

City of Portland

FY 2012-13 Year-End Report

Prepared by the City Budget Office



FY 2012-13

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Public Safety Service Area

Bureau of Emergency Communications

Summary

The bureau significantly reduced its overtime budget in FY 2012-13, and while the bureau underspent its Personnel Services budget, the revised overtime budget of \$183,636 was overspent by \$484,546. The bureau experienced a slight increase in dispatch times, likely due to a reduction in call-takers as part of the FY 2012-13 budget decisions and positions held vacant during the fiscal year. Please see the “Performance Reporting” section for further discussion.

Budget-to-Actuals

Emergency Communication Fund (202)

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	3,854,627	4,056,633	(202,006)	105.2%
Charges for Services	450,919	472,141	(21,222)	104.7%
Intergovernmental Revenues	6,848,517	5,964,536	883,981	87.1%
Fund Transfers - Revenue	13,053,499	13,053,499	-	100.0%
Miscellaneous	50,000	22,524	27,477	45.0%
Total Resources	24,257,562	23,569,332	688,230	97.2%
Requirements				
Personnel Services	13,573,035	13,308,368	264,667	98.1%
External Materials and Services	1,052,105	809,030	243,075	76.9%
Internal Materials and Services	4,203,108	4,043,125	159,983	96.2%
Bond Expenses	1,339,013	1,334,387	4,626	99.7%
Fund Transfers - Expense	1,388,354	1,388,354	-	100.0%
Contingency	2,701,947	2,686,067	15,880	99.4%
Total Requirements	24,257,562	23,569,332	688,231	97.2%

Intergovernmental Revenues. Due to a change of when the bureau accrued the State 9-1-1 phone tax revenues, the bureau realized approximately \$700,000 less revenues in FY 2012-13. This revenues will be shifted into FY 2013-14.

External Materials and Services. Underspending on the software support for the Computer Aided Dispatch (CAD) system, computer purchases and other service contracts totaled \$243,075 within External Materials and Services, which the bureau carried over into its FY 2013-14 budget.

Personnel Services. The FY 2012-13 Adopted Budget reduced the bureau budget by 6% or \$984,567, of which \$747,309 was a reduction to overtime, leaving a total adopted overtime budget of \$75,000. (For context, In FY 2011-12, the bureau budgeted \$568,447 but spent \$750,057 on overtime.) Savings from vacant positions resulted in underspending of \$713,316, which provided the necessary funding to cover actual overtime costs of \$668,704. Overall, the bureau underspent its personnel services budget.

These staffing vacancies were reflected in the bureau's performance measures: the number of calls per emergency communications operator increased by 30% and the average time to answer emergency calls increased by 5 seconds per call. Please see the "Performance Measures" section for additional discussion.

Decision Package Implementation

The reduction to the bureau's overtime budget was the most significant FY 2012-13 decision package. As noted above, the bureau absorbed its 6% reduction by reducing the budget for overtime, in addition to eliminating three call-taker positions. Please see the "Personnel Services" discussion above and the subsequent discussion on bureau performance measures.

The bureau also received a budget appropriation of \$400,000 to cover contract costs of a study to assess the City's 3-1-1 needs and capacity. The estimated costs of the study were reduced to \$221,000 and offset by increasing the transfer to the General Fund by \$179,000. The bureau is finalizing the procurement and the study will begin soon.

Performance Reporting

As outlined in the table below, performance measures indicate a negative trend in bureau dispatch services, resulting from both staff limitations due to budget reductions and an increase in the number of emergency calls.

OUTCOMES	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	
PERCENTAGE OF POLICE "EMERGENCY PRIORITY" CALLS DISPATCHED WITHIN 120 SECONDS	90%	88.9%	85.9%	74.3%	70.4%	↙
<i>% CHANGE</i>		-1.2%	-3.4%	-13.5%	-5.2%	
PERCENTAGE OF MEDICAL "PRIORITY EMERGENCY, ONE, OR TWO" CALLS DISPATCHED WITHIN 90 SECONDS	79%	76.8%	75.4%	74.1%	73%	↙
<i>% CHANGE</i>		-2.8%	-1.8%	-1.7%	-1.5%	

Notably, the percentage urgent priority fire calls dispatched within 60 seconds has also decreased over the past five years.

The table below illustrates the increase in the number of call per emergency communications operator and the concurrent increase in the total number of bureau overtime hours over the five year period. Prior CBO analyses of the BOEC budget have highlighted that the bureau often uses overtime to fill staffing needs, resulting in fewer call-takers available to process calls.

WORKLOAD	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	
NUMBER OF CALLS PER EMERGENCY COMMUNICATIONS OPERATOR	4,001	3,969	4,511	4,963	6,532	↗
<i>% CHANGE</i>		-0.8%	13.7%	10.0%	31.6%	
NUMBER OF OVERTIME HOURS	9,295	9,977	11,245	15,147	12,719	↗
<i>% CHANGE</i>		7.3%	12.7%	34.7%	-16.0%	

Finally, the total number emergency calls has steadily increased over the past five years, where the bureau answered 4,700 more calls last year than answered five years ago (for a total 469,000 in FY 2012-13).

Bureau of Fire & Police Disability & Retirement

Summary

Overall, the bureau underspent its All Funds Budget by 1.8%. All decision packages were implemented as planned.

Budget-to-Actuals

Fire & Police Disability & Retirement Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	13,927,817	14,393,884	(466,067)	103.3%
Taxes	112,072,367	112,489,717	(417,350)	100.4%
Charges for Services	-	31	(31)	N/A
Interagency Revenue	360,200	360,200	-	100.0%
Fund Transfers - Revenue	753,009	753,009	-	100.0%
Bond and Note	25,211,000	21,355,124	3,855,876	84.7%
Miscellaneous	1,508,000	1,597,174	(89,174)	105.9%
Total Resources	153,832,393	150,949,139	2,883,254	98.1%
Requirements				
Personnel Services	1,774,413	1,688,512	85,901	95.2%
External Materials and Services	107,696,421	106,520,787	1,175,634	98.9%
Internal Materials and Services	6,567,947	6,111,357	456,590	93.0%
Capital Outlay	175,500	170,648	4,852	97.2%
Bond Expenses	25,516,569	21,437,345	4,079,224	84.0%
Fund Transfers - Expense	821,534	821,012	522	99.9%
Contingency	11,280,009	14,199,478	(2,919,469)	125.9%
Total Requirements	153,832,393	150,949,139	2,883,254	98.1%

In FY 2012-13, the bureau did not need to use all the proceeds from tax anticipation note issue 2012 due to higher than expected tax revenue collected during the year. All other expenditure and revenue categories are either as budgeted or within the acceptable variance range.

Capital

The bureau has one capital project for \$175,500 to provide improvements to the FPDR databases. In FY 2012-13, the bureau underspent its capital budget by 3% or \$4,852. The FY 2013-14 Revised Budget for this project is \$75,000, an increase of 150% compared to

the Adopted Budget amount of \$30,000. This is to fund post go-live improvements expected to occur in the current fiscal year.

Decision Package Implementation

The bureau had one decision package to eliminate a part-time Program Coordinator position. The position was eliminated as planned.

Performance Reporting

Overall, the bureau performance measures are trending well. The notable ones are presented below:

1. The number of retirements from active service has dropped from 74 in FY 2011-12 to 45 in FY 2012-13. The higher number was primarily due to the final pay lookback periods including an extra pay date in that fiscal year.
2. The percentage of pension estimates processed within one week has decreased from 80% to 65%. This is primarily attributed to the months of October and November 2012 caused by charter changes, database conversion, and other one-time events that occurred at FPD&R.
3. The number of medical bills decreased from 5,337 in FY 2011-12 to 4,089 in FY 2012-13 due to a change in methodology used by FPDR. No operational or fiscal impacts projected.
4. The number of long-term disability recipients has declined steadily to 61 in FY 2012-13. This trend is projected to continue in the out years.

Police Bureau

Summary

The Portland Police Bureau (PPB) ended the previous fiscal year within final appropriations. The FY 2012-13 Budget included the reduction of 11.34 FTE and ongoing program reductions totaling \$3.1M (2.2% of the bureau's General Fund discretionary). The bureau received \$2.1M in one-time resources to support core services with the instruction for the bureau to identify any other potential way to fund the programs. Significant issues that arose during the fiscal year were: the Department of Justice (DOJ) settlement, overtime spending, and the effects of multiple years of reductions on the agency.

Department of Justice Settlement

As a result of the tentative DOJ agreement, the Police Bureau received funds to start implementing the agreement in FY 2012-13. Ongoing funds were approved to support the following programs: the Behavioral Health Unit, the Mobile Crisis Unit, the Service Coordination Team, and the Crisis Intervention Team. In total, 17.0 FTE and \$3.86 million in ongoing support was approved. While the bureau requested \$5.2 million, the resources in the general fund were not available. The final agreement should be reached by mid FY 2013-14.

Police Overtime

Discretionary Police overtime was underspent by 4.9% of budget at year end. The PPB notes that while discretionary overtime spending last fiscal year ended at less than budgeted amounts, much of the reduced spending is due to the relatively lower crime rates in FY 2012-13. Reimbursable overtime occurs when PPB collects revenue to support the overtime costs and at year end the PPB received and spent 44% more than originally anticipated. While spending was in line with the budget and Council direction to manage overtime costs it is an expense that is difficult to forecast due to the nature of the reasons requiring overtime staffing.

Effects of Reductions

Continued reductions to personnel, external materials and services (EMS) and internal materials and services (IMS) have reduced core bureau services over the last four years. The bureau has experienced a net reduction of 52 positions since FY 2009-10. Positions have been reduced from the sworn and civilian classifications, and the bureau expects

to experience the effects of the reduced workforce on performance targets. Performance measures for officer response times are showing a slight increase over the five minute response time target. Reductions in EMS and IMS and reduced the bureaus services with lower contracts for social safety programs that are jointly administered with Multnomah County. Impacts of these reductions may take more than one fiscal year to be fully realized.

Budget-to-Actuals

General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Licenses & Permits	1,831,000	1,906,533	(75,533)	104.1%
Charges for Services	1,275,192	891,779	383,413	69.9%
Intergovernmental Revenues	6,279,517	7,055,978	(776,461)	112.4%
Interagency Revenue	3,404,728	3,196,271	208,457	93.9%
Fund Transfers - Revenue	300,000	300,000	-	100.0%
Miscellaneous	826,650	1,033,264	(206,614)	125.0%
General Fund Discretionary	153,827,371	151,970,480	1,856,891	98.8%
Total Resources	167,744,458	166,354,305	1,390,153	99.2%
Requirements				
Personnel Services	130,133,690	129,899,382	234,308	99.8%
External Materials and Services	9,132,569	8,097,426	1,035,143	88.7%
Internal Materials and Services	27,910,791	27,793,590	117,201	99.6%
Capital Outlay	207,408	203,907	3,501	98.3%
Fund Transfers - Expense	360,000	360,000	-	100.0%
Total Requirements	167,744,458	166,354,305	1,390,153	99.2%

Resources

Budgeted revenues for the Portland Police Bureau were 99.2% received at fiscal year end. Intergovernmental Revenues ended the year at 12% greater than projected, primarily from local government cost sharing agreements. Sources of the increased revenue are from charges for contracted services with payments received from other local and federal governments. Charges for Services fell short, primarily due to the budget decision package requiring the bureau to implement a full cost recovery model for special events. The bureau has been working with OMF, CBO and FPD&R to update the current City Code to allow for full cost recovery. All other revenues ended within a reasonable variance from the Revised Budget.

Requirements

The Police Bureau did request general fund discretionary funds in the Over Expenditure Ordinance for Personnel Service expenses associated with the City's Voluntary Retirement Incentive Program (VRIP) and to pay for additional Personnel Services costs. The bureau also relied upon using unspent funds from EMS and IMS to ensure that the bureau would not overspend the object category. There were 17 persons in the bureau that elected to participate in the VRIP process and part of the compensation set-aside request was used to process the leave-payout expenses associated with the retirements. Overtime spending represents 6.1% of the bureau's Personnel Services budget. The discretionary overtime budget was under spent by 4.9% keeping in-line with Council direction to reduce Police overtime during the later part of the fiscal year.

External Materials and Services ended the fiscal year with 11.3% of the budget as unspent. The primary reason for this is the Police Bureau adhered to General Fund instruction to reduce discretionary spending in the spring of 2013. There will be services and items on contract that were not received and in process necessitating a carryover request in the Fall BMP (the Fall BMP request was approved). All other major object spending is within allowable ranges at year end.

Capital

The Police Bureau spent \$203,907 in Capital Outlay. The majority of the expenditures are associated with infrastructure purchases for information technology projects.

The majority of capital projects that affect the Police Bureau are projects within the Bureau of Technology Services interagency agreement and the Facility Services interagency agreement. These projects are budgeted and expensed through the internal service providers, and any project shortfall would require general fund resources. The new Police Training Center and the replacement for the criminal justice information security (CJIS) upgrades are two large projects started in past fiscal years and continuing into FY 2013-14.

Police Special Revenue Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	1,880,528	398,216	1,482,312	21.2%
Intergovernmental Revenues	550,001	648,506	(98,505)	117.9%
Miscellaneous	81,910	99,832	(17,922)	121.9%
Total Resources	2,512,439	1,146,554	1,365,885	45.6%
Requirements				
External Materials and Services	1,502,138	470,213	1,031,925	31.3%
Capital Outlay	-	364,916	(364,916)	N/A
Fund Transfers - Expense	524,390	311,425	212,965	59.4%
Contingency	485,911	-	485,911	0.0%
Total Requirements	2,512,439	1,146,554	1,365,885	45.6%

In FY 2012-13 the Police Special Revenue Fund spent \$398,216 more than revenues received resulting in a reduction in ending fund balance. Revenues are received from Federal, State Civil and Criminal seizures as related primarily to drug and vice activities. Expenses are related to supporting specific training and equipment needs for the bureau. At the end of the fiscal year the bureau underspent the EMS and capital budget. At the end of the fiscal year there was a cash transfer from the Police Special Revenue Fund totaling \$300,000 from State Asset Forfeiture to support the Service Coordination Team.

Grants Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Intergovernmental Revenues	3,213,125	3,371,523	(158,398)	104.9%
Total Resources	3,213,125	3,371,523	(158,398)	104.9%
Requirements				
Personnel Services	1,362,621	1,126,569	236,052	82.7%
External Materials and Services	1,420,688	1,430,443	(9,755)	100.7%
Internal Materials and Services	105,524	82,790	22,734	78.5%
Capital Outlay	324,292	226,016	98,276	69.7%
Total Requirements	3,213,125	2,865,818	347,307	89.2%

The Police received \$3.3 million in grant revenue in FY 2012-13. Several awards were received late in the fiscal year and the bureau did not incur the associated expenses. Several purchases were encumbered and will be received in FY 2013-14.

Decision Package Implementation

The following discussion will detail the outcomes of the adopted ongoing reduction packages for the Portland Police Bureau.

Holiday Pay Staffing Realignment:

This package was developed to minimize holiday premium expense associated with scheduling Portland Police Association (PPA) member holiday shifts. The 2010 PPA labor agreement created an expense associated with premium pay for holidays worked and deferred holiday compensatory time payouts. Adjustment of shifts to move the maximum number of PPA members to a shift on a holiday would create the lowest expense. Only minimum staffing for emergency response and patrol would work a holiday or receive a deferred holiday. The decision package was to adjust staffing so non-essential personnel would not be scheduled to work on the holiday resulting in savings of \$200,000. The Police Bureau reports that shifts were altered where possible and at year-end the bureau was short \$90,000 of the cut target.

Special Event Cost Recovery:

The Police Bureau identified the potential to increase cost recovery for special events and the bureau was directed to work with the Revenue Bureau in OMF and the Portland Bureau of Transportation to implement a cost recovery plan in FY 2012-13. Full revenue collection was not realized. The bureau reports a shortfall of \$161,061 at year-end and the primary reason is that City Financial Policies will need to be updated to allow for full cost recovery. Once the citywide financial policies have been reviewed and updated the bureau anticipates being able to implement the collection process for special events.

Police Identification Technicians

The decision package was not pursued by the Portland Police Bureau as it was too late to negotiate with Multnomah County for the \$93,197 increase for the cost of the identification and booking services provided. The result is a revenue shortfall in FY 2012-13.

Position Reductions

The following positions were reduced as required in the budget:

- 1.0 FTE Police Administrative Support Specialist- Training Division
- 1.0 FTE Police Administrative Support Specialist- Detective Division

- 1.0 FTE Police Administrative Support Specialist- Fiscal Services Division
- 1.0 FTE Evidence Control Specialist- Property Evidence Division
- 1.0 FTE Police Records Specialist- Records Division
- 2.0 FTE Accountant 1- Fiscal Services Division
- 1.0 FTE Police Internal Affairs Investigator- Professional Standards Division
- 1.0 FTE Police Crime Analyst- Strategic Services Division
- 1.0 FTE Police Desk Clerk- Precincts
- 1.0 FTE Principal Management Analyst- Fiscal Services Division. This position was reduced; however the Police Bureau hired a limited term Principal Financial Analyst position after determining that the financial support for the bureau is necessary.

The Winter BMP submittal for the Police Bureau included positions identified with the DOJ settlement recommendations. Included in this submittal was funding for some positions that were cut in the FY 2012-13 Budget. The positions that were added with ongoing funding support are:

- 2.0 FTE Police Administrative Support Specialist- Training & Internal Affairs Divisions
- 1.0 FTE Police Crime Analyst- Strategic Services Division
- 2.0 FTE Police Internal Affairs Investigator- Professional Standards Division

Interagency Reductions

Interagency reductions were mostly achieved with the exception of the telephone and voicemail reductions where the use of landlines has been discontinued. There was a difference of \$20,973 from the budgeted estimate to year-end actual expenses. All other interagency reductions were achieved as anticipated.

One-time Budget Additions for Ongoing Programs:

The Police Bureau received \$1.2 million in one-time funds for the Service Coordination Team (SCT). The program seeks to reduce crime through social services within the local community to provide housing, drug and alcohol treatment, and mental health care. City Council directed the bureau to continue to pursue additional funding. In lieu of identifying new resources the bureau used compensation set aside dollars to cover any shortfall. There also was one-time finds for the Crisis Intervention Mobile Response team. The funding for both programs was converted from one-time to ongoing as a part of the DOJ settlement in the Winter BMP.

There are two packages that provided funding for Deputy District Attorney (DDA) services with Multnomah County. The DDA positions supporting the Illegal Drug Impact

Area and the Prostitution Coordination Team have been paid for via one-time funds. The County has elected to fund the Prostitution Coordination Team for FY 2013-14 and the program funding will sunset at the end of the year.

Budget Notes

There were three budget notes for the Police to address in FY 2012-13. At the conclusion of the fiscal year the Police Bureau was able to complete the requirements outlined in the budget notes. The Police Bureau was asked to identify outside resources for the SCT, the Sobering Station, and the CHIERS program. Ultimately, the bureau used one-time funds in the amount of \$455,089 and reduced available bureau compensation set-aside in order to provide supplemental funds to the SCT. The Budget Note instructed the Police Bureau to identify any additional resources that could be obtained and at the conclusion of the review it was determined that compensation set-aside would be the most viable. The Winter BMP converted one-time to ongoing as a part of the DOJ Settlement. The Sobering Station and CHIERS program were also funded with compensation set-aside.

The final budget note required the bureau to provide detailed costing for the overtime services required during the election year. The information was provided and the bureau managed the overtime costs within the targeted amount.

Performance Reporting

Performance Measures tracking effectiveness (with the exception of PL_0032) are reported at year-end to be within performance targets set in the revised budget. There are two workload measures that ended the year with amounts lower than the adopted measure. PL_009 tracks officer-initiated calls and the number of calls was significantly lower in FY 2013. Probable reasons for the decline in reported figures include: the PPB began using a new Computer Aided Dispatch (CAD) system that likely did not import all of the self-initiated calls from the old systems; officers may have been using discretionary time to get oriented to the new CAD system rather than spending time on self-initiated calls; and with fewer officers on patrol due to budget cuts there in turn are likely fewer officer-initiated calls per officer. PL_008 tracks the number of incidents dispatched and the number reported exceeds the targeted amount due to the increased number of incidents in the summer of 2012. Measure PL_0033 is highlighted as the measure most affected by the budget reductions. This measure tracks the percent of gang violence cases cleared and ended 10% less than the goal. There is concern with ongoing budget reductions that the measure will continue to indicate a backlog in case

management. The bureau reduced sworn positions in FY 2013-14 and impacts of these reductions could become apparent in future performance measure reporting.

Portland Fire & Rescue

Summary

In FY 2012-13, Portland Fire & Rescue (PF&R) ended the fiscal year with over 98% of its appropriation expended. The bureau under spent approximately \$2.2 million of its General Fund Discretionary resources by year end. In the FY 2013-14 Fall BMP, the bureau requested \$962,017 in General Fund one-time to fund encumbrance carryover and external program revenue carryover. Approximately, \$1.3 million of the bureau's FY 2012-13 General Fund appropriation fell to balance.

Budget-to-Actuals

Portland Fire & Rescue

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Licenses & Permits	1,430,000	2,077,621	(647,621)	145.3%
Charges for Services	1,190,000	1,370,258	(180,258)	115.1%
Intergovernmental Revenues	535,000	578,756	(43,756)	108.2%
Interagency Revenue	3,067,849	2,692,425	375,424	87.8%
Miscellaneous	216,200	361,453	(145,253)	167.2%
General Fund Discretionary	90,790,499	88,615,497	2,175,002	97.6%
General Fund Overhead	71,451	71,451	-	100.0%
Total Resources	97,300,999	95,767,460	1,533,539	98.4%
Requirements				
Personnel Services	84,654,666	83,853,308	801,358	99.1%
External Materials and Services	5,934,131	5,212,257	721,874	87.8%
Internal Materials and Services	5,437,393	5,454,741	(17,348)	100.3%
Capital Outlay	1,134,809	1,107,155	27,654	97.6%
Fund Transfers - Expense	140,000	140,000	-	100.0%
Total Requirements	97,300,999	95,767,460	1,533,539	98.4%

Resources

The bureau collected more than its estimated revenues on most of its program revenues, except interagency revenues. The notable items in this category include: Licenses & Permits collections were \$647,000 or 45% more than estimated due to the strong performance of the Plan Review and Permits program that is tied to the building construction activities. Miscellaneous revenue collections were more than 67% of budget due to reimbursement for efficient light fixtures upgrades and apparatus warranty work completed by bureau staff. Interagency Revenue collections were

approximately 88% of budget due to lower-than projected retirement reimbursement from Fire, Police Disability & Retirement as a result of hiring freeze since 2011. The bureau under spent its General Fund discretionary by approximately \$2.2 million by year end. Of this amount, \$962,017 will be used to fund carryover of encumbrances and excess program revenues. The remaining amount will be returned to fund balance.

Requirements

PF&R spent over 99% of its appropriation for Personnel Services by year end. The underspending is due to vacancy and overtime savings. The bureau received \$900,000 from the compensation set-aside in FY 2012-13. The under spending in External Materials & Services is due to approximately \$392,000 in encumbrances for goods and services that were not spent by year end. Additionally, the bureau contained its overall spending in response to the Mayor's direction.

Capital

PF&R has one capital improvement program, Acquisitions, to fund fire apparatus replacement. The FY 2012-13 Capital Program Status Report shows the Acquisitions program was overspent by \$592,207 or 10%, this is due to coding errors resulting in the grant budget and the encumbrance carryover not included in the Revised Budget information. Adjusted for these corrections, the program under spent its appropriation by \$1,604,266 by year end. The FY 2013-14 CIP budget of \$14,536,329 includes the anticipated GO Bond issue for fire apparatus replacement for the next three fiscal years.

Decision Package Implementation

Eliminate Return to Work (RTW) Program- \$300,000: The program was designed to offer sworn personnel injured on the job and unable to work on the front line an opportunity to return to work in a staff position. The program has ten budgeted positions which have been vacant for most of the time. The Fire and Police Disability and Retirement Fund pays 75% of RTW employee's salary and PF&R is responsible for the remaining 25%.

Status Report: The program was eliminated.

Eliminate Office Support Specialist III - \$63,731: This position is in the Management Services Division. The position was responsible for various administrative duties including: phone coverage, status updates on strategic/business plans, and other functions.

Status Report: The position was eliminated.

Investigator Overtime/Standby Restructure - \$70,000: This decision package would result in \$70,000 reduction in personnel services due to restructuring the overtime and standby process of the Investigation Unit.

Status Report: FY 2013-14 Adopted Budget includes the elimination of three positions in the Arson Investigation Unit. As a result of these cuts, the saving is now realized and the restructure is no longer required.

Overtime Reduction \$120,000: This decision package reduced the appropriation for overtime by \$120,000 and reduced the number of allowable paid overtime hours for employees to participate in committee meetings and other bureau-supported activities while off-duty.

Status Report: The overtime appropriation was reduced as planned and strategies are in place to achieve ongoing reduction in overtime costs.

Reduce Replacement or Call Shifts Costs \$200,000: PF&R didn't plan on hiring during FY 2012-13 which allowed two officers assigned to Training Academy to be detailed to the traveler pool. This strategy would allow PF&R to save an estimate of \$200,000 in replacement and call shifts costs.

Status Report: The strategy was implemented as planned. PF&R reported that between the overtime reduction and reducing replacement/call shifts costs strategies mentioned above, the bureau managed to save approximately \$360,000 in overtime costs in FY 2012-13.

Eliminate Utility Worker \$68,968: This position was assigned to the Logistic section of the Management Service responsible for delivery and pick-up services at the bureau's 30 stations and other facilities throughout the City.

Status Report: The position was eliminated.

Eliminate Senior Administrative Specialist \$87,456: This position was assigned to the Chief's Office responsible for public communications. In FY 2011-12, PF&R consolidated the public information and public education sections to achieve budget savings.

Status Report: The position was eliminated.

One-time Budget Reductions \$919,483: In FY 2012-13, PF&R was directed to take one-time budget reductions of \$919,483. These reductions affected a wide range of items throughout the bureau.

Status Report: The reduction was taken.

One-time Add – Station Operation Funding \$669,809: In FY 2012-13, PF&R received one-time funding of \$669,809 to keep all 30 stations fully operational.

Status Report: All 30 fire and rescue stations were open and operational in FY 2012-13.

One-time Add – Rapid Response Vehicle (RRV) Pilot Program \$404,812: This funding was to be used to support four FTEs for a full year or 12 FTEs for four months to complete the RRV pilot program. The pilot program started in April 2012 and ended in October 2012.

Status Report: The pilot program was conducted as planned. PF&R presented the report on the RRV Pilot Program to Council on November 7, 2012.

Budget Notes

In FY 2012-13, PF&R has the following budget notes:

Rapid Response Vehicle (RRV) Pilot Program.

Portland Fire & Rescue will present a report to Council by October 31, 2012, after the pilot program has been in operation for six months. The report will include information including the metrics used for assessing the program, analysis of the types of calls to which the RRVs responded during the pilot, average response time data of the RRVs, and response time and reliability data of the non-RRV bureau response units during the pilot program period. The bureau should also provide comparative response and reliability data for the period of when the RRVs were operating (7am-7pm) and when the RRVs were not in operation (7pm-7am).

Status Report: Complete. PF&R presented the report to Council on November 7, 2012. The report concluded that, during the pilot program, the RRVs improved response reliability. RRVs are expected to improve response times as well; however, the data collected during the pilot period did not support that. Each RRV is projected to generate a saving of approximately \$1,300 per year due to less demand to operate the more expensive fire apparatus. These RRVs also increase the availability of emergency

apparatus for life threatening situations. PF&R supports the use of RRVs to augment fire apparatus to better protect the City.

Training Facility

Portland Fire & Rescue will perform a needs assessment of their current training facility and report on their findings to Council by December 31, 2012, in advance of the FY 2013-14 budget process. The analysis will be funded by existing PF&R resources.

Status Report: Complete. PF&R presented the report to Council on June 25, 2012. The report was not completed according to the timeline set forth in the budget note due to bureau's workload. According to the report, the training facility is now old, inadequate for bureau's needs, and is showing signs of deterioration. PF&R will continue to use the existing facility for the time being. A complete remodeling project would cost between \$12 to \$15 million.

Company Fire Inspection Program

Portland Fire & Rescue will provide a program performance report to Council by September 30, 2012. The report will include monthly data for the period for July 1, 2011 through June 30, 2012 disaggregated by Fire Management Area.

Status Report: Complete. PF&R presented the report to Council on October 17, 2012. PF&R reported that the program has been fully implemented since FY 2004-05 by reassigning approximately 8,800 scheduled, lower hazard inspections from Prevention Code Enforcement Inspectors to firefighters in the Emergency Operations Division. In FY 2011-12, the bureau completed the highest percent of inspection goals since FY 2006-07. However, the bureau still struggles to complete the annual inspections planned.

Lift Assist EMS Calls

Portland Fire & Rescue will evaluate the feasibility of charging fees or fines for chronic public assist calls. The bureau will report findings to Council by November 30, 2012.

Status Report: Complete. PF&R presented the report to Council on December 19, 2012. PF&R presented both pros and cons arguments regarding the policy of charging for chronic public assist calls. Typically, most of these calls happened in East Portland and more frequently for single family and multifamily residences. PF&R suggested more studies if Council decided to implement these charges.

Billing for Emergency Medical Services

Portland Fire & Rescue will evaluate the feasibility of charging fees for emergency medical calls. The bureau will report findings to Council by November 30, 2012.

Status Report: Complete. PF&R presented the report to Council on December 19, 2012. As with the Lift Assist EMS Calls report above, PF&R presented both pros and cons for billing residents for emergency medical services (EMS) which accounted for approximately 68% of the bureau's total incident call volume. Many fire departments that offer EMS do so without charging a fee, unless the patient was transported to hospital. A few fire departments, such as Anaheim, CA and San Antonio, TX, charge a non-transport response fee whenever there is an EMS response. PF&R concluded that more studies are needed before a recommendation can be made about the feasibility of these charges.

Performance Reporting

Overall PF&R performance measures are trending well. The percentage of residents rating service good or very good remained positive at 86% in 2013, albeit lower than 90% in 2009. The total number of incidents has increased steadily from 67,238 in FY 2008-09 to 68,955 in FY 2012-13, while the average number of on-duty emergency staffing remained constant at 169 during the same period. The number of medical incidents accounted for 73% of the total number of incidents in FY 2012-13 and these incidents have been increasing at a rate much faster than the fire incidents. The response time at 90th percentile for emergency medical service has improved steadily since FY 2008-09, while the response time for fire has decreased slightly during the same period. Most notably is the average miles on front line engines have increased to 85,979 in FY 2012-13 from 60,558 in FY 2008-09, an average growth of 11.18% over the last five years.

Portland Bureau of Emergency Management

Summary

The Portland Bureau of Emergency Management (PBEM) ended fiscal year FY 2012-13 within budget appropriations for both the General and grant funded operations. The Adopted Budget included a 6% reduction in the General Fund appropriation totaling \$47,411. The majority of the revenues for PBEM are received from federal grants. Earlier this year, PBEM received notification of the loss of the Urban Areas Security Initiative (UASI) grant funding for FY 2013. Grants from various sources total 83% of PBEM's budget and the loss of this revenue would significantly impact the operation and services that PBEM provides to the region as the only other resource would be the City's limited General Fund Discretionary.

There are two major facility projects on the horizon that impact PBEM: The transition into the City's new Emergency Coordination Center (ECC) and the development of a west side emergency operations facility located at the SFC Jerome F. Sears Army Reserve Center. PBEM moved its operations into the ECC in the fall of 2013. Planning for the west side facility is ongoing and it is anticipated that PBEM will be working with the Portland Bureau of Transportation, the Water Bureau, and the Office of Management and Finance to determine project scope, costs and timeline.

Budget-to-Actuals

General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Interagency Revenue	10,000	10,000	-	100.0%
Miscellaneous	-	1,110	(1,110)	N/A
General Fund Discretionary	560,509	459,249	101,260	81.9%
General Fund Overhead	1,087,955	1,087,955	-	100.0%
Total Resources	1,658,464	1,558,314	100,150	94.0%
Requirements				
Personnel Services	1,145,119	1,109,538	35,581	96.9%
External Materials and Services	142,772	96,032	46,740	67.3%
Internal Materials and Services	370,573	352,744	17,829	95.2%
Total Requirements	1,658,464	1,558,314	100,150	94.0%

PBEM receives 17% of operating resources from the General Fund in the form of General Fund Overhead and General Fund Discretionary. The Bureau underspent the discretionary resources by 18%, primarily in delayed external materials and services purchases. PBEM received additional Emergency Management Performance Grant (EMPG) funding that relieved the General Fund requirements for EM&S spending. This was coupled with the Mayor’s directive to rein in discretionary spending in the Spring of FY 2012-13. Internal materials and services and personnel services were spent within the 10% variance targets at year end.

Grant Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Intergovernmental Revenues	8,395,282	7,418,019	977,263	88.4%
Total Resources	8,395,282	7,418,019	977,263	88.4%
Requirements				
Personnel Services	616,103	521,209	94,894	84.6%
External Materials and Services	7,736,331	5,532,154	2,204,177	71.5%
Internal Materials and Services	42,848	81,228	(38,380)	189.6%
Capital Outlay	-	58,944	(58,944)	N/A
Total Requirements	8,395,282	6,193,535	2,201,747	73.8%

The majority of the resources supporting PBEM are received in the form of federal and state grants with the largest funding coming from the Urban Areas Security Initiative (UASI) grants which are part of the Homeland Security Grant Program. These funds are awarded to PBEM and subawarded to other regional partners to address unique planning, training, and emergency exercise materials that are specific to high-density urban environments. The grants also cover some administrative costs such as personnel, rent, and technology needs. Other grants from Federal Emergency Management Agency (FEMA) are specific to disaster mitigation, preparedness, and recovery from man-made and natural disasters. Grants from the State of Oregon support state and local implementation of homeland security strategies, including funding for the WebEOC crisis information sharing platform and funding for the Neighborhood Emergency Team (NET) program.

Underspending in the grants fund for personnel services is attributed to vacancies in grant supported positions. PBEM did receive an extension on the UASI 2010 grant and this contributed to underspending on the UASI 2011 grant for the EM&S category.

Internal materials and services ended the year overspent due to the timing of grant closures for recording reimbursable costs associated with the ECC. This means that there were more internal expenses that could be covered by grant funds and the portion of PBEM's internal costs in the General Fund were not charged.

Capital

Capital expenses for PBEM in FY 2012-13 were incurred in the Grant Fund for the purchase of three defibrillators with funds from a UASI grant. The defibrillators will be transferred to the Portland Fire Bureau.

Decision Package Implementation

Decision packages for the FY 2012-13 budgets were implemented and the reductions were achieved. Reductions were taken in the BTS interagency agreement through using a web-hosted solution therefore reducing BTS server support costs. Other reductions were achieved by reducing discretionary EM&S and reducing billable BTS services. There are no technical BMP packages requiring status updates.

Budget Notes

PBEM has no budget notes to report on for FY 2012-13.

Performance Reporting

PBEM recently updated all of its performance measures to better align with bureau programmatic goals. The data reported for the previous year-end shows that PBEM achieved or exceeded the bureau performance targets. Specifically, PBEM has recorded data that exceeds the targeted number of external trainings and courses to city and regional partners and experienced an increase in the participation in trainings by non-public safety personnel. The number of Neighborhood Emergency Team (NET) volunteers participating in advanced training was 166 more than the Revised Budget projection. This measure may need to be updated in the future to better coincide with services performed and tracked by PBEM. All other measures were reported to have met the targets set by PBEM at 100%.

Parks, Recreation, and Culture Service Area

Portland Parks & Recreation

Summary

In FY 2012-13, Portland Parks & Recreation absorbed significant cuts. Some of these cuts have been mitigated with additional revenue from programming and the General Fund for major maintenance; some reductions might only result in impacts in future years. In FY 2012-13, the reductions had minimal contemporaneous impact on the bureau's performance indicators.

While the bureau's discretionary was reduced, Parks continued to see strong growth in most program revenues. Revenues in the General Fund and the Golf Fund came in above budget. The Portland International Raceway Fund is not experiencing the same growth. To the contrary, that fund missed projected balance at the end of FY 2012-13 and continues to struggle in FY 2013-14.

Besides program revenue growth, the bureau also experienced significant growth in SDC revenues and, consequently, a large balance in the capital fund. This resource represents a significant opportunity for developing the parks system; it also represents a funding challenge for the General Fund going forward for the operations and maintenance of any new development.

Budget-to-Actuals

General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Licenses & Permits	273,312	359,425	(86,113)	131.5%
Charges for Services	15,045,588	15,587,683	(542,095)	103.6%
Intergovernmental Revenues	195,024	132,788	62,236	68.1%
Interagency Revenue	3,755,156	3,552,760	202,396	94.6%
Miscellaneous	914,632	600,305	314,327	65.6%
General Fund Discretionary	41,915,150	41,104,382	810,769	98.1%
Total Resources	62,098,862	61,337,342	761,520	98.8%
Requirements				
Personnel Services	40,719,463	40,516,204	203,259	99.5%
External Materials and Services	14,809,507	13,629,543	1,179,964	92.0%
Internal Materials and Services	6,459,892	7,066,733	(606,841)	109.4%
Capital Outlay	10,000	24,862	(14,862)	248.6%
Fund Transfers - Expense	100,000	100,000	-	100.0%
Total Requirements	62,098,862	61,337,342	761,520	98.8%

Bureau operations primarily are funded out of the General Fund. Roughly two-thirds is funded with General Fund discretionary. The remaining third is funded with program revenue – primarily from recreation programming.

The bureau underspent General Fund Discretionary this year as a result of stronger than budgeted recreation programming revenues and materials and services underspending. Much of the materials and services underspending reflected contracts that were encumbered and were reappropriated as part of the Fall Supplemental (\$333,180). The program revenue budget was revised in the FY 2012-13 Spring Supplemental, but actuals still came in above budget. Of this excess revenue \$403,463 was rebudgeted in the FY 2013-14 Fall Supplemental, effectively reallocating the remainder of the bureau's discretionary underspending from FY 2012-13. As part of the FY 2013-14 budget process, the bureau established revenue targets to true-up to these higher levels of actuals.

In the FY 2012-13 budget, the bureau met part of its discretionary reduction target by proposing an annual revenue of \$400,000 from property sales. This revenue did not materialize during the fiscal year, causing the shortfall in miscellaneous revenue seen above. The bureau is looking to revisit this revenue budget for FY 2014-15.

Internal materials & services appears overspent primarily because of reduced charges to other funds. Nonetheless, materials and services – the combination of external and internal – are under budget and will therefore be an issue called out in the CAFR.

Parks Local Option Levy Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balanc	2,955,985	2,894,544	61,441	97.9%
Taxes	11,997	5,593	6,404	46.6%
Fund Transfers - Revenue	4,882	4,882	-	100.0%
Miscellaneous	13,000	12,793	207	98.4%
Total Resources	2,985,864	2,917,811	68,053	97.7%
Requirements				
Personnel Services	318,419	318,419	-	100.0%
Internal Materials and Services	460,632	342,477	118,155	74.3%
Fund Transfers - Expense	13,230	13,230	-	100.0%
Ending Balance/Contingency	2,193,583	2,243,685	(50,102)	102.3%
Total Requirements	2,985,864	2,917,811	68,053	97.7%

The Parks Local Option Levy Fund maintains the resources acquired through a five-year levy that expired several years ago. With virtually no new resources (a small amount of delinquent taxes from prior years continues to be generated), fund balance is the primary funding source for all expenditures. Expenditures include the operations and maintenance of assets constructed with the levy; these costs are collected in other funds and shifted on a regular basis to this fund. The balance remaining is for the continued maintenance of those assets as well as the development of remaining planned levy projects and the backfill of General Fund reductions.

Portland Parks Memorial Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balanc	2,108,538	2,133,531	(24,993)	101.2%
Licenses & Permits	97,300	416,333	(319,033)	427.9%
Charges for Services	131,402	773,537	(642,135)	588.7%
Fund Transfers - Revenue	108,346	108,346	-	100.0%
Miscellaneous	739,795	594,868	144,927	80.4%
Total Resources	3,185,381	4,026,615	(841,234)	126.4%
Requirements				
Personnel Services	688,066	495,708	192,358	72.0%
External Materials and Services	1,138,840	121,902	1,016,939	10.7%
Internal Materials and Services	807,563	383,302	424,261	47.5%
Capital Outlay	962	-	962	0.0%
Fund Transfers - Expense	43,000	43,000	-	100.0%
Ending Balance/Contingency	506,950	2,982,703	(2,475,753)	588.4%
Total Requirements	3,185,381	4,026,615	(841,234)	126.4%

This fund has many subfunds that are restricted to very specific purposes. The underspending in this fund is typical and is driven by technical considerations in the City’s financial system, namely that ‘hard stops’ are generated at the sub-fund level. Thus, even though the bureau only expects a small portion of total balance to be spent, each subfund is budgeted fully so as not to generate multiple hard-stops during the year.

Grants Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Intergovernmental Revenues	2,956,194	1,839,128	1,117,066	62.2%
Miscellaneous	-	3,665	(3,665)	N/A
Total Resources	2,956,194	1,842,792	1,113,402	62.3%
Requirements				
Personnel Services	335,732	258,597	77,135	77.0%
External Materials and Services	532,441	103,617	428,824	19.5%
Internal Materials and Services	33,277	39,160	(5,883)	117.7%
Capital Outlay	2,054,744	1,429,724	625,020	69.6%
Total Requirements	2,956,194	1,831,097	1,125,097	61.9%

The major grants budgeted in this fund included ones for the South Waterfront Greenway (\$1,000,000), Waud Bluff Trail (\$634,333), Columbia Slough Trail (\$423,943), Westmoreland Park and Duck Pond (\$305,000), DD Employment Alternatives (\$300,000), and North Willamette Greenway (\$142,524). Underspensing occurred in a number of these projects, but most significantly in the Columbia Slough, Westmoreland, South Waterfront Greenway projects. Grant funding has or will carry over to FY 2013-14.

Parks Capital Improvement Program Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balanc	17,423,241	17,489,977	(66,736)	100.4%
Charges for Services	8,537,652	13,223,462	(4,685,810)	154.9%
Intergovernmental Revenues	11,004,081	6,763,330	4,240,751	61.5%
Interagency Revenue	170,550	109,003	61,547	63.9%
Fund Transfers - Revenue	2,025,008	2,061,952	(36,944)	101.8%
Bond and Note	1,759,201	1,759,201	0	100.0%
Miscellaneous	1,808,469	1,774,402	34,067	98.1%
Total Resources	42,728,202	43,181,327	(453,124)	101.1%
Requirements				
Personnel Services	1,556,042	1,311,274	244,768	84.3%
External Materials and Services	4,757,219	2,014,408	2,742,811	42.3%
Internal Materials and Services	836,385	727,582	108,803	87.0%
Capital Outlay	17,358,619	10,629,318	6,729,301	61.2%
Bond Expenses	694,854	670,500	24,354	96.5%
Fund Transfers - Expense	160,019	160,019	-	100.0%
Ending Balance/Contingency	17,365,064	27,668,226	(10,303,162)	159.3%
Total Requirements	42,728,202	43,181,327	(453,125)	101.1%

This fund is composed of two subfunds – the capital subfund where most project work occurs and the SDC subfund that tracks all system development charge revenue and spending. The most significant issue in this fund is the large and increasing balance in the SDC subfund. The majority of the \$17.5 million beginning balance (more than \$13.0 million) is in the SDC subfund. All of the growth is in that subfund, driven by almost \$15.0 million in revenues and only \$4.6 million in expenses. This increasing balance represents a significant opportunity for the bureau to expand the parks system over the next several years. However, it also represents a future stress on the General Fund as those new assets will need to be maintained – and eventually replaced.

Bureau expenses (personnel, materials and services, and capital outlay) in the main capital fund were budgeted at \$16.1 million with actuals of \$10.7 million. This level of underspending is not atypical for a capital fund as project timelines shift. The SDC subfund shows similar underspending - \$4.0 million in bureau expenses versus \$4.8 million budgeted.

Parks Endowment Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balanc	181,856	182,347	(491)	100.3%
Miscellaneous	963	893	71	92.7%
Total Resources	182,819	183,240	(421)	100.2%
Requirements				
External Materials and Services	18,603	100	18,503	0.5%
Internal Materials and Services	1,050	1,000	50	95.2%
Contingency	406	-	406	0.0%
Unappropriated Fund Balance	162,760	182,140	(19,380)	111.9%
Total Requirements	182,819	183,240	(421)	100.2%

The fund balance represents an endowment resulting from private contributions, the interest of which is utilized for specific, donor-approved purposes.

Golf Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balanc	966,454	966,454	-	100.0%
Charges for Services	7,950,408	8,260,992	(310,584)	103.9%
Fund Transfers - Revenue	1,896	1,896	-	100.0%
Miscellaneous	10,722	11,909	(1,187)	111.1%
Total Resources	8,929,480	9,241,250	(311,770)	103.5%
Requirements				
Personnel Services	3,385,202	3,360,099	25,103	99.3%
External Materials and Services	3,453,319	3,381,734	71,585	97.9%
Internal Materials and Services	565,308	539,264	26,044	95.4%
Capital Outlay	75,000	(3,975)	78,975	-5.3%
Bond Expenses	140,411	136,432	3,979	97.2%
Fund Transfers - Expense	332,418	332,418	-	100.0%
Contingency/Ending Fund Balanc	977,822	1,495,278	(517,456)	152.9%
Total Requirements	8,929,480	9,241,250	(311,770)	103.5%

Revenues exceeded an already significantly increased budget due to robust participation. Spending was as anticipated and, with the retirement of the outstanding debt, was considerably less than revenues, resulting in a fund balance increase of greater than 50%. Going forward, the fund hopes to issue new debt to construct the Heron Lakes Clubhouse which has already been through the design process.

Portland International Raceway Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balanc	665,155	665,155	-	100.0%
Charges for Services	1,821,666	1,700,766	120,900	93.4%
Fund Transfers - Revenue	693	693	-	100.0%
Miscellaneous	7,893	7,797	97	98.8%
Total Resources	2,495,407	2,374,410	120,997	95.2%
Requirements				
Personnel Services	785,887	776,007	9,880	98.7%
External Materials and Services	628,557	528,606	99,951	84.1%
Internal Materials and Services	124,225	121,785	2,440	98.0%
Bond Expenses	303,254	302,488	766	99.7%
Fund Transfers - Expense	47,271	47,271	-	100.0%
Ending Balance/Contingency	606,213	598,254	7,959	98.7%
Total Requirements	2,495,407	2,374,410	120,997	95.2%

Revenues fell short of budget as a result of a high number of cancelled events due to weather. While external materials and services were reduced to address the shortfall, the fund still missed its FY 2013-14 budgeted beginning balance and is experiencing additional revenue challenges.

Golf Revenue Bond Redemption Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balanc	-	3,024	(3,024)	NA
Miscellaneous	-	15	(15)	NA
Total Resources	-	3,039	(3,039)	NA
Requirements				
Ending Balance/Contingency	-	3,039	(3,039)	NA
Total Requirements	-	3,039	(3,039)	NA

This fund is more or less dormant subsequent to the payoff of debt.

Capital

PP&R spent a total of \$15.0 million of a revised budgeted capital program of \$30.7 million. This revised budget represented an increase from \$20.1 million in the FY 2012-13 Adopted Budget. The increase was primarily the result of projects carrying over from

FY 2011-12. The FY 2013-14 budget was increased during the Fall Supplemental by \$12.9 million to reflect much of the project underspending in FY 2012-13. The Revised Budget in FY 2013-14 is currently \$33.1 million.

Of the \$15.0 million in spending, the largest projects included work on the South Waterfront Greenway (\$4.6 million), the Fields neighborhood Park (\$3.1 million), the maintenance facility at the Flavel property (\$1.0 million), and the Eagle Point acquisition (\$1.0 million).

As in recent years, the bulk of the capital program has been funded with Portland Development Commission funding, Metro Bond funding for acquisitions, SDC funding for new system capacity, and a cash transfer from the General Fund for major maintenance.

As SDC funding continues to be generated at historically high rates and the bureau increases its planning and construction capacity, it is anticipated that the capital budget will expand in coming years.

Decision Package Implementation

Portland Parks & Recreation took very significant reductions to its General Fund budget in FY 2012-13, totaling \$2.9 million (exclusive of other additions). The most significant of these was a reduction of nine positions in management and administration. The impacts of these reductions have been mitigated through subsequent personnel actions but several have resulted in lasting operational impacts.

The bureau also took several direct service reductions including the elimination of the adult outdoor program, reductions in park maintenance and landscaping, and the reduction of the General Fund subsidy for two smaller community centers. While the bureau's performance indicators do not show any adverse effects of the reductions as of the end of FY 2012-13 (see performance discussion below), the bureau has indicated that there has been strain on the maintenance and horticultural function. With regard to the subsidy elimination for Fulton and Hillside community centers, the bureau, due to transition issues, was unable to fully eliminate the subsidy in FY2012-13; Parks was able to cover them through other underspending and revenue collection. The expectation is that with the transition complete in FY 2013-14, the facilities will operate without subsidy.

Budget Notes

There were three budget notes affecting PP&R in the FY 2012-13 budget – two for which the bureau was responsible and an increase to the bureau’s Current Appropriation Level (CAL) target. The CAL target was increased for the FY 2013-14 budget year as directed.

The other notes were complied with as follows:

- **Grounds Keeping Services for Schools:** The bureau met with the school districts within Portland to discuss joint groundskeeping services. Additional meetings are likely, but currently no obvious money saving ideas surfaced. PP&R does have a long-standing history working with Portland Public Schools through a Joint-Use Agreement including ongoing maintenance of ball fields on school property which are made available for community use.
- **Restructuring of Operational Zones:** Several bureaus were directed to review and potentially align operational zones. The bureau did not report on this note during the Fall, but according to the bureau write-up in the Spring, BPS began to explore opportunities for alignment with several of the affected bureaus but ran into fundamental obstacles. This initiative was tabled.

Performance Reporting

In addition to the bureau’s reporting in the Fall BMP submittal, PP&R produces a more robust performance report. This report was released shortly after the submittal and contains a number of measures not included as well as narrative related to the various program areas. For the most part, indicators are improving or remaining constant. In several cases, the bureau is witnessing a declining trend. These measures include:

- **Facility Condition Index:** This index has been steadily trending toward less good condition over the last five years. This is partly due to the increased number of assets reported on and as more and better inspection data is gathered. While the number may better reflect the condition, the trend of the indicator likely overstates the change in the state of the assets.
- **Percentage of maintenance that is preventive:** This measure declined to 50% from 53% in FY 2011-12 and from 58% in FY 2010-11. The decline is interesting in that it happened in a year in which the total number of hours spent on workorders went up. CBO and Parks will continue to explore this dynamic.
- **Percentage of residents who feel the quality of instruction, coaching and leadership within City recreation programs is good or very good:** This metric dropped from 63% in FY 2011-12 to 61% in FY 2012-13. The bureau has highlighted this as an area for improvement going forward and has set an aspirational target of 70%. The implementation of a redesigned approach to recreation programming (i.e. Recreation Revolution) is underway and is intended to improve the quality and consistency of recreation programs across the bureau. PP&R expects that this implementation will positively impact this measure going forward.
- **Acres of invasive weeds treated:** This measure, while it declined from 2,861 to 2,321 acres from FY 2011-12 to FY 2012-13, beat the target of 2,000. CBO will discuss the possibility of increasing the target for FY 2014-15 as the bureau has exceeded it in each of the last five years. This

volatility of this metric is driven by the type of intervention which is in turn dictated by the condition of the property. It might be useful to break this measure up to reflect the acreage by intervention (i. e. Protect the Best, revegetation, etc.). Such a split would better capture the outputs of the different services.

- **Grant and donation revenue as a percentage of expenditures:** This metric declined from 4.0% to 3.6% and missed the aspirational target of 10%. This figure tends to be rather volatile for two reasons: a) it reflects the resources raised by the Portland Parks Foundation only when they are transferred to the bureau for program or project work. Other sources include donation and endowment spending, and b) it is greatly impacted by specific state and federal grant awards.
- **Worker compensation claims per 100 workers:** While this measure moved up from 7.3 to 7.4, it is still lower than the prior three years which averaged over 8. The bureau target is set at 7. Meeting this target will be challenging moving forward with a reduction to staffing in the safety program as part of the FY 2013-14 budget.

Public Utilities Service Area

Portland Water Bureau

Summary

The bureau underspent both its operating and capital budget in FY 2012-13. Savings were primarily used to offset lower-than-planned water sales or carried over for future requirements. Due to a delays and other factors, the bureau completed approximately only 80% of its capital plan in FY 2012-13. As part of the FY 2013-14 Fall BMP, the bureau carried over unspent funds from its FY 2012-13 capital budget by increasing the budgets of several capital programs.

Budget-to-Actuals

Water Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	66,585,473	66,585,473	-	100.0%
Charges for Services	136,097,583	137,596,583	(1,499,000)	101.1%
Intergovernmental Revenues	1,476,000	1,245,515	230,486	84.4%
Interagency Revenue	4,160,583	3,776,243	384,340	90.8%
Fund Transfers - Revenue	141,866,456	128,971,282	12,895,174	90.9%
Bond and Note	433,817	147,336	286,481	34.0%
Miscellaneous	1,985,709	1,914,691	71,018	96.4%
Total Resources	352,605,621	340,237,123	12,368,499	96.5%
Requirements				
Personnel Services	63,430,368	57,871,388	5,558,980	91.2%
External Materials and Services	26,966,036	24,209,035	2,757,001	89.8%
Internal Materials and Services	21,539,726	20,620,953	918,773	95.7%
Capital Outlay	101,649,274	95,575,543	6,073,731	94.0%
Bond Expenses	4,158,037	4,081,983	76,054	98.2%
Fund Transfers - Expense	67,392,116	66,359,089	1,033,027	98.5%
Ending Balance/Contingency	67,470,064	71,519,133	(4,049,069)	106.0%
Total Requirements	352,605,621	340,237,123	12,368,498	96.5%

Both capital and operating costs are recorded within the bureau's Water Operating Fund; however, the table the table below shows budget to actual variance for three major cost objects of the bureau's operating budget. (Please see Capital section for discussion of the bureau's capital budget.)

	2012-13 Adopted	FY 2012-13 Revised	FY 2012-13 Actual
PERSONNEL	47,016,959	47,016,959	42,944,267
EMS	22,888,534	22,805,335	17,514,901
IMS	16,404,378	16,551,888	15,260,207
	86,309,871	86,374,182	75,719,375

The bureau underspent its budget by \$10.7 million within the major cost objects of the operating budget.

Personnel Services. Operating personnel service costs of \$43.0 million were \$4.0 million less than the bureau's revised budget of \$47.0 million. Personnel service underspending primarily result from positions that bureau held vacant and eliminated as part of the FY 2013-14 budget process. The bureau used the vacancy savings to offset the lower-than-budgeted water sales revenues in FY 2012-13. In total, the bureau held an average of 50 FTEs vacant, and 25 positions were eliminated from the bureau's budget.

External Materials and Services. The bureau underspent EMS in its operating budget by \$5.3 million. EMS underspending was particularly significant in the following divisions:

- \$0.8 million – Administration
- \$0.7 million – Customer Service
- \$0.7 million – Maintenance and Construction Services
- \$3.0 million – Operations

In addition to using the savings to compensate for lower-than-budgeted water sale revenues, the bureau transferred savings of \$10.0 million to the rate stabilization account in order to limit future year rate increases.

Additional operational underspending of \$3.3 million will be budgeted in contingency of the Water Fund, which the bureau may be used to cover unexpected costs in FY 2013-14, offset lower-than-budgeted water sale revenues, or lessen the rate requirements in FY 2014-15.

Water Sale Revenues. Water sales were \$2.9 million less than budget, or 2.2%, in FY 2012-13: the bureau budgeted \$130.9 million but collected \$128.0 million. To address this trend in declining sales, the bureau has adjusted future year rate forecasts. Specifically, the bureau included an additional rate increase of 1.5% in FY 2013-14 budget and the bureau plans to increase rates by an additional 1.5% in FY 2014-15 and 0.8% in FY 2015-16, after which the bureau does not anticipate needing to increase rates due to lower retail demand. As noted in previous CBO analyses, water sales have

declined - likely due to efficiencies in water use due to plumbing code revisions, consumer conservation efforts, and other economic factors.

Anticipating the decreasing demand projections and corresponding revenue shortfall, bureau managers and supervisors were directed by the Bureau Director to reduce spending by 5% of budget. This directive resulted in EMS underspending and ultimately allowed actual revenues to more closely match actual requirements.

Charges for Service. The bureau charges for other permitting and construction services, both residential and commercial, for which the fee amount is based upon cost of service. The bureau realized more revenues than budgeted in other charges for service, notably:

- \$2.0 million budgeted in services; \$4.8 million received
- \$400,000 budgeted for petition mains; \$1.1 million received
- \$320,000 budget for engineering permit fees; \$665,000 received

In total, this resulted in \$5.3 million more revenues than budgeted in FY 2012-13.

Water Construction Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balanc	9,364,480	9,364,480	-	100.0%
Charges for Services	1,250,000	2,544,975	(1,294,975)	203.6%
Fund Transfers - Revenue	26,186,865	26,186,865	-	100.0%
Bond and Note	198,211,000	237,883,994	(39,672,994)	120.0%
Miscellaneous	182,518	412,993	(230,475)	226.3%
Total Resources	235,194,863	276,393,307	(41,198,444)	117.5%
Requirements				
Fund Transfers - Expense	141,159,296	128,311,178	12,848,118	90.9%
Contingency	36,152,099	36,152,099	-	100.0%
Unappropriated Fund Balance	57,883,468	111,930,030	(54,046,562)	193.4%
Total Requirements	235,194,863	276,393,307	(41,198,444)	117.5%

The bureau increased the 2013 bond issuance by \$39.6 million to a total of \$243.3 million in order to extend the period between the next bond sale by five months. This issuance will also refund approximately \$100 million in existing bonds and provide cash to finance upcoming capital projects. Correspondingly, the unappropriated fund balance increase by \$39.6 million.

Water Bond Sinking Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balanc	15,965,653	15,965,653	-	100.0%
Fund Transfers - Revenue	36,979,708	36,001,395	978,313	97.4%
Bond and Note	15,874,000	129,778,178	(113,904,178)	817.6%
Miscellaneous	60,374	107,034	(46,660)	177.3%
Total Resources	68,879,735	181,852,260	(112,972,525)	264.0%
Requirements				
Bond Expenses	37,040,082	150,329,464	(113,289,382)	405.9%
Unappropriated Fund Balance	31,839,653	31,522,796	316,857	99.0%
Total Requirements	68,879,735	181,852,260	(112,972,525)	264.0%

Please see the above discussion under the Water Construction Fund for explanation of the Bond and Note, and Bond Expenses variances.

Grants Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Intergovernmental Revenues	3,218,212	2,319,282	898,930	72.1%
Total Resources	3,218,212	2,319,282	898,930	72.1%
Requirements				
Personnel Services	990,952	761,355	229,597	76.8%
External Materials and Services	1,759,048	1,159,197	599,852	65.9%
Internal Materials and Services	300,000	237,605	62,395	79.2%
Capital Outlay	168,212	161,126	7,086	95.8%
Total Requirements	3,218,212	2,319,282	898,930	72.1%

Hydroelectric Power Division

Hydroelectric Power Operating Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balanc	359,200	381,906	(22,706)	106.3%
Interagency Revenue	68,500	48,966	19,534	71.5%
Fund Transfers - Revenue	125,665	29,649	96,016	23.6%
Miscellaneous	921,100	962,028	(40,928)	104.4%
Total Resources	1,474,465	1,422,549	51,916	96.5%
Requirements				
Personnel Services	279,255	253,383	25,872	90.7%
External Materials and Services	378,400	147,431	230,969	39.0%
Internal Materials and Services	220,673	188,298	32,375	85.3%
Bond Expenses	17,185	16,698	487	97.2%
Fund Transfers - Expense	534,718	534,718	-	100.0%
Ending Balance/Contingency	44,234	282,021	(237,787)	637.6%
Total Requirements	1,474,465	1,422,549	51,916	96.5%

Miscellaneous. Miscellaneous revenues were \$40,000 more than budgeted due to an increase in the Portland Hydroelectric Project's reconciliation payment from PGE for power sales.

External Materials and Services. In the FY 2012-13 Fall BMP, the bureau's Hydroelectric Power division transferred \$175,000, from contingency to EMS in order to fund the division's portion of the potential costs for diesel spill remediation work. The bureau's portion of the costs was approximately \$75,000 less than the original, conservative estimate. These savings, combined with lesser costs for repair projects, result in underspending of \$230,000 within EMS.

Hydroelectric Power Bond Redemption Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balanc	4,432,710	4,454,948	(22,238)	100.5%
Miscellaneous	2,736,337	2,762,506	(26,169)	101.0%
Total Resources	7,169,047	7,217,454	(48,407)	100.7%
Requirements				
Bond Expenses	2,696,058	2,696,057	1	100.0%
Unappropriated Fund Balance	4,472,989	4,521,397	(48,408)	101.1%
Total Requirements	7,169,047	7,217,454	(48,407)	100.7%

Hydroelectric Power Renewal & Replacement Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balanc	9,686,500	9,744,787	(58,287)	100.6%
Miscellaneous	347,340	388,604	(41,264)	111.9%
Total Resources	10,033,840	10,133,391	(99,551)	101.0%
Requirements				
Fund Transfers - Expense	125,000	28,984	96,016	23.2%
Ending Balance/Contingency	9,908,840	10,104,407	(195,567)	102.0%
Total Requirements	10,033,840	10,133,391	(99,551)	101.0%

Capital

Due to a delays and other factors, the bureau completed approximately only 80% of its capital plan in FY 2012-13, as estimated by the bureau in its performance measures. Notably, total project costs have not changed, thus not resulting in any net increases to the bureau's capital costs.

Water Bureau Capital Budget Changes: FY 2012-13 to FY 2013-14 (as of November 2014)¹

	FY 2012-13 Adopted	FY 2012-13 Revised	FY 2013-14 Adopted	FY 2013-14 Revised	Net Budget Change
Supply	1,030,000	970,000	879,000	879,000	(60,000)
Transmission/ Terminal Storage	58,750,000	60,350,000	66,600,000	68,335,000	3,335,000
Treatment	100,000	300,000	2,500,000	2,560,000	260,000
Distribution	45,590,000	41,548,212	42,886,600	41,176,600	(5,751,788)
Regulatory Compliance	22,800,000	21,350,000	7,737,000	12,907,000	3,720,000
Support	1,500,000	1,500,000	1,500,000	1,500,000	-
Customer Service	6,100,000	4,400,000	1,807,000	3,607,000	100,000
Total	135,870,000	130,418,212	123,909,600	130,964,600	1,603,212

The table above illustrates how the bureau has adjusted its capital program budget over the past year. The Net Budget Changes column highlights how the bureau reallocated funds that were carried over from FY 2012-13 to FY 2013-14. For example, the bureau decreased the Regulatory Compliance budget by \$1.5 million in FY 2012-13, but as part of the FY 2013-14 Fall BMP, the bureau increased the Regulatory Compliance budget by \$5.2 million, resulting in a net increase of \$3.7 million. As the table above illustrates, the bureau budgeted significantly less in the Distribution capital budget but significantly increased the capital budget in Regulatory Compliance and Transmission/Terminal Storage. Overall, the bureau has increased the capital budget by \$1.6 million more in FY 2013-14 than the bureau decreased the capital budget in FY 2012-13.

Notably, the bureau underspent its revised capital budget of \$130.4 million by \$8.4 for a total of \$122 million. And so while the FY 2013-14 capital budget increased by \$1.6 million compared to FY 2012-13, the bureau will have sufficient funding because of prior year savings.

¹ To note: the table above includes the costs/budget for projects reimbursed by other City bureaus but does not include the budget and costs of fleet vehicles, equipment and non-capital engineering, totaling approximately \$5 million.

Below are descriptions of changes to specific projects noted by CBO:

- Dam 2 Tower. The delay in fabrication of the steel components for the Dam 2 Tower project shifted budget into FY 2013-14. The project, mandated by the Habitat Conservation Plan, has a total project cost of \$36.4 million – \$3.5 million less than the initial cost estimate of \$40.1 million.
- Kelly Butte Reservoir. Due to the Oregon Health Authorities denial of LT2 compliance delay, the bureau has shortened the project timeline in the current year in order to comply with the approved compliance schedule. In June 2013, the bureau increased total project costs by \$2 million to a new total of \$80.1 million, primarily due to the updated schedule.
- Interstate Facility. Due to delays caused by contracting process changes and onsite decontamination work, the project budget was decreased \$8.8 million in FY 2012-13.
- Fulton Pump Station. Complexity to the project design and changes to the City's procurement process, the bureau decreased the project budget in FY 2012-13 and FY 2013-14 by a combined amount \$2.4 million, shifting project costs to the next two fiscal years. Project costs also increased in the past two fiscal years, increasing from the initial cost estimate of \$11.7 million to the current estimate of \$15.0 million.
- Washington Park Reservoir. Following from the Basis of Design Report, the total project costs increased from \$61.1 million to \$76.3 million. FY 2012-13 project costs exceed budget by \$516,000 and correspondingly, as part of the Fall BMP the bureau increased the FY 2013-14 project costs by \$2.7 million to a total of \$5.7 million

Decision Package Implementation

In FY 2012-13, the bureau implemented the LT2 Variance Monitoring program, which included the addition of 5.0 FTE, in addition to \$400,000 for the purchase of monitoring equipment and \$660,500 for outside laboratory research and analysis. The bureau has hired for all five positions and completed portions of work on the four station upgrades that will be used for collecting samples. Completion of the remaining station upgrades will be completed in FY 2013-14. The monitoring program has had no detections of *Cryptosporidium*.

The bureau also began a soft rollout for the monthly billing project with only a few thousand customers in October 2013, but requires further services by the Revenue Bureau to develop the monthly statement. Full implementation of the monthly billing project will be determined after testing that occurs during the soft rollout.

Budget Notes

Two budget notes were directed at the bureau in the FY 2012-13 budget.

- Portland Loos. Council directed the Water Bureau to transfer responsibility of operations and maintenance of the Portland Loos from the Water Bureau to the Bureau of Environmental

Services. The Loos remain a Water Bureau asset, but are entirely operated and maintained by the Bureau of Environmental Services.

- Enterprise Bureau Vacancies and Rates. Council directed that vacancy can be used to offset lower than planned water sales. As noted in the fund reconciliation section, Water sales were \$2.9 million less than budget, or 2.2%, in FY 2012-13. Personnel savings, primarily through vacancies, resulted in \$4.0 million underspending in the operating budget, which sufficiently cover the lower than planned water sales.

Performance Reporting

The bureau's performance measures indicate that the bureau continues to collect sufficient revenues in order to achieve the debt service coverage ratio targets on both the bureau's first and second lien bonds; correspondingly, the bureau reports that it maintained its Aaa bond rating in FY 2012-13. Notably, the bureau has achieved all three of these financial targets in the previous years, suggesting two points: first, credit rating agencies affirmed the bureau's financial condition, and second, in order to provide more nuanced measure of the bureau's financial performance, the CBO will work with the bureau (and other City bureaus) to refine the financial performance measures.

Below is a discussion of two other bureau performance measures.

Percent of customer calls answered within 60 seconds. The bureau's customer services division answered 55% of customer call within 60 seconds, which is significantly below its target of 80% but slightly better compared to past years. The 80% target is based upon industry benchmarks, but over the five years, the bureau has answered approximately 50% calls within 60 seconds. Factors that cause the bureau to miss this target are an insufficient number of call -takers, resulting from prior year budget limitations, and a corresponding increase in the number of calls received by the call center. Before considering whether additional resources should be allocated towards restoring call-takers, CBO recommends further analysis aimed at identifying solutions that reduce the number of calls.

Percent of customer accounts paid electronically. The percent of accounts paid electronically, in contrast to paying by phone or check, has significantly increased over the past three years. In FY 2008-09, 35% of customers paid electronically, whereas 59% of customers paid electronically in FY 2012-13. Concurrent to an increase in electronic payments, the bureau has also implemented an automated voice payment system. Though used by far fewer customers, the system supports the bureau strategies of increasing collections and accessibility through alternative payment methods.

As the trend towards electronic payments continues, the bureau may want to consider how to best capture the efficiencies generated through electronic payments.

Bureau of Environmental Services

Summary

In FY 2012-13, rate revenues began the year below projections. This is attributed to lower volume and lower strength commercial billings, which could relate to both economic activity and business conservation practices. The bureau adjusted its budget and revenues increased by year end. The Rate Stabilization Fund is now below target reserves, having been built up prior to the Combined Sewer Overflow project expenditures and spent down during that project's construction. Budgeted transfers to this fund during FY 2012-13 were not realized due to low rate revenues; the current year's budget anticipates \$4 million in net revenues to this fund, which will bring the balance back above the target of 8% of operating expenses.

The bureau's FY 2012-13 capital program was budgeted at \$93 million. Year end spending was \$15.9 million below this amount; delayed projects have moved into the current year budget. A planned \$208 million bond issuance was delayed until September of this year.

FY 2012-13 decision packages eliminated or held vacant 11 positions. Those positions held vacant were eliminated in the current year. No lay-offs were required, and the bureau reports no adverse impacts. Reductions across the bureau's seven divisions varied from 0.9% (Administrative Services) to 15.1% (Healthy Working Rivers). The most significant cut to materials and services was \$638,000 from the Ecoroof program, a component of the Grey to Green initiative. That cut eliminated funding for additional ecoroof incentives (equivalent to roughly 291 square feet of ecoroofs).

Budget-to-Actuals

Sewer System Operating Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	52,200,000	42,132,215	10,067,785	80.7%
Licenses & Permits	1,155,000	1,405,704	(250,704)	121.7%
Charges for Services	272,695,319	274,309,256	(1,613,937)	100.6%
Intergovernmental Revenues	837,500	758,091	79,410	90.5%
Interagency Revenue	3,199,747	3,390,534	(190,787)	106.0%
Fund Transfers - Revenue	130,207,130	95,905,072	34,302,058	73.7%
Miscellaneous	650,000	1,324,497	(674,497)	203.8%
Total Resources	460,944,696	419,225,368	41,719,328	90.9%
Requirements				
Personnel Services	57,863,809	57,386,704	477,105	99.2%
External Materials and Services	62,122,034	61,467,080	654,954	98.9%
Internal Materials and Services	42,664,323	42,303,984	360,339	99.2%
Capital Outlay	67,635,008	48,348,795	19,286,213	71.5%
Bond Expenses	2,707,082	2,249,719	457,363	83.1%
Fund Transfers - Expense	169,943,282	156,353,152	13,590,130	92.0%
Contingency	57,809,158	0	57,809,158	0.0%
Unappropriated Fund Balance	200,000	51,115,934	(50,915,934)	25558.0%
Total Requirements	460,944,696	419,225,368	41,719,328	90.9%

The purpose of the Sewer System Operating Fund is to account for revenues and expenses associated with the development, maintenance, and operation of the City's sanitary sewer and storm drainage system. Fund resources include sewer and drainage charges, wholesale contract revenues from other governmental jurisdictions, reimbursements for services provided to other bureaus, and reimbursements from the Sewer System Construction Fund for capital expenses.

Fund activity was 9% (\$41.7 million) below budget. Beginning fund balance was \$10 million below the initial estimate; revenue from fund transfers was \$34 million below budget. This is due to 1) CIP delays – also reflected in capital outlays \$19 million below budget – that reduced Construction Fund transfers, and 2) reduced transfers required from the Rate Stabilization Fund to meet the 1.3 debt coverage ratio minimum.

Rates are the fund's biggest resource and appear within the Charges for Services category. The FY 2012-13 Revised Budget is \$4.6 million lower than the Adopted Budget

in this budget category, indicating the lower than expected rate revenue the bureau realized in fall 2012. Among the drivers of this change were Siltronics cutting production of one line (\$1 million reduction in rate revenue) and generally lower volume commercial billings, which relate to both volume (\$1 million below projection) and strength (\$3.3 million below projection). These drivers could relate both to economic activity and business resource conservation practices. Revenue increased in the spring and ended the year 1% above the revised budget.

Interagency revenue varies annually. In FY 2012-13 this revenue was driven by Water Bureau capital projects to which BES staff provide support. Licenses and permits include environmental reviews and industrial waste discharge permits.

Fund Transfer Expense is the largest fund requirement. The bureau maintains a 1.30 debt service coverage ratio, which is applied to net operating income: after operating expenses are paid, rate revenues must be 30% higher than debt service costs. That 30% excess (in FY 2012-13, roughly \$44 million) must be spent on non-operating items, such as Utility License Fees (\$12.8M), and contributions to the Capital Fund. The bulk of the Fund Transfer Expense was directed to the Debt Redemption Fund (\$148.3 million, the debt service payment for FY 2012-13). Planned transfers to the Construction Fund (\$12.5 million) and the Rate Stabilization Fund (\$5 million) did not occur because rate revenues were down.

This fund has a reserve target of 10% of operating expenditures. Of this, 8% is housed in the Rate Stabilization Fund. The ending fund balance is historically much larger than the 2% reserve target, due to a quarterly billing system that results in a year end with considerable receivables (services billed but not collected) and accruals (services provided but not yet billed).

Sewer System Rate Stabilization Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	12,300,000	12,356,845	(56,845)	100.5%
Miscellaneous	50,000	57,615	(7,615)	115.2%
Total Resources	12,350,000	12,414,460	(64,460)	100.5%
Requirements				
Fund Transfers - Expense	12,000,000	5,700,000	6,300,000	47.5%
Contingency	350,000		350,000	0.0%
Ending Fund Balance		6,714,460	(6,714,460)	NA
Total Requirements	12,350,000	12,414,460	(64,460)	100.5%

The Sewer System Rate Stabilization Fund was created in 1987 to enable the Bureau of Environmental Services to smooth the forecasted rate increases by managing fluctuations in sewer system revenues over several years. To calculate debt service coverage ratios, the bureau's master bond ordinance requires that transfers from Sewer System Operating Fund to this fund are treated as operating expenditures; similarly, transfers to the Operating Fund from this fund are treated as operating revenues.

Approximately \$72 million in rate revenue was transferred to this fund between FY 2002-03 through FY 2007-08, in anticipation of steep rate increases required by financing the CSO. This balance was drawn down through FY 2012-13 to lower annual rate increases in those years. The fund's 8% reserve target (for operating expenses) was roughly \$9 million in FY 2012-13. The Revised Budget reflects the bureau's decision to have the flexibility to transfer out all available funds to ensure debt service coverage ratios were achieved, and draw down this reserve account. Because rate revenues increased in the later part of the year, only half of the maximum possible transfer was required.

At year end, the Rate Stabilization Fund was below the bureau's policy target for operating reserve. The current year Adopted Budget anticipates \$4 million in net revenues to this fund, which will bring the balance back above the target of 8% of operating expenses.

Environmental Remediation Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	4,107,500	4,040,948	66,552	98.4%
Charges for Services	4,304,622	3,648,843	655,779	84.8%
Interagency Revenue	388,500	410,006	(21,506)	105.5%
Fund Transfers - Revenue	702	702	-	100.0%
Bond and Note	295,000	295,000	-	100.0%
Miscellaneous	34,000	28,652	5,349	84.3%
Total Resources	9,130,324	8,424,151	706,173	92.3%
Requirements				
Personnel Services	434,250	344,242	90,008	79.3%
External Materials and Services	2,867,609	1,924,234	943,376	67.1%
Internal Materials and Services	888,461	811,436	77,025	91.3%
Bond Expenses	1,006	978	28	97.2%
Fund Transfers - Expense	1,824,968	1,824,905	63	100.0%
Contingency	3,114,030	0	3,114,030	0.0%
Ending Fund Balance	0	3,518,357	(3,518,357)	NA
Total Requirements	9,130,324	8,424,151	706,173	92.3%

This fund established by City Council in FY 1993-94 to provide funding to remediate a former solid waste disposal site for which the City was liable. The fund was later transitioned to account for the City's participation in the Portland Harbor Superfund Investigation.

The fund's Charges for Services appear as a Portland Harbor Superfund line item on Water/BES billings, which ended the year 15% (\$0.6 million) below budget. This was offset by lower than budgeted materials purchases. Fund transfer expenses were one time and include \$750,000 to support Parks Bureau removal of contaminated soil from a South Waterfront parks site, and a transfer to the Sewer Operating Fund to true-up this fund's contribution to payment of the bureau's Utility License Fee in prior years.

Sewer System Debt Redemption Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	30,850,000	30,808,101	41,899	99.9%
Fund Transfers - Revenue	149,350,000	148,259,870	1,090,130	99.3%
Miscellaneous	150,000	148,633	1,368	99.1%
Total Resources	180,350,000	179,216,604	1,133,397	99.4%
Requirements				
Bond Expenses	148,473,134	148,451,237	21,897	100.0%
Unappropriated Fund Balance	31,876,866	30,765,366	1,111,500	96.5%
Total Requirements	180,350,000	179,216,603	1,133,397	99.4%

The Sewer System Debt Redemption Fund pays the principal and interest on revenue bonds, notes, and state loans issued to finance sewer system improvements.

This fund performed as expected. The Revised Budget reflects a budget reduction of \$17 million in Bond and Note Proceeds revenues. This revenue was associated with the \$208 million bond sale that was deferred. Since 2010, the bond market requires that all bond sales fund a cash reserve of one year of debt service payment. For BES, this requirement correspondingly increases the size of the bond sale. This portion of the bond sale is placed in the Debt Redemption Fund; the remainder of the proceeds are placed in the Construction Fund.

Sewer System Construction Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	12,500,000	15,286,981	(2,786,981)	122.3%
Charges for Services	550,000	808,086	(258,086)	146.9%
Fund Transfers - Revenue	12,841,749	341,749	12,500,000	2.7%
Bond and Note	95,000,000	78,617,308	16,382,692	82.8%
Miscellaneous	500,000	638,035	(138,035)	127.6%
Total Resources	121,391,749	95,692,159	25,699,590	78.8%
Requirements				
Bond Expenses	170,000	111,272	58,728	65.5%
Fund Transfers - Expense	117,000,000	88,998,005	28,001,995	76.1%
Contingency	4,221,749	0	4,221,749	0.0%
Ending Fund Balance	0	6,582,881	(6,582,881)	
Total Requirements	121,391,749	95,692,159	25,699,590	78.8%

The Sewer System Construction Fund receives revenues to fund sewer system capital projects. Direct expenditures for capital projects are budgeted within the Sewer System Operating Fund and reimbursed by the Sewer System Construction Fund. The primary resources for the capital program are proceeds from the sale of sewer system revenue bonds, transfers from the Sewer System Operating Fund for cash financing of capital improvements, and line and branch charges from new sewer connections.

The Revised Budget reflects the delay of an \$208 million bond sale into the current fiscal year, and a \$95 million line of credit taken out in October 2012 (83% of which was drawn during FY 2012-13).

Funds are transferred to the Sewer Operating Fund as CIP expenditures require. Lower Fund Transfer Expense (by \$28 million) reflects CIP delays. This fund also receives Fund Transfer Revenue when rate revenues allow. Due to lower than projected rate revenue (between the Adopted Budget and the year end actual), only \$0.3 million of the initially projected \$12.8 million was transferred (from LID Construction fund and from BTS).

Grants Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Intergovernmental Revenues	2,108,558	1,909,994	198,564	90.6%
Total Resources	2,108,558	1,909,994	198,564	90.6%
Requirements				
Personnel Services	478,487	391,779	86,708	81.9%
External Materials and Services	954,974	860,949	94,025	90.2%
Internal Materials and Services	142,828	115,737	27,091	81.0%
Capital Outlay	532,269	534,611	(2,342)	100.4%
Total Requirements	2,108,558	1,903,075	205,483	90.3%

BES recognized revenue associated with 10 grants for which the bureau was the lead in FY 2012-13. These include an EPA Innovate Wet Weather grant, three grants supporting culvert replacement along Crystal Springs (Metro, East Multnomah Soil and Water Conservation District, and USFW), two grants for revegetation (Metro and East Multnomah Soil and Water Conservation District), and four grants for Brownfield assessment and clean up. Most of these grants extend into the current fiscal year.

Capital

In FY 2012-13, BES budgeted a total of 58 capital projects with \$93 million in associated expenditures. Overall capital project spending was 15% (\$16.9 million) below revised budget. These expenses have moved to FY 2013-14. The most significant CIP program variances occurred in:

- Maintenance and Reliability: 24% (\$11.6 million) below budget
 - Components of the Tabor to the River sewer basin improvements were delayed (pipe upsizing and replacement) due to delays in PBOT's Division St updates and the Clinton-Caruthers detour.
 - Two small diameter pipe rehabilitation projects at multiple locations have billed slower than was anticipated. As of November 2013, this work is largely complete.
 - Several phase 2 pipe rehabilitation projects have moved into construction slower than anticipated. This \$123 million project is expected to extend through FY 2018-19. As of November 2013, the work originally budgeted in FY 2012-13 is largely complete.
- Surface Water Management: 21% (\$3.6 million) below budget
 - Culvert replacement at NE 33rd was delayed.
 - Underground Injection Control investments were delayed due to DEQ changes to program requirements. BES is assessing its UIC assets to determine which will require additional investment. This work is driven by a regulatory deadline.
 - Portland Harbor Natural Resource Damage Assessment expenditures were not required, as a negotiation was not reached. This has been removed from the bureau's five year CIP.
- Systems Development: 30% (\$1.4 million) below budget
 - South Airport 4 Pump Station construction activity was below estimate.

Decision Package Implementation

The FY 2012-13 Adopted Budget included \$3.6 million in reductions in order to implement a 5.4% rate increase. Decisions included 11 FTE reductions.

Much of the reductions were described within two large decision packages: Programmatic Reductions (\$2.3 million) and Vacancy Savings (adjusted to \$467,436). In the following table, these packages have been allocated to bureau programs, and between salary (staff) and other expenses.

Additional reductions derived from citywide budget direction to freeze merit increases and reduce COLA increases for non represented employees, and decreased internal service bureau charges. These reductions have not been allocated to the bureau's programs in the table below.

	Reduction Packages			Adopted	Percent Reduction
	Salary	Non Salary	Total	Bureau Expenses	
Reductions by Program					
Administrative Services	250,902	79,930	330,832	3,6484,524	0.9%
Watershed Services	79,956	909,462	989,418	12,326,009	7.4%
Engineering Services	257,088	72,500	329,588	107,572,459	0.4%
Healthy Working Rivers	75,564	35,000	110,564	622,455	15.1%
Pollution Prevention Services	190,200	146,548	336,748	9,185,902	3.5%
Portland Harbor	119,046	35,000	154,046	3,880,345	3.8%
Wastewater Services	218,866	333,438	552,304	5,0168,675	1.1%
	1,191,622	1,611,878	2,751,050	220,240,369	1.3%
Citywide Reductions					
Merit freeze	98,620		98,620		
COLA reduction	214,000		214,000		
Technical adjustments		128,596	128,596		
OMF IA Adjustments		415,763	415,763		
	312,620	544,359	856,979		
Adds: Portland Loos	-	(60,000)	(60,000)		
Total Reductions	1,504,242	2,096,237	3,600,479		

Staff eliminations included:

Administrative Services

- Principal Financial Analyst (Director's Office, Environmental Policy program): 1.00 FTE
- Accountant I (Financial Services): held vacant, eliminated in FY 2013-14. 0 FTE in FY 2012-13
- Administrative Assistant, Sr (revenue programs): 0.50 FTE

Watershed Services

- Management Analyst, Sr (Grey to Green): 0.50 FTE
- Administrative Specialist, Sr (Sustainable Stormwater): 0.50 FTE

Engineering Services

- Chief Engineer: 1.00 FTE operating
- CAD Technician II: 1.00 FTE CIP
- Engineering Associate, Sr: 1.00 FTE operating
- Engineering Technician I: 0.25 FTE CIP, 0.25 FTE operating
- Capital Project Manager I: 1.00 FTE CIP

Healthy Working Rivers

- Office Support Specialist II: 1.00 FTE

Pollution Prevention Services

- Environmental Program Manager (held vacant, eliminated in FY 2013-14): 0 FTE in 12-13
- Environmental Technician I: 1.00 FTE

Portland Harbor program

- Portland Harbor Superfund Administrator: 1.00 FTE

Wastewater Services

- Engineering Technician II: 1.00 FTE
- Electrician/Instrument Technician (held vacant, eliminated in FY 2013-14). 0 FTE in 12-13

No employees were laid off as a result of positions held vacant or eliminated, and BES did not report adverse impacts resulting from staffing reductions.

Nonsalary reductions were widely distributed and averaged \$40,000 each. One notable exception is the ecoroof incentive program reduction within the Grey to Green initiative (Watershed Services) of \$637,512. The program provided a \$5 incentive for each square foot of ecoroof developed, with an initial aspirational target to develop 43 acres of ecoroofs. The program launched in 2008, with the expectation that investment would ramp up over time. However, program launch coincided with the downturn in local construction activity. Program management describe the program as over time having improved its ability to target potential participants and properties to meet stormwater system needs. This decision package preserved funds for signed contracts (which provide two years for construction to occur), but eliminated funds for any further incentives. The estimated impact was a reduction of 291 square feet of potential new ecoroofs and 2.4 million gallons of stormwater not diverted.

Budget Notes

The Portland Water Bureau will transfer all Portland Loos' assets and maintenance responsibilities to BES effective July 1, 2012. The maintenance responsibilities on seven facilities is estimated at \$105,000 to maintain and \$14,000 for annual repairs. Bureau budget reductions to absorb this additional cost were funding decreases for interns and services from central facilities regarding security and project management.

The Water Bureau maintains ownership of this asset, according to a second FY 2013-14 budget note on this topic in which Council rescinded the order for Water Bureau to transfer ownership of the Loo assets to BES. BES continues to manage the program and maintenance six Loos at a cost just under \$100,000 annually. BES does not maintain a seventh loo at the Fields Park, which is owned and maintained by Portland Parks and

Recreation. The program has also sold and delivered two units to Canada and is in discussion to sell three additional units outside of the state.

Performance Reporting

- **Cumulative feet of streambank restored.** This is a new measure that the bureau plans to transition to annual rather than cumulative. Actual results were 7% higher than the target at 455,978. This activity occurs through revegetation programs, watershed services restoration projects, and community efforts funded by BES grants.
- **Participants in projects supported by the Stewardship Program.** Results were 12% above target (10,634 participants). Programs are offered by nonprofits receiving pass through dollars via Watershed Services. Program dollars and activities vary significantly annually. Programs are intended to empower the community to engage in watershed improvements, education and monitoring.
- **Annual wastewater processed in million gallons.** This is a workload measure that ended the year 6% below target. The bureau anticipated processing 30.4 billion gallons of water during the year and processed 1.48 billion fewer gallons. The difference is due to lower rainfall during FY 2012-13, which comprises the bulk of wastewater volume.
- **Cost per million gallons per day to operate and maintain the treatment plant.** This measure was 3% above target, also attributed to lower rainfall volume in FY 2012-13. If costs remain steady and water volume decreases, operating cost per gallon will increase.
- **Percent of biochemical oxygen demand (BOD) removed.** The bureau's 85% target is established by its EPA permit for discharging into the Columbia River. Biochemical oxygen demand is generated by contaminants that deplete water of oxygen, thereby reducing habitat conditions for fish. The bureau exceeded this target by 14% (97% of BOD removed).
- **Percent of pipe identified as highest repair/replacement priority incorporated in funded CIP.** The bureau achieved its target of 99%.
- **Number of trees planted.** The bureau was within 0.5% of its target of 41,400 trees. BES plants trees via its community watershed stewardship program and through a contract with SOLV, a Parks IGA to support a Volunteer Coordinator, and a multi-year contract with Friends of Trees.

Community Development Service Area

Bureau of Development Services

Summary

The Bureau of Development Services (BDS) ended FY 2012-13 with a growth in fund balance primarily due to increased revenues received for permitting, inspection and land use services. Key issues for BDS are staffing levels and succession planning, the Information Technology Advancement Project (ITAP), and retaining appropriate fund reserves.

Staffing & Succession Planning

The bureau has begun to re-staff after three years of staffing reductions. All approved positions from the FY 2012-13 Budget were filled and additional positions were received through the Spring BMP to respond to the increased workload. In addition to restoring positions, the bureau is faced with a workforce where a significant percent are experts in the respective fields and eligible to retire within the next three years. The bureau is working to recruit and train new staff at the same time as the bureau is experiencing increased demands for services.

ITAP

BDS has been planning to replace the current permitting system (TRACS) since FY 2009-10. Key components of the ITAP project will be to bring new technology to the operation, including infield access, an electronic automated system for plan submission and review and permit issuance, and to transition historical bureau data to one centralized location. The schedule and implementation of ITAP have been delayed due to determine the appropriate project scope and securing a funding source. BDS originally planned to issue debt to finance the purchase and implementation. The debt was scheduled for sale in FY 2012-13; however BDS has elected to forgo debt issuance in favor of using internal funding out of the fund reserves. The project officially began in July 2013 with Phase I currently underway to determine the business process mapping and the critical path for meeting the project Go-Live date in the winter of FY 2014-15 (tentative). The project has hired a full-time project manager and reports on issues and progress to the Technology Oversight Committee (TOC) on a monthly basis.

Reserves

BDS has grown the fund reserves back to an amount that is within bureau policies and allows for the Bureau to be flexible in periods of economic downturn. The five year

forecast for fund reserves indicates that BDS will achieve the policy target of 30% of operating expenses. The revenue stream is front loaded and expenses for inspections and other services are incurred after the initial permit revenue is received. As the fund reserves are proposed to fund the ITAP project it will be necessary for BDS to continue forecasting and updating reserve targets in order to ensure that adequate contingency and reserves are in place in the event of unplanned expense or revenue shortfall.

Budget-to-Actuals

Bureau of Development Services Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balanc	6,144,097	10,219,090	(4,074,993)	166.3%
Licenses & Permits	19,748,569	27,676,745	(7,928,176)	140.1%
Charges for Services	7,377,901	11,151,010	(3,773,109)	151.1%
Intergovernmental Revenues	5,000	2,274	2,726	45.5%
Interagency Revenue	1,006,400	955,256	51,144	94.9%
Fund Transfers - Revenue	2,310,211	2,310,211	-	100.0%
Bond and Note	3,026,079	-	3,026,079	0.0%
Miscellaneous	1,707,875	2,333,910	(626,035)	136.7%
Total Resources	41,326,132	54,648,496	(13,322,364)	132.2%
Requirements				
Personnel Services	22,336,292	20,843,836	1,492,456	93.3%
External Materials and Services	3,175,645	1,425,812	1,749,833	44.9%
Internal Materials and Services	7,308,043	6,507,444	800,599	89.0%
Capital Outlay	65,000	8,563	56,437	13.2%
Bond Expenses	897,336	795,904	101,432	88.7%
Fund Transfers - Expense	958,401	958,401	-	100.0%
Contingency	3,143,038		3,143,038	0.0%
Unappropriated Fund Balance	3,442,377	24,108,536	(20,666,159)	700.3%
Total Requirements	41,326,132	54,648,496	7,343,795	132.2%

Resources & Fund Balance

The primary fund resources for the Bureau of Development Services are generated by fees and charges for services. BDS receives a cash transfer from the General Fund that supports Land Use Services and the City's Neighborhood Inspections programs. All other programs are self-sustaining fee based programs. Revenues for permits and charges for services in FY 2012-13 were greater than the budget. As the local economy has continued to recover, there has been greater demand for building permits and

subsequent inspections. As a result of the increased revenue, BDS is forecasting a fund reserve within bureau policy targets of 30%. The projected reserve balance is approximately \$13.8M (135%) greater than the previous fiscal year and the projected FY 2012-13 balance is consistent with pre-recession balances. The reserve exists to mitigate revenue down-turns and provide stabilization during slower economic times. At present, BDS is pursuing a cash financing option for the ITAP software project and for this reason there were no bond and note proceeds to record in FY 2012-13. All other revenue sources were within reasonable variances.

Requirements

BDS spent 88% of appropriation (not including Bureau Contingency). Underspending is primarily due to the delayed start of the ITAP project. The project will be carried forward into FY 2013-14 as the primary vendor contracts are now in place. Positions that were requested in the budget and in the BMP’s have been filled and this has contributed to underspending in the personnel services category. The interagency agreement with CityFleet ended the year with \$280,000 in equipment purchases that were not received. The sedans are on order and will be received in FY 2013-14.

Grant Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Intergovernmental Revenues	16,000	8,215	7,785	51.3%
Total Resources	16,000	8,215	7,785	51.3%
Requirements				
Personnel Services	10,000	5,941	4,059	59.4%
External Materials and Services	6,000	2,274	3,726	37.9%
Total Requirements	16,000	8,215	7,785	51.3%

BDS is a partial recipient of a grant for the Milwaukie to Portland Light rail Project. During FY 2012-13 BDS did not incur as many grant reimbursable expenses as budgeted.

Capital

BDS has been in the process of procuring and implementing a new permitting software program referred to as ITAP. The total project is estimated in the range of \$11.5-\$11.9 million. This project will replace the bureaus aging permit software (TRACs) and the timeline for completion is in 2015. The TRACs software is past its useful life, vendor support will be discontinued and BDS requires a more robust technology to meet the business needs of the bureau and the development community. The timeline for the

project has been reset and at the end of FY 2012-13 contracts were secured for the purchase and implementation.

BDS has determined that the project will be cash financed out of reserves as opposed to issuing debt. The advantage to this approach is to not incur the costs associated with the bond issuance or to pay the interest rate on the note for the coming years. By not incurring these expenses, the bureau should be able to rebuild the reserve balances in the coming years. Ongoing maintenance and operation costs for ITAP are accounted for in subsequent expense forecasting models for the 5-year outlook.

Decision Package Implementation

BDS decision packages authorized the bureau to add 17.6 FTE ongoing fee supported positions which are reported to have been filled by year-end. The bureau requested and received approval in the Spring BMP for additional positions due to the increased workload associated with the economic recovery in the construction industry. The FY 2012-13 Adopted Budget also approved General Fund one-time to fund 3.0 positions supporting the Neighborhood Inspection Program and 2.0 positions supporting the Rental Inspection Program. Both programs report the positions filled and the number of inspections and citations completed was greater in FY 2012-13 as a result.

The Council authorized one-time funds for the Citywide Tree Project to ensure timely implementation of the City Tree Code scheduled in the Spring of 2013. Due to General Fund funding shortfall in FY 2012-13, the full implementation has been postponed with an anticipated update to Council in December 2013. This is the second formal extension of the program timeline and ongoing resources have not been committed in FY 2013-14 and beyond. Full implementation of the updated Tree Code will likely require General Fund Ongoing funds for support for Portland Parks and Recreation Bureau and BDS to implement and support on an ongoing basis.

Budget Notes

There were two budget notes for BDS to report back to Council. BDS and CBO were directed to develop internal and external controls and project monitoring on the Information Technology Advancement Project (ITAP). At the end of FY 2012-13, BDS reports that the necessary controls and reporting structures are in place, there are three contract vendors onboard and the official project kick-off was July 1, 2013. There is an independent Quality Assurance Consultant and the project will report to the City's

Technology Oversight Committee (TOC). Currently, the timeline for the project is to go live in 2.5 years.

The second budget note required BDS and the CBO to provide performance measure information as related to the 17.6 FTE added to the BDS budget. As the local construction economy has improved, the bureau needed to add FTE to keep pace with the permitting and inspection workloads. In the Spring BMP and the FY 2013-14 budget development process, BDS highlights where there has been reported growth in workload performance measures above the projected amounts. The additional FTE appear to be having the desired performance impact. The bureau completes monthly reports providing detailed comparisons of current-period data to the prior year same-period data and this information also verifies the increased growth in bureau workload.

Performance Reporting

The bureau reports increases across almost all workload measures at the end of the fiscal year. Notably, the permit issuance review measures show that the bureau is experiencing an increased demand for services. Inspections and code violations also increased, most likely from the increase in FTE supporting those services. The bureau reports that measures used to track overall effectiveness are in line with targeted performance goals. As BDS continues to expand services in FY 2013-14 the measures and targets should be increased to reflect the workload demands.

Portland Housing Bureau

Summary

The Portland Housing Bureau (PHB) has various sources of funding including general fund, federal grants, loan income, tax increment, and interagency revenues. Many of the major sources are forecasted to decline in the out-years. Specifically, declines in both tax increment resources and loan income are an imminent challenge that will require PHB to align its programs with resource availability in a manner that ensures cost-effective service delivery.

Budget-to-Actuals

General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Charges for Services	-	117	(117)	NA
Intergovernmental Revenues	611,626	516,059	95,567	84.4%
Interagency Revenue	69,532	68,771	761	98.9%
Fund Transfers - Revenue	37,000	37,000	-	100.0%
Miscellaneous	4,580	4,582	(2)	100.0%
General Fund Discretionary	11,068,053	10,953,687	114,366	99.0%
Total Resources	11,790,791	11,580,217	210,574	98.2%
Requirements				
Personnel Services	393,011	350,545	42,466	89.2%
External Materials and Services	10,936,224	10,728,734	207,490	98.1%
Internal Materials and Services	450,556	489,938	(39,382)	108.7%
Fund Transfers - Expense	11,000	11,000	-	100.0%
Total Requirements	11,790,791	11,580,217	210,574	98.2%

Resources

Actual intergovernmental revenues were less than budgeted by \$95,567. This decrease in revenue resulted from less indirect costs recovered from federal resources (i.e. grants from the US Department of Housing and Urban Development). Indirect costs were less than anticipated because PHB staff charged less time to projects supported by federal funds; instead, staff devoted more time to projects managed through the Tax Increment Financing (TIF) fund.

Requirements

Personnel services: 9.8% underspending in personnel services was due to (1) less vacation payouts than allocated and (2) lower than expected unemployment claims. Using vacation payouts, PHB offered an early retirement incentive program; employee participation was lower than budgeted. Second, PHB allocated resources for unemployment claims related to layoffs from recent fiscal years; however, actual claims were lower. It is worth noting that most of the budget for personnel services is not covered by the general fund but rather through other fund sources.

External/Internal Materials and Services: The separate line item reporting of the year-end actual amounts for Internal Materials and Services and for External Materials and Services reflects underspending and overspending, respectively. However, the indirect cost pool is spread across both internal and external materials and services; as such, 99% of the combined budget for materials and services was spent as budgeted.

Housing Investment Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	1,573,640	3,285,791	(1,712,151)	208.8%
Charges for Services	377,460	365,379	12,081	96.8%
Intergovernmental Revenues	138,500	158,878	(20,378)	114.7%
Miscellaneous	823,315	673,725	149,590	81.8%
Total Resources	2,912,915	4,483,773	(1,570,858)	153.9%
Requirements				
Personnel Services	1,003,853	975,514	28,339	97.2%
External Materials and Services	990,218	814,206	176,012	82.2%
Fund Transfers	795,096	792,988	2,108	99.7%
Contingency/Ending Fund Balance	123,748	1,901,065	(1,777,317)	1536.2%
Total Requirements	2,912,915	4,483,773	(1,570,858)	153.9%

Resources

Beginning Fund Balance: Year-end actuals are greater than budgeted which reflects a reserve for the Risk Mitigation Pool. The Risk Mitigation Pool is a fund established by City Council that incentivizes property owners to rent to tenants perceived as high-risk by providing a pool of funds against which claims can be made if a client damages a unit.

Charges for Services: The \$12,081 variance result in part from less than projected fee collection (e.g. lesser amount of late payment fees).

Intergovernmental Revenues: The bureau received revenues from neighboring jurisdictions to support the homeless management information system. Due to the timing of the executing the intergovernmental agreement, the revised budget did not reflect the additional revenue included in the year-end actuals.

Miscellaneous: The housing loan portfolio did not generate the amount of loan repayment income as projected. Less than anticipated income from loan repayment decreases the availability of flexible resources for program funding.

Requirements

External Materials and Services: Underspending was due to (1) partial expenditures for housing development software, (2) less-than-projected claims activity for the risk mitigation pool, and (3) unspent appropriations for the homeless management information system (see intergovernmental revenues).

Ending Fund Balance: Year-end actuals are greater than budgeted which reflects a reserve for the Risk Mitigation Pool.

Grants Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balanc	337,249	-	337,249	0.0%
Charges for Services	-	118	(118)	NA
Intergovernmental Revenues	6,523,815	7,210,726	(686,911)	110.5%
Miscellaneous	-	46,478	(46,478)	NA
Total Resources	6,861,064	7,257,322	(396,258)	105.8%
Requirements				
Personnel Services	713,247	672,733	40,514	94.3%
External Materials and Services	6,146,317	5,098,183	1,048,134	82.9%
Internal Materials and Services	1,500	1,500	-	100.0%
Contingency/Ending Fund Balanc	-	1,484,906	(1,484,906)	NA
Total Requirements	6,861,064	7,257,322	(396,258)	105.8%

Resources

Beginning Fund Balance: The \$337,249 is aggregate proceeds from the sale of Neighborhood Stabilization Program (NSP) properties. These proceeds are typically

reinvested back into the program; however, at particular points in time there is a yet-to-be allocated balance.

Intergovernmental Revenues: The 10.5% variance above the revised budget is attributable to grant proceeds; program income from home improvement liens, loan, payoffs; property sales within the NSP; and receivables from prior years.

Miscellaneous: The \$46,478 in revenue represents program income associated with sale of rehabilitated properties under the Federal NSP grant.

Requirements

Personnel Services: Vacancy savings resulted in \$40,415 in underspending.

External Materials and Services: 83% of the revised budget was spent because grant-funded programs underspent. The grants include: Lead Hazard Abatement, Healthy Home, Housing For Persons With Aids, Emergency Solutions Grants and Neighborhood Stabilization Program. The unspent resources are being carried over into FY2013-14.

Community Block Grant Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balanc	-	47,191	(47,191)	NA
Charges for Services	6,000	5,164	836	86.1%
Intergovernmental Revenues	14,997,982	11,685,905	3,312,077	77.9%
Fund Transfers - Revenue	497,322	495,214	2,108	99.6%
Bond and Note	2,781,938		2,781,938	0.0%
Miscellaneous	1,058,000	1,514,836	(456,836)	143.2%
Total Resources	19,341,242	13,748,310	5,592,932	71.1%
Requirements				
Personnel Services	1,606,224	1,381,394	224,831	86.0%
External Materials and Services	13,133,803	10,528,007	2,605,796	80.2%
Internal Materials and Services	30,000	30,000	-	100.0%
Bond Expenses	1,895,000	1,874,712	20,288	98.9%
Ending Fund Balance/Contingenc	2,676,215		2,676,215	0.0%
Total Requirements	19,341,242	13,814,112	5,527,130	71.4%

Resources

Beginning Fund Balance: The variance in year-end actuals reflects appropriations for projects that were authorized and budgeted in the prior year as well as appropriation for expanded projects or new requests.

Charges for Services: Only 86.1% of expected revenue was realized because the amount of late fees charged to borrowers were less than expected.

Intergovernmental Revenues: For this fund category, the revenue corresponds with program expenditures. The bureau bills for actual expenditures because this grant operates on a reimbursement basis. This means that the decrease in program expenditures drives the reduction in revenue due to the decreases in reimbursement requests.

Bond and Note: No activity happened in this fund category because the bureau did not issue new debt under the Section 108 Loan Guarantee Program and therefore did not receive loan proceeds.

Miscellaneous: The fund realized greater than anticipated revenue due to 1) increased loan payoffs and 2) budgeted parameters were exceeded because income associated with loans originated using the Section 108 Loan Guarantee Program were budgeted in this category.

Requirements

Personnel Services: Only 86% of the budget was spent because 1) staff charged more time to projects funded through Tax Increment Financing (TIF) and thus staff charged less time to CDBG programs and 2) portions of staff salaries were redirected from CDBG to other funds to free up CDBG administrative cap resources. This redirection was needed to comply with Federal requirements.

External Materials and Services: Most of the variance is attributable to resources awarded to vendors that were not spent and will carry forward into FY2013-14. Additionally, 1) less than budgeted indirect costs were recovered from CDBG due to less than anticipated allocation of program staff time to CDBG activities and 2) reimbursements to subrecipients were less than budgeted.

Ending Fund Balance: This grant operates on a reimbursement basis which means request for reimbursement will not exceed actual expenditures.

HOME Grant Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balanc	-	291	(291)	NA
Charges for Services	400	292	108	73.0%
Intergovernmental Revenues	5,684,994	4,308,054	1,376,940	75.8%
Miscellaneous	866,364	860,723	5,641	99.3%
Total Resources	6,551,758	5,169,360	1,382,398	78.9%
Requirements				
Personnel Services	362,300	288,434	73,866	79.6%
External Materials and Services	5,424,524	4,343,397	1,081,127	80.1%
Bond Expenses	246,000	246,000	-	100.0%
Contingency/Ending Fund Balanc	518,934	291,529	227,405	56.2%
Total Requirements	6,551,758	5,169,360	1,382,398	78.9%

Resources

Beginning Fund Balance: The variance in year-end actuals reflects appropriations for projects that were authorized and budgeted in the prior year as well as appropriation for expanded projects or new requests.

Intergovernmental Revenues: For this fund category, the grant revenue corresponds with program expenditures. That is, the bureau bills for actual expenditures because this grant operates on a reimbursement basis. This means that the decrease in program expenditures drives the reduction in revenue due to the decreases in reimbursement request.

Miscellaneous: The \$5,641 variance in revenue in this category is due to less than anticipated loan repayments.

Requirements

Personnel Services: Position vacancies resulted in \$73,866 unspent.

External Materials and Services: Just 80.1% of the projected budget was spent because of 1) delayed timing in the execution of an intergovernmental agreement with the City of Gresham, a member of the HOME Consortium; 2) approximately \$328,000 less in

project expenses; and 3) \$137,000 less funds (than available) were awarded in a NOFA process.

Tax Increment Financing Reimbursement Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balanc	3,369,320	5,400,630	(2,031,310)	160.3%
Charges for Services	400,000	308,439	91,561	77.1%
Intergovernmental Revenues	27,698,885	23,478,962	4,219,923	84.8%
Miscellaneous	5,917,360	5,481,485	435,875	92.6%
Total Resources	37,385,565	34,669,516	2,716,049	92.7%
Requirements				
Personnel Services	1,847,877	1,789,103	58,774	96.8%
External Materials and Services	33,587,178	28,632,690	4,954,488	85.2%
Internal Materials and Services	702,234	652,588	49,646	92.9%
Fund Transfers - Expense	584,235	584,235	-	100.0%
Contingency/Ending Fund Balanc	664,041	3,010,900	(2,346,859)	453.4%
Total Requirements	37,385,565	34,669,516	2,716,049	92.7%

Resources

Budgeted Beginning Fund Balance: Year-end actuals are greater than budgeted which reflects a reserve to allow for a cash float while reimbursements from the Portland Development Commission are pending.

Charges for Services: Only 77.1% of expected revenue was realized because late fees charged to borrowers were less than expected.

Intergovernmental Revenues: For this fund category, the revenue corresponds with program expenditures. The bureau bills for actual expenditures because PHB’s intergovernmental agreement with PDC operates on a reimbursement basis. The decrease in program expenditures matches up with a decrease in program income generated from loans.

Miscellaneous: The 7.4% variance is due to lower than expected loan repayments and interest income.

Requirements

Personnel Services: \$58,774 was underspent due to vacancy savings.

External Materials and Services: Just 85.2% of the projected budget was spent because of 1) unspent resources that were awarded in a NOFA; 2) slower rate of spending in development projects; and 3) unneeded resources resulting from the determination that it was unnecessary to conduct a transaction whose expenditure would have immediately been recouped.

Internal Materials and Services: Efficiencies in bureau overhead costs yielded \$49,646 in underspending.

Headwaters Apartment Complex Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance		578,090	(578,090)	NA
Intergovernmental Revenues	950,000	925,990	24,010	97.5%
Miscellaneous	2,800	2,812	(12)	100.4%
Total Resources	952,800	1,506,892	(554,092)	158.2%
Requirements				
External Materials and Services	84,500	350	84,150	0.4%
Bond Expenses	831,785	827,930	3,855	99.5%
Contingency/Ending Fund Balance	36,515	678,613	(642,098)	1858.4%
Total Requirements	952,800	1,506,892	(554,092)	158.2%

Resources

Miscellaneous: Interest on investments was marginally greater than budgeted.

Requirements

External Materials and Services: Based on the bureau’s arrangement with the Portland Development Commission, the budget plan was for PHB to make insurance payments directly to the vendor. The plan changed when PDC legal counsel opined that payment must be made by PDC. The year-end actual reflects the net income (i.e. after subtracting the insurance payment) that was generated by the property.

Decision Package Implementation

Prevention and Rapid Re-Housing, Housing Access Services, Shelter & Emergency Services, Bud Clark Commons Operating Costs, and Homebuyers Support

Decision packages were implemented with regards to services being delivered by the Housing Access and Stabilization program. Year-end actuals for performance measures suggest that prevention and rapid re-housing were effective. The decision package related to Homebuyer Support was implemented. Year-end actual workload data suggest increased demand for services (e.g. 2,194 households received homebuyer education in 2012-2013 up from 1,385 in the prior year).

Cuts to Base Budget, 6.1% General Fund Programmatic Reduction, OMF Interagency Adjustments, Non-Represented Merit Freeze.

The decision packages were implemented.

Budget Notes

Portland Housing Bureau Sustainable Funding

The FY2013-14, five-year forecast has established current appropriation levels for the bureau in a manner that will eliminate the reliance on one-time funding.

Performance Reporting

The broad set of performance measures touches upon each of the bureau programs; nonetheless, there are opportunities to more clearly reflect program efficiency and effectiveness. The “average length of stay in interim housing” decreased to 221 days from 265 days in the prior year. Following that trend, the number of households served in interim housing decreased to 330 households from 369 in the prior year. A notable variance in performance measures to highlight is “expiring Section 8 rental units preserved affordable for 0 to 60% MFI.” The FY2012-13 Adopted set a target of 150 units which increased to 212 units for revised FY2012-13 budget; the FY2012-13 actual was 305 units. Another notable variance is year-end actual workload data in Homebuyer Support programs. As mentioned earlier, data suggest there was increased demand for services (e.g. 2,194 households received homebuyer education in 2012-2013 up from 1,385 in the prior year). Furthermore, of the 2,194 households which received homebuyer education and counseling services, 513 (or 23%) those households purchased homes within the 12-month period of the service contract.

Bureau of Planning and Sustainability

Summary

Total materials and services were slightly overspent by \$1,341, but overall, the bureau remained within its General Fund budget. Within the Solid Waste Management Fund, residential franchise fee and commercial tonnage fee revenues exceeded budget by combined amount of \$288,399; however, program expenses exceeded revenues, resulting in a drawdown of \$190,000 in the fund balance.

Budget-to-Actuals

General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Charges for Services	0	80	(80)	NA
Intergovernmental Revenues	623,383	624,365	(982)	100.2%
Interagency Revenue	189,667	169,227	20,440	89.2%
Miscellaneous	0	4,528	(4,528)	NA
General Fund Discretionary	7,863,397	7,864,738	(1,341)	100.0%
General Fund Overhead	529,061	529,061	-	100.0%
Total Resources	9,205,508	9,191,999	13,509	99.9%
Requirements				
Personnel Services	7,271,449	7,254,090	17,359	99.8%
External Materials and Services	986,301	964,855	21,446	97.8%
Internal Materials and Services	907,758	933,054	(25,296)	102.8%
Fund Transfers - Expense	40,000	40,000	-	100.0%
Total Requirements	9,205,508	9,191,999	13,509	99.9%

Internal Materials were overspent by \$25,296 in the General Fund in FY 2012-13. Due to underspending in Personnel Services and EMS, bureau program expenses were not overspent; however, when including the fund-level expense for a cash transfer of \$40,000 for the volunteer retirement incentive program, the bureau overspent its General Fund Discretionary appropriation by \$1,341. Total bureau expenditures were \$9,191,999 and total actual bureau resources were \$9,190,658. As a result, CBO will reduce the bureau's General Fund Discretionary appropriation by \$1,341 in FY 2013-14 Spring BMP.

Total materials and services were also overspent, which will be noted in the FY 2012-13 CAFR. The bureau budgeted a combined amount of \$1,894,059 for internal and external materials services, and total materials and services expenses were \$1,897,909, resulting in overspending of \$3,850.

Solid Waste Management Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balanc	2,322,541	2,849,555	(527,014)	122.7%
Licenses & Permits	2,553,721	2,714,993	(161,272)	106.3%
Charges for Services	1,975,099	2,102,226	(127,127)	106.4%
Intergovernmental Revenues	26,000	29,190	(3,190)	112.3%
Interagency Revenue	13,500	8,500	5,000	63.0%
Fund Transfers - Revenue	4,348	4,348	-	100.0%
Miscellaneous	44,580	75,058	(30,478)	168.4%
Total Resources	6,939,789	7,783,870	(844,081)	112.2%
Requirements				
Personnel Services	2,122,078	2,103,357	18,721	99.1%
External Materials and Services	1,613,404	1,319,952	293,452	81.8%
Internal Materials and Services	1,577,772	1,499,285	78,487	95.0%
Bond Expenses	43,601	42,366	1,235	97.2%
Fund Transfers - Expense	155,783	155,783	-	100.0%
Contingency	1,290,773	0	1,290,773	0.0%
Unappropriated Fund Balance	136,378	2,663,126	(2,526,748)	1952.8%
Total Requirements	6,939,789	7,783,870	(844,081)	112.2%

Residential franchise fee and commercial tonnage fee revenues exceeded budget by combined amount of \$288,399, but actual operating expenses exceeded resources by \$186,429, not including the fund balance. Fund balance correspondingly decreased from \$2,849,555 (Beginning Fund Balance) to an estimated ending fund balance of \$2,663,126.

As noted in previous analyses, the Solid Waste Management Fund retains a cash balance, a portion of which is budgeted to contingency. In 2009-10, the fund balance was \$3.9 million; in FY 2012-13, the estimated fund balance was \$2,663,126. Below is a table that illustrates the change in budgeted fund balance.

	<i>FY 2009-10 Actual</i>	<i>FY 2010-11 Actual</i>	<i>FY 2011-12 Actual</i>	<i>FY 2012-13 Actual</i>
Unappropriated Ending Fund Balance	3,923,255	3,469,605	2,849,555	2,663,126

Program expenses have exceeded residential franchise and commercial tonnage fee revenues over the past four fiscal years, lessening the fund balance by approximately \$1.3 million. This trend continued in FY 2012-13, but as noted in CBO's review of the BPS budget, CBO recommends that the bureau reevaluate the necessary amount for the fund balance reserve. Using the balance for one-time program costs may be an appropriate way to draw down the balance. Once the bureau establishes this target balance for contingency and one-time program needs, operating costs should equal residential franchise and commercial tonnage fees revenues.

Grants Fund

Resources				
Intergovernmental Revenues	9,870,230	9,319,938	550,293	94.4%
Total Resources	9,870,230	9,319,938	550,293	94.4%
Requirements				
Personnel Services	1,528,415	1,415,444	112,971	92.6%
External Materials and Services	8,221,862	7,906,690	315,172	96.2%
Internal Materials and Services	119,953	46,197	73,756	38.5%
Total Requirements	9,870,230	9,368,331	501,899	94.9%

Decision Package Implementation

The bureau received \$352,028 one-time General Fund discretionary, in addition to ongoing resources of \$1,307,420 within the bureau's base budget, to support the bureau's Comprehensive Plan in FY 2012-13. This fiscal year the bureau received an additional \$355,000 of funding for the Comprehensive Plan within the bureau's base, in addition to ongoing resources of \$929,465. FY 2012-13 funding supported contracts with firms specializing in economic analysis planning and urban design and facilitation; the bureau reports that the goals for the year were met. The work plan for FY 2013-14 primarily focuses on two tasks: goal and policy development and the completion of alternative growth scenarios. These tasks are expected to be completed by Fall 2014, after which the plan will be submitted to the Planning and Sustainability Commission and City Council for review.

Performance Reporting

The performance measures for the bureau’s Waste Reduction and Recycling Program are particularly useful in assessing the effectiveness of the programs goals, especially as related to lessening residential and commercial waste by increasing recycling. As illustrated below, efforts to decrease residential waste have been more successful than those efforts that target reducing commercial waste.

Waste Reduction and Recycling Program: Five-year Performance Measures

Commercial	FY 2008-09	FY 2008-09	FY 2010-11	FY 2011-12	FY 2012-13
<i>Percentage of commercial material diverted from wastestream</i>	64%	64%	69%	66%	60%
<i>Tons of solid waste generated by businesses</i>	261,538	261,538	238,902	197,210	252,361
<i>Number of businesses reached by sustainability outreach and training</i>	1,986	1,986	1,089	933	941
Residential					
<i>Percentage of residential material diverted from wastestream</i>	49%	49%	51%	56%	68%
<i>Pounds of solid waste generated per household</i>	1,326	1,326	1,248	1,134	802

The percentage of commercial material diverted from wastestream has decreased over the past three years, which corresponds with an increase in the tons of solid waste generated by businesses over the past year and relatively fewer businesses being reached by bureau sustainability outreach and training.

In contrast, the bureau reports a significant increase in the percentage of residential material diverted from the wastestream and a corresponding decrease in the average number of pounds of solid waste generated per household.

Portland Development Commission

Summary

The Portland Development Commission (PDC) receives General Funds via an intergovernmental Agreement (IGA), funds from the Community Development Block Grant as a sub-recipient to the Portland Housing Bureau, and funds through Tax Increment Financing through its charter as the city’s urban renewal agency. The IGA provides flexibility to move funds within each major program category (Neighborhood and Traded Sector) throughout the fiscal year; however, City Council approval is required to increase or move funding between the two major program categories. In general, the variances within the Neighborhood and Traded Sector programs (e.g. Main Street and Small Business Technical Assistance) are due to programming adjustments during the fiscal year. Even though variances within each initiative are evident, overall there are no significant issues with year-end actuals. The variances within each of PDC’s two major programs reflect allocation changes to align with PDC’s prioritization of initiatives.

Budget-to-Actuals

General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Neighborhood Economic Development				
Main Street Revitalization	290,000	338,382	(48,382)	116.7%
Small Business Technical Assistance	600,000	428,675	171,325	71.4%
Neighborhood Prosperity Initiative	665,000	630,416	34,584	94.8%
Venture Portland	288,350	288,313	37	100.0%
Economic Opportunities Initiative	1,605,018	1,720,698	(115,680)	107.2%
Neighborhood Subtotal	3,448,368	3,406,484	41,884	98.8%
Traded Sector Economic Development				
Cluster Development	1,041,080	1,019,402	21,678	97.9%
Targeted Business Recruitment	365,143	110,025	255,118	30.1%
Small Business Working Capital	200,000	66,711	133,289	33.4%
Portland Seed Fund	300,000	484,934	(184,934)	161.6%
International Business Development	205,000	369,969	(164,969)	180.5%
Entrepreneurial Development	90,000	152,000	(62,000)	168.9%
Portland4Biz website	17,010	15,192	1,818	168.9%
Traded Sector Subtotal	2,218,233	2,218,233	-	100.0%

Note: The table above details PDC requirements; the resource for these expenditures is the External Materials and Services major object category within the General Fund.

Neighborhood Economic Development

PDC spent 98.8% of the overall budget in the Neighborhood category; even so there are variances worth noting.

Main Street Revitalization and Neighborhood Prosperity Initiative

Main Street actual spending exceeded the planned budget by \$48,382 which was offset by \$34,584 in underspending for the Neighborhood Prosperity Initiative (NPI). Each NPI district is a separate Urban Renewal Area that invests TIF revenue in small bricks-and-mortar projects. General Funds are used to provide grants for district administration and promotions. Underspending in NPI resulted from districts still focused on building organizational capacity; these available funds were redirected to Main Street Revitalization.

Small Business Technical Assistance and Economic Opportunity Initiative (EOI)

Small Business Technical Assistance expended 71% of its budgeted funds. PDC spent prior year carry-over to fulfill program requirements, and then remaining FY 2012-13 funds were programmed toward the Economic Opportunity Initiative, which exceeded budget by \$115,680.

Traded Sector Economic Development

Cluster Development

Spending was in line with expectations. This program reflects the basic business outreach and networking activities of economic development. Funding was reduced by roughly \$50,000 (5%) in the current fiscal year.

Targeted Business Recruitment

In FY 2012-13, PDC spent 30% of these program dollars. During the year, PDC reallocated \$51,645 from Targeted Business Recruitment to add to the FY 2012-13 allocation for the Portland Seed Fund.

Small Business Working Capital

During the year, PDC reallocated \$133,289 from Small Business Working Capital funds to add to the FY 2012-13 allocation for the Portland Seed Fund. PDC redirected funds to the Portland Seed Fund in anticipation of reduced current year funding. There was less demand for Small Business Working Capital and an interest to build up resources for the Portland Seed Fund.

Portland Seed Fund

The agency targeted close to \$485,000 to the Portland Seed Fund in FY 2012-13, over 60% above budget. This decision was driven by anticipated current year budget reductions to defer further Seed Fund investment (the agency frontloaded its two year investment in the Portland Seed Fund, a privately-managed venture capital firm focusing on local start up investments).

International Business Development

Spending was \$164,969 over budget. These remaining funds from Cluster Development and Targeted Business Recruitment supported expenditures under the International Business Development category based on how certain grants and contracts were expensed.

Entrepreneurial Development

This program overspent budget expectations by 60%. This \$62,000 was reallocated from Targeted Business Recruitment to Entrepreneurial Development to support entrepreneurial grant programs with OHSU and PSU.

Portland4Biz website

This line item supported 1.0 FTE, and was reduced by \$37,990 in response to Council directed mid-year budget reductions. PDC has eliminated the position in the current fiscal year, and is consolidating support for various web and social media initiatives.

Capital

There are no PDC capital projects supported by the general fund.

Decision Package Implementation

The decision packages were implemented. All but one of the decision packages were one-time additions to the PDC general fund appropriation. Through future intergovernmental agreements, there should be a focus enhancing the depth of the agency performance measures as part of the established deliverables from PDC.

Budget Notes

Economic Development Sustainable Funding

The FY2013-14, 5-year forecast has established current appropriation levels for the Economic Development programs in a manner that will eliminate the reliance on one-time funding.

Performance Reporting

Through the intergovernmental agreement with the City, PDC provides periodic reporting that details outputs and other data relevant to understanding the performance of program activities. Overall, across all the reported metrics actual performance can be compared to FY 2013-14 and thereafter to provide an indication of program trends. Performance highlights are described below.

Neighborhood Economic Development

- **Main Street Revitalization:** The program exceeded the job growth goal of 15 full-time positions by creating 80 full-time positions. Compared to previous years, there was a downward trend in volunteer hours from 10,888 in FY 2010-11 and 10,252 in FY 2011-12 to 9,043 in FY 2012-13; nonetheless, volunteer participation was significant and met program goals. Finally, there was an increase in private funds leveraged from 1.67 to 2.2.
- **Neighborhood Prosperity Initiative (NPI) -** Private funds raised was \$213,500 which exceeded the \$90,000 goal (\$15,000 per district). For the first full year of operation, NPI districts collected baseline information for business and job growth; FY 2013-14 will be the first year to measure performance against baseline.
- **Small Business Technical Assistance:** For this business development program, 219 business were served with technical assistance and training exceeding the goal of 155. Additionally, 56% were businesses of color exceeding the 50% goal.
- **Venture Portland:** PDC through a contract with their non-profit partner, Venture Portland, provided technical assistance training to all business districts in Portland. In FY 2012-13, 486 technical assistance hours, 848 training hours, and 1743 volunteer hours were provided; each of these numbers were greater than the prior year.
- **Economic Opportunity Initiative (EOI):** For the Adult Workforce Development program, there were 167 graduates from the 273 enrollees in the 3-year program. From this cohort, 61% of enrollees graduated with at least a 25 percent increase in income at exit over the 3-year program; this outcome exceeded the goal of 55%. For the Youth Workforce Development program, the metrics were reported for services supported in whole or part by General Fund dollars or Community Development Block Grant funds. Of the 487 youth served, 345 (or 71%) attained a participation goal of either paid employment, paid internship, obtaining a GED or high school diploma, earning an occupational certification, or

transitioned to retention and advancement services. Finally, in Microenterprise Development, 8,500 hours technical assistance were provided across 257 business owners; sixty-six percent of these were businesses of color. For 116 microenterprise participants, the median increase in gross sales was \$9,940. Across all EOI programs, actual performance can be compared to FY 2013-14 to provide an indication of program trends.

Traded Sector

- Cluster Development and Business Recruitment: The PDC economic development staff completed approximately 250 one-on-one business visits focused on direct and referral assistance to support retention and expansion of traded sector companies.
- Seed Fund: In FY 2012-13, the Seed Fund exceeded private capital leverage goal of 1:1 with actual performance of 3:1; for the \$799, 127 invested, \$16,933,460 in private capital was leveraged.
- Start-up PDX Challenge: In FY 2012-13, six winning startups were selected amongst approximately 240 applications. At the end of FY 2013-14, metrics (e.g. gross revenue, capital raised, number of clients, users, or accounts; number of employees) will be available.

Office of Neighborhood Involvement

Summary

FY 2012-13 was the last year when two of ONI's programs were serially funded one-time; ongoing funding was restored to the office for its Mediation and Graffiti Abatement programs starting in FY 2013-14. Anticipating steep cuts to the Graffiti program in FY 2013-14, ONI delayed spending in that program and carried over funds to this year. FY 2012-13 was also the last year of the Neighborhood Grants program as the budget for it was not renewed for FY 2013-14. Grantees have until the end of calendar year 2014 to complete their projects. Finally, work on implementing the East Portland Action Plan continues with one-time funding last year and the current year.

Budget-to-Actuals

General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Charges for Services	157,601	176,503	(18,902)	112.0%
Intergovernmental Revenues	267,280	277,399	(10,119)	103.8%
Interagency Revenue	58,326	43,065	15,261	73.8%
Miscellaneous	24,470	29,002	(4,532)	118.5%
General Fund Discretionary	6,830,430	6,272,237	558,193	91.8%
General Fund Overhead	200,954	200,954	-	100.0%
Total Resources	7,539,061	6,999,159	539,902	92.8%
Requirements				
Personnel Services	3,396,670	3,380,473	16,197	99.5%
External Materials and Services	3,521,259	3,020,411	500,848	85.8%
Internal Materials and Services	605,592	582,736	22,856	96.2%
Fund Transfers - Expense	15,540	15,540	-	100.0%
Total Requirements	7,539,061	6,999,159	539,902	92.8%

Requirements

The only variance above 10% was in external materials and services and resulted from encumbrances and outstanding advances, both of which the office carried over funding for and rebudgeted during the Fall Supplemental. If the encumbrances and advances had been expensed last year, the variance would have been only 6%.

Resources

Charges for services ended the year at 12% above budget due to liquor license revenues coming in higher than expected. ONI carried over these excess revenues during the Fall Supplemental and has adjusted its budget in the current fiscal year to reflect the continuing trend in higher revenues realized in the last couple of years.

An accounting requirement has created the appearance of an under-collection in interagency revenue and an over-collection in intergovernmental revenues, but there is no actual issue as it is a matter of how the revenue was classified. The \$10,000 in question is grant overhead revenue related to work on the North Portland Greenway Trail project done by ONI for the Portland Parks & Recreation.

Decision Package Implementation

Mediation and Facilitation Program – The ongoing budget for this program was reduced by \$20,230 but supplemented with \$104,692 in one-time funds, making the budget for the year comparable to that of FY 2011-12. The funding allowed Resolutions Northwest (RNW) to maintain staffing and provide services comparable to the prior year. Sixty-nine volunteers donated a combined total of 2,428 hours valued at about \$54,000. Client satisfaction remains high at 98%. A budget note directed CBO to add ongoing funding of \$104,692 for the program into ONI’s CAL target starting with the target in FY 2013-14.

Graffiti Abatement Program - ONI received \$447,232 in one-time funding for this program, along with \$55,000 carried over from the prior year. The office notes that the program received almost 8,000 graffiti reports from the community, referred the reports to the appropriate agencies, and coordinated cleanup with contractors when appropriate. The program continues to focus on training and coordination of volunteers for ongoing cleanups. It continues to coordinate monthly neighborhood-business area Saturday cleanups and has expanded the number of volunteer cleanups throughout the year. 54,000 volunteer hours were leveraged, with an estimated value of \$1.2 million. Community grants during the year have funded 12 murals, 12 livability teams, six neighborhood cleanups, and one anti-graffiti coating on a mural. The distribution of funds for the third year of the grants program was carried forward to FY 2013-14 to be administered by ONI staff. However, ONI suspended the planned grants and set-aside the one-time funds to provide more critical services, including the purchase of a van. A budget note directed the CBO to add ongoing funding of \$447,232 for the program into ONI’s CAL target starting with the target in FY 2013-14.

Neighborhood Small Grants - \$93,855 in one-time funding was provided for this program. The Neighborhood District Coalitions have awarded the grants, and Council approved awards for the two City-administered coalition offices in North and outer East Portland. Grantees have until the end of calendar year 2014 to complete their projects. Funding for this grants program was eliminated in the FY 2013-14 budget.

East Portland Action Plan (EPAP) - \$279,692 in one-time funding allowed ONI to continue to staff the advocate position; provide operating funds for interpretation, child care, and meeting expenses; and fund community grants. ONI notes that the general grant program traditionally leverages over six times the funds awarded.

Restore Crime Prevention Coordinator – A Crime Prevention Program Administrator position was restored as ongoing with a \$71,494 addition to the budget. The staff person who was retained used her Spanish language skills and legal training to further the City’s crime prevention goals. She took the lead on updating aspects of the Enhanced Safety Properties program with legal implications related to trespassing statutes and landlord-tenant law.

Funds were carried over from the FY 2011-12 Spring BMP for various purposes. Funds for Disability communications and excess liquor license revenues for personnel and project expenses were spent as planned. However, as mentioned earlier, the Graffiti grants and other Graffiti-related materials & services expenditures (\$75,000) were suspended to limit spending in the year and carried forward to FY 2013-14 to fund higher priorities, and work on the Livability Database improvements (\$8,000) was only partially completed due to BTS capacity issues, with the remaining work to be finished this year.

Kenton Firehouse Repairs - \$36,000 was appropriated in last year’s Fall BMP for repairs at this building. OMF Facilities completed the work by the end of the fiscal year.

Budget Notes

As directed by two budget notes, the CBO added ongoing funding for the Graffiti Abatement (\$447,232) and Mediation (\$104,692) programs into ONI’s CAL target starting with the target in FY 2013-14.

ONI also had a budget note pertaining to the restructuring of operational zones which affected other City bureaus. ONI notes that the boundaries it uses are established by the neighborhoods according to processes in the City Code, and it will collaborate with the

Bureau of Planning and Sustainability on aligning its Neighborhood Association and District Coalition boundaries with the zones used by other City bureaus where appropriate.

Performance Reporting

Notable variances between the year-end actuals and the targets in the budget include:

- The number of liquor license applications processed (4,797) turned out to be more than double the target (1,900) because ONI started including annual renewal licenses in the count of applications, thus more accurately capturing the program's workload. The CBO has talked with ONI staff about creating a new measure since what is now being measured has substantially changed.
- The percent of liquor licenses with complaints addressed through Time-Place-Manner enforcement (81%) was much higher than the goal of 63%. With the education of the public and police about what type of reporting results in issues that could be addressed under the code, there has been an increase in actionable complaints and police reports during the past couple of years. Time-Place-Manner is an ordinance that allows the City to adjust business practices when a business has accrued a number of alcohol-related complaints.
- The number of Crime Prevention trainings for the public, at 413 last year, was much less than the goal of 575 due to a vacancy and the loss of a position.
- The number of site security assessments performed (206) ended the year at much higher than the goal of 125 because of improvements to the Enhanced Safety Properties (ESP) program leading to more demand for assessments. The ESP Program is designed to encourage and support landlords and property managers to take measures to keep their properties safe and livable.

Office of Equity & Human Rights

Summary

The City Budget Office has no key concerns or significant issues to discuss at this time.

Budget-to-Actuals

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Miscellaneous	-	1,949	(1,949)	0.0%
General Fund Discretionary	1,245,607	1,147,492	98,115	92.1%
Total Resources	1,245,607	1,149,441	96,166	92.3%
Requirements				
Personnel Services	960,578	921,868	38,710	96.0%
External Materials and Services	158,633	104,154	54,479	65.7%
Internal Materials and Services	126,396	123,419	2,977	97.6%
Total Requirements	1,245,607	1,149,441	96,166	92.3%

In total, the office spent 92.3% of its FY 2012-13 budget, with the majority of underspending occurring in personnel and external materials and services (EM&S). Year-end EM&S actuals were lower than budget due to underspending on encumbered contracts and then requesting the underspent amount as encumbrance carryover in the FY 2013-14 Fall BMP.

The \$1,949 miscellaneous revenue represents funds from an awards dinner and refunds from returned office supplies.

Decision Package Implementation

All decision packages were implemented as directed. The decision packages included the hiring of three positions created in the FY 2012-13 Adopted Budget.

Performance Reporting

Given the recent creation of the office, the Office of Equity & Human Rights does not have performance measurement data to report for FY 2012-13. FY 2013-14 is the first full year in which the bureau had a defined programmatic structure and performance measures reflected in the Adopted Budget.

Transportation and Parking Service Area

Portland Bureau of Transportation

Summary

FY 2012-13 was a year when PBOT initiated new efforts to manage parking through the creation of two new parking meter districts and the expansion of two parking permit areas. In addition, the bureau added three more parking enforcement officers. The bureau reports that these efforts are generating the expected amounts of new revenues, although the districts and permit areas are still in the process of implementation. Moreover, the bureau began an innovative street lighting conversion project whose aim is to achieve efficiency and save the City resources since street lighting costs are currently supported by the General Fund. The replacement of existing street lights with LED ones experienced delays but is continuing in the current year.

PBOT spent about 92% of its operating budget in the Transportation Operating Fund and about 75% of its Capital Improvement Plan (CIP) budget. Delays and revised construction schedules account for much of the under-spending. A \$70 million match payment for the Sellwood Bridge was removed during the Spring BMP due to changes in the IGA with Multnomah County that postponed the payment to FY 2013-14. In addition, work on the Columbia River Crossing project is suspended pending additional intergovernmental coordination. Details on budgetary changes and delays on individual projects are discussed below.

Budget-to-Actuals

Transportation Operating Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	19,655,548	30,721,573	(11,066,025)	156.3%
Licenses & Permits	1,546,496	3,564,622	(2,018,126)	230.5%
Charges for Services	36,709,039	47,614,738	(10,905,699)	129.7%
Intergovernmental Revenues	71,887,086	70,686,036	1,201,050	98.3%
Interagency Revenue	30,165,873	29,314,512	851,361	97.2%
Fund Transfers - Revenue	19,703,718	12,712,772	6,990,946	64.5%
Bond and Note	41,850,000	40,120,197	1,729,803	95.9%
Miscellaneous	3,456,854	2,810,118	646,736	81.3%
Total Resources	224,974,614	237,544,567	(12,569,953)	105.6%
Requirements				
Personnel Services	66,993,751	61,049,459	5,944,292	91.1%
External Materials and Services	90,408,309	86,116,062	4,292,247	95.3%
Internal Materials and Services	22,299,985	20,316,783	1,983,203	91.1%
Capital Outlay	9,623,106	6,399,684	3,223,422	66.5%
Bond Expenses	8,207,715	8,201,657	6,058	99.9%
Fund Transfers - Expense	10,296,486	10,171,210	125,276	98.8%
Contingency / Ending Fund Balance	17,145,262	45,289,713	(28,144,451)	264.2%
Total Requirements	224,974,614	237,544,567	(12,569,953)	105.6%

Resources

Beginning Fund Balance – The actual beginning fund balance was \$11.1 million higher than the budgeted amount primarily due to higher than expected SDC revenues in FY 2011-12.

Licenses & permits – PBOT collected more than twice the budgeted amount due to conservative budgeting for utility permits and fees charged to developers for locating and marking utility lines. In prior years, the poor economy heavily impacted these revenues, and so the bureau was careful in how it budgeted for them. Its FY 2013-14 budget is close to the FY 2012-13 actuals.

Charges for Services – Similar to the situation with licenses and permits, much of the 29.7% variance in this category can be accounted for by conservative budgeting on the part of the bureau due to the economic climate, specifically in regards to SDC revenues. In addition, a \$2.0 million payment from OHSU for its SDC assessment was received

much sooner than anticipated due to early resolution in negotiating OHSU's obligation. PBOT was also conservative in budgeting for parking and Business Energy Tax Credits revenues.

Fund Transfers – The bureau only collected about 65% of the budgeted figure due to delays in capital projects funded by transfers from the Local Improvement District Fund.

Miscellaneous revenue – \$514,631 in leaf fee revenues that were budgeted in this category were actually booked into charges for services, resulting in the large variance of 19%. If the revenues had been booked into the miscellaneous category, the bureau would have actually over-collected by almost 60%.

Requirements

Personnel Services – The 9% under-spending in this major object category can be attributed to vacancies. At the end of April, PBOT was carrying 64 vacancies, 20 of which were Parking Code Enforcement Officers and 11 were Utility Workers. The remaining vacancies were distributed throughout a variety of organizational units and job classes. While most of these positions became vacant within the year, several appear to have become vacant in 2010 or 2011. The CBO continues to encourage the bureau to evaluate these longer term vacancies and submit the appropriate paperwork to abolish them assuming they are no longer needed or develop a plan to fill them if that is not the case. Seventeen Parking Code Enforcement Officer positions and five other positions are related to the new NW Parking Meter District. These positions will be filled when paystations are installed in FY 2014-15.

Capital Outlay – Spending in this category ended the year at about 67% of budget due to delays on sidewalk projects that are being continued in the current fiscal year. See discussion in the Budget-to-Actuals section under Capital below.

Reserve/Ending Fund Balance

More than half of the ending balance (\$24.3 million out of \$45.3 million) is made up of SDC revenues and so are restricted to use on those Council-approved projects. Another 31% of the balance is made up of General Transportation Revenues (GTR) and are restricted to funding CIP. Only about \$1.4 million, or 3%, of the ending balance can be used for contingency purposes.

Parking Facilities Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	3,602,488	3,602,488	-	100.0%
Charges for Services	11,913,275	11,226,230	687,045	94.2%
Intergovernmental Revenues	-	3,000	(3,000)	N/A
Interagency Revenue	777,118	754,290	22,828	97.1%
Fund Transfers - Revenue	15,734	15,734	-	100.0%
Bond and Note	3,100,000	3,100,000	-	100.0%
Miscellaneous	452,196	205,692	246,504	45.5%
Total Resources	19,860,811	18,907,434	953,377	95.2%
Requirements				
Personnel Services	149,241	144,049	5,192	96.5%
External Materials and Services	3,325,426	3,060,588	264,838	92.0%
Internal Materials and Services	3,255,236	1,769,333	1,485,903	54.4%
Bond Expenses	7,320,125	1,875,125	5,445,000	25.6%
Fund Transfers - Expense	5,287,403	5,264,848	22,555	99.6%
Contingency / Ending Fund Balance	523,380	6,793,491	(6,270,111)	1298.0%
Total Requirements	19,860,811	18,907,434	953,377	95.2%

Resources

Charges for Services – Although the bureau had collected 94% of the Revised Budget amount in this category, parking garage revenues ended the year at less than what PBOT had anticipated them to be. Nevertheless, the budget for this revenue in FY 2013-14 is higher than the actual amount in FY 2012-13 because the bureau expects improvements to the economic climate.

Miscellaneous revenues – The 46% variance resulted from the bureau over-budgeting in this category. The bureau overpaid an expense which was then refunded and charged as an expense reversal instead of as a revenue.

Requirements

Internal materials and services – The large under-expenditure of 46% resulted mainly from delays or slow progress on several major maintenance projects involving OMF Facilities. The projects accounting for most of the variance include: HVAC replacement at 1st & Jefferson; cleaning and repainting stairwells, common areas, railing, etc. at 3rd and Alder; and exterior cleaning and painting at Naito & Davis.

Bond expenses – There is a \$5.4 million variance due to an internal loan to the Grants Fund not being needed. Central Accounting works with the Grants Unit as well as PBOT finance staff to determine the exact amount of the loan needed to cover the portion of the Grants Fund deficit associated with PBOT capital projects which have outstanding reimbursements. Once the figure is determined, the loan is executed as part of Accounting Period 13. In FY 2012-13, the loan was determined to be unnecessary.

Reserve/Ending Fund Balance

About \$6.0 million of the \$6.8 million in ending balance is intended to serve as reserves for operations, major maintenance, and other uses directed by Council. The amount meets the required target set by policy. The large variance between the budgeted and actual amounts resulted from the internal loan to the Grants Fund not being needed (See “Bond expenses” immediately above).

Grants Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Intergovernmental Revenues	32,132,468	19,387,966	12,744,502	60.3%
Fund Transfers - Revenue	900,000	752,870	147,130	83.7%
Miscellaneous	-	30,087	(30,087)	N/A
Total Resources	33,032,468	20,170,922	12,861,546	61.1%
Requirements				
Personnel Services	5,855,167	2,886,491	2,968,676	49.3%
External Materials and Services	7,837,649	3,258,286	4,579,363	41.6%
Internal Materials and Services	3,557,228	2,282,823	1,274,405	64.2%
Capital Outlay	14,882,424	8,254,647	6,627,777	55.5%
Contingency	900,000	3,488,675	(2,588,675)	387.6%
Total Requirements	33,032,468	20,170,922	12,861,546	61.1%

Resources

Intergovernmental Revenues – Project delays, as described below in the Requirements section, caused PBOT to under-collect in this category by 40%.

Fund Transfers Revenue – These revenues ended the year at only 84% of the budgeted figure because these are interest earnings on grant funds from the State and the interest rates were lower than expected. The budgeted amount was based on estimated interest earnings on an Oregon Transportation Investment Act advance from the State that was initially deposited into the operating fund.

Requirements

The bureau's expenditures in all major object categories are low, with overall spending being only about 53% of the operating budget. Most of the under-expenditures can be accounted for by slower progress on projects than initially planned. In summary, projects contributing to the lower than planned expenditures are: Division Streetscape/Reconstruction, West Burnside Congestion Study, Eastside Streetcar, Jasmine Block Streetcar, Killingsworth, Columbia/MLK Blvd., 122nd-Ramona-Holgate, and Sellwood Bridge. Work on these projects is continuing in FY 2013-14. The one project that also contributed to the underspending but is not continuing at the moment is the Columbia River Crossing. This project was delayed pending additional intergovernmental coordination. Washington State is working on a funding plan for the bridge, while the Oregon Legislature approval for participation of up to \$450 million expired on Sept 30th.

Reserve/Ending Fund Balance

Grant funds that are unspent are appropriated in future years for use on the projects and purposes that they were initially granted for.

Gas Tax Bond Redemption Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	-	1,674,420	(1,674,420)	N/A
Fund Transfers - Revenue	2,829,951	2,814,861	15,090	99.5%
Miscellaneous	-	5,810	(5,810)	N/A
Total Resources	2,829,951	4,495,091	(1,665,140)	158.8%
Requirements				
Bond Expenses	2,829,951	2,821,130	8,821	99.7%
Contingency / Ending Fund Balance	-	1,673,961	(1,673,961)	N/A
Total Requirements	2,829,951	4,495,091	8,821	158.8%

Reserve/Ending Fund Balance

This fund is used to achieve a proper matching of revenues and expenditures related to the debt financing of PBOT projects. Resources primarily include gas tax revenues, which consist of the City's share of the state and county collections.

The ending fund balance in the fund is intended for debt reserves. Specifically, provisions of the 2011 Series A bond sale required a debt reserve of this same amount.

Transportation Reserve Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	7,772	13,954	(6,182)	179.5%
Bond and Note	2,500,000	2,500,000	-	100.0%
Miscellaneous	2,505	3,981	(1,476)	158.9%
Total Resources	2,510,277	2,517,935	(7,658)	100.3%
Requirements				
Bond Expenses	2,500,000	2,500,000	-	100.0%
Contingency / Ending Fund Balance	10,277	17,935	(7,658)	174.5%
Total Requirements	2,510,277	2,517,935	(7,658)	100.3%

Reserve/Ending Fund Balance

This fund was created for two purposes: 1) Countercyclical reserves to maintain current service level programs or to buffer the impact of major revenue interruptions, and 2) Emergency reserves to fund major one-time unexpected requirements. The policy sets the reserve amount to 10% of the bureau's Adopted Budget gas tax and on-street parking revenues. Current reserves are at only 28% of what the policy requires. Starting in FY 2013-14, the bureau will begin transferring \$500,000 annually until the policy requirements are met.

Capital

PBOT is currently transitioning from one system of categorization of its capital projects by program into another system, so meaningful discussion of spending by programs is not feasible. The narrative in the Capital section of this report will mention specific projects though.

Budget Adjustments

During the Fall BMP of last year, PBOT increased its CIP budget by about 17%. About 45% of the adjustment is carryover of GTR and grants funding from the prior year due to planned project work shifting from FY 2011-12 to FY 2012-13. Major projects affected include the Portland-Milwaukie Light-Rail (\$5.0 million), Moody Avenue (\$4.1 million), West Burnside Congestion (\$1.0 million), East Side Streetcar (\$3.7 million), and Street Lighting LED Replacement (\$6.5 million) projects.

	CIP Budget*	Percent Change
Adopted	172,595,656	
Fall Revised	201,259,507	17%
Winter Revised	203,525,042	1%
Spring Revised	113,004,930	-44%
Over-Exp Revised	108,301,930	-4%

*Figures include overhead.

However, substantial reductions to the CIP budget were made during the Spring BMP, as the bureau reduced its CIP by \$90.9 million, or about 45%, in order to sync up budgets with actual spending and revised construction timelines. The largest component of these reductions was the \$70 million match payment to Multnomah County for the City's share of the Sellwood Bridge replacement, as the payment to the County was delayed one year to the current fiscal year. Another significant adjustment was a \$2.5 million reduction to the Streetlight Efficiency project as the conversions to LED lighting essentially began this year (FY 2013-14).

Further reductions (\$2.4 million) were made to the Street Lighting LED Conversion project during the Over-Expenditure Ordinance, along with a \$1.2 million reduction to the budget for the Moody Ave. project as the design and construction schedule changed, and a \$6.3 million increase in the budget for the East Side Streetcar project's budget. Work on the East Side Streetcar line was completed during FY 2012-13.

Budget to Actual Variances

In regards to actual expenditures, PBOT ended the year spending about 75% of its Revised CIP budget, with a variance of more than \$26.0 million between budget and actual expenditures, despite the large reduction in budget during the Spring BMP. Several projects had their construction schedules revised. They were bid on during the spring while actual construction began during the summer. These include the Spring Garden, Sunset- Dewitt, Huber, and the aforementioned Street Light Conversion projects, with the Spring Garden (\$1.8 million), Street Light Conversion (\$1.5 million), and Illinois-Vermont Street (\$1.2 million) projects displaying the largest variances.

The Columbia River Crossing project was also delayed pending additional intergovernmental coordination, creating a \$640,000 variance between the budget and actual spending. Washington State is working on a funding plan for the bridge, while the Oregon Legislative approval for participation up to \$450 million expired on Sept 30th. The Governor is considering bringing a new proposal back to the legislature that would be funded by the State of Oregon, federal funds, and tolls. The Governor's proposal may

come forward at the regular short session or in a special session. Until there is a funding package, the project is on hold.

A variance of \$2.4 million between the budget and actual expenditures resulted from the Division Streetscape Reconstruction project. During the spring, the Bureau of Environmental Services began work on the first phase of construction which involved the sewer system. PBOT began work on the street component during the summer.

Decision Package Implementation

FY 2012-13 Decision Packages

Reductions

Reductions to GTR funding totaling about \$14.0 million were taken by the bureau to balance to the forecast. The major projects affected include Contract Paving (\$4.6 million) and Sidewalk Corners, Curbs, and ADA Ramps (\$1.0 million). In addition, the bureau lost \$357,174 of General Fund support for street light energy costs and \$177,144 for its Downtown Marketing contract and had to backfill the costs for these with GTR.

Effects of the reduction include:

- The contract-paving program is suspended for five years, potentially increasing spending over the long-term.
- Pavement markings were reduced from 50,000 to 35,000 square feet per year.
- Street cleaning on the City's busiest streets was reduced from nine to seven times per year, while cleaning on residential streets was reduced to only once per year.
- FY 2012-13 was the last year with a certain funding source for the bureau's disabled-accessible sidewalk corner ramp construction program that enabled PBOT to meet its ADA-required transition plan.
- 47 positions were unfilled, and six employees lost their jobs.

General Fund Addition

Sunday Parkways - PBOT received \$120,000 of General Fund support for Sunday Parkways. This amount is \$50,000 less than what the bureau received for FY 2011-12. The bureau held five events during the year in the following areas: Southwest, Southeast, Northeast, and two in East Portland. Other revenues supporting the program are \$300,000 in donations and fees and \$50,000 in GTR. Thus, the General Fund portion was about 26% of the total.

Other Notable Additions

North West Parking - The bureau appropriated \$3.2 million in GTR to implement a paid parking and permit parking program in the Northwest. PBOT reports that part of Zone M began operations during last year, with other parts to be implemented this year or later. An additional \$1.5 million was appropriated for the purchase and installation of paystations, but funding for the project was removed during the Spring BMP because the installation of the paystations are now planned for FY 2014-15. Considering the delayed implementation, the meter district and permits program are bringing in the expected revenues. Area Parking Permit (APP) Zone M currently has about 3,100 active permit holders, and the fee is \$60. The approximately \$186,000 in permit revenue pays for the costs of the APP program. PBOT has updated its five-year forecast to take into account the changing implementation dates.

Additional Parking Enforcement Officers - Appropriating an additional \$450,000 in parking fines revenue, PBOT increased parking meter enforcement by adding three Parking Enforcement Officers. The new officer positions are bringing in the expected amount of new revenues.

Portland-Milwaukie Light Rail Local Match – PBOT’s local match contribution of \$45 million was paid to TriMet. The match was bond financed, with debt service to be paid with GTR.

Sellwood Bridge Match Payment - The bureau appropriated \$70 million out of its potential \$80 million match contribution to the Sellwood Bridge construction. The payment was to be funded by bond proceeds. The original intention was to sell the bonds during the fall of last year. However, during the Spring BMP, the funds were removed because the City and Multnomah County made amendments to the IGA. The first bond sale is now taking place in FY 2013-14, with debt service payments beginning in FY 2014-15. PBOT is currently working with OMF Debt Management on issuing these bonds as required by the IGA. Interest rates are now higher than those assumed in last year's forecast, so the anticipated savings will be lower. Debt Management has not yet locked onto the interest rate assumptions for the sale. The bureau is waiting until late October/November so that when updating the forecast, the assumed interest rate will reflect the latest economic conditions. Anticipated debt service is expected to be paid for with PBOT resources, primarily gas tax.

Non-Technical BMP Changes

Central Eastside Industrial District (CEID) Meters and Parking Permit Area – PBOT appropriated \$321,980 to implement this Council-approved program. Zone G was expanded, and some of the parking paystations were installed, with the rest to be installed during the current fiscal year or later. Revenue amounts are coming in as expected. Zone G has about 6,500 active permit holders, and the Area Parking Permit (APP) fee is \$60 plus a \$10 surcharge for a total of \$70. The \$390,000 in permit revenue is paying for the costs of the APP program.

Street Light LED Replacement - For \$17.5 million over a three-year period, the bureau plans to convert over 46,000 streetlight lamps from high pressure sodium to more energy efficient LED lamps. The bureau appropriated \$6.5 million for Phase I of the project during last year's Fall BMP but subsequently reduced the budget by \$4.9 million during the Spring BMP and Over-Expenditure Ordinance due to delays resulting from unresolved issues with PGE. The City has taken out a line of credit for the first phase of the work. PBOT has been working with PGE on implementation and conversion issues and hope to have these issues resolved and to schedule the major conversion to begin in January. The bureau has installed about 500 LED street lights to date, so it is too early to determine whether or not the conversion is achieving the estimated amount of savings.

Budget Notes

Restructuring of Operational Zones – PBOT had a budget note pertaining to the restructuring of operational zones which also affected other City bureaus. The bureau notes that it does not have operational zones but provides transportation services to all parts of the City, with asset maintenance driven by infrastructure condition and risk of failure rather than location.

Alternative Revenue Sources – PBOT was directed to work with its Budget Advisory Committee to explore alternative revenue options and report to Council by January 1st, 2013. The bureau established a Financial Task Force which reviewed both the adequacy and structure of PBOT's funding and determined that the bureau lacked sufficient funding to meet its mission. The Task Force produced a report that detailed several funding alternatives that can be considered in the future, including general obligation bonds, a street maintenance fee, a commercial parking tax, and shifting fees to complete cost-recovery. The report was distributed to Council offices in December

2012, and its findings were discussed in the bureau's FY 2013-14 Requested Budget in February 2013.

Streets of Citywide Significance - The Streets of Citywide Significance (SCS) list was used for the bureau's FY 2012-13 budget prioritization, where it helped guide \$15 million in cuts to GTR funding. The SCS remains a useful tool for evaluating how to maximize maintenance efforts for the City's street system. It is based on where critical assets are and where the City's greatest risk of failure exists. PBOT continues to use it for prioritizing its limited maintenance dollars.

Performance Reporting

PBOT is using a new set of performance measures, and targets for these were not set for FY 2012-13. The following is only a discussion of how some of the FY 2012-13 actuals compare to the targets for FY 2013-14.

Percent of students walking or bicycling to school – PBOT reports that 43% of K-5 students walked or bicycled to school last year. The figure is projected to increase to 45% at the end of the current year. The bureau received State grant funds to expand data collection to include middle school students.

Percent of traffic signals in "fair" or better condition – 48% of traffic signals met this criterion last year, and the bureau projects a decline in condition to 46% by the end of this year due to aging traffic signals.

Percent of the City-owned and maintained lighting that comes from LED street lights – The Street Light Conversion project began last year, and about 4% of the City's lighting came from LED last year. PBOT has been working with PGE on implementation and conversion issues and hope to have these issues resolved and schedule the major conversion to begin in June. The bureau projects that 8% of the City-owned and maintained lighting will come from LED by year-end.

Elected Officials Service Area

Office of the Mayor

Summary

The Mayor's Office ended last fiscal year with \$1.7 million in remaining balance or approximately 31% of its budget. This is due to strategic decisions made by the new administration regarding staffing level and contractual spending. All decision packages were implemented as planned.

Budget-to-Actuals

Mayor's Office

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Charges for Services	-	213	(213)	N/A
Intergovernmental Revenues	134,354	122,554	11,800	91.2%
Interagency Revenue	605,543	605,543	-	100.0%
Miscellaneous	-	9,816	(9,816)	N/A
General Fund Discretionary	3,284,868	1,581,657	1,703,211	48.1%
General Fund Overhead	1,380,418	1,380,418	-	100.0%
Total Resources	5,405,183	3,700,201	1,704,982	68.5%
Requirements				
Personnel Services	2,176,976	1,870,903	306,073	85.9%
External Materials and Services	2,816,672	1,435,459	1,381,214	51.0%
Internal Materials and Services	390,035	372,339	17,696	95.5%
Fund Transfers - Expense	21,500	21,500	-	100.0%
Total Requirements	5,405,183	3,700,201	1,704,982	68.5%

In FY 2012-13, the Mayor's Office spent approximately 69% of its Revised Budget by year end. The office transitioned to a new administration in January. Under the new administration, strategic decisions were made resulting in lower staffing level and reduced contractual spending. In the FY 2013-14 Fall BMP, there were requests to carry over \$802,148 for encumbrances and advances made in prior year. The office ended last fiscal year with sufficient balance in General Fund Discretionary to fund these carryovers.

Decision Package Implementation

In FY 2012-13, the Mayor's Office had several cut and add decision packages. The notable ones include: Education one-time add package for \$450,750, Cradle-to-Career one-time add package for \$235,000, and Office of Youth Violence Prevention ongoing

add package for \$143,343. All add and cut decision packages were implemented as planned.

Commissioner of Public Affairs (Dan Saltzman)

Summary

The office ended FY 2012-13 with 3.7% of its combined budget remaining. All decision packages were implemented as planned.

Budget-to-Actuals

Commissioner of Public Affairs - General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Charges for Services	-	695	(695)	N/A
General Fund Discretionary	1,644,536	1,112,505	532,031	67.6%
General Fund Overhead	595,907	595,907	-	100.0%
Total Resources	2,240,443	1,709,107	531,336	76.3%
Requirements				
Personnel Services	1,053,828	990,938	62,891	94.0%
External Materials and Services	1,025,593	566,520	459,073	55.2%
Internal Materials and Services	161,022	151,650	9,372	94.2%
Total Requirements	2,240,443	1,709,107	531,336	76.3%

In FY 2012-13, the office spent approximately 96% of its all-funds and 76% of its General Fund Revised Budget by year end. The office under spent its General Fund Discretionary budget by \$532,031. The under-expenditure in the General Fund External Materials & Services is caused by unfinished contracts at the end of last fiscal year and unused funds were carried over into FY 2013-14. There are no significant issues to discuss in the Children's Levy Fund.

Decision Package Implementation

The office had two budget reduction packages totaling \$60,512 or 6% budget reduction. This reduction is achieved by reducing a vacant position and funding for External Materials & Services. These reduction packages were implemented as planned.

Commissioner of Public Safety (Steve Novick)

Summary

The office ended FY 2012-13 with \$79,740 in General Fund Discretionary remaining in the budget. All decision packages were implemented as planned.

Budget-to-Actuals

Commissioner of Public Safety

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
General Fund Discretionary	245,423	165,683	79,740	67.5%
General Fund Overhead	485,052	485,052	-	100.0%
Total Resources	730,475	650,735	79,740	89.1%
Requirements				
Personnel Services	532,751	496,139	36,612	93.1%
External Materials and Services	54,863	31,736	23,127	57.8%
Internal Materials and Services	133,361	113,360	20,001	85.0%
Fund Transfers - Expense	9,500	9,500	-	100.0%
Total Requirements	730,475	650,735	79,740	89.1%

Both the External and Internal Materials & Services were under spent in FY 2012-13 due to the office transition in January.

Decision Package Implementation

The office had two budget reduction packages totaling \$18,574 or 6% budget reduction. This reduction is achieved by capturing personnel services savings. These reduction packages were implemented as planned.

Commissioner of Public Utilities (Amanda Fritz)

Summary

The office ended FY 2012-13 with \$60,336 in General Fund Discretionary remaining in the budget. All decision packages were implemented as planned.

Budget-to-Actuals

Commissioner of Public Utilities

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Interagency Revenue	149,882	150,673	(791)	100.5%
General Fund Discretionary	251,660	191,324	60,336	76.0%
General Fund Overhead	500,800	500,800	-	100.0%
Total Resources	902,342	842,797	59,545	93.4%
Requirements				
Personnel Services	722,768	710,199	12,569	98.3%
External Materials and Services	41,808	6,389	35,419	15.3%
Internal Materials and Services	137,766	126,210	11,557	91.6%
Total Requirements	902,342	842,797	59,545	93.4%

The office underspent its appropriation for External Materials & Services in FY 2012-13, because funding set aside to support the 311 Program was delayed and reprogrammed for next fiscal year.

Decision Package Implementation

The Office had two budget reduction packages totaling \$19,179 or 6% budget reduction. This reduction is achieved by reducing a vacant position. These reduction packages were implemented as planned. The office also had a decision package for \$50,000 to establish an interagency agreement with the Bureau of Emergency Communication. The agreement was established in FY 2012-13.

Commissioner of Public Works (Nick Fish)

Summary

In FY 2012-13, the office ended the fiscal year with nearly all funds expended. All approved decision packages were implemented as planned.

Budget-to-Actuals

Commissioner of Public Works

Resources					
Charges for Services	-	55	(55)	N/A	
Interagency Revenue	100,000	100,000	-	100.0%	
General Fund Discretionary	272,748	257,512	15,236	94.4%	
General Fund Overhead	513,292	513,292	-	100.0%	
Total Resources	886,040	870,859	15,181	98.3%	
Requirements					
Personnel Services	742,089	736,531	5,558	99.3%	
External Materials and Services	14,352	9,596	4,756	66.9%	
Internal Materials and Services	129,599	124,731	4,868	96.2%	
Total Requirements	886,040	870,859	15,181	98.3%	

The office ended the fiscal year with over 98% of its appropriation expended. The expenditures in the External Materials and Services category was strategically kept low to provide the safety net for Personnel Services that approached very closely to the budget limit.

Decision Package Implementation

In FY 2012-13, the office was required to take a budget reduction of 6% of its General Fund target which equates to \$19,651. This reduction is achieved by partially cutting a vacant Commissioner's Staff Representative position.

Office of City Auditor

Summary

In general, the variances across funds with the Office of the City Auditor were driven by the timing of the construction projects, the activity level of assessment collection, and the extent to which property owners finance their share of costs of improvement projects.

Budget-to-Actuals

General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Charges for Services	423,621	453,632	(30,011)	107.1%
Interagency Revenue	920,203	816,256	103,947	88.7%
Miscellaneous	5,500	18,035	(12,535)	327.9%
General Fund Discretionary	3,883,014	3,209,115	673,899	82.6%
General Fund Overhead	4,122,089	4,122,089	-	100.0%
Total Resources	9,354,427	8,619,127	735,300	92.1%
Requirements				
Personnel Services	5,126,036	4,915,738	210,298	95.9%
External Materials and Services	1,740,055	1,272,884	467,171	73.2%
Internal Materials and Services	2,488,336	2,430,505	57,831	97.7%
Total Requirements	9,354,427	8,619,127	735,300	92.1%

Requirements

External Materials and Services: First, the bureau carried over funding from FY2011-12 that was not needed; the funds carried over were intended to ensure adequate funding for the new contract for the external audit. Further, funds were not needed for a study that was planned. Also, a portion of the underspending was due to purchase restrictions.

Resources

Interagency Revenue: Fewer hearings in the Hearings Office resulted in lower than projected revenue. Also, there was less reimbursement revenue to the bureau from the Local Improvement District fund.

Miscellaneous: An increase in the collection of copy fees and unanticipated reimbursement from the worker's compensation fund generated excess revenues.

Assessment Collection Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balanc	78,060	80,060	(2,000)	102.6%
Fund Transfers - Revenue	81	81	-	100.0%
Miscellaneous	1,000	614	386	61.4%
Total Resources	79,141	80,755	(1,614)	102.0%
Requirements				
Internal Materials and Services	1,510	1,512	(2)	100.1%
Contingency	4	-	4	0.0%
Unappropriated Fund Balance	77,627	79,243	(1,616)	
Total Requirements	79,141	80,755	(1,614)	102.0%

Resources

Miscellaneous: Lower than budgeted revenue resulted from decreases in interest earnings as well as decreases in collected lien principal payments.

Requirements

Actual expenditures were generally aligned with the budget plan.

Bancroft Bond Interest and Sinking Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balanc	14,775,233	14,775,223	10	100.0%
Miscellaneous	6,841,150	7,387,017	(545,867)	108.0%
Total Resources	21,616,383	22,162,240	(545,857)	102.5%
Requirements				
Bond Expenses	7,524,992	7,640,099	(115,107)	101.5%
Unappropriated Fund Balance	14,091,931	14,522,141	(430,210)	103.1%
Total Requirements	21,616,923	22,162,240	(545,317)	102.5%

Resources

Miscellaneous: The bureau collected more revenue from assessment payments (i.e. early payoff or additional principal payments) than budgeted.

Requirements

Bond Expenses: Actual expenditures were generally aligned with the budget plan.

Local Improvement District Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balanc	4,202,019	4,202,019	-	100.0%
Charges for Services	779,100	860,369	(81,269)	110.4%
Fund Transfers - Revenue	148	148	-	100.0%
Bond and Note	8,130,953	965,208	7,165,745	11.9%
Miscellaneous	638,881	521,643	117,238	81.6%
Total Resources	13,751,101	6,549,387	7,201,714	47.6%
Requirements				
External Materials and Services	5,000	1,400	3,600	28.0%
Internal Materials and Services	1,419,435	1,312,258	107,177	92.4%
Bond Expenses	604,425	247,668	356,757	41.0%
Fund Transfers - Expense	7,981,795	1,013,403	6,968,392	12.7%
Contingency/Ending Fund Balanc	3,740,446	3,974,658	(234,212)	106.3%
Total Requirements	13,751,101	6,549,387	7,201,714	47.6%

Resources

Charges for Services: Year-end actuals were 10.4% greater than budgeted due to 1) increases in payments toward and payoffs of delinquent liens and 2) increases in fees collected for external lien searches.

Bond and Note: The considerable variance resulted from decreases in external borrowing for projects; part of this variance is off-set by decreased Fund Transfers of reimbursements for the work completed on projects.

Miscellaneous: Delays in projects lowered the expected revenue from interest payments to be collected from assessments of projects.

Requirements

External Materials & Services: The 72% variance reflects less costs related to the fund's line-of-credit

Bond Expenses: Spending was less than budgeted as a result of no principal payments made to the external line-of-credit. The plan was for revenues from liens to be used for internal fund reimbursements for project costs. However, there were no reimbursement requests which left funds available for debt service; the bureau reports that it was too late to make debt service payment.

Fund Transfers: The 87.3% variance resulted from pushed back reimbursement request for projects that were planned to start during the fiscal year.

Capital

Office of the City Auditor does not have capital projects to report.

Decision Package Implementation

6% Mandatory Reduction

As adopted in the decision package, the Office of the Auditor eliminated 1 FTE in the Office of the Ombudsman. However, there were operational needs unmet and to address those needs the Office of the Auditor reclassified an existing position in the Council Clerk/Contracts Division. The reclassification resulted in a split of the FTE between the division and the Office of the Ombudsman.

Independent Police Review Contracts

The funds related to this decision package were unexpended. The contract related to outside review of civilian oversight was not issued because the Auditor determined that the scope of work was covered by the Department of Justice investigation into matters related to Independent Police Review. This underspending is reflected in the external materials and services category in the General Fund operating budget for the Auditor; \$35,000 will be returned to the general fund. Additionally, for the contract for an outside expert review of officer-involved shootings and in-custody deaths, expenditures were less than budgeted. \$50,000 was to be returned to the General Fund.

External Audit Contract

The funds related to this decision package were unexpended. At the time the decision package was adopted, the new contract had not been executed. For the new contract, the contractor selected charged similar rates as was charged in prior years. This underspending is reflected in the external materials and services category in the general fund operating budget; \$100,000 was returned to the general fund.

OMF Interagency Adjustments, Non-Represented Merit Freeze.

These decision packages were implemented in accordance with the adopted budget.

Budget Notes

There were no budget notes involving the Office of the City Auditor.

Performance Reporting

Overall, the set of performance measures is a solid reflection of how the office is to accountable to fulfilling its mission. Across all the measures, the FY2012-13 year-end

actuals were consistently within the range of targets that were set. One performance measure to highlight is the “median number of days to complete IPR intake investigations.” The year-end actual was 38 days which is better than the 45 days target in the revised budget. The Auditor’s Office duly noted that the estimated target needs to be revisited; a more challenging target is recommended given the importance of this measure. Another measure to bring attention is the “number of electronic documents viewed through the E-files.” First, investments in E-files/TRIM has been a significant point at issue which is evident through 1) work undertaken by a TRIM steering committee and 2) budget proposals planned to scale the initiative. To better capture the utility of E-files, the measure might be improved by focusing on “unique views” for documents rather than total volume. An alternative measure of utility might count of the number of “unique users” in order to understand the breadth of the initiative.

City Support Service Area

Office of the City Attorney

Summary

Without additional resources last year, the Office of the City Attorney was able to take on the added responsibilities pertaining to the City’s implementation of its agreement with the Department of Justice regarding the Police Bureau’s interaction with persons with mental disabilities. The office tightly controlled its spending on external materials and services and also realized savings in internal materials and services that it was able to transfer to personnel services to help pay for its vacancy savings obligations.

Budget-to-Actuals

General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Charges for Services	-	8,126	(8,126)	NA
Interagency Revenue	5,071,969	5,071,969	-	100.0%
General Fund Discretionary	1,555,918	1,074,738	481,180	69.1%
General Fund Overhead	2,823,060	2,823,060	-	100.0%
Total Resources	9,450,947	8,977,893	473,054	95.0%
Requirements				
Personnel Services	8,141,620	7,910,358	231,262	97.2%
External Materials and Services	441,801	328,209	113,592	74.3%
Internal Materials and Services	867,526	739,326	128,200	85.2%
Total Requirements	9,450,947	8,977,893	473,054	95.0%

External materials and services ended the year at about 26% below budget due to the Mayor’s directive to reduce spending. The office delayed spending on office and operating supplies and also temporarily reduced spending on legal publications, education, and out-of-town travel.

Internal materials and services were underspent by 15% due to: 1) rent and moving expenses that did not materialize because of delays in office expansion and 2) difficulties and delays in hiring a BTS Applications Analyst. The office began occupying the space formerly occupied by the City Treasury on the first floor of City Hall in September of this year. Because other offices in City Hall did not require relocation, the budget for the City Hall restack appears to be sufficient to cover the office’s move-related expenses. In regards to the BTS position, the office was able to get by without

the position with office staff handling some of the responsibilities, but the added work was a strain on staff, and many projects were delayed.

The office's General Fund discretionary allocation was underspent by 31% due to the above-mentioned underspending in materials and services as well as the underspending in personnel services, which although numerically large, was not significant compared to the budget.

Decision Package Implementation

The office took a 6% reduction during the FY 2012-13 budget development process and reduced its external materials and services budget for travel, education, office supplies, and legal publications. During the year, the bureau also returned about \$73,000 in vacancy savings to the General Fund but also transferred about \$140,000 from materials & services to supplement its personnel services budget.

Department of Justice Expenses - The Attorney's Office was able to find one-time savings in external materials & services and transferred \$59,540 from that major object category to personnel services to pay for an additional deputy attorney that the office needed to start implementing the City's settlement with the Department of Justice. The transfer took place during the Winter BMP. Ongoing costs beginning in FY 2013-14 are being paid for with a CAL increase.

Performance Reporting

The following discussion only refers to the measures which showed significant variances between the target and the actual. The actuals for the other measures that the bureau reports on are as expected.

Hourly rate - Due to underspending (see Budget-to-Actuals section above), the actual hourly rate (\$141) was lower than the projected target of \$160.

Contracts review and approval – The number of contracts reviewed (8,610) turned out to be about 20% more than the target (7,200). The office notes that it has no control over the number of contracts that come to it but was able to handle the larger workload with the available resources.

Office of Government Relations

Summary

In FY 2012-13, the Office under spent its General Fund Discretionary by \$64,620 or approximately 5% of its budget. The unspent fund fell to balance.

Budget-to-Actuals

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Interagency Revenue	97,704	97,704	-	100.0%
General Fund Discretionary	490,327	425,707	64,620	86.8%
General Fund Overhead	727,529	727,529	-	100.0%
Total Resources	1,315,560	1,250,940	64,620	95.1%
Requirements				
Personnel Services	889,339	840,001	49,338	94.5%
External Materials and Services	267,698	252,015	15,683	94.1%
Internal Materials and Services	158,523	158,924	(401)	100.3%
Total Requirements	1,315,560	1,250,940	64,620	95.1%

Overall, the office under spent its total appropriation by 4.9%, resulting in an unspent General Fund Discretionary of \$64,620 by year end. Personnel Services and External Materials & Services categories were both under spent, but the Internal Materials & Services (IMS) category was over spent by \$401 or approximately 0.30%.

Decision Package Implementation

In FY 2012-13, the Office had several decision packages. The notable ones include a budget reduction package of \$18,935 and an add package of \$91,432 for a Federal Assistant position. All decision packages were implemented as planned.

Performance Reporting

The office has two workload measures related to legislative reporting and percent of targeted legislator contacted. Additionally, the office has one effective performance measure related to responsiveness to client requests. All performance measures are trending well.

Office of Management and Finance

Summary

Overall, the City Budget Office (CBO) has no major concerns. All 21 funds appropriated within the Office of Management and Finance ended the year within budget and the bureau implemented the majority of decision packages approved during the FY 2012-13 budget process. Below are a few items of note:

Reductions and Organizational Changes

Despite a sizable mid-year General Fund discretionary reduction of \$913,613, OMF ended the year well under budget. This included underspending in all OMF-bureaus and all major operating expense categories (personnel and materials and services). The bureau had several vacancies throughout the year and closely followed the Mayor's guidance to reduce materials and services spending wherever possible. For more information on the bureau's General Fund spending, please see the *budget-to actuals* section of this report.

The bureau also dealt with the removal of the Financial Planning Division and the dissolution of the Bureau of Financial Services which was not formally completed until FY 2013-14.

Enterprise Business Solutions Unit

The Enterprise Business Solutions unit invested approximately \$2.3 million to successfully implement several SAP capital and system maintenance projects. Specifically, the unit completed:

Maintenance

- Time and Payroll - \$1.0 million

Capital

- Data Copy and Test- \$209,000
- ESS/MSS- \$383,000
- FMLA- \$166,000
- Learning Solution: \$230,000
- Treasury Module: \$225,000

Using a mixture of contractor and internal staffing resources the EBS team was able to meet its established implementation deadlines and come-in on budget for projects undertaken in the prior fiscal year.

Printing & Distribution Fund

The Printing & Distribution Fund experienced a decline in revenues, as interagency and intergovernmental collections were down significantly in FY 2012-13. The drop in revenues resulted in a negative impact to the overall fund balance, with a 57.6% reduction to contingency. Based on the internal service fund contingency goal of 10% of operating expenses, this will leave the fund with insufficient reserves, potentially impacting the fund in future years in the form of service reductions. It is likely that the Printing & Distribution division will have to review its services in an effort to better align with the trend of City bureaus and outside customers moving to more electronic means of communication. The performance measures section of this report includes further evidence to support the root cause of the decline in revenues, as the P&D division saw a substantial year-over-year reduction in the total number of in-bureau copies and copy center sheets, and an overall reduction in the amount of services utilized by both internal and external customers. For more detail on this issue, please see the *budget-to actuals* and *performance* section of this report.

Performance Measure	FY 2011-12 Year-End Actuals	FY 2012-13 Adopted Budget	FY 2012-13 Revised Budget	FY 2012-13 Year-End Actuals
MF_1001 Total Number of in-bureau copies	16,300,000	15,500,000	15,500,000	13,600,000
MF_1003 - Total number of copy center sheets	9,940,000	10,800,000	10,800,000	8,540,000
MF_1004 Total number of press impressions	6,300,000	7,000,000	7,000,000	6,440,000

Budget-to-Actuals
General Fund -100

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Licenses & Permits	1,309,762	1,204,411	105,351	92.0%
Charges for Services	369,545	73,729	295,816	20.0%
Intergovernmental Revenues	1,332,557	1,304,860	27,697	97.9%
Interagency Revenue	8,287,739	7,506,455	781,284	90.6%
Fund Transfers - Revenue	1,345,086	1,143,906	201,180	85.0%
Miscellaneous	1,807,685	2,245,741	(438,056)	124.2%
General Fund Discretionary	14,013,983	12,571,864	1,442,119	89.7%
General Fund Overhead	12,119,154	12,119,154	-	100.0%
Total Resources	40,585,511	38,170,120	2,415,391	94.0%
Requirements				
Personnel Services	28,262,210	27,590,417	671,793	97.6%
External Materials and Services	5,540,526	4,317,538	1,222,988	77.9%
Internal Materials and Services	6,640,275	6,142,165	498,110	92.5%
Capital Outlay	22,500	-	22,500	0.0%
Fund Transfers - Expense	120,000	120,000	-	100.0%
Total Requirements	40,585,511	38,170,120	2,415,391	94.0%

OMF’s year-end General Fund discretionary underspending totaled \$1.442 million, slightly higher than projected during the fiscal year. This was primarily the result of personnel and materials and services charges being below the budgeted level. In the FY 2013-14 Fall BMP, the bureau requested \$300,879 of its discretionary underspending as General Fund encumbrance carryover and another \$88,464 for Public Safety Systems Revitalization Project (PSSRP) project carryover. Details are as follows:

Resources

In total, General Fund program revenue collections tracked slightly below the budgeted levels in all categories. Charges for services revenues were 80% below budget; this was offset by increased collections in miscellaneous revenues. License and permit collections, contributed by the OMF-Revenue Bureau, were 8% below projections due to delays in implementing the revised special event cost recovery administrative rule, and interagency revenues were down \$781,284 from the budgeted amount. The bureau only utilized \$12.57 million of its \$14.01 million General Fund discretionary appropriation or 89.7%. CBO has no concerns.

Requirements

OMF experienced year end positive variances in all major object categories; the savings is comprised of the following:

- \$671,793 in personnel services
- \$1,222,988 in external materials and services
- \$498,110 in internal materials and services

External materials and services surpluses can be attributed to under spending in OMF-Internal Business Services (BIBS) - \$196,329 specifically Procurement Services, the Bureau of Financial Services - \$255,531, the Bureau of Human Resources (BHR) - \$130,879, the Revenue Bureau - \$524,326 and the Office of the Chief Administrative Officer’s Office (CAO) - \$138,153. The large variance in the OMF-Revenue Bureau is related to Arts Tax interagency expenses that did not occur as planned. Additionally, professional services expenditures were below budget in all divisions. As noted above, a portion of the unspent General Fund is being requested as encumbrance carryover.

Personnel services expenditures were lower than budgeted in all divisions, with the greatest surplus in OMF-Office of the Chief Administrative Officer’s Office - \$173,169.

Emergency Communication Fund -202

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	202,148	202,148	-	100.0%
Total Resources	202,148	202,148	-	100.0%
Requirements				
Personnel Services	17,518	10,675	6,843	60.9%
External Materials and Services	13,508	9,125	4,383	67.6%
Internal Materials and Services	171,122	123,668	47,454	72.3%
Contingency/Ending Fund Balance	-	58,680	(58,680)	NA
Total Requirements	202,148	202,148	-	100.0%

The remaining fund balance reflects unspent resources from the completed PSSRP-Computer Automated Dispatch (CAD) subprojects Zetron and Incident Connect. These funds were transferred to the Technology Services Fund in the FY 2013-14 Fall BMP and held as program contingency for future use on other PSSRP projects.

Property Management License Fund - 204

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Licenses & Permits	5,505,900	5,022,146	483,754	91.2%
Charges for Services	575	377	198	65.6%
Miscellaneous	2,390	2,218	172	92.8%
Total Resources	5,508,865	5,024,741	484,124	91.2%
Requirements				
External Materials and Services	5,445,552	4,963,476	482,076	91.1%
Internal Materials and Services	63,313	62,405	908	98.6%
Contingency/Ending Fund Balance	-	(1,140)	1,140	NA
Total Requirements	5,508,865	5,024,741	484,124	91.2%

Property Management License Fund revenues were 9.8% below the budgeted level, which is the result of lower than anticipated collections from the Downtown Development District Business Improvement District (BID). External materials and services costs, which represent pass through charges to the two business improvement districts that pay into the fund, were correspondingly below budget because the fund only expenses what it collects in a given year. CBO has no concerns.

Cable Fund - 206

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	7,439,826	7,439,826	-	100.0%
License and Permits	1,595,395	4,561,991	(2,966,596)	285.9%
Charges for Services	4,865,799	2,472,274	2,393,525	50.8%
Interagency Revenue	156	-	156	0.0%
Fund Transfers - Revenue	4,720	4,720	-	100.0%
Miscellaneous	288,865	261,350	27,515	90.5%
Total Resources	14,194,761	14,740,161	(545,400)	103.8%
Requirements				
Personnel Services	-	-	-	#DIV/0!
External Materials and Services	7,611,586	5,331,987	2,279,599	70.1%
Internal Materials and Services	89,103	81,646	7,457	91.6%
Fund Transfers - Expense	67,149	67,149	-	100.0%
Contingency/Ending Fund Balance	5,118,158	5,118,158	-	100.0%
Unappropriated Fund Balance	1,308,765	4,141,221	(2,832,456)	316.4%
Total Requirements	14,194,761	14,740,161	(545,400)	103.8%

Resources

At the start of FY 2012-13 the Office for Community Technology (OCT) transitioned to the Revenue Bureau. This transition caused delays in creating the SAP accounts needed to accept Cable Fund revenues, primarily PEG Grant revenues. PEG Grant proceeds are paid by Cable companies and are based on 3% of gross Cable company revenues. Because of these issues, revenue collections are not aligned with the various categories. Despite the misclassification of resources, total revenue collections exceeded the budgeted amount by \$545,000 at year's end.

Requirements

The vast majority of the \$5.331 million in EM&S expenses represent funds granted to various entities within the community to complete infrastructure upgrades and increase access to internet services. OCT did not award the entire FY 2012-13 grant budget, which lead to the year-end EM&S surplus of \$2.279 million. The remaining resources will be carried forward into the following year.

It is important to note, that as of the end of FY 2012-13, this fund is closed. All remaining resources will be transferred to and budgeted in the newly established Mount Hood Cable Regulatory Commission (MHCRC) Fund. Since the MHCRC is a separate governmental entity, the new fund is established as an agency fund and will follow monitoring requirements associated with that specific fund classification.

Private for Hire Transportation Safety Fund - 207

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	222,805	222,058	747	99.7%
Licenses & Permits	79,628	79,141	487	99.4%
Fund Transfers - Revenue	267	267	-	100.0%
Miscellaneous	300	615	(315)	205.0%
Total Resources	303,000	302,081	919	99.7%
Requirements				
External Materials and Services	303,000	302,081	919	99.7%
Contingency/Ending Fund Balance	-	-	-	#DIV/0!
Total Requirements	303,000	302,081	919	99.7%

The Private Hire Transportation Safety Fund is closed as of the end of FY 2012-13. This decision to stop administering the fund was dictated by industry best practice, which requires taxi cab companies to independently purchase cameras. The bureau made a

final purchase of taxi cameras in an effort to fully deplete the fund balance. The remaining \$919 will fall to the General Fund.

Convention and Tourism Fund – 209

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Taxes	8,011,200	7,130,085	881,115	89.0%
Fund Transfers - Revenue	53	53	-	100.0%
Miscellaneous	4,350	3,841	509	88.3%
Total Resources	8,015,603	7,133,979	881,624	89.0%
Requirements				
External Materials and Services	7,756,513	6,945,684	810,829	89.5%
Internal Materials and Services	201,862	182,332	19,530	90.3%
Fund Transfers-Expense	43,350	43,350	-	100.0%
Contingency	13,878	(37,387)	51,265	-269.4%
Total Requirements	8,015,603	7,133,979	881,624	89.0%

Resources

FY 2012-13 was the first year the OMF -Revenue Bureau administered a tax on the newly created Portland Tourism Improvement District. Revenue estimates related to collecting the tax appear to have been slightly over projected, thus resulting in actual revenue collections 11% below the budgeted level.

Requirements

External materials and services underspending represents reduced pass-through funding to Travel Portland and corresponds directly to the under collection of revenues.

Grants Fund – 217

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Intergovernmental Revenues	3,990,367	3,811,747	178,620	95.5%
Total Resources	3,990,367	3,811,747	178,620	95.5%
Requirements				
Personnel Services	309,963	135,628	174,335	43.8%
External Materials and Services	2,840,136	1,503,639	1,336,497	52.9%
Capital Outlay	840,268	1,073,717	(233,449)	127.8%
Ending Fund Balance	-	1,098,763	(1,098,763)	#DIV/0!
Total Requirements	3,990,367	3,811,747	178,620	95.5%

The grants fund includes resources to support projects managed by the Office of Management and Finance. Underspending occurred in the American Investment and Recovery Act (AARA) High-speed Rail grant. Although construction was completed June 30, 2013, some billings remain. Those should be resolved in the current fiscal year. Since this is a reimbursement grant no further reimbursements will be provided once the remaining billings are resolved and no additional appropriations will be carried over into future years.

Arts Education and Access Fund – 223

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Taxes	8,717,387	7,815,970	901,417	89.7%
Charges for Services	2,000	4,939	(2,939)	247.0%
Total Resources	8,719,387	7,820,909	898,478	89.7%
Requirements				
Internal Materials and Services	862,500	561,502	300,998	65.1%
Contingency/Ending Fund Balance	7,856,887	7,259,407	597,480	92.4%
Total Requirements	8,719,387	7,820,909	898,478	89.7%

Resources

The creation of the Arts Education and Access Fund and associated tax was approved by voters in the 2012 General Election. Mid-year amendments to the tax resulted in adjustments to the program budget and anticipated revenue collections. In total, the fund collected 90% of its budgeted revenues.

Requirements

Underspending in internal materials and services represents reduced costs related to OMF -Revenue Bureau administering the tax. Resources held in contingency and any other net revenues will be carried over into the next year for distribution to six local school districts and the Regional Arts and Culture Council.

BFRES Facilities GO Bond Construction Fund -400

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	1,585,304	1,716,150	(130,846)	108.3%
Fund Transfers - Revenue	1,205	1,205	-	100.0%
Miscellaneous	605,634	14,150	591,484	2.3%
Total Resources	2,192,143	1,731,505	460,638	79.0%
Requirements				
External Materials and Services	20,000	451	19,549	2.3%
Internal Materials and Services	44,286	24,757	19,529	55.9%
Capital Outlay	2,101,719	1,102	2,100,617	0.1%
Fund Transfers - Expense	26,101	26,101	-	100.0%
Contingency/Ending Fund Balance	37	1,679,094	(1,679,057)	4538091.9%
Total Requirements	2,192,143	1,731,505	460,638	79.0%

Resources

Budgeted FY 2012-13 miscellaneous revenues assumed the sale of two properties. These sales will not be completed until FY 2013-14, thus the under collection of revenues.

Requirements

The \$2.1 million variance in capital outlay is the result of delays in completing the Fire Station 21 project. Work on this project is expected to be completed sometime in FY 2014-15. Since this is the last project to be finished using these funds, it is expected that the fund will close at this time.

Public Safety GO Bond Fund -403

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	29,959,735	30,993,206	(1,033,471)	103.4%
Fund Transfers - Revenue	3,472	3,472	-	100.0%
Miscellaneous	59,500	126,303	(66,803)	212.3%
Total Resources	30,022,707	31,122,981	(1,100,274)	103.7%
Requirements				
Personnel Services	307,035	251,381	55,654	81.9%
External Materials and Services	1,089,622	883,162	206,460	81.1%
Internal Materials and Services	499,500	240,312	259,188	48.1%
Capital Outlay	11,482,102	7,979,493	3,502,609	69.5%
Fund Transfers - Expense	26,306	26,306	-	100.0%
Contingency/Ending Fund Balance	16,618,142	21,742,327	(5,124,185)	130.8%
Total Requirements	30,022,707	31,122,981	(1,100,274)	103.7%

Both Portland Fire and Rescue and OMF had Public Safety GO Bond Fund appropriations in FY 2012-13. OMF's \$24.26 million appropriation represents funding for the PSSRP Radio project, the New Emergency Coordination Center (\$3.0million), and other facilities projects; whereas proceeds directed to the Portland Fire & Rescue are for the Fire Apparatus Project (\$5.762 million). Both the Radio Project and the Fire Apparatus projects experienced significant under spending in the prior year. Details are as follows:

Resources

Revenues were in-line with budgeted levels. Surplus miscellaneous revenues were the result of interest earnings coming in higher than projected. Beginning fund balance actuals were also above the budgeted level, \$1.033 million, due to project underspending in the prior year, FY 2011-12.

Requirements

There was significant underspending in external materials and most notably, capital outlay. The variance in capital outlay stems from lower than projected actuals on the Fire Apparatus Replacement project, \$1.787 million below budget, and Radio Replacement Project, \$1.235 million of underspending.

It should also be noted that project delays, including the delay in procuring the Radio Replacement contractor, contributed to the increased ending fund balance of \$5.1

million. All unspent funds will be carried over into the current fiscal year and appropriated as necessary.

Spectator Facilities Fund -607

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balanc	6,910,467	6,910,467	-	100.0%
Charges for Services	6,357,137	6,607,407	(250,270)	103.9%
Intergovernmental Revenues	36,741,356	4,209,501	32,531,855	11.5%
Fund Transfers - Revenue	609	609	-	100.0%
Miscellaneous	78,321	66,477	11,844	84.9%
Total Resources	50,087,890	17,794,461	32,293,429	35.5%
Requirements				
Personnel Services	202,130	144,042	58,088	71.3%
External Materials and Services	2,130,000	1,248,389	881,611	58.6%
Internal Materials and Services	318,064	228,476	89,588	71.8%
Capital Outlay	35,100,000	2,699,157	32,400,843	7.7%
Bond Expense	7,220,843	7,071,057	149,786	97.9%
Fund Transfers - Expense	327,893	327,893	-	100.0%
Contingency/Ending Fund Balanc	4,788,960	6,075,447	(1,286,487)	126.9%
Total Requirements	50,087,890	17,794,461	32,293,429	35.5%

Revenue

The Spectator Facilities Operating Fund included budgeted intergovernmental revenues totaling \$35.0 million to fund the Veteran’s Memorial Coliseum (VMC) redevelopment project. However, the redevelopment agreement was not finalized in FY 2012-13 leaving a large majority of these revenues unrealized. All other revenue sources tracked to the budgeted level.

Expense

Expenditures were below budget in all major categories, including personnel services where a double filled position ended earlier than planned. However, as stated above, the VMC redevelopment agreement was not finalized leaving the majority of the \$35.0 million capital budget unspent. Actuals did include the replacement of the ice floor, legal costs associated with negotiating the agreement and some break fix expenses. Additional under spending in EM&S, \$881,611, resulted from the program not needing to make any emergency repairs during the year.

Health Insurance Operating Fund -700

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	13,020,637	13,020,637	-	100.0%
Charges for Services	52,471,164	50,876,978	1,594,186	97.0%
Interagency Revenues	238,673	275,753	(37,080)	115.5%
Fund Transfers - Revenue	1,482,446	1,482,446	-	100.0%
Miscellaneous	857,836	753,477	104,359	87.8%
Total Resources	68,070,756	66,409,291	1,661,465	97.6%
Requirements				
Personnel Services	1,208,007	1,110,221	97,786	91.9%
External Materials and Services	54,932,964	52,601,908	2,331,056	95.8%
Internal Materials and Services	478,834	506,941	(28,107)	105.9%
Bond Expense	25,917	25,183	734	97.2%
Fund Transfers - Expense	600,638	402,458	198,180	67.0%
Contingency/Ending Fund Balance	10,824,396	11,762,580	(938,184)	108.7%
Total Requirements	68,070,756	66,409,291	1,661,465	97.6%

Resources

In total, the Health Fund collected 97.6% of its budgeted revenues. Charges for services revenues were down slightly, 3.0%, mostly due to lower than anticipated bureau collections.

Requirements

Personnel services spending tracked close to the budgeted level throughout the year. Final year-end actuals are 91.9% of the budgeted amount. An adjustment was made in the Spring BMP which transferred \$110,000 from contingency to personnel services to prevent an over expenditure.

The bulk of the Health Fund variance resulted from self-insurance claims payments coming in lower than projected. These expenditures are budgeted in external materials and services and contributed to producing the year-end surplus of \$2.331 million.

The fund carried sufficient contingency throughout the year, \$10.824 million, to manage the FY 2012-13 actuarial reserve requirements of \$9.460 million. However, the fund had a limited amount of unrestricted contingency, \$1.364 million, to deal with any unforeseen expenses. The underspending in personnel services and EM&S increased the ending fund balance by \$938,184 which will help to buildup the reserves in future years.

Facilities Operating Fund -701

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	41,902,475	40,433,064	1,469,411	96.5%
Charges for Services	1,135,573	1,626,516	(490,943)	143.2%
Intergovernmental Revenues	1,159,120	88,964	1,070,156	7.7%
Interagency Revenues	25,374,508	23,136,666	2,237,842	91.2%
Fund Transfers - Revenue	4,584,724	4,584,721	3	100.0%
Bond and Note	51,317	48,722	2,595	94.9%
Miscellaneous	-	981,374	(981,374)	NA
Total Resources	74,207,717	70,900,027	3,307,690	95.5%
Requirements				
Personnel Services	3,489,093	3,212,721	276,372	92.1%
External Materials and Services	35,876,268	17,510,380	18,365,888	48.8%
Internal Materials and Services	4,190,236	2,858,991	1,331,245	68.2%
Capital Outlay	7,734,695	1,435,479	6,299,216	18.6%
Bond Expense	10,153,206	8,309,606	1,843,600	81.8%
Fund Transfers - Expense	825,765	825,765	-	100.0%
Contingency/Ending Fund Balance	11,938,454	36,747,085	(24,808,631)	307.8%
Total Requirements	74,207,717	70,900,027	3,307,690	95.5%

Resources

In total, the fund collected 95.5% of its budgeted revenues, which is slightly below collections in FY 2011-12. Interagency revenues, the fund’s largest revenue stream comprised of rent and other facilities and operations payments from City bureaus, ended the year 8.8% or \$2.2 million below budget. Although it appears that there was a significant under collection of intergovernmental revenues, that is not exactly the case because many of the revenues originally budgeted for were actually charged to charges for services and miscellaneous revenue. This discrepancy is the result of a change in the accounting for rent revenue received from other government entities (i.e. Multnomah County and Union Station). Combining those three categories-intergovernmental, charges for service, and miscellaneous- actually results in revenues 118% above budget.

Requirements

The Facilities Operating Fund experienced underspending of 18% or greater in all major object categories with the exception of personnel, which finished the year 7.1% below budget. The most significant underspending occurred in EM&S and capital outlay. The combined variance for these two major object categories totals, \$24.655 million and is primarily related to facilities major maintenance projects that were either not started or not completed in FY 2013-14. In recent years, it has been difficult to complete all of the

budgeted projects due to resource constraints. Also contributing to the variance are funds budgeted for the Emergency Coordination Center (ECC) (Water Bureau picked up its portion of the building expenses in FY 2012-13, deferring the Facilities Fund portion) and Police Training Facility that are not needed until FY 2013-14. Funding for these projects will be carried over for use in future years. Lower than projected bond expenses are directly related to only having to loan the General Fund \$575,000 of the \$1.25 million authorized.

CityFleet Operating Fund -702

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balanc	19,366,106	19,364,576	1,530	100.0%
Intergovernmental Revenues	555,000	780,736	(225,736)	140.7%
Interagency Revenues	28,686,189	25,602,311	3,083,878	89.2%
Fund Transfers - Revenue	229,856	9,232	220,624	4.0%
Bond and Note	51,317	48,722	2,595	94.9%
Miscellaneous	675,000	2,337,200	(1,662,200)	346.3%
Total Resources	49,563,468	48,142,777	1,420,691	97.1%
Requirements				
Personnel Services	6,932,866	6,622,830	310,036	95.5%
External Materials and Services	12,554,038	10,867,714	1,686,324	86.6%
Internal Materials and Services	1,661,446	1,555,965	105,481	93.7%
Capital Outlay	11,884,463	7,486,146	4,398,317	63.0%
Bond Expense	1,577,994	888,712	689,282	56.3%
Fund Transfers - Expense	595,868	595,868	-	100.0%
Contingency/Ending Fund Balanc	14,356,793	20,125,542	(5,768,749)	140.2%
Total Requirements	49,563,468	48,142,777	1,420,691	97.1%

Resources

The CityFleet Operating Fund collected 97.1% of its total budgeted revenue for FY 2012-13. Although interagency revenue collections, the fund’s largest revenue stream, were down \$3.083 million it was largely offset by increased collections for miscellaneous (\$1.5 million for the sale of surplus property-Kerby parking lot) and intergovernmental (IGA) revenues. Higher than anticipated IGA revenues result from the division entering into more IGA’s than were planned for in the FY 2012-13 Adopted Budget, including agreements with Portland Public Schools, Multnomah County, and the State of Oregon. Some of the agreements were finalized later in the year and required increased

CityFleet services. The primary reason for the decreased IA revenues was the timing and receipt of new vehicles. Bureaus are only billed when the new equipment is received.

Requirements

The majority of underspending in FY 2012-13 occurred in external materials and services (\$1.686 million) and capital outlay (4.398 million), thus contributing to the \$5.768 million ending fund balance. Lower than budgeted prices for fuel and lower costs of auto parts contributed to the EM&S underspending. The 37% of unspent capital outlay represents the delayed receipt of the equipment order and the lower than projected bond expenses. This is directly related to only having to loan the General Fund \$575,000 of the \$1.25 million authorized.

Printing and Distribution Services Operating Fund - 703

Resources					
Budgeted Beginning Fund Balance	1,095,558	1,116,703	(21,145)	101.9%	
Charges for Services	141,053	112,488	28,565	79.7%	
Intergovernmental Revenues	1,280,639	721,132	559,507	56.3%	
Interagency Revenues	6,024,636	4,860,022	1,164,614	80.7%	
Fund Transfers - Revenue	3,987	3,987	-	100.0%	
Miscellaneous	77,951	74,376	3,575	95.4%	
Total Resources	8,623,824	6,888,708	1,735,116	79.9%	
Requirements					
Personnel Services	1,982,042	1,906,009	76,033	96.2%	
External Materials and Services	4,099,801	3,209,237	890,564	78.3%	
Internal Materials and Services	749,497	712,041	37,456	95.0%	
Capital Outlay	301,250	41,375	259,875	13.7%	
Bond Expense	111,151	108,000	3,151	97.2%	
Fund Transfers - Expense	275,994	275,994	-	100.0%	
Contingency/Ending Fund Balance	1,104,089	636,052	468,037	57.6%	
Total Requirements	8,623,824	6,888,708	1,735,116	79.9%	

Resources

Interagency and intergovernmental revenues collections were down significantly in FY 2012-13. Because IA revenues represent approximately 70% of the fund's total budgeted revenues it resulted in a negative impact to the overall fund balance. As noted in the performance measure section of this report, the division saw a substantial year-over-year reduction in the total number of copies and copy center sheets (while press impressions grew slightly), with all three performance metrics falling considerable short of goal. The overall reduction in the amount of services utilized by both internal

and external customers has lead to a revenue reduction. It is likely this problem could continue into future years.

Requirements

Expenses for the fund remained within budget, with significant underspending occurring in external materials and services and capital outlay. Reduced EM&S charges correlate directly to fewer services being requested by prospective customers and therefore a reduced need for service related items. Underspending in capital outlay is the result of fewer shop equipment replacements than projected.

In spite of the underspending, there was still the need to reduce contingency 57.6% to align with the low revenue collections. This will leave the fund with insufficient contingency, based on the internal service fund contingency goal of 10% of operating expenses. This will certainly impact the fund in future years and may lead to service reductions. It is likely that the Printing & Distribution division will have to review its services in an effort to better align with the trend of City bureaus moving to more electronic means of communication.

Insurance and Claims Operating Fund -704

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	28,962,173	26,139,475	2,822,698	90.3%
Interagency Revenues	9,591,935	9,591,977	(42)	100.0%
Fund Transfers - Revenue	168	1,968	(1,800)	1171.4%
Miscellaneous	302,000	243,798	58,202	80.7%
Total Resources	38,856,276	35,977,218	2,879,058	92.6%
Requirements				
Personnel Services	1,201,507	1,073,329	128,178	89.3%
External Materials and Services	6,072,664	3,693,566	2,379,098	60.8%
Internal Materials and Services	2,465,418	2,441,253	24,165	99.0%
Bond Expense	61,247	59,511	1,736	97.2%
Fund Transfers - Expense	244,791	244,791	-	100.0%
Contingency/Ending Fund Balance	28,812,449	28,464,768	347,681	98.8%
Total Requirements	38,858,076	35,977,218	2,880,858	92.6%

Resources

Revenue collections ended the year close to budgeted levels in all major object categories.

Requirements

The majority of underspending occurred in personnel and external materials and services. Personnel services' spending was 89.3% due to vacancies that occurred throughout the year in the Loss Prevention Program. In general, the external materials and services category is intentionally conservative to account for the fluctuation on claim liability. In FY 2012-13, EM&S underspending resulted from a large claim accrual in the previous fiscal year.

Workers' Compensation Self Insurance Operating Fund -705

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	18,414,997	18,323,629	91,368	99.5%
Interagency Revenues	3,299,921	3,299,629	292	100.0%
Fund Transfers - Revenue	4,987	4,987	-	100.0%
Miscellaneous	323,500	132,326	191,174	40.9%
Total Resources	22,043,405	21,760,571	282,834	98.7%
Requirements				
Personnel Services	1,112,246	1,010,681	101,565	90.9%
External Materials and Services	4,190,673	2,495,074	1,695,599	59.5%
Internal Materials and Services	591,648	580,004	11,644	98.0%
Bond Expense	57,289	55,666	1,623	97.2%
Fund Transfers - Expense	93,275	93,275	-	100.0%
Contingency/Ending Fund Balance	15,998,274	17,525,871	(1,527,597)	109.5%
Total Requirements	22,043,405	21,760,571	282,834	98.7%

Resources

Revenue collections ended the year close to budgeted levels in all major object categories. Low miscellaneous revenue collections are the result of actual interest earnings below the budgeted level and lower than historical revenues from the State of Oregon Employer-At-Injury Program.

Requirements

Lower than budgeted actuals in personnel and external materials and services resulted in a \$1.527 million FY 2012-13 ending fund balance. EM&S underspending, which totaled 40.5% can largely be attributed to lower than budgeted claim payment and settlement costs.

Technology Services Fund -706

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balanc	32,416,630	32,416,630	-	100.0%
Charges for Services	172,630	140,611	32,019	81.5%
Intergovernmental Revenues	5,648,842	4,929,827	719,015	87.3%
Interagency Revenues	43,076,802	40,797,334	2,279,468	94.7%
Fund Transfers - Revenue	1,275,103	1,275,103	-	100.0%
Bond and Note	41,052	38,976	2,076	94.9%
Miscellaneous	492,738	542,405	(49,667)	110.1%
Total Resources	83,123,797	80,140,886	2,982,911	96.4%
Requirements				
Personnel Services	25,654,850	24,504,111	1,150,739	95.5%
External Materials and Services	19,687,053	15,942,137	3,744,916	81.0%
Internal Materials and Services	3,919,676	3,606,540	313,136	92.0%
Capital Outley	3,980,937	1,066,913	2,914,024	26.8%
Bond Expense	2,290,419	1,735,383	555,036	75.8%
Fund Transfers - Expense	3,015,873	3,015,873	-	100.0%
Contingency/Ending Fund Balanc	24,574,989	30,269,929	(5,694,940)	123.2%
Total Requirements	83,123,797	80,140,886	2,982,911	96.4%

Resources

Overall, the fund collected 96.4% of its budgeted revenues. Interagency revenue, comprising approximately 50% of the fund’s total revenue, achieved collections 94.7% of budget. The majority of the variance results from lower than projected billable charges from other City bureaus. Under collections in intergovernmental and charges for service revenues reflect lower than budgeted billable earnings from other jurisdiction outside the City, including a discontinuation of GIS services provided to Metro.

Requirements

Significant under spending occurred in several major object categories, including external materials and services, capital outlay, and bond expense. As in prior years, delays in several capital and operating projects have caused the fund to underspend its appropriations for external materials & services and capital outlay. In FY 2012-13, the under-expenditure in capital outlay is significant, approximately 73.2% of the budget remained at the end of the fiscal year. In addition to the delays in capital projects discussed above, the under-expenditure in capital outlay is also caused by the carryover

of funds from the prior year due largely to project delays. This trend is likely to continue in future years. The lower than projected bond expenses are directly related to only having to loan the General Fund \$456,000 of the \$1.25 million authorized. The combined underspending resulted in an ending fund balance of \$5.694 million.

Enterprise Business Solutions -708

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	4,211,030	4,204,484	6,546	99.8%
Interagency Revenues	12,342,345	12,337,768	4,577	100.0%
Fund Transfers - Revenue	91,061	91,061	-	100.0%
Miscellaneous	40,000	24,377	15,623	60.9%
Total Resources	16,684,436	16,657,690	26,746	99.8%
Requirements				
Personnel Services	2,374,693	2,337,514	37,179	98.4%
External Materials and Services	2,308,855	2,050,132	258,723	88.8%
Internal Materials and Services	4,381,772	4,328,036	53,736	98.8%
Capital Outley	124,080	124,080	-	100.0%
Bond Expense	4,392,988	4,392,988	-	100.0%
Fund Transfers - Expense	1,578,921	1,578,921	-	100.0%
Contingency/Ending Fund Balance	1,523,127	1,846,019	(322,892)	121.2%
Total Requirements	16,684,436	16,657,690	26,746	99.8%

Resources

Revenue collections ended the year close to budgeted levels in all major object categories.

Requirements

The Enterprise Business Solutions Unit spent 98.4% of its personnel services budget in FY 2012-13. A lack of turnover throughout the year forced the division to transfer \$160,000 from contingency to personnel services in the Spring BMP to prevent an over expenditure. The \$258,723 surplus in external materials and services represents underspending on professional service contracts. EBS Unit actuals include completion of the time and payroll project as well as several smaller projects that required contract support.

Capital

The Office of Management and Finance budgets and oversees the implementation of several technology, facilities, and CityFleet capital projects. The table below details the bureau's FY 2012-13 capital project budgets, actual, and variance by program.

Explanations of significant variances are included below.

CIP-Program Area	FY 2012-13 Adopted Budget	FY 2012-13 Revised Budget	Fy 2012-13 Year-End Actuals	Variance
Bureau of Technology Services	3,354,995	4,344,129	2,889,124	1,455,005
CityFleet	7,877,858	11,399,335	8,310,408	3,088,927
Citywide Projects-PSSRP	8,991,074	11,321,414	2,159,160	9,162,254
Enterprise Business Solutions	-	1,376,566	1,287,892	88,674
Facilities	15,070,559	20,348,605	11,697,847	8,650,758
Risk Management	-	500,000	64,414	435,586
Support	-	-	17,204	(17,204)
Total	35,294,486	49,290,049	26,426,049	22,864,000

Bureau of Technology Services

Despite completing several projects during FY 2012-13, OMF-BTS capital projects underspending totaled \$1.455 million. The variance is largely comprised of underspending on two projects: the AIX Hardware Technology Refresh and the Walters Hill Site. The AIX hardware refresh project was completed under budget, with savings totaling \$775,000. The unspent resources were distributed to bureaus in the FY 2013-14 Fall BMP. Below budgeted actuals for the Walters Hill project result from delays in resolving issues between Gresham and Portland regarding the location of the proposed tower. Funding for this project, approximately \$600,000, was carried over into FY 2013-14.

Citywide Projects-Public Safety Systems Revitalization Projects (PSSRP)

In FY 2012-13 the PSSRP program completed two CAD subprojects. Unspent CAD project resources, \$58,860 in total, were transferred back to project contingency for possible use on other PSSRP projects. All three of the remaining projects- Fire Information Systems, RegJIN, and Radio- experienced some level of underspending. Contributing to the variance was the delayed contract negotiations for both the RegJIN and Radio projects. The major contracts for both projects have been fully executed and expenses will be incurred against those contracts starting in FY 2013-14. Year-end surplus funding will be carried over into the current year or moved into contingency for use in futures year.

CityFleet

CityFleet capital project underspending, 27% below budget, is the result of vehicles and equipment ordered on behalf of other City bureaus that were not received by year's end. Funding for these purchases will be carried over into FY 2013-14.

Risk Management

The Risk Management Division is currently in the process of implementing a new claims management database. The project is scheduled to be completed in December 2013. As such, funding for this project was rolled over into the current year.

Facilities

The \$8.650 million variance was the result of significant FY 2012-13 underspending on several projects managed by the Facilities Divisions. There were three primary projects contributing to this variance: construction of Station 21, construction of the Emergency Coordination Center (ECC) (\$2.015 million), and construction of the Police Training Facility (\$6.542 million). All of these projects are currently underway and any associated funding will be rolled over into FY 2013-14. Current project completion dates include November 2013 for the ECC, FY 2013-14 for the Police Training Facility, and early FY 2014-15 for Station 21.

Decision Package Implementation

OMF successfully implemented the majority of its approved decision packages, including all the funding reductions. Detailed below are decision packages where implementation is still underway.

Lease 1900 Building Vacant Space

The intent of this package was to generate new revenues by leasing vacant floor space at the 1900 building. Specifically, the goal was to have outside agencies or other City bureaus who currently reside in non-City owned building to occupy space in the 1900 building. It will take three years to fully complete this plan. At present, no new bureaus have moved into this space and no outside tenants reside in the building; however, it should be noted that the Bureau of Development Services has increased its overall footprint in the facility. City bureaus located in the building continue to pay for the vacant space.

Mayor's Security Reduction

There were three decision packages approved that sought to reduce funding for the Mayor's Office Security contract by a total of 8%. Although, there were no actual

reductions to the contract, savings were achieved because actual contract charges were within the reduced budgeted total.

Facilities Upgrade Software and Reduce Staffing

The staffing reduction of 1.0 FTE and an ongoing savings amount of \$102,000 were accepted and are reflected in the rates; however, a software solution has not been found. The OMF- Facilities Unit is currently exploring options for upgrading its maintenance dispatch system to gain staffing efficiencies.

Phase II & III ADA Transition Plan

OMF-Facilities received \$368,000 to redevelop Phases II and III of the City's ADA transition plan by inspecting the medium and low priority citywide sites. A contractor was hired and has completed an initial assessment/survey of all Tier 1 (highest priority) City facilities, not including parks, and has identified issues that require addressing. In FY 2013-14, additional sites will be inspected and bureaus will need to determine their ability to correct issues identified in the Tier 1 survey. Not addressing these issues in a timely manner can place the City's federal funding at risk.

Mobile Computing Replacement

Funds totaling \$1.480 million were appropriated in the OMF-Bureau of Technology Services in FY 2012-13 to fund the replacement of mobile computers assigned to the Portland Police Bureau and Portland Fire & Rescue. However, only a portion of those devices were purchased with 35 vehicles receiving installations. The remaining units are to be purchased and installed in FY 2013-14. Carryover funding for this project was requested and approved in the recent Fall BMP.

BTS Assessment

OMF-Bureau of Technology Services received approval in the FY 2012-13 Winter BMP to appropriate \$250,000 from contingency to fund a comprehensive Citywide technology assessment. The assessment is currently underway and OMF-BTS has contracted with Sierra Systems to complete the study. The assessment is expected to be completed in December 2013 with findings reported to Council the following month. Funding for the assessment was carried over in the FY 2013-14 Fall BMP.

Budget Notes

The Office of Management and Finance only had one budget note in the prior fiscal year. The budget note directed OMF-Bureau of Technology Services to develop options and recommendations to address the technology asset replacement funding gap. OMF-BTS complied with this request by proposing to capture rate capacity from expiring debt service. CBO recommended against moving forward with this proposal. OMF-BTS is

currently conducting a Citywide Technology Assessment with the objective of identifying opportunities for savings and possible efficiencies.

Performance Reporting

The following performance measure issues are worth noting.

Human Resources

Performance Measure	FY 2011-12 Year-End Actuals	FY 2012-13 Adopted Budget	FY 2012-13 Revised Budget	FY 2012-13 Year-End Actuals
MF_0011 – Number of Participant Training Hours Coordinated or Presented by BHR	8,419	8,500	9,500	9,993
MF_1122 – Percentage of female applicants per recruitment	30%	30%	37%	37%

The Bureau of Human Resources met or exceeded performance in the majority of program areas. Specifically, the bureau surpassed its goal for the number of hours coordinated or presented by OMF-BHR by 443 hours.

OMF-BHR also managed to improve the percentage of female applicants per recruitment even after revising the target upward by 7% from the Adopted Budget goal.

Bureau of Internal Business Services (BIBS)

Performance Measure	FY 2011-12 Year-End Actuals	FY 2012-13 Adopted Budget	FY 2012-13 Revised Budget	FY 2012-13 Year-End Actuals
MF_0024 - Percent of minority/women hours worked on City construction contracts	32.00%	26.00%	27.00%	36.00%
MF_1001 Total Number of in-bureau copies	16,300,000	15,500,000	15,500,000	13,600,000
MF_1003 - Total number of copy center sheets	9,940,000	10,800,000	10,800,000	8,540,000
MF_1004 Total number of press impressions	6,300,000	7,000,000	7,000,000	6,440,000
MF_1044 Percent of time spent on scheduled vs. unscheduled repair (preventive maintenance compliance)	96%	70%	70%	89%
MF_1073 Percentage of City facilities maintained in good or better	94%	94%	94%	61%

The OMF-Bureau of Internal Business Services tracks over 40 performance metrics in the budget covering a number of services areas including: CityFleet, Risk, Facilities, Printing and Distribution, and Procurement. Overall, OMF-BIBS saw performance at or near the target level. However, there are a few metrics that stood out from the rest and are

worth noting (see table above). In Procurement, positive results are detailed by the increased number of minority/women hours worked on city construction contracts (MF_0024), remaining above the revised goal by 9%. Conversely, in the Printing and Distribution area, the decline in the number of in-bureau copies and copy center sheets (MF_1001 and MF_1003) reflects a declining usage of P&D's physical paper services, and has negatively affected revenue. Similarly, while the total number of press impressions (MF_1004) grew slightly year-over-year, but the metric still missed the goal by 8%. The decline in P&D services may be reflective of a change in the way City bureaus provide services and conduct day-to-day operations, using increased electronic service options. Also of concern is the percentage of City facilities maintained in good or better condition (MF_1073). The metric declined a great deal as a result of decreased personnel and contractor resources.

As for CityFleet, the percent of time spent on scheduled vs. unscheduled repair (MF_1044) declined slightly from FY 2012-13, but still remains significantly above the industry benchmark of 70%.

Revenue Bureau

Performance Measure	FY 2011-12 Year-End Actuals	FY 2012-13 Adopted Budget	FY 2012-13 Revised Budget	FY 2012-13 Year-End Actuals
CB_0005 Cost per \$1,000 of General Fund Revenue Collected	\$15.01	\$14.98	\$11.68	\$11.39
MF_0041 Business Income Tax Gap - Difference between business taxes paid and owed (in millions)	\$4.96	\$5.68	\$5.03	\$7.14

The Revenue Bureau met or surpassed the majority of their performance measurement goals. Positively, the Revenue Bureau lowered the cost of collecting General Fund Revenue by 24%. Unfortunately the tax gap, the difference between business taxes paid and owed, grew 44%, likely caused by the increasing number of new businesses as the economy improves.

Bureau of Technology Services (BTS)

Performance Measure	FY 2011-12 Year-End Actuals	FY 2012-13 Adopted Budget	FY 2012-13 Revised Budget	FY 2012-13 Year-End Actuals
MF_1019 - First Call Resolution: Percentage of Problems Resolved by Help Desk Without Escalation	69.00%	75.00%	75.00%	60.70%

to Field Staff				
MF_1142 Average Number of Help Desk Tickets per Month	3,700	6,000	6,000	3,062
MF_1143 - Resolution Time: Percentage of Problems Resolved Same Day	69%	60%	60%	72%
MF_1151 - Maximum Pct of Computers w/o Current Security Software Installed and Functioning	5%	1%	1%	5%

The Bureau of Technology Services met or surpassed a majority of their performance measurement goals, with a few notable exceptions. The percentage of problems resolved by the Help Desk without escalation to field staff has fallen from 69% to 61%, well short of the 75% goal, as a result of work force reductions. The number of Help Desk tickets per month declined 17% as older workstations requiring more frequent assistance were replaced with newer units, and a new process was implemented to allow some service request to bypass the Help Desk. This left the bureau 49% short of the anticipated 6,000 monthly Help Desk tickets. BTS has made no progress in lowering the maximum percentage of computers without current security software installed and functioning. This metric is at 5%, and well above the 1% goal. Positively, the percentage of problems resolved the same day rose from 69% to 72%, considerably above the 60% goal.

Office of the Chief Administrative Officer

Performance Measure	FY 2011-12 Year-End Actuals	FY 2012-13 Adopted Budget	FY 2012-13 Revised Budget	FY 2012-13 Year-End Actuals
MF_1077 - Investment portfolio yield - % of benchmark	125%	100%	125%	255%
MF_1177 - Average length of time an SAP helpdesk customer ticket is open	0	0	5	11

Overall, the Office of the Chief Administrative Officer performed at or near goal. The Public Finance & Treasury Division more than doubled the previous year's investment portfolio yield as a percentage of the benchmark, from 125% to 255%. Within the Enterprise Business Solutions Division, the average length of time an SAP helpdesk customer ticket is open has increased from 0 to 11 days since 2011-12. This is substantially above the goal of five and results from fewer resources to address certain types of system issues.

City Budget Office

Summary

There are no major concerns regarding prior year spending, budget notes, or performance.

Budget-to-Actuals

The City Budget Office (CBO) was created by Council in December 2012 and the office's budget was transferred from the Office of Management & Finance effective March 1, 2012. Given that the office didn't have any prior history of expenditures, the transition costs for creating the new office were somewhat unknown, and that some of the larger one-time expenditures (e.g. software maintenance agreements) had already occurred and were accounted for in the OMF expenses, the FY 2012-13 budgeted amounts for external materials and services were over estimated. For the same reasons as above, the internal materials and services budget was slightly under estimated.

General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
General Fund Discretionary	221,997	166,229	55,768	74.9%
General Fund Overhead	381,727	381,727	-	100.0%
Total Resources	603,724	547,956	55,768	90.8%
Requirements				
Personnel Services	472,474	451,558	20,916	95.6%
External Materials and Services	57,562	19,269	38,293	33.5%
Internal Materials and Services	73,688	77,129	(3,441)	104.7%
Total Requirements	603,724	547,956	55,768	90.8%

Decision Package Implementation

The FY 2012-13 Adopted Budget eliminated a full-time financial analyst position. The budget mapping and analysis work assigned to this position was reallocated to other staff, which reduced the ability of the office to complete other in-depth budget and program analysis.

Budget Notes

All of the budget notes that involved the City Budget Office were directives to other bureaus where CBO was included as a partner to help implement the note. Reporting on these budget notes can be found in the responsible bureau's section of this report.

Performance Reporting

The City Budget Office only has one performance measure at this time – the accuracy of General Fund financial forecasts. The forecast was better than estimated and well within the normal range of accuracy given the size and complexity of the General Fund.

Special Appropriations

Budget-to-Actuals

Special Appropriations

Resources					
General Fund Discretionary	17,422,377	14,443,445	2,978,932	82.9%	
General Fund Overhead	162,991	162,991	-	100.0%	
Total Resources	17,585,368	14,606,436	2,978,932	83.1%	
Requirements					
Personnel Services		38,088	(38,088)	N/A	
External Materials and Services	15,429,974	13,507,228	1,922,746	87.5%	
Internal Materials and Services	807,163	701,120	106,043	86.9%	
Fund Transfers - Expense	360,000	360,000	-	100.0%	
Contingency	988,231	-	988,231	0.0%	
Total Requirements	17,585,368	14,606,436	2,978,932	83.1%	

Overall, the General Fund Special Appropriations underspent its appropriation by approximately \$2.9 million. This is due to advances made to grantees in FY 2012-13, but not recovered in time by year end. Unused funds were carried over into next fiscal year when these outstanding advances were estimated to be recovered. The practice of coding payments to grantees as advances has been discontinued in FY 2013-14.

Budget Notes

Required Final Reports for Special Appropriations

Council directs the Office of Management & Finance, Financial Planning Division to develop and implement procedures to require all recipients of grants from the General Fund Special Appropriation to provide written reports to document that all terms of the grant agreement have been fulfilled. These reports are to be sent to the City Project Manager no later than 30 days after the completion of the project.

Status Report: The Special Appropriation final report process has been implemented.

Decision Package Implementation

The following decision packages were included in the FY 2012-13:

RACC – Right Brain Initiative \$100,000

RACC – Work for Art \$100,000

RACC – Equity & Diversity Initiatives \$48,417

The above three decision packages were combined with the ongoing contract with Regional Arts & Culture Council.

Status Report: All funds were expended at the end of FY 2012-13.

Oregon Food Bank \$100,000

This package provides one-time General Fund resources to support the Oregon Food Bank. The agency collects and distributes emergency food to those in need.

Status Report: Complete. Fund has been disbursed to the agency.

Portland Rose Festival \$70,000

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

Status Report: Complete. Fund has been disbursed to the agency.

Cash Oregon \$75,000

This package provides financial support to Cash Oregon for free tax preparation services to low income and disadvantaged individuals throughout Portland and Multnomah County.

Status Report: Complete. Fund was disbursed

Needles Exchange Program \$65,000

This appropriation provides financial support for the Needle Exchange Program.

Status Report: Complete. Fund has been granted to the agency.

Janus Youth Program – Human Trafficking \$247,000

This appropriation provides financial support for the Janus Youth Program for shelter beds for victims of human trafficking.

Status Report: Complete. Fund has been granted to the agency.

VOZ Workers Right Education Project \$25,000

This appropriation provides \$25,000 to the VOZ Workers Right Education Project. This is a worker-led organization that empowers immigrants and day laborers to gain control over their conditions through leadership development, organizing, and community education.

Status Report: Complete. Fund has been disbursed to the agency.

Police Activities League (PAL) \$70,000

PAL builds partnerships between youth, police and the community through recreational, athletic and educational programs designed to encourage and develop good citizenship and to improve the quality of life in the Portland metropolitan area. PAL targets youth who are at risk of joining gangs, not reaching benchmarks in school, and/or live in low income or high risk neighborhoods.

Status Report: Complete. Fund has been disbursed to the agency.

First Stop Portland \$15,000

This appropriation provides \$15,000 in financial support for the First Stop Portland program sponsored by Portland State University.

Status Report: Complete. Fund was expended at year end.

SUN Program – David Douglas High School \$100,000

The SUN service system provides a range of programs to improve student's academic success and build family self-sufficiency. David Douglas High school is the only high-poverty index school in the region without a SUN program. The \$100,000 provides the base start-up amount for a SUN High School.

Status Report: Complete. Fund was disbursed to Multnomah County.

Council Transition Costs \$213,817

This package provides resources to fund projected costs related to Council transition in FY 2012-13.

Status Report: Complete. The cost of the transition was \$82,254. Additionally, \$50,000 was used to move the City Budget Office to the 13th floor of the Portland Building. Unused fund was returned to General Fund Contingency.

Westside Staging \$360,000

This package provides \$360,000 in funding: \$180,000 one-time and \$180,000 ongoing for the Westside Staging project.

Status Report: Complete. Fund was disbursed to Multnomah County.

School Funding \$6,637,365

This appropriation provides \$6,637,365 in funding to support the school districts in the City of Portland.

Status Report: Complete. Funds were disbursed to affected school districts.

FY 2011-12 Carryover – Fostering Success \$117,000

This is funding to have the City of Portland collaborate with other governmental and governmental non-entities including the state, county, court system and education system to improve the lives and educational futures of our community’s foster children.

Status Report: Fund was committed to grantee by year end. The project will be completed in FY 2013-14.

FY 2011-12 Carryover – Cully Concordia Adult ESOL Classes \$10,000

This funding is to continue the English for Speakers of Other Languages (ESOL) classes for adults in the Cully neighborhood. This program offers free ESOL instruction for adults by volunteer literacy tutors with materials provided by the program and tailored to the needs and desires for each student.

Status Report: Complete. Fund was disbursed to grantee.

SE Works \$40,000

This funding provides \$40,000 to support the Youth Transition Program to assist youth at risk in the southeast community.

Status Report: Complete. Fund was disbursed to grantee.

LifeWorks NOW Program \$100,000

This appropriation provides \$100,000 to support the LifeWorks NOW in providing counseling, addiction recovery, skills training, and mentoring for women and girls leaving the sex industry.

Status Report: Complete. Fund was disbursed to grantee.

Outdoor School \$50,000

This funding provides \$50,000 to support the Outdoor School program in the Portland Public School.

Status Report: Complete. Fund was disbursed to grantee.

Restorative Justice Program – Parkrose \$26,897

This funding provides financial support to program to reduce the incidence of exclusions and disparities related to exclusionary disciplines of students in the Parkrose School District.

Status Report: Complete. Fund was disbursed to grantee.

Lines for Life \$150,000

This request will provide funding for a grant agreement with the Oregon Partnership for Life to expand the capacity of suicide counseling programs.

Status Report: Complete. Fund was disbursed to grantee.