              | \$840,476                         |
| Fund Transfers - Revenue        | 28                         | 0                  | 0                              | \$28                              |
| Bond and Note                   | 16,179,912                 | 3,260,000          | 0                              | \$19,439,912                      |
| Miscellaneous                   | 13,392,310                 | 0                  | 0                              | \$13,392,310                      |
| General Fund Discretionary      | 3,139,069                  | 7,500              | (7,500)                        | \$3,139,069                       |
| General Fund Overhead           | 4,999,159                  | 0                  | 0                              | \$4,999,159                       |
| <b>Total Resources</b>          | <b>\$58,213,150</b>        | <b>\$3,165,500</b> | <b>(\$7,500)</b>               | <b>\$61,371,150</b>               |

|                                 |                     |                    |                  |                     |
|---------------------------------|---------------------|--------------------|------------------|---------------------|
| <b>Requirements</b>             |                     |                    |                  |                     |
| Personnel Services              | \$5,594,428         | (\$23,643)         | \$0              | \$5,570,785         |
| External Materials and Services | 1,512,805           | (68,845)           | (7,500)          | 1,436,460           |
| Internal Materials and Services | 3,760,863           | (2,045)            | 0                | 3,758,818           |
| Bond Expenses                   | 27,016,021          | 0                  | 0                | 27,016,021          |
| Fund Transfers - Expense        | 1,980,869           | 3,260,000          | 0                | 5,240,869           |
| Contingency                     | 3,128,605           | 33                 | 0                | 3,128,638           |
| Unappropriated Fund Balance     | 15,219,559          | 0                  | 0                | 15,219,559          |
| <b>Total Requirements</b>       | <b>\$58,213,150</b> | <b>\$3,165,500</b> | <b>(\$7,500)</b> | <b>\$61,371,150</b> |

| Budget Summary- Operating Fund Only | Current Revised Budget (A) | Bureau Request (B) | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|-------------------------------------|----------------------------|--------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>                    |                            |                    |                                |                                   |
| Charges for Services                | \$500,512                  | (\$102,000)        | \$0                            | \$398,512                         |
| Interagency Revenue                 | 840,476                    | 0                  | 0                              | 840,476                           |
| Miscellaneous                       | 5,500                      | 0                  | 0                              | 5,500                             |
| General Fund Discretionary          | 3,139,069                  | 7,500              | (7,500)                        | 3,139,069                         |
| General Fund Overhead               | 4,999,159                  | 0                  | 0                              | 4,999,159                         |
| <b>Total Resources</b>              | <b>\$9,484,716</b>         | <b>(\$94,500)</b>  | <b>(\$7,500)</b>               | <b>\$9,382,716</b>                |

|                                 |                    |                   |                  |                    |
|---------------------------------|--------------------|-------------------|------------------|--------------------|
| <b>Requirements</b>             |                    |                   |                  |                    |
| Personnel Services              | \$5,594,428        | (\$23,643)        | \$0              | \$5,570,785        |
| External Materials and Services | 1,507,805          | (68,845)          | (7,500)          | \$1,431,460        |
| Internal Materials and Services | 2,382,483          | (2,012)           | 0                | \$2,380,471        |
| <b>Total Requirements</b>       | <b>\$9,484,716</b> | <b>(\$94,500)</b> | <b>(\$7,500)</b> | <b>\$9,382,716</b> |

## Key Council Decisions

- CBO recommends that the \$7,500 request for Council work session captioning services be funded with savings realized from the PERS reform (\$40,655) and not General Fund discretionary dollars as requested by the bureau.

- The remaining \$33,155 of PERS savings will be used to cover anticipated 2014 election costs, additional temporary help in the clerk/contracts division, and the purchase of new office chairs in the bureau's conference room.

### **Discussion**

In addition to the key decisions above, the bureau also requested to increase the cash transfer from the Local Improvement District Fund to the Transportation Operating Fund by \$3,260,000 for final costs on the two Portland Streetcar improvement districts; and to change the billing practices related to the Portland Development Commission's yearly financial audit. The City Budget Office does not have any concerns related to these requests.



# City Support Services

# City Budget Office

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Analyst: Jeramy Patton

| Budget Summary- General Fund    | Current Revised Budget (A) | Bureau Request (B) | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|---------------------------------|----------------------------|--------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>                |                            |                    |                                |                                   |
| General Fund Discretionary      | \$773,810                  | \$0                | \$0                            | \$773,810                         |
| General Fund Overhead           | 1,149,124                  | 0                  | 0                              | 1,149,124                         |
| <b>Total Resources</b>          | <b>\$1,922,934</b>         | <b>\$0</b>         | <b>\$0</b>                     | <b>\$1,922,934</b>                |
| <b>Requirements</b>             |                            |                    |                                |                                   |
| Personnel Services              | \$1,487,037                | \$0                | \$0                            | \$1,487,037                       |
| External Materials and Services | 197,125                    | 525                | 0                              | 197,650                           |
| Internal Materials and Services | 238,772                    | (525)              | 0                              | 238,247                           |
| <b>Total Requirements</b>       | <b>\$1,922,934</b>         | <b>\$0</b>         | <b>\$0</b>                     | <b>\$1,922,934</b>                |

### Key Council Decisions

- PERS reform savings for the office totaled \$10,404 (\$525 of which came in the form of OMF interagency savings). The office reallocated the interagency savings to external materials and services for office supplies. The \$9,879 of personnel services savings remains in the personnel services budget. Since the office is currently filling two vacancies, these funds will be used for enhanced analyst training, and to offset potential requests for General Fund Compensation Set-Aside funds.

### Discussion

No other major changes to discuss.

# Office of the City Attorney

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Analyst: Yung Ouyang

| Budget Summary- All Funds       | Current Revised Budget (A) | Bureau Request (B) | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|---------------------------------|----------------------------|--------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>                |                            |                    |                                |                                   |
| Interagency Revenue             | \$5,204,406                | \$0                | \$0                            | \$5,204,406                       |
| General Fund Discretionary      | 1,958,268                  | 0                  | 0                              | 1,958,268                         |
| General Fund Overhead           | 3,095,418                  | 0                  | 0                              | 3,095,418                         |
| <b>Total Resources</b>          | <b>\$10,258,092</b>        | <b>\$0</b>         | <b>\$0</b>                     | <b>\$10,258,092</b>               |
| <b>Requirements</b>             |                            |                    |                                |                                   |
| Personnel Services              | \$8,676,258                | \$0                | \$0                            | \$8,676,258                       |
| External Materials and Services | 717,973                    | 2,349              | 0                              | 720,322                           |
| Internal Materials and Services | 863,861                    | (2,349)            | 0                              | 861,512                           |
| <b>Total Requirements</b>       | <b>\$10,258,092</b>        | <b>\$0</b>         | <b>\$0</b>                     | <b>\$10,258,092</b>               |

## Key Council Decisions

- None

## Discussion

The Office of the City Attorney has only one request – a technical adjustment to transfer savings in OMF IAs resulting from lower PERS rates to the line item for education in order to supplement the office’s budget in this area.

### *PERS Savings*

PBEM’s PERS savings for existing positions amount to \$60,981. The bureau intends to use the savings to fund law clerks, education, and education-related travel expenses that were reduced in the FY 2013-14 Adopted Budget. Using \$20,000 to fund law clerks will provide about 1,200 hours of work. Law clerks provide valuable research and analysis which allows attorneys to focus on more complex matters and respond faster to requests. The office intends to use \$20,000 for education and \$12,000 for travel, if necessary. Legal education is required to maintain a license to practice law and is necessary to achieve lower legal costs for the City.

# Office of Government Relations

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Analyst: Jeramy Patton

| Budget Summary- All Funds       | Current Revised Budget (A) | Bureau Request (B) | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|---------------------------------|----------------------------|--------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>                |                            |                    |                                |                                   |
| Intergovernmental Revenues      | 35,000                     | 0                  | 0                              | \$35,000                          |
| Interagency Revenue             | 151,975                    | 0                  | 0                              | \$151,975                         |
| General Fund Discretionary      | 317,808                    | 0                  | 0                              | \$317,808                         |
| General Fund Overhead           | 718,057                    | 0                  | 0                              | \$718,057                         |
| <b>Total Resources</b>          | <b>\$1,222,840</b>         | <b>\$0</b>         | <b>\$0</b>                     | <b>\$1,222,840</b>                |
| <b>Requirements</b>             |                            |                    |                                |                                   |
| Personnel Services              | \$790,913                  | (\$6,476)          | \$0                            | \$784,437                         |
| External Materials and Services | 299,882                    | 6,785              | 0                              | \$306,667                         |
| Internal Materials and Services | 132,045                    | (309)              | 0                              | \$131,736                         |
| <b>Total Requirements</b>       | <b>\$1,222,840</b>         | <b>\$0</b>         | <b>\$0</b>                     | <b>\$1,222,840</b>                |

## Key Council Decisions

- PERS reform savings of \$6,785 were reallocated to increased staff professional development efforts (\$3,500), increased outreach efforts to rural communities (\$2,085), and to cover Office 365 upgrade costs (\$1,200).

## Discussion

No other major changes to discuss.

# Special Appropriations

Analyst: Doug Le

| Budget Summary- All Funds       | Current Revised Budget (A) | Bureau Request (B) | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|---------------------------------|----------------------------|--------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>                |                            |                    |                                |                                   |
| Intergovernmental Revenues      | \$35,389                   | \$11,800           | \$0                            | \$47,189                          |
| Interagency Revenue             |                            | 112,415            | 0                              | 112,415                           |
| General Fund Discretionary      | 8,492,660                  | 1,966,986          | 0                              | 10,459,646                        |
| General Fund Overhead           | 162,834                    | 0                  | 0                              | 162,834                           |
| <b>Total Resources</b>          | <b>\$8,690,883</b>         | <b>\$2,091,201</b> | <b>\$0</b>                     | <b>\$10,782,084</b>               |
| <b>Requirements</b>             |                            |                    |                                |                                   |
| Personnel Services              | \$217,554                  | \$40,000           | \$0                            | \$257,554                         |
| External Materials and Services | 8,470,918                  | 2,051,201          | 0                              | 10,522,119                        |
| Internal Materials and Services | 2,411                      | 0                  | 0                              | 2,411                             |
| <b>Total Requirements</b>       | <b>\$8,690,883</b>         | <b>\$2,091,201</b> | <b>\$0</b>                     | <b>\$10,782,084</b>               |

## Key Council Decisions

- COPPEA Professional Development Fund: \$109,501
- League of Oregon Cities Foundation: \$25,000
- Columbia River Levee Repair: \$25,000
- Transfer LifeWorks NOW to Police Bureau: (\$100,000)
- Advance Carryover: \$2,014,501
- Transfer Encumbrance Carryover for Office of Youth Violence Prevention from the Mayor's Office to Special Appropriations: \$5,399
- Budget for GIFT grant proceeds: \$11,800

## Discussion

In the Fall BMP, various parties requested a net increase of \$2,091,201 in appropriation for the above items. Funding requested for the COPPEA Professional Development Fund is required by labor contract. The requests for the League of Oregon Cities (LOC) Foundation and the Columbia River Levee Repair are new requests in the Fall BMP. The foundation assists the LOC in serving the cities in Oregon, including providing scholarships to city officials as necessary to attend trainings and conferences. The Columbia River Levee Repair project involves other municipal agencies and Portland State University to identify and complete improvements to the Peninsula 1 and Peninsula 2 drainage district levees, so that they are protective of the 100-year floods.

The transfer of the LifeWorks Now to Police will be offset by an increase in the Police Bureau resulting in a net zero fiscal impact to the City. The advance carryover is the total of advances made to grantees in the last fiscal year, but did not get recovered on time for the accrual process. These advances are projected to be recovered in FY 2013-14 and will become expenditures in this fiscal year. The transfer of the encumbrance carryover for the Office of Youth Violence Prevention from the Mayor's Office is necessary because this office is now budgeted in Special Appropriations. There is no fiscal impact at the fund level as a result of this transfer. The Gang Impacted Family Team (GIFT) grant is from the Oregon Youth Development Council and was accepted by Council in FY 2012-13. The grant is budgeted in the Office of Youth Violence Prevention and will be transferred from the Mayor's Office to Special Appropriations. CBO recommends the approval of all requests in the Fall BMP.

# Office of Management and Finance

Analyst: Doug Le and Sara Lowe

| Budget Summary- All Funds       | Current Revised Budget (A) | Bureau Request (B)  | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|---------------------------------|----------------------------|---------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>                |                            |                     |                                |                                   |
| Budgeted Beginning Fund Balance | \$150,942,504              | \$10,960,073        | \$0                            | \$161,902,577                     |
| Taxes                           | 22,052,566                 | 0                   | 0                              | \$22,052,566                      |
| Licenses & Permits              | 6,625,407                  | 0                   | 0                              | \$6,625,407                       |
| Charges for Services            | 62,968,754                 | 1,410,403           | 0                              | \$64,379,157                      |
| Intergovernmental Revenues      | 10,803,139                 | 602,110             | 0                              | \$11,405,249                      |
| Interagency Revenue             | 130,346,048                | 1,936,473           | (214,882)                      | \$132,067,639                     |
| Fund Transfers - Revenue        | 11,443,120                 | 799,995             | 0                              | \$12,243,115                      |
| Bond and Note                   | 33,699,704                 | 0                   | 0                              | \$33,699,704                      |
| Miscellaneous                   | 8,030,678                  | (445,339)           | 0                              | \$7,585,339                       |
| General Fund Discretionary      | 13,357,214                 | 389,343             | 0                              | \$13,746,557                      |
| General Fund Overhead           | 11,315,727                 | 0                   | 0                              | \$11,315,727                      |
| <b>Total Resources</b>          | <b>\$461,584,861</b>       | <b>\$15,653,058</b> | <b>(\$214,882)</b>             | <b>\$477,023,037</b>              |

|                                 |                      |                     |                    |                      |
|---------------------------------|----------------------|---------------------|--------------------|----------------------|
| <b>Requirements</b>             |                      |                     |                    |                      |
| Personnel Services              | \$72,053,062         | \$1,270,327         | \$0                | \$73,323,389         |
| External Materials and Services | 153,336,722          | 19,929,835          | (13,862)           | \$173,252,695        |
| Internal Materials and Services | 24,238,622           | 793,246             | 0                  | \$25,031,868         |
| Capital Outlay                  | 29,399,412           | 1,347,058           | (200,000)          | \$30,546,470         |
| Bond Expenses                   | 20,564,850           | 0                   | 0                  | \$20,564,850         |
| Fund Transfers - Expense        | 15,614,937           | 603,045             | 0                  | \$16,217,982         |
| Contingency                     | 146,377,256          | (8,290,453)         | (1,020)            | \$138,085,783        |
| <b>Total Requirements</b>       | <b>\$461,584,861</b> | <b>\$15,653,058</b> | <b>(\$214,882)</b> | <b>\$477,023,037</b> |

| Budget Summary- General Fund    | Current Revised Budget (A) | Bureau Request (B) | CBO Recommended Adjustments(C) | Total Recommended Revised (A+B+C) |
|---------------------------------|----------------------------|--------------------|--------------------------------|-----------------------------------|
| <b>Resources</b>                |                            |                    |                                |                                   |
| Budgeted Beginning Fund Balance | \$8,800                    | \$1,804            | \$0                            | \$10,604                          |
| Licenses & Permits              | 1,590,757                  | 0                  | 0                              | \$1,590,757                       |
| Charges for Services            | 341,963                    | 0                  | 0                              | \$341,963                         |
| Intergovernmental Revenues      | 2,278,630                  | 0                  | 0                              | \$2,278,630                       |
| Interagency Revenue             | 7,557,897                  | 40,000             | 0                              | \$7,597,897                       |
| Fund Transfers - Revenue        | 6,648,284                  | 36,822             | 0                              | \$6,685,106                       |
| Miscellaneous                   | 1,146,877                  | 90,000             | 0                              | \$1,236,877                       |
| General Fund Discretionary      | 13,357,214                 | 389,343            | 0                              | \$13,746,557                      |
| General Fund Overhead           | 11,315,727                 | 0                  | 0                              | \$11,315,727                      |
| <b>Total Resources</b>          | <b>\$44,246,149</b>        | <b>\$557,969</b>   | <b>\$0</b>                     | <b>\$44,804,118</b>               |

|                                 |                     |                  |            |                     |
|---------------------------------|---------------------|------------------|------------|---------------------|
| <b>Requirements</b>             |                     |                  |            |                     |
| Personnel Services              | \$27,767,624        | \$124,853        | \$0        | \$27,892,477        |
| External Materials and Services | 10,766,540          | 225,799          | 0          | \$10,992,339        |
| Internal Materials and Services | 5,630,985           | 207,317          | 0          | \$5,838,302         |
| <b>Total Requirements</b>       | <b>\$44,165,149</b> | <b>\$557,969</b> | <b>\$0</b> | <b>\$44,723,118</b> |

## Key Council Decisions

- The City Budget Office (CBO) recommends all adjustments requested by the Office of Management and Finance, with the exception of one request in OMF – Bureau of Internal Business Services. The request, which was not recommended, totals \$200,000 and is related to an interagency agreement between OMF-City Fleet and the Portland Police Bureau for the purchase of five sedans.
- CBO recommendations include, General Fund discretionary increases totaling \$389,343. Of this increase, \$300,879 is related to encumbrances and \$88,464 represents program carryover attributable to under spending in two Public Safety Systems Revitalization Projects (PSSRP). OMF had sufficient under spending in the prior year, \$1.19 million, to approve the encumbrance carryover requests.
- Internal service fund rebates to other City bureaus, including \$264,801 for PERS savings and \$517,453 for an OMF-Bureau of Technology Services project completed under budget.
- Recognition of \$1.40 million in charges for service revenues largely associated with a rebate to the Health Fund. This rebate is offset by a \$1.50 million reduction to the Health Fund’s beginning fund balance.
- Although no new FTEs are requested, there is an increase of \$1.27 million in personnel services. This reflects a \$550,000 increase in the OMF-Bureau of Technology Services for project carryover and other adjustments spread across OMF bureaus.
- Increases of \$19.9 million in external materials and services (EM&S) are funded by transfers from contingency (\$8.29 million), capital outlay, and increases in beginning fund balance (\$10.96 million). Of the total, \$7.15 million is attributable to the PSSRP Radio project to support professional services contractor costs and the purchase of new radio devices. The remaining \$12.0 million includes \$4.16 million in OMF-BTS project carryover, \$5.85 million in Facilities, \$1.12 in increased professional services funding in the Enterprise Business Solutions Unit, and multiple small adjustments in other funds.
- OMF PERS savings represents less than 0.5% of OMF’s General Fund in the FY 2013-14 Adopted Budget. PERS savings will be applied as needed to ensure that OMF lands within budget. OMF will also explore opportunities for one-time investments that improve efficiency and effectiveness in service delivery.

## Discussion

### *OMF-Office of the Chief Administrative Officer*

Budget adjustments in OMF-Office of the Chief Administrative Officer total \$1.48 million, and equate to an overall increase of 3.58%. General Fund discretionary increases total \$177,880 and are directed to Accounting Services. The increases include an internal transfer of \$90,000 from the Procurement Services Unit to support increased personnel funding and encumbrance carryover.

Other, significant adjustments include beginning fund balance increases totaling \$716,316 spread across two funds, Spectator Facilities and Enterprise Business Solutions.

The \$371,656 increase in Spectator Facilities Fund's beginning fund balance and \$7,000 of new interagency revenue supports:

- \$150,000 increase in professional services contractor funding to complete an options analysis on the Veteran's Memorial Coliseum;
- \$30,000 in personnel services to hire a Community Service Aide II to assist with drafting portions of the Citywide Systems Plan; and,
- \$198,704 increase in contingency.

The \$344,660 increase in the Enterprise Business Solutions Fund's beginning fund balance combined with \$463,493 in savings from a completed OMF-Bureau of Technology Services project and a \$402,691 draw on the fund's contingency are pooled together to support:

- 167% increase, or \$1.124 million, in professional services contractor funding. This funding will be dedicated to a mixture of maintenance and system enhancement projects, including implementation of labor contracts in SAP, Phase 2 of the Time Capture Project, and HCM forms and processes.
- \$86,285 in personnel services.

It should be noted that the draw down on EBS Fund contingency equates to a 21% reduction in reserves, leaving the fund's operating reserve at 7% and total fund contingencies just above 10% of operating expense. OMF Policy 4.04 and the Government Finance Officers Association recommend operating reserves of 5-10% of operating expense. The approach to transfer contingency to one-time projects complies with a CBO recommendation made during the FY 2013-14 budget process. To the extent

the bureau requires an elevated level of ongoing professional services funding, this will not be a viable solution over the long term.

#### *OMF – Revenue Bureau*

OMF-Revenue Bureau’s General Fund discretionary budget is increased \$57,926 to fund encumbrance carryover for three contracts. The majority of the carryover, \$44,100, is dedicated to a software upgrade on the bureau’s revenue collection application. The bureau is also recognizing \$40,000 in new interagency revenues from the Water Bureau and \$29,910 in savings from a completed OMF-Bureau of Technology Services project. The interagency increase will be dedicated to configuration services required to implement the Monthly Billing Project, which is more than a year overdue. This project resides in the Water Bureau, but the Revenue Bureau is responsible for administering the water billing application, Cayenta.

#### *OMF- Bureau of Human Resources*

The OMF-Bureau of Human Resources net budget reduction of \$142,369 is primarily related to adjustments in the Health Fund. Specifically, the \$1.52 million decrease in the Health Fund’s beginning fund balance is almost entirely offset by a \$1.40 million dental rebate.

#### *OMF-Citywide Projects (PSSRP)*

PSSRP budget adjustments total \$4.85 million, equating to a net increase of 7.06%. The increase is mostly due to a \$3.3 million increase in the Technology Services Fund beginning fund balance; this is where PSSRP appropriates project reserves. This increase represents unused project resources in the prior year.

Other adjustments include the recognition of \$602,000 in grant revenues dedicate to the RegJIN project, and \$221,000 transfer from the Bureau of Environmental Services to fund radio replacements. PSSRP made transfers in the Public Safety GO Bond Fund, \$3.09 million from capital outlay and \$3.73 million from contingency, to support increased external materials and services costs on the Radio Project. Specifically, this includes \$2.7 million for radio replacements and \$4.4 million in increased professional services costs.

#### *OMF - Bureau of Technology Services*

Including Fall BMP adjustments, OMF-Bureau of Technology Services budget increased \$10,103,560. Most of the increase, \$9,922,651, relates to the beginning fund balance true-up. Of this amount, \$6,650,421 relate to three factors: unfinished operating and capital projects (\$2.4 million), replacement funds resulting from unspent Police mobile data computers (\$2 million), and the remaining amount was due to actual revenues and

expenses which improved from conservative estimates. The remaining \$3,272,230 of the increase in beginning balance represents the unused resources for the PSSRP projects at the end of last fiscal year.

The increase in External Materials & Services is to appropriate resources for the capital projects carried over from last fiscal year. The larger projects in this group include: Storage Area Networks Expansion (\$247,594), Planning Function Startup (\$206,911), Citywide Technology Assessment (\$271,453), Geographic Information System software (\$288,000), and Mobile Data Computers Replacement (\$1,525,895). In FY 2012-13, the AIX Hardware Technology Refresh project yielded a savings of \$517,453. BTS has decided to transfer back the savings to participating bureaus in the Fall BMP. The change in the contingency account corresponds with transactions affecting fund balance and materials & services. An increase in fund balance will trigger an increase in contingency and an increase in appropriation for External Materials & Services will cause a decrease in contingency.

#### *OMF -Bureau of Internal Business Services*

In the Fall BMP, Procurement Services requested a carryover of \$155,153 for purchase orders outstanding as of 6/30/2013. In FY 2013-14, Procurement Services estimated an additional \$90,000 in revenues from P-Card and Office Depot contracts. The total estimated revenue for this item after the BMP adjustment is \$205,500. This amount will backfill a transfer of General Fund Discretionary in the same amount to the Accounting Division to alleviate the loss of \$140,000 transfer to the City Budget Office for its administrative functions.

Other funds, Facilities Services, CityFleet, Insurance & Claims, and Workers Compensation, also request carryover resources for unfinished projects and purchase orders outstanding as of 6/30/2013. CityFleet has an increase in interagency funding of \$1,082,756 due to requests from bureaus for additional services and to purchase new vehicles.

Facilities Services requests to draw \$204,097 from contingency and the fund will receive \$10,403 from Portland State University to construct storm boxes and purchase planters for the Portland Building, City Hall, and 1900 Building.

CBO did not recommend funding a portion of *MF\_099 CityFleet - Police IA Increase* which would provide \$200,000 of funding from the Portland Police Bureau for five additional patrol sedans. Also, the amount requested by Police Bureau for additional grant fleet expenses was reduced by \$13,862 to reflect a more accurate accounting of grant balance.

CBO also made an adjustment of \$1,020 in MF\_136 to reduce the interagency agreement between Facilities Services and Police Bureau for a correction related to the Union Station office rented by the Police Bureau. Justifications for this adjustment and the one above are discussed in CBO review of Police Bureau's FY 2013-14 Fall BMP report.