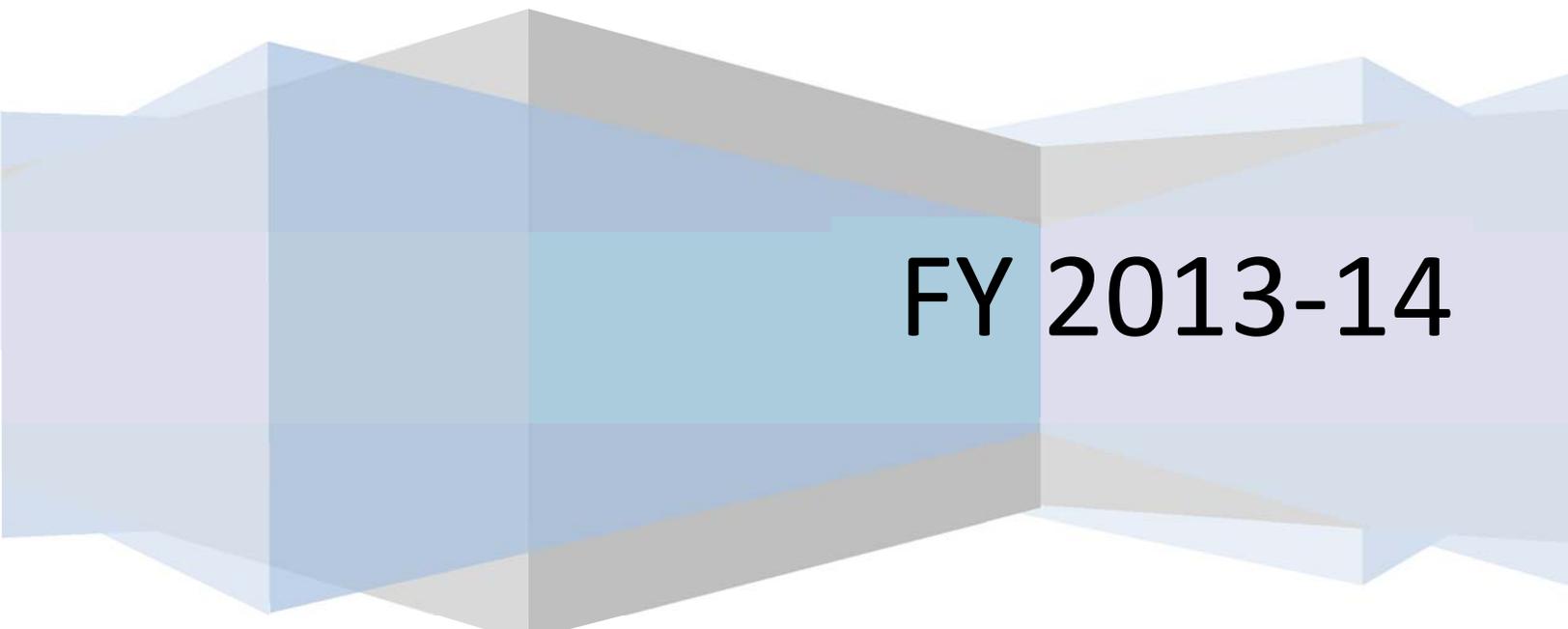


City of Portland

Spring Supplemental Budget

CBO Analysis and Recommendations

Prepared: April 2014



FY 2013-14

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Introduction

In the Spring Budget Monitoring Process (BMP), City bureaus 1) request supplemental budget adjustments to the current fiscal year budget and 2) report on financial and program performance during the current fiscal year. This report summarizes the highlights of supplemental budget requests and the recommendations of the City Budget Office (CBO).

Supplemental requests and budget monitoring will be discussed by City Council at a work session in Council Chambers on **April 22 at 9:30 a.m.** The supplemental budget ordinance will be heard by City Council on **May 7, 2014.**

Notes on Format Changes

CBO's reporting on the Spring BMP continues and improves upon changes that were first implemented earlier this fiscal year as part of the Fall BMP. These changes are being tested as part of a process reengineering effort. In the Summer of 2013, CBO began reengineering the budget monitoring and supplemental budget process (collectively referred to as the BMP). The goals were – and continue to be – to provide the greatest value for City Council while also meeting the needs of bureaus through the most efficient process.

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

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

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

General Fund Summary

Budget Summary- General Fund	Adopted Budget	Current Revised Budget	Recommended Adjustments	Total Recommended Revised
Resources				
Budgeted Beginning Fund Balance	\$8,597,109	\$29,360,379	\$0	\$29,360,379
Taxes	212,778,740	212,778,740	-	212,778,740
Licenses & Permits	162,027,886	162,027,886	-	162,027,886
Charges for Services	19,562,555	19,550,861	(144,652)	19,406,209
Intergovernmental Revenues	25,944,930	26,117,161	239,704	26,356,865
Interagency Revenue	23,409,113	23,369,027	500,064	23,869,091
Fund Transfers - Revenue	38,116,432	37,143,892	832,555	37,976,447
Miscellaneous	3,840,311	3,981,906	84,648	4,066,554
Total Resources	\$494,277,076	\$514,329,852	\$1,512,319	\$515,842,171
Requirements				
Personnel Services	\$319,015,413	\$318,812,865	\$3,430,269	\$322,243,134
External Materials and Services	74,229,036	81,777,197	(1,777,946)	79,999,251
Internal Materials and Services	49,973,165	50,878,601	680,588	51,559,189
Capital Outlay	185,000	1,174,619	(698,260)	476,359
Bond Expenses	7,325,708	7,325,708	10,000	7,335,708
Fund Transfers - Expense	35,266,207	47,208,441	1,009,539	48,217,980
Contingency	8,282,547	7,152,421	(1,141,871)	6,010,550
Total Requirements	\$494,277,076	\$514,329,852	\$1,512,319	\$515,842,171

The Spring Supplemental Budget, as recommended, includes a net draw on contingency of \$1.14 million. The components of this draw include:

- A \$3.9 million total draw on compensation set-aside, reducing the set-aside to \$1.3 million
- The creation of a \$2.3 million set-aside for bureau projects carried over into FY 2014-15; if approved by City Council, these projects would be budgeted in the Adopted Budget.
- An addition of \$555,813 to the unrestricted contingency from FY 2012-13 underspending in the Bureau of Emergency Communications (BOEC)
- A total allocation of \$91,725 from the unrestricted contingency; net of the BOEC transfer, these draws will result in an unrestricted contingency of \$967,779

Carryover

Typically, as part of the Spring Supplemental Budget, General Fund bureaus may request carryover for projects that were budgeted in the current year but will not be encumbered or spent by the end of the fiscal year. These amounts are reduced from

bureau budgets and set aside for rebudgeting as part of the Approved Budget for the following year.

This year, CBO received a total of \$3.7 million in carryover requests. There are three basic types of carryover. Among these, \$2.0 million were recommended as standard carryovers that meet the Spring BMP guidelines. An additional \$322,000 is recommended for Innovation Fund allocations made as part of this supplemental budget.

The remainder of the carryover requests (about \$1.4 million) represent underspending identified by bureaus and requested to be used for priority projects in FY 2014-15. CBO does not recommend these carryovers because they are not consistent with the City's traditional financial practice of returning bureau underspending to the General Fund in order to preserve ending fund balance. However, many of these requests are for critically important projects. Given the limited additional funding available in FY 2014-15, we recommend that Council weigh these projects against other one-time priorities identified for FY 2014-15 and consider funding some of these through the use of General Fund carryover, which would allow them to be incorporated into the Approved budget process.

Compensation Set-Aside

As part of budget development, CBO holds back from General Fund bureaus a portion of the Current Appropriation Level associated with cost of living adjustments and health benefit increases. In most years, these costs are expected to be absorbed by vacancies experienced in the regular course of business. However, in years in which bureaus are at or close to full staffing through most of the year, bureaus can request the necessary compensation set-aside in order to avoid overspending their personnel services budget or making other operating reductions.

In this Spring Supplemental Budget, five bureaus have requested – and CBO has recommended - Compensation Set-Aside totaling \$3.9 million. This includes \$2.2 million for the Portland Police Bureau, \$800,000 for Portland Fire & Rescue, \$470,781 for Portland Parks & Recreation, and \$415,539 for the Bureau of Emergency Communications.

New Requests

The attached report shows that new requests result in an *increase* of unrestricted contingency. This figure includes the transfer of FY 2012-13 underspending (totaling

\$555,813) back to the General Fund as well as net draws of \$91,725. These requests are budgeted under the contingency policy which states:

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

Most requests are recommended. A notable exception is a request from BOEC to retain the bureau’s FY 2012-13 underspending. The basis for this request is to increase the fund’s cash balance to address negative balance issues. CBO and OMF believe that an alteration of the timing of cash transfers will address this cash flow issue.

The report on page 9 has the complete list of requests and CBOs recommendations. For additional discussion, see the relevant bureau sections.

Position Changes

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

Bureau/Classification	Position Type				
Row Labels	Regular	Limited Term	Part Time	Grand Total	
Attorney	1.0			1.0	
Attorney, Sr Deputy City	(1.0)			(1.0)	
Paralegal	2.0			2.0	
Parks	4.0	(4.0)		-	
Administrative Specialist, Sr	1.0	(1.0)		-	
Capital Project Manager II	1.0	(1.0)		-	
Community Outreach & Informtn Rep	1.0	(1.0)		-	
Recreation Leader-FT-Tennis	1.0	(1.0)		-	
PBOT	1.0		(0.5)	0.5	
Program Coordinator	1.0		(0.5)	0.5	
POEM	1.0	1.0		2.0	
Community Outreach & Informtn Rep, Sr	1.0	1.0		2.0	
Grand Total	7.0	(3.0)	(0.5)	3.5	

General Fund Reconciliation

	<u>Bureau Request</u>	<u>CBO Recommended</u>
Carryover Request		
Bureau of Planning & Sustainability - Program Carryover (PN_024)	(\$90,000)	(\$90,000)
City Budget Office - Carryover for Hatfield Fellow (BO_002)	(\$35,000)	\$0
Office of Management & Finance - OMF-14-15 Coordinated Cleanup Carryover (MF_177)	(\$300,000)	\$0
Office of Management & Finance - BHR-Citywide Class/Comp Study Program Carryover	(\$300,000)	\$0
Office of Management & Finance - BHR-Training Dev. Analyst Carryover Request (MF_1	(\$119,000)	\$0
Office of Management & Finance - OMF-Property Management Fund GFOH Exemption ((\$25,000)	\$0
Office of Management & Finance - Revenue Bureau - Litigation Fund Carryover (MF_226	(\$75,000)	(\$75,000)
Office of Management & Finance - Revenue-Carryover-Litigation/Binding Arbitration (MF_	(\$50,000)	\$0
Office of Management & Finance - BIBS Procurement - Carryover Liquidated Damages ((\$9,300)	\$0
Office of Management & Finance - Revenue - Carryover - Innovation Funding (MF_267)	(\$124,000)	(\$124,000)
Office of Neighborhood Involvement - ADA improvements to Historic Kenton Firehouse (N	(\$90,000)	\$0
Office of Neighborhood Involvement - Equity Training for ONI Staff (NI_023)	(\$15,000)	(\$15,000)
Office of Neighborhood Involvement - ONI 40-year anniversary and Neighborhood Summ	(\$10,000)	(\$10,000)
Office of Neighborhood Involvement - Disability Disaster Preparedness video (NI_025)	(\$10,000)	(\$10,000)
Office of Neighborhood Involvement - Long-term DCL structure (NI_026)	(\$20,000)	(\$20,000)
Office of Neighborhood Involvement - Carryover Transferred Noise Reserves (NI_028)	\$0	(\$56,742)
Office of the City Attorney - Compliance Officer and Community Liaison (AT_002)	(\$240,000)	\$0
Office of the City Auditor - AU Carryover Request: LAS Replacement (AU_010)	(\$250,000)	\$0
Office of the City Auditor - AU Carryover Request:Records Management Training (AU_01	(\$30,000)	\$0
Portland Bureau of Emergency Management - Natural Hazard Mitig. Plan - Carry-over Re	(\$25,000)	(\$25,000)
Portland Development Commission - Carryover Request - Startup PDX Challenge Grants	(\$40,000)	(\$40,000)
Portland Development Commission - Carryover Request- Innovation Fund Early Adopter	(\$80,000)	(\$80,000)
Portland Fire & Rescue - Carryover Request - Pulse Point (FR_017)	(\$108,000)	(\$108,000)
Portland Housing Bureau - HC Carryover Request for Staff Equity Training (HC_013)	(\$10,000)	(\$10,000)
Portland Housing Bureau - Carryover General Fund for Homestart Program (HC_015)	(\$400,000)	(\$400,000)
Portland Parks & Recreation - Spring BMP - Gen Fund Carryover (PK_015)	(\$15,000)	(\$15,000)
Portland Police Bureau - Program Carryover (PL_023)	(\$1,216,619)	(\$1,216,619)
Total Carryover Request	(\$3,686,919)	(\$2,295,361)
Compensation Set Aside Request		
Bureau of Emergency Communications - Request General Fund Compensation Set-Asid	\$415,539	\$415,539
Office of Equity & Human Rights - Compensation Set-Aside Request (OE_007)	\$15,000	\$15,000
Portland Fire & Rescue - Compensation Set-Aside (FR_011)	\$800,000	\$800,000
Portland Parks & Recreation - Spring BMP - Comp Set-Aside (PK_013)	\$470,781	\$470,781
Portland Police Bureau - Compensation Set-Aside (PL_022)	\$2,200,000	\$2,200,000
Total Compensation Set Aside Request	\$3,901,320	\$3,901,320
New Request		
Bureau of Emergency Communications - Retention of FY 1213 Portland Operating Surpl	\$555,813	\$0
Commissioner of Public Works - CPW-CUB mailer costs (PW_005)	\$3,725	\$3,725
Fund & Debt Management - Interest Payment for Business License Refunds (FM_004)	\$10,000	\$10,000
Fund & Debt Management - Spring BMP BOEC Transfer (FM_006)	(\$555,813)	(\$555,813)
Office of Equity & Human Rights - Governing For Racial Equity - Portland Support (OE_0	\$20,000	\$20,000

General Fund Reconciliation

Exhibit #4

	<u>Bureau Request</u>	<u>CBO Recommended</u>
New Request		
Portland Housing Bureau - Severe Weather Winter Shelter (HC_008)	\$58,000	\$58,000
Total New Request	\$91,725	(\$464,088)
Technical Adjustment		
Bureau of Planning & Sustainability - Appropriate Innovation Fund Project (PN_023)	\$90,000	\$90,000
Fund & Debt Management - BDS Transfer of Noise Reserves to ONI (FM_007)	(\$56,742)	(\$56,742)
Office of Management & Finance - Revenue Bureau - Recognize Innovation Funds (MF_	\$295,000	\$295,000
Office of Management & Finance - OMF-13-14 Coordinated Cleanup (MF_236)	(\$115,000)	(\$115,000)
Office of Management & Finance - BIBS Facilities - Coordinated Cleanup Cash Trans (M	\$115,000	\$115,000
Office of Neighborhood Involvement - EPAP Municipal Partner Projects (NI_017)	(\$6,000)	(\$6,000)
Office of Neighborhood Involvement - Noise Reserves (NI_027)	\$0	\$56,742
Office of the Mayor - Mayor - Technical Adjustment (MY_011)	\$5,399	\$5,399
Portland Bureau of Transportation - Innovation Fund (TR_030)	\$250,000	\$250,000
Portland Development Commission - Innovation Fund - Early Adopter Program (ZD_004)	\$80,000	\$80,000
Portland Fire & Rescue - Innovation Fund - Pulse Point (FR_016)	\$108,000	\$108,000
Portland Housing Bureau - Innovation Fund XML Data Sharing (HC_011)	\$48,000	\$48,000
Portland Parks & Recreation - Spring BMP - Cash xfer tech change (PK_016)	\$6,000	\$6,000
Special Appropriations - Office of Youth Violence Prevention - Tech Adj (SA_013)	(\$5,399)	(\$5,399)
Special Appropriations - Innovation Fund Tech Adjustment (SA_014)	(\$871,000)	(\$871,000)
Total Technical Adjustment	(\$56,742)	\$0
Grand Total	\$249,384	\$1,141,871

Public Safety

Bureau of Emergency Communications

Analyst: Ryan Kinsella

Budget Summary- All Funds	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$2,481,067	\$1,902	\$0	\$2,482,969
Charges for Services	285,950	0	0	\$285,950
Intergovernmental Revenues	7,098,830	0	(144,998)	\$7,098,830
Fund Transfers - Revenue	13,328,677	971,352	(555,813)	\$14,300,029
Miscellaneous	50,000	0	0	\$50,000
Total Resources	\$23,244,524	\$973,254	(\$700,811)	\$24,217,778
Requirements				
Personnel Services	\$13,713,919	\$1,116,350	(700,811)	\$14,830,269
External Materials and Services	1,233,031	0	0	\$1,233,031
Internal Materials and Services	3,751,313	0	0	\$3,751,313
Bond Expenses	1,357,746	0	0	\$1,357,746
Fund Transfers - Expense	897,991	555,813	0	\$1,453,804
Contingency	2,290,524	(698,909)	0	\$1,591,615
Total Requirements	\$23,244,524	\$973,254	(\$700,811)	\$24,217,778

Key Decisions

- BOEC requests \$415,539 of Compensation Set-Aside to fund overtime and premium costs. CBO recommends the full amount.
- BOEC requests \$555,813 of General Fund discretionary to increase fund balance for the purposes of covering cash flow in FY 2014-15. The amount requested is equal to the amount of FY 2012-13 General Fund underspending.
- BOEC requests to transfer \$555,813 in FY 2012-13 underspending back to the General Fund. CBO recommends the full amount.

Discussion

Personnel Services and Overtime Costs. Projected personnel services spending is likely to exceed budgeted amounts by year end, largely driven by spending in overtime and premium pay. Projecting the exact costs will depend upon how much overtime is utilized by year end. As such, current CBO projections are varied, ranging from staying within budget to exceeding current budget amounts by \$400,000.

These projections also account for the compensation time payouts, as allowed by the collective bargaining agreement for call-takers and dispatchers, which typically costs \$50,000 to \$60,000 per year. In addition, the projections also account for COLA increase

of 0.9%, retroactive to September, for AFSCME Council 75 Local 189-2 employees in the bureau.

As illustrated in the table, both CBO and the bureau agree that overtime and premium pay costs are trending higher than previous years. (Due to a Citywide change in policy of how holiday pay is budgeted, a portion of overtime costs will be reallocated under premium. Regardless, combined overtime and premium pay costs are projected to be significant.)

	Premium Pay	Overtime	Total
FY 2010-11	17,715	667,390	685,105
FY 2011-12	20,943	750,057	771,000
FY 2012-13	28,342	668,182	696,524
<i>Average</i>	<i>22,333</i>	<i>695,210</i>	<i>717,543</i>

FY 2013-14

CBO Projection	124,000	689,000	813,000
Bureau Projection	18,618	796,964	815,582

Due to the potential to exceed budget, CBO has recommended the request for \$415,539 in Compensation Set-Aside.

Materials and Services (M&S). Projected spending in external materials and services range from underspending of approximately \$130,000 by year-end to spending the full budgeted amount. Spending will vary depending upon contract support by Versaterm, Inc. for the CAD (Computer Aided Dispatch) system, the CAD to CAD system via the Portland Dispatch Center Consortium, language interpretation, and other professional services contracts. The bureau underspent its M&S budget by approximately \$130,000 amount in FY 2012-13.

Bureau of Fire and Police Disability and Retirement

Analyst: Christy Owen

Budget Summary- All Funds	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$14,504,338	\$0	\$0	\$14,504,338
Taxes	118,618,232	0	0	\$118,618,232
Interagency Revenue	542,200	0	0	\$542,200
Fund Transfers - Revenue	759,046	0	0	\$759,046
Bond and Note	28,000,000	0	0	\$28,000,000
Miscellaneous	430,000	0	0	\$430,000
Total Resources	\$162,853,816	\$0	\$0	\$162,853,816
Requirements				
Personnel Services	\$1,848,432	\$0	\$0	\$1,848,432
External Materials and Services	112,495,263	(20,000)	0	\$112,475,263
Internal Materials and Services	7,211,119	(230,000)	0	\$6,981,119
Capital Outlay	75,000	20,000	0	\$95,000
Bond Expenses	28,339,886	0	0	\$28,339,886
Fund Transfers - Expense	859,699	0	0	\$859,699
Contingency	12,024,417	230,000	0	\$12,254,417
Total Requirements	\$162,853,816	\$0	\$0	\$162,853,816

Key Decisions

- Transfer \$230,000 in interagency expenses.
- \$20,000 from external materials and services to capital outlay for the capital costs associated with the claims management software project. No net impact.

Discussion

The Bureau of Fire and Police Disability and Retirement (FPDR) has two technical requests in the Spring BMP. The bureau requests to reduce interagency agreements with the Portland Police Bureau (PPB) and the Portland Fire and Rescue (PFR) for PERS contribution reimbursements. This will realign the budget with the actual expected costs as both bureaus have had delayed hiring in FY 2013-14. The second technical request addresses proper capitalization of internal software costs.

The bureau's capital program status report has been updated to reflect the full cost of the FPDR database software project. It is not anticipated that the project will require

additional resources and costs associated with the software are now considered operations, maintenance, or capital improvements.

FPDR had sufficient cash balance to avoid transferring funds from its reserve fund to its operating fund this year; therefore they will not be requesting to transfer any funds back to the reserve fund. Revenues and expenses are projected to be within targeted amounts. There were no decision packages or budget notes for FPDR to report to Council.

All totaled, there is no net change in overall appropriation for FPDR.

Portland Police Bureau

Analyst: Christy Owen

Budget Summary- All Funds	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$1,493,740	(\$6,430)	\$0	\$1,487,310
Licenses & Permits	1,931,000	0	0	\$1,931,000
Charges for Services	905,192	0	0	\$905,192
Intergovernmental Revenues	8,703,361	592,632	0	\$9,295,993
Interagency Revenue	3,841,857	(90,000)	0	\$3,751,857
Miscellaneous	1,531,050	100,000	0	\$1,631,050
General Fund Discretionary	155,453,787	983,381	0	\$156,437,168
Total Resources	\$173,859,987	\$1,579,583	\$0	\$175,439,570

Requirements				
Personnel Services	\$130,095,413	\$2,251,992	\$0	\$132,347,405
External Materials and Services	14,923,234	121,638	0	\$15,044,872
Internal Materials and Services	27,598,616	(10,678)	0	\$27,587,938
Capital Outlay	1,122,365	(783,369)	0	\$338,996
Fund Transfers - Expense	11,675	0	0	\$11,675
Contingency	105,684	0	0	\$105,684
Total Requirements	\$173,856,987	\$1,579,583	\$0	\$175,436,570

Budget Summary-General Fund	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Licenses & Permits	\$1,931,000	\$0	\$0	\$1,931,000
Charges for Services	905,192	0	0	\$905,192
Intergovernmental Revenues	6,409,730	0	0	\$6,409,730
Interagency Revenue	3,841,857	(90,000)	0	\$3,751,857
Miscellaneous	1,520,150	0	0	\$1,520,150
General Fund Discretionary	155,453,787	983,381	0	\$156,437,168
Total Resources	\$170,061,716	\$893,381	\$0	\$170,955,097

Requirements				
Personnel Services	\$129,357,556	\$2,058,822	\$0	\$131,416,378
External Materials and Services	12,142,257	(350,902)	0	\$11,791,355
Internal Materials and Services	27,572,284	(24,420)	0	\$27,547,864
Capital Outlay	989,619	(790,119)	0	\$199,500
Total Requirements	\$170,061,716	\$893,381	\$0	\$170,955,097

Key Decisions

- \$2.2 million additional General Fund allocation from Compensation Set-Aside
- \$1.2 million in General Fund carried over to FY 2014-15 for multiple technology projects. CBO recommends \$382,000 in program carryover and that Council place

the \$834,619 for the Mobile Audio Video (MAV) project into General Fund Contingency. The bureau should request the MAV program funds in the Fall BMP (see discussion below).

- Internally reallocate \$500,000 in projected underspending on the Fleet interagency to the BTS interagency to pay for the shortfall in Mobile Data Computer (MDC) replacement.
- Adjustments to the Special Revenue Fund to true-up the beginning fund balance and recognize projected revenues the fund will collect this fiscal year.

Discussion

Staffing and compensation set-aside. The Police Bureau has requested \$2.2 million in Compensation Set-Aside to pay for the COLA and benefits cost increases in FY 2013-14. This request will cover the additional costs for premiums and the one-time payout from the new collective bargaining agreement with the Portland Police Association (PPA). All other personnel services spending, including Police overtime, has been within budget. The current overtime budget will pay for increased police walking beats in downtown Portland starting in April 2014 and continuing through November; there currently is sufficient budget capacity. The Compensation Set-Aside request of \$2.2 million is within the bureau's designated set-aside and consistent with personnel services projections by the bureau and CBO throughout the year. Risks to this forecast include greater than planned employee separation payouts and increased non-reimbursable overtime usage.

As of April 2014, the bureau has filled all sworn positions. There are 15 vacant non-sworn positions and current recruitments are underway for these positions. The FY 2013-14 Adopted Budget Note directed the bureau to undertake a staffing analysis to provide a comprehensive review of the Police Bureau, specifically focusing on shift size and configuration, patrol district size, work schedules, call volume and officer safety requirements. A vendor was recently selected and the contract is being finalized. There will be a carryover request in the Fall BMP for this contract as the expenses will occur in the next fiscal year. The timeline for the expected report to Council is fall 2014, which is when the project should be complete.

General Fund Carryover Requests. The bureau has requested \$1.2 million in carryover, mostly for technology projects. There is one \$30,000 request for the bargained training support for the Portland Police Commanding Officers Association (PPCOA). This request is recommended by the CBO. Technology support for the bureau has been reduced systemically through the citywide budget reductions affecting the Police Bureau and the Bureau of Technology Services (BTS). One-time funds in support of two technology

projects were awarded to the Police Bureau in the Fall BMP: \$155,000 for the purchase of a separate CJIS compliant server system and \$834,619 for the Mobile Audio Video (MAV) program. The bureau also has \$197,000 in support of an interface between UDAR and SAP. None of the projects will be completed this fiscal year, and the bureau is requesting carryover. The bureau ranks the three technology requests as follows:

1. UDAR to SAP interface (\$197,000). Work on this project will begin in July 2014 after a contractor is selected. Internal resources (BTS and Police ITD) are currently dedicated and focused on other large projects, such as RegJIN, and would not be able to complete the work in FY 2013-14. This project has significant operational benefit to the bureau and is the bureau's number one carryover priority. CBO recommends this request.
2. CJIS Security and server upgrade (\$155,000). This project has faced some timing delays due to resource intensive projects such as RegJIN, identifying and securing a disaster-proof site for the services in the Portland Building and a hot back-up site. When this is determined, the project will be able to move forward in FY 2014-15. CBO recommends the program carryover.
3. MAV Program Funds (\$834,619). In the Fall BMP, Council approved \$834,619 for the first phase of the MAV project. This would consist of funds for infrastructure and hardware and the purchase and installation of 51 video cameras on patrol cars.

In order to outfit the bureau's patrol fleet, there would be an ongoing requirement for funds in each year for the next five years to install cameras aligned with the annual replacement schedule. At present, there is no commitment in the budget for future year installations, ongoing operations and maintenance, and future lifecycle replacement for the cameras once installed. This initial funding would primarily support the infrastructure that would need to be in place prior to vehicle installations. Without the ongoing commitment of resources, the bureau would be partially implementing this project and there is a risk that the project would not be completed due to lack of available funding.

When implemented, this program would provide many benefits to the City. The current pilot program has shown to be an effective tool in incident management, trial preparation, and video use in officer trainings. Videos from the pilot project

are proving to be useful training tools for a variety of incidents including: vehicle training and maneuvers, de-escalation of situations, and officer safety. The current pilot project has been shown to expedite case follow-up and in one case, the bureau prevailed in court where the claimant sued the bureau for over \$500,000 on a use-of-force claim; MAV recording evidence was provided during the trial.

CBO recognizes the benefits of this technology and recommends this request be approved as carryover into General Fund Contingency, where it would be held until the Fall BMP. The bureau should develop a five-year implementation budget that identifies ongoing costs of operations including future replacement expenses and required staffing support, and present this information to Council during the Fall BMP when they request the carryover funding. If the carryover is approved, the bureau should request the out-year capital expenses and operations and maintenance costs in the FY 2015-16 Requested Budget in order to continue the program.

Decision Packages and Budget Note Updates. The Police Bureau reduced 50.0 sworn positions, impacting patrol operations and specialty divisions within the bureau. The bureau reports impacts in delayed response times across all divisions where position reductions occurred, limited case follow-up in the Detective Division Property Crimes Unit, and there has been a continued usage of sworn personnel for administrative functions due to reductions in previous years. In addition to the bureau reductions, the OMF interagency reductions have impacted the bureau, specifically in the support of the Information Technology Division.

There are two budget notes for the bureau related to staffing expenses and operations. The bureau has been providing detailed overtime expenditures to Council on a monthly basis and discretionary overtime is currently being managed within the overtime budget. CBO recommends the bureau continue to provide these overtime reports with the details that illustrate where overtime is occurring and the driving factors behind overtime usage. The second note, as reviewed under the staffing section above, is for the bureau to complete a comprehensive staffing analysis. This project is underway and the final report is planned for fall 2014.

Portland Fire & Rescue

Analyst: Yung Ouyang

Budget Summary- All Funds	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$2,623,952	\$0	\$0	\$2,623,952
Licenses & Permits	1,736,000	0	0	\$1,736,000
Charges for Services	1,265,000	0	0	\$1,265,000
Intergovernmental Revenues	2,501,710	252,530	0	\$2,754,240
Interagency Revenue	3,276,649	(140,000)	0	\$3,136,649
Fund Transfers - Revenue	587,874	0	0	\$587,874
Bond and Note	12,679,000	0	0	\$12,679,000
Miscellaneous	216,200	0	0	\$216,200
General Fund Discretionary	89,500,209	800,000	0	\$90,300,209
General Fund Overhead	67,917	0	0	\$67,917
Total Resources	\$114,454,511	\$912,530	\$0	\$115,367,041

Requirements				
Personnel Services	\$86,265,389	\$787,572	\$0	\$87,052,961
External Materials and Services	7,874,596	(38,008)	0	\$7,836,588
Internal Materials and Services	4,826,574	162,966	0	\$4,989,540
Capital Outlay	6,230,066	0	0	\$6,230,066
Contingency	9,257,886	0	0	\$9,257,886
Total Requirements	\$114,454,511	\$912,530	\$0	\$115,367,041

General Fund	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Licenses & Permits	\$1,736,000	\$0	\$0	\$1,736,000
Charges for Services	1,265,000	0	0	\$1,265,000
Intergovernmental Revenues	564,000	125,651	0	\$689,651
Interagency Revenue	3,276,649	(140,000)	0	\$3,136,649
Fund Transfers - Revenue	587,874	0	0	\$587,874
Miscellaneous	216,200	0	0	\$216,200
General Fund Discretionary	89,500,209	800,000	0	\$90,300,209
General Fund Overhead	67,917	0	0	\$67,917
Total Resources	\$97,213,849	\$785,651	\$0	\$97,999,500

Requirements				
Personnel Services	\$85,005,389	\$785,651	\$0	\$85,791,040
External Materials and Services	7,196,886	(162,966)	0	\$7,033,920
Internal Materials and Services	4,826,574	162,966	0	\$4,989,540
Capital Outlay	185,000	0	0	\$185,000
Total Requirements	\$97,213,849	\$785,651	\$0	\$97,999,500

Key Decisions

- If approved by Council, PF&R's personnel services budget would increase by \$800,000 from its share of compensation set-aside.
- The bureau is receiving \$108,000 of one-time General Fund discretionary resources for its Pulse Point project approved as part of the Mayor's Innovation Fund effort and is carrying over the funds into next year.
- Other new revenues consist of a \$125,651 reimbursement from the State of Oregon for costs associated with the bureau's wildland fire responses and \$200,000 from a federal Urban Areas Strategic Initiative grant.

Discussion

Compensation Set-Aside Request. CBO recommends funding PF&R's request to supplement the bureau's personnel services budget with \$800,000 from its share of the compensation set aside. With the funds added to PF&R's budget, CBO projects that the bureau will end up spending 99.5% of its personnel services budget in the General Fund. CBO also notes that funds from the federal Staffing for Adequate Fire and Emergency Response (SAFER) grant and a cash transfer from the bureau's apparatus replacement reserve in the General Fund only partially cover the 26 positions that were eliminated during the FY 2013-14 budget development process, and the bureau has to use internal savings to help pay for the two companies.

Overtime Spending. Overtime spending in the large public safety bureaus has been a recent focus of City Council. During the FY 2013-14 budget development process, PF&R was directed, via a budget note, to review its overtime tracking systems and provide monthly reports to Council on overtime costs, trends, and other relevant data. In addition, the bureau's overtime budget was reduced by \$95,000 for non-represented employees and by \$120,000 for station personnel. The bureau projects overtime expenses at year-end to be \$8.72 million, which is about 6% above its post-Spring BMP budget for the line item, which includes the \$800,000 from its share of the compensation set-aside.

The bureau attributes the high overtime expenses to a smaller than usual Travelers Pool. Due to budget uncertainties, PF&R implemented a hiring freeze on firefighters in fall 2011. Because of attrition, the Traveler Pool staffing level in FY 2013-14 has been lower than in the last fiscal year, resulting in higher call-shift costs. However, Traveler Pool vacancies also generate salary and benefit savings to offset some of the increases of call-shift costs. With the recent award and approval of the SAFER grant, PF&R was

able to hire 14 new firefighters in January 2014. The new firefighters are not eligible to enter the Traveler Pool until the end of 2014 when they will have completed training.

Safety Chief Position. As required, PF&R reported on the effects of decisions made during the FY 2013-14 budget development process. The bureau discussed the effects of losing its Safety Chief position as a part of the FY 2014-15 budget development process when it requested the position to be restored. While CBO did not recommend the restoration due to the scarcity of discretionary General Fund resources, we would like to reiterate the importance to the City having a position whose duties are to promote the safety of PF&R's first responders by developing and delivering formal safety training, collecting data and analyzing it to make improvements to policy and procedures, and ensuring that recognized industry standards on safety are adhered to. In the absence of the position, these duties have been delegated to the on-duty Deputy Chief. However, the on-duty Deputy Chiefs have been able to fulfill only the most minimal of the duties formerly done by the Safety Officer. While the immediate negative effects of not having the position are small, CBO is concerned about the longer term impacts of not having the position, which can include compromises to firefighter safety and large liabilities to the City.

Portland Bureau of Emergency Management

Analyst: Christy Owen

Budget Summary- All Funds	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Intergovernmental Revenues	\$4,548,069	\$1,018,409	\$0	\$5,566,478
Interagency Revenue	0	10,000	0	\$10,000
General Fund Discretionary	781,806	(25,000)	0	\$756,806
General Fund Overhead	1,216,836	0	0	\$1,216,836
Total Resources	\$6,546,711	\$1,003,409	\$0	\$7,550,120
Requirements				
Personnel Services	\$1,959,887	(\$276,526)	\$0	\$1,683,361
External Materials and Services	3,961,035	1,222,521	0	\$5,183,556
Internal Materials and Services	625,789	57,414	0	\$683,203
Total Requirements	\$6,546,711	\$1,003,409	\$0	\$7,550,120

Budget Summary- General Fund	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Interagency Revenue	\$0	\$10,000	\$0	\$10,000
Fund Transfers - Revenue	0	0	0	\$0
Bond and Note	0	0	0	\$0
Miscellaneous	0	0	0	\$0
General Fund Discretionary	781,806	(25,000)	0	\$756,806
General Fund Overhead	1,216,836	0	0	\$1,216,836
Total Resources	\$1,998,642	(\$15,000)	\$0	\$1,983,642
Requirements				
Personnel Services	\$1,229,080	\$0	\$0	\$1,229,080
External Materials and Services	143,773	127,917	0	\$271,690
Internal Materials and Services	625,789	(142,917)	0	\$482,872
Total Requirements	\$1,998,642	(\$15,000)	\$0	\$1,983,642

Key Decisions

- \$25,000 General Fund carryover for the Natural Hazard Mitigation Grant match
- Reduce OMF- Facilities and OMF- Bureau of Technology Services interagency agreements from the General Fund and appropriate in the Grants Fund. The Emergency Management Performance Grant is the funding source.
- \$658,903 in grant funds carryover for the Urban Areas Security Initiatives (UASI) 11, and UASI 12 and State Homeland Security Program.

- \$1.7 million increase in appropriation for the UASI 11 grant.
- Conversion of a limited term position to fulltime using internal General Fund resources.

Discussion

General Fund Discretionary and Carryover Requests. The Natural Hazard Mitigation Grant requires a local government match of \$25,000 in General Fund resources. The timing of the grant award is too late in the current fiscal year for PBEM to begin work on the citywide Natural Hazard Mitigation Plan and outline mitigation measures associated with natural hazards. CBO recommends this programmatic carryover as requested.

Positions Requests. There is one personnel services request to convert a limited term Senior Community Outreach & Information Representative position into a regular permanent position. The current position is partially grant-funded and this action would convert the position to 100% ongoing General Fund. PBEM is transferring funding from external materials and services to personnel services to pay for the conversion of this position. CBO recommends this request as submitted.

Fund Projections. PBEM is projecting to end the year within appropriation for both the General Fund and the Grant Fund. The Grant Fund is covering additional interagency costs associated with the new Emergency Coordination Center (ECC) that were originally planned to occur in the General Fund budget. PBEM is projected to underspend the discretionary portion of the bureau's budget by as much as \$230,000 or 29.5%. Grant funds are one-time and should not be considered an ongoing resource for ongoing operations. If the Emergency Management Performance Grant (EMPG) continues to partially cover the operating expenses of the ECC, then it is possible that the bureau will have General Fund underspending in future years since the bureau received a CAL adjustment for the operations and maintenance of the ECC.

Parks, Recreation and Culture

Portland Parks & Recreation

Analyst: Claudio Campuzano

Budget Summary- All Funds	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$34,514,813	\$0	\$0	\$34,514,813
Taxes	1,922	0	0	1,922
Licenses & Permits	431,028	0	0	431,028
Charges for Services	36,113,253	316,734	0	36,429,987
Intergovernmental Revenues	8,720,379	(2,458,185)	0	6,262,194
Interagency Revenue	1,926,166	376,369	0	2,302,535
Fund Transfers - Revenue	4,600,701	181,000	0	4,781,701
Bond and Note		1,455,000	0	1,455,000
Miscellaneous	2,693,134	1,190,803	0	3,883,937
General Fund Discretionary	43,914,268	280,781	0	44,195,049
Total Resources	\$132,915,664	\$1,342,502	\$0	\$134,258,166
Requirements				
Personnel Services	\$49,631,942	\$593,873	\$0	\$50,225,815
External Materials and Services	24,705,870	1,444,585	0	26,150,455
Internal Materials and Services	9,640,703	101,682	0	9,742,385
Capital Outlay	23,574,431	193,370	0	23,767,801
Bond Expenses	4,372,159	487,100	0	4,859,259
Fund Transfers - Expense	681,468	0	0	681,468
Contingency	20,146,301	(1,478,108)	0	18,668,193
Unappropriated Fund Balance	162,790	0	0	162,790
Total Resources	\$132,915,664	\$1,342,502	\$0	\$134,258,166

Budget Summary- Operating Fund	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Licenses & Permits	\$391,028	\$0	\$0	\$391,028
Charges for Services	16,241,787	(95,000)	0	\$16,146,787
Intergovernmental Revenues	206,494		0	\$206,494
Interagency Revenue	1,901,340	376,369	0	\$2,277,709
Fund Transfers - Revenue	0	0	0	\$0
Miscellaneous	941,526	41,741	0	\$983,267
General Fund Discretionary	43,914,268	280,781	0	\$44,195,049
Total Resources	\$63,596,443	\$603,891	\$0	\$64,200,334
Requirements				
Personnel Services	\$41,478,675	\$517,578	\$0	\$41,996,253
External Materials and Services	15,456,899	(242,567)	0	\$15,214,332
Internal Materials and Services	6,660,869	298,880	0	\$6,959,749
Capital Outlay		30,000	0	\$30,000
Total Requirements	\$63,596,443	\$603,891	\$0	\$64,200,334

Key Decisions

- \$470,781 of additional General Fund from compensation set-aside
- \$15,000 General Fund carried over to FY 2014-15 for reservoir outreach
- \$376,369 in interagency revenue for horticultural and urban forestry services
- Conversion of four limited term positions to regular

Discussion

General Fund Discretionary. At the end of February, both the bureau and CBO projected that PP&R would exceed its current personnel services budget by about \$350,000 and spend nearly 100% of its General Fund discretionary budget. Based on these projections the bureau requested – and CBO recommends – the allocation of PP&R’s share of compensation set-aside in the amount of \$470,781.

Other General Fund Changes. Besides this allocation, there are several other non-discretionary changes to the bureau’s General Fund resources. The largest of these is a \$376,369 increase in interagency revenue of in urban forestry and horticultural services. These groups provide services to a number of capital bureaus. The requested increases are associated with the Bureau of Environmental Services (BES) interagency. The bureau has also budgeted \$41,741 in donation revenue for the Greenspaces Restoration & Urban Naturalist Team (GRUNT) program and reduced anticipated recreation revenues by a total of \$95,000. Finally, a technical change reduces the General Fund allocation to PP&R by \$175,000 and shifts it to cash transfer revenues in two other PP&R funds. This

change has a net-zero impact to Parks but a net negative impact to the bureau's General Fund budget.

Position Changes. Position changes included in the supplemental reflect the conversion of four positions from limited term to regular status. These positions include: 1) a Recreation Leader in the Tennis program where revenues have been stable and are expected to increase with the completion of the new 'bubble' over several courts, 2) a Capital Projects Manager to support the growing System Development Charge-funded capital plan, 3) a Senior Administrative Specialist working on payroll, and 4) a Community Outreach and Information Representative in to perform outreach on the SDC-funded capital plan.

Washington Park Parking. In December 2012, Council approved the creation of a mechanism to fund transportation improvements in Washington Park through paid parking. As a result of a delayed implementation, the bureau anticipates lower-than-expected revenues in the current fiscal year. Consequently, budgeted revenues in the Memorial Fund – where the Washington Park parking subfund resides – are reduced by \$1.1 million from the originally budgeted \$2.0 million. Expenses reduced in the current year include: \$398,750 for the Transportation Management Association that manages the site, \$200,000 for contracted repair work, \$150,000 for master plan work, and \$321,000 in contingency. Despite the delayed start, weekly revenues have been meeting targets, and CBO projects that future years will not experience the same revenue shortfalls.

Portland International Raceway. CBO and the bureau have been projecting significant shortfalls in budgeted revenues in the Portland International Raceway fund. This supplemental budget lowers revenue expectations by \$500,000 (or 27%). To manage this reduction, the bureau is reducing budgeted expenses by \$170,000 and expected ending balance/reserve by \$330,000. While CBO currently projects an ending balance of \$305,000, the bureau is projecting one of \$118,000. This range is considerably lower than the historical ending balance and is below 10% of annual operating expenditures. CBO will continue to monitor this fund closely and work with the bureau to address any structural issues that might exist.

Capital Fund Changes. Within the Parks Capital Improvement Program Fund (CIP Fund), SDC revenues are increased by \$4.6 million. CBO projects that the bureau will likely receive at least an additional \$1.0 million in SDCs by year-end. New and increased projects and other costs are funded with the additional \$4.6 million as well as a \$2.7 million draw on contingency for total new SDC spending of \$7.3 million. Many of the

newly funded projects have been previously approved by City Council through ordinance. The major projects include:

- \$4.9 million for acquisitions outside of the Central City
- \$3.9 million for phase II of the South Waterfront Greenway
- \$484,582 increase for Thomas Cully Park, bringing the total to \$1.3 million
- \$480,000 for increased costs in the Westmoreland Nature Play Area
- \$209,233 for projects outside of the Central City
- \$176,247 for increased match for Red Electric Trail, bringing the total to \$276,247

Exclusive of changes in the SDC subfund, there are a number of changes in the CIP Fund. These are primarily related to reducing current year project budgets in anticipation of underspending and carryover into FY 2014-15 as part of the Approved Budget.

Public Utilities

Portland Water Bureau

Analyst: Ryan Kinsella

Budget Summary- All Funds	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$265,633,336	\$2,323,244	\$0	\$267,956,580
Charges for Services	139,407,766	2,620,000	0	\$142,027,766
Intergovernmental Revenues	1,778,000	0	0	\$1,778,000
Interagency Revenue	3,481,050	253,052	0	\$3,734,102
Fund Transfers - Revenue	225,959,688	13,789,643	0	\$239,749,331
Miscellaneous	5,344,115	442,968	0	\$5,787,083
Total Resources	\$641,603,955	\$19,428,907	\$0	\$661,032,862
Requirements				
Personnel Services	\$61,769,827	\$0	\$0	\$61,769,827
External Materials and Services	23,970,623	2,440,336	0	\$26,410,959
Internal Materials and Services	20,622,911	232,664	0	\$20,855,575
Capital Outlay	105,000,115	(15,800,000)	0	\$89,200,115
Bond Expenses	51,186,055	0	0	\$51,186,055
Fund Transfers - Expense	231,331,366	13,694,643	0	\$245,026,009
Contingency	111,598,446	18,861,264	0	\$130,459,710
Unappropriated Fund Balance	36,124,612	0	0	\$36,124,612
Total Requirements	\$641,603,955	\$19,428,907	\$0	\$661,032,862

Budget Summary- Operating Fund	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$71,211,284	\$2,323,243	\$0	\$73,534,527
Charges for Services	137,907,766	2,620,000	0	\$140,527,766
Intergovernmental Revenues	566,000	0	0	\$566,000
Interagency Revenue	3,412,550	253,052	0	\$3,665,602
Fund Transfers - Revenue	139,111,224	10,836,285	0	\$149,947,509
Miscellaneous	1,129,083	238,358	0	\$1,367,441
Total Resources	\$353,337,907	\$16,270,938	\$0	\$369,608,845
Requirements				
Personnel Services	\$61,110,663	\$0	\$0	\$61,110,663
External Materials and Services	23,551,309	2,440,336	0	\$25,991,645
Internal Materials and Services	19,672,521	232,664	0	\$19,905,185
Capital Outlay	104,900,115	(15,800,000)	0	\$89,100,115
Bond Expenses	2,739,497	0	0	\$2,739,497
Fund Transfers - Expense	91,653,864	2,653,748	0	\$94,307,612
Contingency	49,709,938	26,744,190	0	\$76,454,128
Total Requirements	\$353,337,907	\$16,270,938	\$0	\$369,608,845

Key Decisions

- Bureau requests to draw \$83,000 in underspending in the Habitat Conservation Plan (HCP) program from contingency to add additional spawning gravel to Bull Run River.

Discussion

The bureau includes eight requests in the Spring BMP, nearly all of which are technical adjustments due to changes in interagency requests, increasing contingency due to projected underspending of capital projects, and truing-up cash transfer amounts between bureau funds.

Contingency. Overall, the bureau will increase contingency by \$18.8 million due to increases in IA revenues, adjustments to the FY 2013-14 beginning fund balance, and savings due to unspent funds for CIP projects in the current fiscal year. The bureau will draw \$113,000 from contingency to cover additional facilities costs for the Emergency Communication Center and costs for habitat improvements for the bureau's Habitat Conservation Plan.

<i>Decision Package</i>	<i>Amount</i>	<i>Reason for Adjustment</i>
WA_015	2,323,243	Increase to adjust for beginning fund balance
WA_016	253,052	Increase contingency to offset IA increases
WA_018	(30,000)	Draw upon contingency to cover increased operating costs of Emergency Communication Center
WA_019	(83,000)	Draw upon contingency to cover costs for habitat improvements for the bureau's Habitat Conservation Plan
WA_020	13,240,000	Increase contingency due to projected underspending in CIP projects
WA_021	95,000	Increase contingency due to greater projected outstanding liened SDC receivables
WA_022	3,062,968	Increase contingency to account for prior year underspending in capital program and additional capital and interest earned revenues.
Total	\$18,861,264	

Capital Program. As part of the Spring BMP, the bureau requests to decrease its FY 2013-14 capital budget by a net amount of \$13.2 million. These funds will be rebudgeted to contingency as noted in the table above, and the bureau will likely reallocate these funds to projects as needed in the FY 2014-15 Fall BMP.

The bureau anticipates that several capital projects could realize savings by year end. Specifically, the bureau anticipates that the Emergency Coordination Center (ECC) project could realize savings of approximately \$700,000, spending \$2.9 million of the \$3.6 million of the FY 2013-14 budget. The Dam 2 Tower project may also be underspent as it nears completion. Per contract requirements, the bureau will split a portion of the project savings with the primary contractor; however, the bureau may realize \$1-\$2 million in project savings by year end. The Powell Butte Reservoir project may also realize savings by year end, but the reservoir may not be put into service as early as estimated, resulting in some offsetting costs.

Progress on the Kelly Butte Project is slower than planned, resulting in a projected \$7.0 million in underspending this fiscal year. However, progress on the office space section of the Interstate Building is ahead of schedule, and so the bureau is reallocating \$2.3 million in savings from ECC, Dam 2 Tower and Powell Butte projects to expedite construction on the Interstate Facility in the current year.

Spending in ongoing capital programs has been significant. Specifically, the bureau has spent 103% of its \$3.9 million service installation budget, and 109% of its \$1.1 million hydrants budget. Beginning several years ago, the bureau began prioritizing work on ongoing capital programs in the first half of the year in order to coincide with more favorable weather conditions. The bureau then prioritizes system operations and maintenance during the winter months, shifting costs from capital to the bureau's operations and maintenance budget. As a result, capital costs of service installations and hydrants are disproportionately weighted in the first half of the year.

Charges for Service. Retail water sales account for \$131.9 million of the \$137.9 million of budgeted revenues under charges for service. The remaining \$6.0 million in charges for service category are generated from various types of services and main installations, engineering permit fees, collections and other miscellaneous revenues. Notably, to date SDC revenues have already exceeded budgeted amounts by \$660,000 and various construction revenues have exceeded budgeted amounts by \$700,000. The bureau projects an additional \$1.5 million in additional SDC revenues by year end. Actual water delivery, as reported by the bureau, is 3.6% less than the planned amount through February, indicating that water sales revenues will be less than budgeted. Currently, projected water sales are estimated to be \$2.5 million less than budget by year end.

The bureau forecasted lower-than-planned water sales early in the fiscal year. To offset the lower water sales, the bureau director has directed division managers to reduce operating costs by 2.5% of budgeted amounts by the year end. These spending

reductions are projected to result in a net underspending of \$3.3 million. Compared to the past four years, this amount of savings is comparable to the average amount of underspending.

Bureau of Environmental Services

Analyst: Tess Jordan

Budget Summary- All Funds	Revised Budget (A)	Request (B)	Recommended Adjustments(C)	Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$101,288,054	\$0	\$0	\$101,288,054
Licenses & Permits	1,506,314	0	0	\$1,506,314
Charges for Services	292,265,820	3,200,000	0	\$295,465,820
Intergovernmental Revenues	2,197,077	(420,532)	0	\$1,776,545
Interagency Revenue	3,131,667	374,830	0	\$3,506,497
Fund Transfers - Revenue	308,846,807	(4,280,000)	0	\$304,566,807
Bond and Note	225,650,000	(100,000,000)	0	\$125,650,000
Miscellaneous	1,415,000	265,000	0	\$1,680,000
Total Resources	\$936,300,739	(\$100,860,702)	\$0	\$835,440,037
Requirements				
Personnel Services	\$59,182,991	(\$55,050)	\$0	\$59,127,941
External Materials and Services	53,215,385	5,642,442	0	\$58,857,827
Internal Materials and Services	39,679,682	6,122,517	0	\$45,802,199
Capital Outlay	88,709,774	(9,487,040)	0	\$79,222,734
Bond Expenses	156,559,679	0	0	\$156,559,679
Fund Transfers - Expense	314,031,232	(5,000,000)	0	\$309,031,232
Contingency	173,222,319	(98,083,571)	0	\$75,138,748
Unappropriated Ending Fund Balance	51,699,677	0	0	\$51,699,677
Total Requirements	\$936,300,739	(\$100,860,702)	\$0	\$835,440,037

Budget Summary- Operating Fund	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$58,067,054	\$0	\$0	\$58,067,054
Licenses & Permits	1,506,314	0	0	\$1,506,314
Charges for Services	288,539,820	2,850,000	0	\$291,389,820
Intergovernmental Revenues	316,570	0	0	\$316,570
Interagency Revenue	2,724,667	374,830	0	\$3,099,497
Fund Transfers - Revenue	129,632,984	(8,000,000)	0	\$121,632,984
Miscellaneous	685,000	265,000	0	\$950,000
Total Resources	\$481,472,409	(\$4,510,170)	\$0	\$476,962,239
Requirements				
Personnel Services	\$58,654,266	\$0	\$0	\$58,654,266
External Materials and Services	49,330,256	5,929,962	0	\$55,260,218
Internal Materials and Services	38,675,456	6,017,479	0	\$44,692,935
Capital Outlay	88,069,774	(9,487,040)	0	\$78,582,734
Bond Expenses	2,543,236	0	0	\$2,543,236
Fund Transfers - Expense	185,859,120	3,000,000	0	\$188,859,120
Contingency	58,140,301	(9,970,571)	0	\$48,169,730
Unappropriated Ending Fund Balance	200,000	0	0	\$200,000
Total Requirements	\$481,472,409	(\$4,510,170)	\$0	\$476,962,239

Key Decisions

- The bureau will delay a bond issuance planned for spring until fall FY 2014-15, reducing budgeted bond and note revenues by \$100 million.
- Rate revenues are above projection, resulting in the recognition of an additional \$3.2 million in charges for services across all funds.
- In order to budget for increased expenses across a variety of programs, contingency is reduced by \$1.25 million across all funds. Contingency is also impacted by adjusted fund transfers, largely resulting from the bond issuance delay and higher than projected rate revenues. Excluding the delayed bond issuance, the net result of all packages is an increase in contingency of \$1.9 million.

Discussion

The bureau projects to end the year with rate revenue at roughly 101.2% of budget. The drivers cross customer classes and fee types: single family residential and commercial customers are trending at 104% of budget, whereas multifamily residential and drainage district properties are projected to be below budget. Discounts for onsite stormwater treatment, low-income customers, and Treebates are at 114% of budget (a revenue reduction for the bureau). By fee type, sanitary, stormwater, and extra-strength charges are all trending above budget.

This increased rate revenue – as well as increased System Development Charges (SDC) revenue – drive many of the adjustments the bureau requests. The bureau recognizes an additional \$1.35 million in rate revenue to assign to related expense increases (such as newly negotiated cost-sharing payments to Multnomah County Drainage District and increased Utility License Fee charge). It recognizes \$1.85 million in SDC revenue and transfers this to the Debt Redemption Fund. Only revenues needed to offset expenses are recognized. Any unrecognized revenues in the current fiscal year will be realized in FY 2014-15 as beginning fund balance.

Because the bureau is confident it will meet its 1.30 debt service coverage planning target, transfers from the Rate Stabilization Fund have been eliminated, and transfers to this fund are increased by \$13 million. The bureau's revised budget assigns \$19 million to ending fund balance in the Rate Stabilization Fund, roughly 2.4 times the bureau's target minimum operating reserve for this fund (8% of operating expenses), to be used for rate reduction in the coming years. This is a positive adjustment and an indication of financial health. Transfers to this fund above budget are enabled by: 1) \$4 million in higher than anticipated rate revenues, 2) a fall refinancing of the 2003A sewer bonds, which decreased current year debt service by \$3.5 million, and 3) a higher overhead rate for CIP reimbursement, which allocated an additional \$3 million from operating to capital expenses.

The bureau also re-allocates \$1.25 million in contingency to cover unanticipated or increased program expenses. Rather than using the additional retail and SDC revenues to cover these expenses, the bureau used contingency; at year end, both unrecognized new revenue and unused contingency will fall to balance. Fund transfers also increased contingency in various funds. The net result to contingency across all funds – excluding the \$100 million reduction in bond revenue, now delayed until FY 2014-15 – is an increase of \$1.9 million.

As of April 11, CIP spending equates to 60% of the bureau's revised budget. The bureau estimates it will spend roughly \$102 million of the \$118.9 million revised CIP by year-end (86%). The only decreases the bureau requests for the CIP budget, however, derive from grant adjustments. Outside of grant adjustments, the bureau's CIP BMP requests consist of \$10.2 million in adjustments between projects and between materials and services spending and capital outlay. The most notable project adjustment is within Phase 2 Pipe Rehab, a CIP program with \$29.5 million allocated in the Adopted Budget. The bureau reduces this budget by \$1.325 million (4%) due to design delays in some projects within this CIP program; these funds will be re-appropriated in FY 2014-15.

Community Development

Bureau of Development Services

Analyst: Christy Owen

Budget Summary- All Funds	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$13,177,485	\$10,849,677	\$0	\$24,027,162
Licenses & Permits	22,854,164	0	0	\$22,854,164
Charges for Services	8,909,147	0	0	\$8,909,147
Intergovernmental Revenues		11,500	0	\$11,500
Interagency Revenue	940,438	2,000	0	\$942,438
Fund Transfers - Revenue	2,159,003	0	0	\$2,159,003
Bond and Note	1,802,343	0	0	\$1,802,343
Miscellaneous	2,229,973	0	0	\$2,229,973
Total Resources	\$52,072,553	\$10,863,177	\$0	\$62,935,730
Requirements				
Personnel Services	\$25,993,479	\$7,000	\$0	\$26,000,479
External Materials and Services	4,031,143	(1,677,969)	0	\$2,353,174
Internal Materials and Services	7,421,510	515,000	0	\$7,936,510
Capital Outlay		2,838,726	0	\$2,838,726
Bond Expenses	1,009,670	(98,796)	0	\$910,874
Fund Transfers - Expense	947,890	56,742	0	\$1,004,632
Contingency	7,668,861	9,222,474	0	\$16,891,335
Unappropriated Fund Balance	5,000,000	0	0	\$5,000,000
Total Requirements	\$52,072,553	\$10,863,177	\$0	\$62,935,730

Key Decisions

- \$155,000 in increased interagency expenses with OMF- Facilities for additional rental space at the 1900 Building.
- \$360,000 for increased interagency expenses with OMF- Bureau of Technology Services due to relocating and adding staff within the 1900 Building throughout the year.
- Transfer the balance of the Noise Control Program Reserves, \$56,742, from BDS to the Office of Neighborhood Involvement (ONI).
- \$350,000 transfer from contingency to external materials and services (EM&S) to prevent overspending.
- Net zero technical adjustments to reallocate the Information Technology Advancement Project (ITAP) budget between major object categories. There is no increase in the ITAP budget.

- \$10,849,677 to true-up the budgeted Beginning Fund Balance to the final Comprehensive Annual Financial Report (CAFR).

Discussion

Interagency Adjustments. During FY 2013-14, BDS has filled 17 of the 47 positions that were authorized in either the Adopted Budget, Fall BMP, or a supplemental budget request in March 2014. These additional 47 positions, combined with the planned expansion of BDS in the 1900 Building, have added additional Bureau of Technology Services and Facilities Services interagency costs. BDS has been actively engaged in space planning and the results have required additional resources from the interagency providers. Revenues are sufficient to cover the costs of expansion in the bureau, including both the staffing and additional support requirements.

Information Technology Advancement Project (ITAP). BDS is requesting to make technical adjustments to the ITAP budget. The Spring BMP request does not increase appropriation or change the projected timeline of the project. ITAP is scheduled to be completed in winter 2015 and the projected total cost is \$11.8 million.

ITAP has completed Phase One (project initiation and planning), and Phase Two is currently underway. Project updates from the March 2014 Technology Oversight Committee (TOC) meeting rate the project favorably for finishing within the targeted timeline for completion in December 2015. The project budget (\$11.8 million) is considered a high confidence estimate from the Quality Assurance (QA) consultant. The table below utilizes projection information provided to the Technology Oversight Committee (TOC). Since the project will span fiscal years, any underspending this year will be carried forward as project resources in FY 2014-15.

ITAP Budget Summary (FY 2013-14 Only)	Adopted Budget	Revised Budget	Year-to-Date Actuals	PO & PR Enc.	Total Projection	% Variance
Requirements						
Personnel Services	\$915,734	\$852,588	\$252,857		\$483,469	57%
External Materials and Services	2,564,920	3,361,638	261,206	\$48,361	998,371	30%
Internal Materials and Services	311,203	311,203	33,809		93,809	30%
Capital Outlay	0	0	1,862,693	121,176	2,794,040	N/A
Bond Expenses	98,796	0	0		0	N/A
Contingency	806,474	905,086			0	0%
Total Requirements	\$4,697,127	\$5,430,515	\$2,410,564	\$169,537	\$4,369,689	80%

Position and Staffing Update. BDS was authorized to fill 14 positions in the FY 2013-14 Adopted Budget and an additional 15 positions in the Fall BMP to address workload demands for permit and inspection services. The bureau has filled 13 of the 14 positions approved in the Adopted Budget at this time. Recruitments and interviews have been

underway for the 15 positions received in the Fall BMP, with four positions already filled. BDS received an additional 18 positions in a separate supplemental budget as the demand for services has remained consistent throughout the fiscal year. The bureau's goal is to open the Development Services Center five days per week prior to the start of the new fiscal year. These positions have not been filled at this time. The bureau will likely underspend the personnel services budget this fiscal due to the timing of filling the vacant positions.

Revenues and Projected Ending Fund Balance. Construction related revenues are continuing to exceed the budgeted amounts with the trend of increased workload demands continuing in FY 2013-14. Workload metrics provided by BDS highlight growth in service requests ranging from 16-69% when compared to the same period in previous fiscal years. Developments for multi-family housing have remained consistent and this revenue is indicative of the regional economy continuing to recover. The increased workload has been built into the bureau's five-year revenue forecasts. The additional revenues collected outside of the planned expenses will grow the program reserves if the pace of the receipt of revenues continues. Seasonality may affect the demand for services as the construction season begins in the late spring and continues into the summer months.

Portland Housing Bureau

Analyst: James M. Carter

Budget Summary- All Funds	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$2,260,155	(\$1,417,304)	\$0	\$842,851
Charges for Services	345,780	37,000	0	\$382,780
Intergovernmental Revenues	67,408,734	(35,913,541)	0	\$31,495,193
Interagency Revenue	73,332	2,000	0	\$75,332
Fund Transfers - Revenue	7,012	48,000	0	\$55,012
Bond and Note	7,956,557	(7,489,609)	0	\$466,948
Miscellaneous	7,479,397	(588,015)	0	\$6,891,382
General Fund Discretionary	12,031,115	(352,000)	0	\$11,679,115
Total Resources	\$97,562,082	(\$45,673,469)	\$0	\$51,888,613

Requirements				
Personnel Services	\$6,253,064	(\$65,990)	\$0	\$6,187,074
External Materials and Services	85,423,187	(43,393,876)	0	\$42,029,311
Internal Materials and Services	1,083,013	(29,250)	0	\$1,053,763
Bond Expenses	1,441,293	0	0	\$1,441,293
Fund Transfers - Expense	1,087,481	0	0	\$1,087,481
Contingency	2,454,044	(2,184,353)	0	\$269,691
Unappropriated Fund Balance	120,000	0	0	\$120,000
Total Requirements	\$97,862,082	(\$45,673,469)	\$0	\$52,188,613

Budget Summary- General Fund	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Intergovernmental Revenues	138,000	60,000	0	\$198,000
Interagency Revenue	73,332	2,000	0	\$75,332
Miscellaneous	7,500	(7,500)	0	\$0
General Fund Discretionary	12,031,115	(352,000)	0	\$11,679,115
Total Resources	\$12,249,947	(\$297,500)	\$0	\$11,952,447
Requirements				
Personnel Services	\$495,382	\$0	\$0	\$495,382
External Materials and Services	12,059,818	(319,420)	0	\$11,740,398
Internal Materials and Services	(305,253)	21,920	0	(\$283,333)
Total Requirements	\$12,249,947	(\$297,500)	\$0	\$11,952,447

Key Decisions

- \$58,000 request for new revenues from the General Fund to pay for severe weather emergency shelters.

- \$158,284 new request to recognize TIF program income and intergovernmental revenues.
- \$12,121,958 and \$33,325,126 in non-General Fund reductions of current year appropriation for development projects. These will be rebudgeted in the FY 2014-15 budget.
- \$48,000 General Fund technical adjustment to recognize Innovation Fund award.
- \$10,000 General Fund carryover for staff equity training.
- \$400,000 General Fund carryover for services targeting homeless families.

Discussion

Resources. Reductions in the budgeted beginning fund balance (\$1,417,304) are due to projected underspending within the fiscal year, which means there is less need to draw down beginning year TIF resources in the current year. Next year's anticipated need to draw down these TIF resources is part of rebudgeting Opportunity funding. The Opportunity funding is an allocation focused on the development, preservation, and rehabilitation of affordable rental housing.

The bulk of intergovernmental revenue changes (\$35,913,541) reflect the reduction of funding allocated in the current fiscal year for carryover into the FY 2014-15 Approved Budget. Specifically, most of these allocations are for affordable rental housing development (\$12,048,849) which either span fiscal years or will be included in a forthcoming notice of funding availability (\$23,962,856) to develop and preserve affordable rental housing.

The increase in fund transfers recognizes the award from the Innovation Fund (\$48,000) for the XML data sharing project. The majority of the reduction in allocation for the bond and notes object category reflects the resources for CDBG Section 108 funding (\$7,424,000) carried over into the next fiscal year.

For the miscellaneous object category, the reduction in allocation is largely tied to loan repayment income from TIF-funded projects in the Downtown Waterfront URA (\$586,535). This appropriation is being reduced in line with the rebudgeting of Opportunity funding to the FY 2014-15 Approved; however, this income will in fact be collected by the bureau during FY 2013-14 and then used to back the Opportunity funding budgeted in the Downtown Waterfront URA in FY 2014-15.

Finally, the reduction in General Fund discretionary (\$352,000) includes a \$58,000 new one-time request for severe weather emergency shelters, a carryover request (\$400,000) for the City-County initiative targeting homeless families, and a carryover request (\$10,000) for staff equity training.

Requirements. Reductions in personnel services expenses (\$65,990) are due to delays in staffing associated with HUD federal grants. For external materials and services, the majority of reductions in allocated expenses (\$43,074,456) correspond to allocation reductions in intergovernmental revenues (namely TIF) and the remainder (\$319,420) is made up of the aforementioned new request and carryover request for General Fund discretionary. Finally, the bulk of the draw on contingency (\$2,184,353) relates to forthcoming projects for which the bureau will request an increase in FY 2014-15 budget appropriation.

Decision Package Updates. The Housing bureau reports full implementation of decision packages from the Adopted Budget. For those decision packages associated with homeless services, the bureau performance reports, in general, indicate success. However, some of these achievements in meeting and exceeding targets suggests that in some instances the targets are less ambitious than the performance capacity demonstrated in the first two quarters of the fiscal year. For example, in mental health street outreach, performance outputs for individuals served and those engaged by outreach efforts exceeded annual goals after only one quarter of operations (see Q1, Q2 and Annual Goal data in Table 1 below).

Table 1. Mental Health Street Outreach, Housing & Retention Services

Outputs: FY 2013-14	Q1	Q2	Q3	Q4	Total Year to Date	Annual Goal
Total # individuals served	388	48	-	-	429	275
# individuals - outreach	81	23	-	-	104	75
# individuals – retention	307	29	-	-	336	200
# individuals - mental health assessments	30	38	-	-	68	125
# individuals – benefits assistance	19	19	-	-	38	40

Council approved Housing’s one-time request for \$1.7 million in General Fund for programs to immediately address homelessness of vulnerable adults and families. With some exceptions, services were initiated as expected on January 1, 2014. Based on performance to date, the services appear to be on track to meet established goals.

Investments targeting adults (\$1.0 million) focused on mental health outreach, housing assistance and support services. Stakeholders in the collaborative came together to establish the organizational structure in January 2014. By the beginning of February, all agencies began housing placements. Through March 31, 2014 providers have

demonstrated success moving households from homelessness to housing through placement and rent assistance.

The investment targeting families (\$700,000) was passed through to the County to launch the City-County Home Start for Families initiative. To date, the County has not billed the City. The Housing Bureau estimates that a portion (\$300,000) will be encumbered by June 30, 2014 and requests that Council approve the carryover balance of \$400,000. However, it should be noted that the contract period for all of these services span fiscal years, running from January 2014 to January 2015. Nonetheless, there is the expectation that the full allocation (\$700,000) will be encumbered and carryover through the Fall BMP. Additionally, it should be recognized that the County has leveraged the City's commitment by increasing rent assistance for families and starting up a mobile outreach team.

Bureau of Planning and Sustainability

Analyst: Tess Jordan

Budget Summary- All Funds	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$1,843,477	\$0	\$0	\$1,843,477
Licenses & Permits	2,858,230	0	0	2,858,230
Charges for Services	2,224,620	0	0	2,224,620
Intergovernmental Revenues	2,571,087	(24,053)	0	2,547,034
Interagency Revenue	361,334	30,000	0	391,334
Fund Transfers - Revenue	183	0	0	183
Miscellaneous	98,707	0	0	98,707
General Fund Discretionary	6,898,594	0	0	6,898,594
General Fund Overhead	544,977	0	0	544,977
Total Resources	\$17,401,209	\$5,947	\$0	\$17,407,156
Requirements				
Personnel Services	\$10,766,424	(\$98,901)	\$0	\$10,667,523
External Materials and Services	2,221,686	74,848	0	\$2,296,534
Internal Materials and Services	2,466,777	30,000	0	\$2,496,777
Bond Expenses	48,486	0	0	\$48,486
Fund Transfers - Expense	206,699	0	0	\$206,699
Contingency	\$4,554	0	0	\$0
Ending Fund Balance	1,686,583	0	0	\$1,686,583
Total Requirements	\$17,401,209	\$5,947	\$0	\$17,402,602

Budget Summary- General Fund	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Intergovernmental Revenues	\$244,231	\$0	\$0	\$244,231
Interagency Revenue	351,334	28,000	0	\$379,334
General Fund Discretionary	6,898,594	0	0	\$6,898,594
General Fund Overhead	544,977	0	0	\$544,977
Total Resources	\$8,039,136	\$28,000	\$0	\$8,067,136
Requirements				
Personnel Services	\$6,964,242	(\$20,000)	\$0	\$6,944,242
External Materials and Services	510,577	48,000	0	\$558,577
Internal Materials and Services	564,317	0	0	\$564,317
Total Requirements	\$8,039,136	\$28,000	\$0	\$8,067,136

Key Decisions

- The bureau requests and carries over \$90,000 of General Fund Discretionary for LiDAR data, a project funded via the Innovation Fund. Funds will be transferred to Metro, which will expend the funds in FY 2014-15 (total project cost is \$750,000).

Discussion

At year end, the bureau projects it will underspend its General Fund Discretionary allocation by \$60,000, but it plans to encumber these unspent dollars for public involvement contracts and request them in the Fall BMP. No unused General Fund will therefore fall to citywide balance. Although the bureau expects its personnel services budget to be fully expended, no compensation set-aside has been requested. The bureau currently reports four vacant limited-term positions and two double fills, all within the General Fund, for a net of two position vacancies.

Within the Solid Waste Fund, beginning fund balance is \$785,000 higher than budgeted; the bulk of this increase is budgeted to ending fund balance. Solid Waste residential franchise fees (under licenses and permit revenue) are expected to end the year 1% below budget; commercial permit fees (under charges for services) are expected to fall short of budgeted amounts by 4% (\$90,000). Ending fund balance is sufficient to accommodate this shortfall. Commercial permit fees are more volatile and generally reflect the health of the economy; revenues have grown 16% over the past two years. All expense categories other than personnel services are expected to be fully expended. The Spring BMP moves \$65,000 in Solid Waste personal services under-spending into external materials and services (purchase of solid waste commercial containers).

Grants spending – this year 13% of the bureau’s total revenues – is expected to end the year at 92% of budget. The Spring BMP removes a net \$24,053 from the grants fund, recognizing adjustments to three separate grants.

Portland Development Commission

Analyst: James M. Carter

Budget Summary- General Fund	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
General Fund Discretionary	\$4,577,437	(\$120,000)	\$0	\$4,457,437
Total Resources	\$4,577,437	(\$120,000)	\$0	\$4,457,437
Requirements				
External Materials and Services	\$4,577,437	(\$120,000)	\$0	\$4,457,437
Total Requirements	\$4,577,437	(\$120,000)	\$0	\$4,457,437

Key Decisions

- Extends the FY 2013-14 budget note regarding a new Mounted Patrol Horse Facility.
- \$40,000 General Fund carryover for working capital grants in the Startup PDX Challenge.
- \$80,000 General Fund technical adjustment and carryover for Innovation Fund award.

Discussion

Carryover requests. PDC's General Fund request reduces the FY 2013-14 Revised Budget by \$120,000 for carryover into the FY 2014-15 Approved Budget. The carryovers include working capital grants (\$40,000) and an Innovation Fund award (\$80,000). The \$40,000 Startup PDX Challenge working capital grants are part of the larger \$210,000 Entrepreneurship and Innovation initiative within Traded Sector programs. As for the Innovation Fund carryover request for \$80,000, PDC is committing \$80,000 in federal grants in match funding.

Budget Note. To date, no public hearing has been held to consider options for a new, permanent facility for the Mounted Patrol horses. However, discussions are ongoing amongst PDC, the Police bureau, OMF and members of Council. The delay, in part, is attributable to heavy rains last fall and the snow in February which caused parts of the facility to become unsafe. Currently, the horses are boarded outside city limits and transported daily into the city.

Projections. With regards to the General Fund, CBO highlights that current expenditure trends indicate year-end underspending in the workforce training programs in the Economic Opportunities Initiative. Through the first three quarters of FY 2013-14, just

over one-half of the revised budget has been billed by PDC to the City. Notwithstanding, based on historical actuals, the CBO projects that 99% of funds will be encumbered by fiscal year's end.

Office of Neighborhood Involvement

Analyst: Yung Ouyang

Budget Summary- All Funds	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Charges for Services	\$308,101	(\$45,164)	\$0	\$262,937
Intergovernmental Revenues	278,005	0	0	\$278,005
Interagency Revenue	17,346	0	0	\$17,346
Miscellaneous	3,628	34,750	0	\$38,378
General Fund Discretionary	6,840,602	(145,000)	90,000	\$6,785,602
General Fund Overhead	220,631	0	0	\$220,631
Total Resources	\$7,668,313	(\$155,414)	\$90,000	\$7,602,899
Requirements				
Personnel Services	\$3,649,491	\$60,073	\$0	\$3,709,564
External Materials and Services	3,391,682	(230,164)	90,000	\$3,251,518
Internal Materials and Services	627,140	8,677	0	\$635,817
Fund Transfers - Expense	0	6,000	0	\$6,000
Total Requirements	\$7,668,313	(\$155,414)	\$90,000	\$7,602,899

Key Decisions

- CBO does not recommend the carryover of \$90,000 for Americans with Disabilities (ADA) upgrades to the Kenton Firehouse. See discussion below.
- CBO does recommend ONI’s other four carryover requests totaling \$55,000.
- ONI is reducing its budget for the Noise Program by \$45,164.
- The budget for personnel services is being increased by \$60,073 due to internal transfers and work paid for by additional revenues.

Discussion

Carryover Request for Kenton Firehouse. CBO does not recommend the carryover of \$90,000 for ADA upgrades to the Kenton Firehouse for two reasons. First, the resources that ONI is requesting to carry over were not originally designated for the purpose of ADA upgrades, and the carryover of resources is generally for the same purpose that the funds were originally budgeted. Secondly, the City is still developing a Transition Plan that would help to prioritize the many City-owned properties that need ADA upgrades; prior to that prioritization, CBO does not recommend the allocation of scarce General Fund resources toward addressing barriers except in the case of critical publicly accessed assets. This reasoning was discussed in CBO’s review of ONI’s FY 2014-15 Requested Budget which contained a \$100,000 request for this same purpose.

Other Carryover Requests. The bureau's four other carryover requests seek to carry over funding (\$55,000 total) that CBO believes are for one-time projects. CBO is recommending the requests and the rebudgeting of the funds into next year's budget.

Noise Program Budget. The bureau requests to decrease the Noise Program's budget by \$45,164 in order to better reflect currently projected revenues and the recognizing of actual revenues and expenses in BDS's accounts during the beginning of the year.

Personnel Services Increases. Personnel services is increased by \$60,073 primarily due to a transfer of resources from external materials and services to pay for part-time, seasonal staffing at the East Portland and North Portland offices, as well as a reimbursement from North Portland Community Works for ONI staffing of the North Portland Tool Library and the St. John Farmer's Market.

Office of Equity & Human Rights

Analyst: Amy Suntoke

Budget Summary- All Funds	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Charges for Services	\$90,000	(\$5,000)	\$0	\$85,000
Intergovernmental Revenues	20,000	21,500	0	\$41,500
Miscellaneous	525	0	0	\$525
General Fund Discretionary	802,268	35,000	0	\$837,268
General Fund Overhead	504,262	0	0	\$504,262
Total Resources	\$1,417,055	\$51,500	\$0	\$1,468,555
Requirements				
Personnel Services	\$1,069,594	\$36,345	\$0	\$1,105,939
External Materials and Services	227,505	3,800	0	\$231,305
Internal Materials and Services	119,956	11,355	0	\$131,311
Total Requirements	\$1,417,055	\$51,500	\$0	\$1,468,555

Key Decisions

- CBO recommends \$20,000 in new General Fund contingency resources to fund the City of Portland’s contribution to the Governing for Racial Equity conference.
- \$16,500 in new intergovernmental revenue dedicated to funding the Governing for Racial Equity conference.
- \$15,000 allocation of General Fund Discretionary for compensation set-aside.

Discussion

The Office of Equity and Human Rights (OEHR) has requested \$20,000 of new General Fund discretionary resources for the City of Portland’s contribution to the Governing for Racial Equity conference. To date, Multnomah County, the City of Seattle, King County, and Metro have contributed financial resources to the conference. Additional conference revenues were generated from registration fees. Because conference revenues, which total \$126,500, exceed conference expenses, remaining financial resources will be refunded to contributors on a prorated basis. OEHR has contributed to the conference in the form of staff time, but has not made a cash contribution. CBO recognizes the importance of a financial contribution. Normally, General Fund contingency should only be used for unexpected costs, and bureaus should look for ways to fund these costs internally. However, projections for OEHR show the bureau with very little excess capacity this fiscal year, and so in order to make a financial

contribution and avoid an over expenditure, CBO recommends using \$20,000 from contingency to cover these costs.

The recognition of \$16,500 of new intergovernmental revenue consists of contributions from the City of Seattle, King County, Multnomah County, and Metro for the Governing for Racial Equity conference. This package trues up the Governing for Racial Equity conference budget.

The Office of Equity and Human Rights has requested \$15,000 in compensation set-aside to cover unexpected personnel expenses. According to Accounting Period 8 (February 2014) projections, OEHR is expected to exceed its current budget in personnel services by approximately \$20,581, and both CBO and OEHR projections suggest that the office is tightly budgeted. With the addition of OEHR's share of compensation set-aside, CBO projects personnel services spending to be within budget at year end. CBO recommends this request.

Finally, OEHR requests a technical adjustment, which results in no net change at the bureau or fund level. This technical adjustment moves \$5,700 from external materials and services to internal materials and services to offset higher than expected expenditures in internal materials and services. In particular, expenditures for City Fleet, Printing & Distribution, and costs for staff shared between the Portland Housing Bureau and OEHR were higher than expected.

Transportation and Parking

Portland Bureau of Transportation

Analyst: Yung Ouyang

Budget Summary- All Funds	Revised Budget (A)	Request (B)	Recommended Adjustments(C)	Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$39,823,205	(\$172,516)	\$0	\$39,650,689
Licenses & Permits	2,086,800	0	0	\$2,086,800
Charges for Services	56,915,909	(1,375,000)	0	\$55,540,909
Intergovernmental Revenues	95,628,053	(7,465,000)	0	\$88,163,053
Interagency Revenue	28,439,561	4,751,488	0	\$33,191,049
Fund Transfers - Revenue	22,386,547	670,300	0	\$23,056,847
Bond and Note	17,307,520	45,413,489	0	\$62,721,009
Miscellaneous	3,357,543	0	0	\$3,357,543
Total Resources	\$265,945,138	\$41,822,761	\$0	\$307,767,899
Requirements				
Personnel Services	\$74,567,842	(\$510,763)	\$0	\$74,057,079
External Materials and Services	41,394,197	52,772,870	0	\$94,167,067
Internal Materials and Services	27,969,882	(486,409)	0	\$27,483,473
Capital Outlay	45,243,769	(11,948,711)	0	\$33,295,058
Bond Expenses	14,711,253	0	0	\$14,711,253
Fund Transfers - Expense	16,334,461	300	0	\$16,334,761
Contingency	45,723,734	1,995,474	0	\$47,719,208
Total Requirements	\$265,945,138	\$41,822,761	\$0	\$307,767,899

Transportation Operating Fund	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$38,281,922	\$0	\$0	\$38,281,922
Licenses & Permits	2,086,800	0	0	\$2,086,800
Charges for Services	43,808,809	0	0	\$43,808,809
Intergovernmental Revenues	65,613,967	(1,000,000)	0	\$64,613,967
Interagency Revenue	27,616,957	4,751,488	0	\$32,368,445
Fund Transfers - Revenue	18,911,643	670,000	0	\$19,581,643
Bond and Note	9,362,520	45,413,489	0	\$54,776,009
Miscellaneous	3,287,548	0	0	\$3,287,548
Total Resources	\$208,970,166	\$49,834,977	\$0	\$258,805,143
Requirements				
Personnel Services	\$67,888,408	\$616,500	\$0	\$68,504,908
External Materials and Services	37,273,347	51,232,870	0	\$88,506,217
Internal Materials and Services	19,160,066	609,318	0	\$19,769,384
Capital Outlay	27,411,061	(5,228,711)	0	\$22,182,350
Bond Expenses	10,007,983	0	0	\$10,007,983
Fund Transfers - Expense	10,921,623	300	0	\$10,921,923
Contingency	36,307,678	2,604,700	0	\$38,912,378
Total Requirements	\$208,970,166	\$49,834,977	\$0	\$258,805,143

Key Decisions

- Appropriation of \$50.0 million for PBOT's bond-financed match payment to Multnomah County for the replacement of the Sellwood Bridge.
- In the Grants Fund, Capital Improvement Plan (CIP) reductions for carryover total \$9,875,000, while increases are \$3,410,000. The largest component of the increases is \$3.2 million for the Eastside Streetcar project.
- CIP budget reductions for carryover in the Operating Fund total \$10.6 million, with the only increase, other than the aforementioned Sellwood Bridge match payment, being \$1.9 million for the Close the Loop Streetcar-Portland/Milwaukie Light Rail Betterment project due to TriMet working on the project sooner than anticipated.
- Most of the almost \$4.8 million increase in interagency revenue is from the Bureau of Environmental Services for PBOT work on various Green Street and storm-water related projects.
- Through a draw on contingency, PBOT is increasing its Maintenance Operations budget by \$500,000 to cover unbudgeted costs, including overtime, associated with responding to the snow event of February 2014.
- Parking fee revenue is being reduced by \$1,375,000, or 11%, due to a slower than expected economic recovery.

- PBOT is budgeting the \$250,000 in one-time General Fund discretionary resources that it received from the Innovation Fund for the Capital Construction Coordination project.
- The bureau's only position change is a reclassification of a Program Coordinator in the Parking Operations division from part-time to full-time.

Discussion

Capital Improvement Plan Adjustments. PBOT has three requests that pertain to its CIP program (TR_037, TR_038, and TR_039). The bureau's Adopted Budget for its CIP was \$46.3 million, including the budgets in its Operating and Grants Funds.

Sellwood Bridge Replacement Match Payment. The largest component of these adjustments is the \$50.0 million bond-financed match payment to Multnomah County for the City's share of the Sellwood Bridge replacement project. Both the bond sale and the payment to the County are expected to occur in June. The City's total contribution is capped at \$86 million. PBOT will begin paying the debt service with General Transportation Revenue (GTR) beginning next year with a \$3.6 million payment.

Grants Fund Adjustments. In the Grants Fund, CIP reductions total \$9,875,000, while increases are \$3,410,000. The largest component of the increases is \$3.2 million for the Eastside Streetcar project. A milestone related to the purchase of a streetcar may be met this year, and the bureau is ensuring that there is enough budget for the purchase if it happens. The bureau is budgeting previously accepted grant funds in order to cover possible accelerated costs. The three largest reductions are for carryover of funds for the N. Killingsworth: Commerical-MLK Phase 2 (\$2.2 million) and the Burnside & Pearl District Xing Improvement (\$1.6 million) projects, which will not be completed this year, and the Bike Share project (\$1.5 million), which is currently on hold.

Operating Fund Adjustments. CIP budget reductions in the Operating Fund total \$10.6 million, with the only increase, other than the one for the aforementioned Sellwood Bridge match payment, being \$1.9 million for the Close the Loop Streetcar-Portland/Milwaukie Light Rail Betterment project which was not budgeted for the Adopted or during the Fall BMP. PBOT is selling bonds to pay TriMet for the work which is happening sooner than the bureau anticipated. In regards to reductions, the bureau is reducing the budget for the bond-financed Street Light Efficiency Program by \$4.0 million, or 89%, due to continuing negotiations with PGE. Two projects are having their budgets carried over due to extended timelines: \$1.0 million for the GTR-funded Road Rehabilitation project and \$1.0 million for the State-funded SE 136th Ave project. Two notable carryovers involve the reduction of the entire budgets totaling \$2.4 million for

the year. These involve the purchasing of new parking paystations or the replacement of paystations, and PBOT needs to reduce the budgets due to having to redo the RFP process. No funds have been moved out of project contingency as a result of the Spring BMP requests, but the bureau is transferring \$2.2 million into contingency as a result of the budget reductions for three GTR-funded projects which are expected to continue into next year: Division Streetscape, Boones Ferry/Stephenson, and Road Rehabilitation.

Lower than Expected Parking Fee Revenues. Due to a slower than expected economic recovery, parking fee revenue budgeted in the Parking Facilities Fund is being reduced by \$1,375,000, or 11%. CBO projects a slightly lower year-end amount for this revenue, but the difference is not material. Furthermore, bankcard fee expenses are being increased by \$300,000 due to processing fee changes. The actions the bureau is taking to manage the lower than expected revenues and higher expenses include reducing its IA with OMF-Facilities by \$846,509 for project management and \$274,218 for O&M for the parking garages. In addition, the budget for contingency in the Parking Facilities Fund is being reduced by \$609,526, or almost 10% of the original budgeted amount. The bureau is not reducing its transfer from the Parking Facilities Fund to its Operating Fund as a result of the lower parking fee revenues projected.

Draw on Contingency Related to Snow Storm of February 2014. As noted above, PBOT is increasing its Maintenance Operations budget by \$500,000 to cover unbudgeted costs associated with responding to the snow event of February 2014. \$398,000 is designated for overtime costs, with the rest (\$102,000) intended to cover the cost of OMF-CityFleet repairs to equipment damaged in the event. The bureau needs to draw on its contingency in the Operating Fund for this purpose. The \$500,000 draw from contingency is the entire amount that PBOT set aside in contingency for extreme weather events. The bureau estimates that the February storm added \$740,000 in extra costs for storm response and cleanup. PBOT intends to identify savings and efficiencies within its operational budget to pay for the amount not covered by the draw on contingency.

Elected Officials

Office of the Mayor

Analyst: Doug Le

Budget Summary- General Fund	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Intergovernmental Revenues	0	47,189	0	\$47,189
General Fund Discretionary	1,044,937	5,399	0	\$1,050,336
General Fund Overhead	1,666,553	0	0	\$1,666,553
Total Resources	\$2,711,490	\$52,588	\$0	\$2,764,078
Requirements				
Personnel Services	\$1,517,458	\$0	\$0	\$1,517,458
External Materials and Services	904,159	52,588	0	\$956,747
Internal Materials and Services	289,873	0	0	\$289,873
Total Requirements	\$2,711,490	\$52,588	\$0	\$2,764,078

Key Decisions

- \$47,189 additional grant revenue from the State of Oregon, Youth Development Council
- \$5,399 technical adjustment to transfer encumbrance carryover back to the Mayor’s Office from Special Appropriation for accounting purposes

Discussion

The above adjustments will increase the office’s Revised Budget by \$52,588. CBO recommends the above adjustments as requested. Based on information as of February 2014, the office is projected to end the fiscal year within its budget.

Commissioner of Public Affairs (Dan Saltzman)

Analyst: Doug Le

Budget Summary- All Funds	Revised Budget (A)	Request (B)	Recommended Adjustments(C)	Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Balance	1,000,000	0	0	\$1,000,000
Taxes	8,652,748	0	0	\$8,652,748
Intergovernmental Revenues	0	30,800	0	\$30,800
Miscellaneous	0	10,700	0	\$10,700
General Fund Discretionary	1,407,430	0	0	\$1,407,430
General Fund Overhead	524,058	0	0	\$524,058
General Fund Overhead	\$11,584,236	\$41,500	\$0	\$11,625,736
Requirements				
Personnel Services	\$1,506,982	\$16,700	\$0	\$1,523,682
External Materials and Services	9,884,417	24,800	0	\$9,909,217
Internal Materials and Services	165,097	0	0	\$165,097
Fund Transfer - Expense	25,000	0	0	\$25,000
Contingency	2,740	0	0	\$2,740
Total Requirements	\$11,584,236	\$41,500	\$0	\$11,625,736

Budget Summary- General Fund	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Intergovernmental Revenues	0	30,800	0	\$30,800
Miscellaneous	0	10,700	0	\$10,700
General Fund Discretionary	1,407,430	0	0	\$1,407,430
General Fund Overhead	524,058	0	0	\$524,058
General Fund Overhead	\$1,931,488	\$41,500	\$0	\$1,972,988
Requirements				
Personnel Services	\$1,037,531	\$16,700	\$0	\$1,054,231
External Materials and Services	763,548	24,800	0	\$788,348
Internal Materials and Services	130,409	0	0	\$130,409
Total Requirements	\$1,931,488	\$41,500	\$0	\$1,972,988

Key Decisions

- \$10,700 additional program revenue from the Oregon Department of Human Services for the Job Plus Program
- \$30,800 additional program revenue from Multnomah County for their support of the Gateway Center for Domestic Violence Services

Discussion

The above adjustments will increase the office's Revised Budget by \$41,500. CBO recommends the above adjustments as requested. Based on information as of February 2014, the office is projected to end the fiscal year within its budget in the General Fund. In the Children's Investment Fund, the actual beginning fund balance is higher than budgeted due to a true up based on the 2013 Comprehensive Annual Financial Report. Taxes are also projected higher than budgeted based on the latest forecast by the City Economist. Adjustments for these were made in the 2013 fall BMP.

Commissioner of Public Safety (Steve Novick)

Analyst: Doug Le

Budget Summary- General Fund	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
General Fund Discretionary	385,385	0	0	\$385,385
General Fund Overhead	524,057	0	0	\$524,057
Total Resources	\$909,442	\$0	\$0	\$909,442
Requirements				
Personnel Services	\$759,503	(\$35,000)	\$0	\$724,503
External Materials and Services	52,833	10,000	0	\$62,833
Internal Materials and Services	97,106	25,000	0	\$122,106
Total Requirements	\$909,442	\$0	\$0	\$909,442

Key Decisions

- None

Discussion

There is no fiscal impact as a result of adjustments requested in the Spring Supplemental. All adjustments are recommended as proposed. Overall, the office is projected to end the fiscal year within its budget. Personnel services are currently projecting below budget. All other expenditures are trending normally.

Commissioner of Public Utilities (Amanda Fritz)

Analyst: Doug Le

Budget Summary- General Fund	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
General Fund Discretionary	470,143	0	0	\$470,143
General Fund Overhead	524,057	0	0	\$524,057
Total Resources	\$994,200	\$0	\$0	\$994,200
Requirements				
Personnel Services	\$801,965	(\$16,000)	\$0	\$785,965
External Materials and Services	83,481	(10,000)	0	\$73,481
Internal Materials and Services	108,754	26,000	0	\$134,754
Total Requirements	\$994,200	\$0	\$0	\$994,200

Key Decisions

- None

Discussion

There is no fiscal impact as a result of adjustments requested in the Spring Supplemental. All adjustments are recommended as requested. Overall, the office is projected to end the fiscal year within its budget. Personnel services are currently projecting below budget. All other expenditures are trending normally.

Commissioner of Public Works (Nick Fish)

Analyst: Doug Le

Budget Summary- General Fund	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Charges for Services	306	0	0	306
General Fund Discretionary	385,166	3,725	0	\$388,891
General Fund Overhead	524,057	0	0	\$524,057
Total Resources	\$909,529	\$3,725	\$0	\$913,254
Requirements				
Personnel Services	\$778,451	\$2,500	\$0	\$780,951
External Materials and Services	22,974	(5,000)	0	\$17,974
Internal Materials and Services	108,104	6,225	0	\$114,329
Total Requirements	\$909,529	\$3,725	\$0	\$913,254

Key Decisions

- \$3,725 additional General Fund resources for printing and shipping costs for the Citizen's Utility Board mailer

Discussion

The net fiscal impact as a result of adjustments requested in the Spring Supplemental is an increase of \$3,725 to the office's Revised Budget. All BMP adjustments are recommended as requested. With the adjustments in the Spring Supplemental, the office is projected to end the fiscal year within its budget.

Office of the City Auditor

Analyst: James M. Carter

Budget Summary- All Funds	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$18,372,584	\$576,877	\$0	\$18,949,461
Charges for Services	1,187,612	0	0	\$1,187,612
Interagency Revenue	840,476	19,000	0	\$859,476
Fund Transfers - Revenue	60	0	0	\$60
Bond and Note	19,439,912	1,235,000	0	\$20,674,912
Miscellaneous	13,392,310	0	0	\$13,392,310
General Fund Discretionary	3,139,069	(280,000)	280,000	\$3,139,069
General Fund Overhead	4,999,159	0	0	\$4,999,159
Total Resources	\$61,371,182	\$1,550,877	\$280,000	\$63,202,059
Requirements				
Personnel Services	\$5,570,785	(\$76,000)	\$90,000	\$5,584,785
External Materials and Services	1,436,460	(240,266)	190,000	\$1,386,194
Internal Materials and Services	3,758,818	74,266	0	\$3,833,084
Bond Expenses	27,016,021	0	0	\$27,016,021
Fund Transfers - Expense	5,240,869	1,235,000	0	\$6,475,869
Contingency	3,128,670	557,877	0	\$3,686,547
Unappropriated Fund Balance	15,219,559	0	0	\$15,219,559
Total Requirements	\$61,371,182	\$1,550,877	\$280,000	\$63,202,059

Budget Summary- General Fund	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Charges for Services	\$398,512	\$0	\$0	\$398,512
Interagency Revenue	840,476	19,000	0	\$859,476
Miscellaneous	5,500	0	0	\$5,500
General Fund Discretionary	3,139,069	(280,000)	280,000	\$3,139,069
General Fund Overhead	4,999,159	0	0	\$4,999,159
Total Resources	\$9,382,716	(\$261,000)	\$280,000	\$9,401,716
Requirements				
Personnel Services	\$5,570,785	(\$76,000)	\$90,000	\$5,584,785
External Materials and Services	1,431,460	(240,266)	190,000	\$1,381,194
Internal Materials and Services	2,380,471	55,266	0	\$2,435,737
Total Requirements	\$9,382,716	(\$261,000)	\$280,000	\$9,401,716

Key Decisions

- CBO does not recommend that \$250,000 in General Fund underspending be carried over to fund the replacement of the Lien Accounting System (LAS).

- CBO does not recommend that \$30,000 in General Fund underspending be carried over to fund Citywide records management online training.

Discussion

General Fund Discretionary. The Auditor’s Office has identified \$280,000 in General Fund underspending in external materials and services and in personnel services, which it seeks to carryover. The Auditor’s Office requests that these resources be carried over into FY 2014-15 to support two critical needs that have significant Citywide impact:

- Records Management Training (\$30,000): The Auditor’s Office intends to develop an online e-learning course as an efficient means to disseminate training Citywide. On its merits, CBO recognizes that this training will hasten Council’s mandate that bureau managers ensure that employees are trained in document retention policies and practice. However, per Spring BMP guidance, General Fund program carryover is defined as “requests that received a current year appropriation for one-time projects.” Therefore, CBO does not recommend this request to support the development of records management training for City employees. Council should weigh the relative priority of records management against the need to preserve ending fund balance, and consider funding this project through carryover if it is a high enough priority.
- Replacing the Lien Accounting System (\$250,000): The Auditor’s Office requests the carryover of savings from bureau underspending in personnel services, travel and training, and professional services. However, per Spring BMP guidance, General Fund program carryover is defined as “requests that received a current year appropriation for one-time projects.” Therefore, CBO does not recommend this request for the replacement of the Lien Accounting System (LAS).

Nonetheless, CBO acknowledges that replacing the LAS is an urgent issue which is critical to multiple City bureaus and funds. These include Parks, Transportation, Water, Environmental Services, Development Services, Auditor’s Office, LID Fund and General Fund. Currently, the Auditor’s Office and the Portland Police Bureau are the only users with applications on the mainframe. The Police Bureau is scheduled to discontinue its use of the mainframe in FY 2014-15 – after which time, if the LAS remains on the mainframe, then the costs associated with operating the mainframe will be the sole responsibility of the Auditor’s Office, even though LAS involves multiple bureaus. If the status quo continues, the estimated cost to the Auditor’s

Office is \$1.4 million. Beyond the cost of operating the mainframe, there are other significant financial and legal risks to be avoided. Failing to maintain and record liens in the LAS is considered a violation of City Charter and State statute. The LAS currently maintains billings on over \$100 million owed to the City, including bonded liens totaling over \$48.9 million in outstanding improvement bonds. Disruptions to the LAS that impact how to record, bill, and collect on billings may adversely affect the City's bond rating. Moreover, property development may be affected if property owners do not have a mechanism for financing certain development charges. Council should weigh the relative priority of the LAS replacement against the need to preserve ending fund balance, and consider funding this project if it is a high enough priority.

Increases in Local Improvement District Fund. The majority of the requested increases are tied to the Local Improvement District Fund. The increase in contingency results from a beginning fund balance increase true-up of \$576,877. Additionally, bond sales result in increases in cash transfers of \$1,235,000 to the following: the Bureau of Environmental Services (\$720,000), the Water Bureau (\$95,000) and the Bureau of Transportation (\$420,000). These requests are technical in nature and CBO recommends them as submitted by the bureau.

City Support Services

City Budget Office

Analyst: Jeramy Patton

Budget Summary- All Funds	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
General Fund Discretionary	\$773,810	(\$35,000)	\$35,000	\$773,810
General Fund Overhead	1,149,124	0	0	\$1,149,124
Total Resources	\$1,922,934	(\$35,000)	\$35,000	\$1,922,934
Requirements				
Personnel Services	\$1,487,037	\$0	\$0	\$1,487,037
External Materials and Services	197,650	(15,000)	15,000	\$197,650
Internal Materials and Services	238,247	(20,000)	20,000	\$238,247
Total Requirements	\$1,922,934	(\$35,000)	\$35,000	\$1,922,934

Key Decisions

- \$35,000 General Fund carryover for Hatfield Fellow internship

Discussion

The City Budget Office requests to carry over one-time savings in materials and services to fund a Hatfield Fellow in FY 2014-15. Ongoing funding for the Hatfield Fellow has been proposed for elimination as part of a reduction package in the FY 2014-15 budget process. The City Budget Office recommends against the request because it does not align with the Spring BMP carryover guidance. However, Council should weigh the priority of this request against the need to preserve ending fund balance, and consider funding this carryover if it is a high enough priority.

Office of the City Attorney

Analyst: Daniel Trubman

Budget Summary- All Funds	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Interagency Revenue	\$5,204,406	\$0	\$0	\$5,204,406
General Fund Discretionary	1,958,268	(240,000)	240,000	1,958,268
General Fund Overhead	3,095,418	0	0	3,095,418
Total Resources	\$10,258,092	(\$240,000)	\$240,000	\$10,258,092
Requirements				
Personnel Services	\$8,676,258	(\$126)	\$0	\$8,676,132
External Materials and Services	720,322	(239,874)	240,000	720,448
Internal Materials and Services	861,512	0	0	861,512
Total Requirements	\$10,258,092	(\$240,000)	\$240,000	\$10,258,092

Key Decisions

- CBO does not recommend \$240,000 in General Fund carryover for a Compliance Officer and Community Liaison contract as part of the DOJ Settlement Agreement.
- Reclassifying one Sr. Deputy City Attorney position into two Honors attorney positions to be funded with existing resources.

Discussion

The City Attorney's Office is concerned that its original estimated cost of \$240,000 per year for the Compliance Officer and Community Liaison contract may be insufficient. This request would carry over the \$240,000 of General Fund underspending caused by not executing the contract in the current year to FY 2014-15 to assist in implementing the contract. The City Budget Office does not recommend this request. If the actual cost of the contract is above the initial estimate, the City Attorney's Office should request an increase in General Fund discretionary ongoing funding in FY 2014-15, as part of the budget process.

The office would like to reclassify a vacant Sr. Deputy City Attorney position into two Honors Attorney positions. Human Resources is working to develop appropriate classification and compensation plans. The office has used the Paralegal position as a place holder until those plans are approved.

These new attorney positions will help the office manage workload, offer several recent law school graduates a chance to enter public service, and help advance the City's equity goals. The additional attorney position will not increase the office's personnel services cost because the salaries for the new positions will be significantly lower.

Office of Government Relations

Analyst: Doug Le

Budget Summary- General Fund	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Intergovernmental Revenues	35,000	0	0	\$35,000
Interagency Revenue	151,975	0	0	\$151,975
General Fund Discretionary	317,808	0	0	\$317,808
General Fund Overhead	718,057	0	0	\$718,057
Total Resources	\$1,222,840	\$0	\$0	\$1,222,840
Requirements				
Personnel Services	\$784,437	\$0	\$0	\$784,437
External Materials and Services	306,667	0	0	\$306,667
Internal Materials and Services	131,736	0	0	\$131,736
Total Requirements	\$1,222,840	\$0	\$0	\$1,222,840

Key Decisions

- None. The office did not request any adjustments in the Spring BMP

Discussion

Overall, the Office of Government Relations is projected to expend most of its total appropriation by year-end due to the absorption of the International Relations function from the Mayor’s Office.

Special Appropriations

Analyst: Doug Le & Daniel Trubman

Budget Summary- All Funds	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Intergovernmental Revenues	\$47,189	\$0	\$0	\$47,189
Interagency Revenue	112,415	0	0	112,415
General Fund Discretionary	10,579,646	(5,399)	(871,000)	9,703,247
General Fund Overhead	162,834	0	0	162,834
Total Resources	\$10,902,084	(\$5,399)	(\$871,000)	\$10,025,685
Requirements				
Personnel Services	\$257,554	\$0	\$0	\$257,554
External Materials and Services	10,642,119	(5,399)	(871,000)	9,765,720
Internal Materials and Services	2,411	0	0	2,411
Total Requirements	\$10,902,084	(\$5,399)	(\$871,000)	\$10,025,685

Key Decisions

- One of two requests related to the Office of Youth Violence Prevention moving to Special Appropriations is recommended
- Appropriate \$871,000 of General Fund discretionary to bureaus that were awarded funding from the Innovation Fund

Discussion

The Office of Youth Violence Prevention moved from the Office of the Mayor to Special Appropriations in FY 2013-14. This request would move \$5,399 of encumbrance carryover from the Fall BMP to the former cost center. This is a companion with request number MY_011 (Mayor – Technical Adjustment). CBO recommends this adjustment as requested.

Council approved funding for six of the Innovation Fund proposals by resolution at the March 12th City Council meeting, following the recommendations of the Innovation Fund Task Force. This request reappropriates the funding from Special Appropriations to selected bureaus.

Office of Management and Finance

Analyst: Sara Lowe and Daniel Trubman

Budget Summary- All Funds	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$161,902,577	\$1,508,089	\$0	\$163,410,666
Taxes	22,052,566	2,645,608	0	\$24,698,174
Licenses & Permits	6,625,407	412,500	0	\$7,037,907
Charges for Services	64,368,754	212	0	\$64,368,966
Intergovernmental Revenues	11,405,249	1,276,753	0	\$12,682,002
Interagency Revenue	132,097,639	2,661,721	0	\$134,759,360
Fund Transfers - Revenue	12,647,318	396,000	(61,000)	\$12,982,318
Bond and Note	33,699,704	7,224,109	0	\$40,923,813
Miscellaneous	7,585,339	1,124,387	0	\$8,709,726
General Fund Discretionary	13,746,557	(822,300)	803,300	\$13,727,557
General Fund Overhead	11,315,727	0	0	\$11,315,727
Total Resources	\$477,446,837	\$16,427,079	\$742,300	\$494,616,216
Requirements				
Personnel Services	\$73,323,389	\$238,747	\$484,453	\$74,046,589
External Materials and Services	173,237,926	13,280,464	318,847	\$186,837,237
Internal Materials and Services	25,031,868	1,653,031	0	\$26,684,899
Capital Outlay	30,376,970	(1,402,208)	0	\$28,974,762
Bond Expenses	20,564,850	21,913,750	0	\$42,478,600
Fund Transfers - Expense	16,561,581	281,000	0	\$16,842,581
Contingency	138,350,253	(19,537,705)	(61,000)	\$118,751,548
Total Requirements	\$477,446,837	\$16,427,079	\$742,300	\$494,616,216

Budget Summary- General Fund	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$10,604	\$0	\$0	\$10,604
Licenses & Permits	1,509,757	0	0	\$1,509,757
Charges for Services	341,963	512	0	\$342,475
Intergovernmental Revenues	2,278,630	1,753	0	\$2,280,383
Interagency Revenue	7,597,897	294,695	0	\$7,892,592
Fund Transfers - Revenue	6,685,106	220,000	0	\$6,905,106
Miscellaneous	1,236,877	4,957	0	\$1,241,834
General Fund Discretionary	13,746,557	(822,300)	803,300	\$13,727,557
General Fund Overhead	11,315,727	0	0	\$11,315,727
Total Resources	\$44,723,118	(\$300,383)	\$803,300	\$45,226,035
Requirements				
Personnel Services	\$27,892,477	(\$474,727)	\$484,453	\$27,902,203
External Materials and Services	10,992,339	(123,151)	318,847	\$11,188,035
Internal Materials and Services	5,838,302	235,636	0	\$6,073,938
Capital Outlay	0	61,859	0	\$61,859
Total Requirements	\$44,723,118	(\$300,383)	\$803,300	\$45,226,035

Key Decisions

- The City Budget Office (CBO) recommends two of eight General Fund discretionary carryover requests, totaling \$199,000, to support litigation costs and Innovation Fund project activities that extend into FY 2014-15. The six remaining carryover requests are not recommended.
- Request to complete a \$115,000 General Fund cash transfer to the Facilities Services Operating Fund to support FY 2013-14 coordinated cleanup activities. CBO recommends this request. Conversely, the FY 2014-15 coordinated cleanup carryover companion package was not recommended.
- Recognize \$295,000 of Innovation Fund resources as one-time General Fund.
- Increase of \$1.5 million in beginning fund balance in multiple OMF managed funds. The net total includes a \$380,000 decrease in the Arts Education and Access Fund beginning fund balance.
- Increase of \$2.6 million in tax revenues, primarily driven by significant collection increases in Tourism Improvement District (\$1.3 million) and Transient Lodging (\$3.0 million) taxes. These revenues will be fully disbursed to Travel Portland. Projected Art Education and Access Fund collections are reduced \$1.65 million, this adjustment is offset by a contingency reduction.
- Increase of \$412,000 in Property Management License Fund revenues and expenses.

- Increase of \$1.2 million in intergovernmental revenue collections in the CityFleet Fund. These revenues are directly related to services provided to Multnomah County and Portland Public Schools. Increased revenues are balanced in external materials and services.
- Transfer of \$220,000 from the Technology Services Fund to the General Fund to support PSSRP-RegJIN project activities. The Technology Services Fund serves as the holding place for PSSRP project revenues.
- Increase of \$1.1 million in miscellaneous revenues of which \$858,000 relates to revenues received from the Right 2 Dream Too settlement. Funds to be held in external materials and services for future use.
- Increase of \$21.9 million in bond proceeds and expenditures related to the refinancing of debt in the Spectator Facilities Fund performed to reduce interest costs associated with repayment.
- Transfer of \$350,000 from Spectator Facilities Fund contingency to external materials and services to support the City's share of replacing the turf at Providence Park.
- Reduction of \$14.69 million in GO Bond Fund bond and note proceeds to reflect actual collections received from the second debt sale. This revenue adjustment is balanced by a 43.8% reduction in contingency. Additional GO Bond Fund contingency draws will fund PSSRP-Radio project activities (\$5.6 million) and construction at Station 21.
- Request to transfer \$600,000 (combined) of contingency from the CityFleet and Facilities Services Operating Fund to support increased personnel services costs.
- Multiple net zero technical adjustments in the Bureau of Technology Services to reflect changes in project schedules and budgets.
- Request to complete a cash transfer from the Facilities Services Fund to the Printing and Distribution Fund to offset increased cuts in the Printing and Distribution division. CBO did not recommend this request.

Discussion

General Fund Projections and Carryover Requests. OMF is projecting year-end General Fund discretionary savings of approximately \$1.7 million or 12%. This is slightly more than CBO's projection of \$1.3 million. The savings are spread across several divisions within OMF and are the result of extended vacancies, the rescheduling of projects that were impacted by a change in bureau leadership, and direction by their Commissioner-in-Charge to explore using carryover to fund one-time projects. The table below details the projected FY 2013-14 savings by OMF division.

OMF Division	Projected General Fund Discretionary Savings
Office of the Chief Administrative Officer	655,097
Bureau of Human Resources	203,308
Bureau of Internal Business Services	295,480
Revenue Bureau	515,803
Total	1,669,688

Typically, these unspent resources fall to balance in the General Fund; however, OMF is requesting to repurpose a portion of these savings, \$822,300, to fund several strategic initiatives, including:

- FY 2014-15 Coordinated Cleanup Activity
- Classification and Compensation Study
- Limited Term Training and Development Analyst
- Liquidated Damages Carryover
- FY 2014-15 Innovation Fund Project
- Community Technology (OCT) Litigation Costs
- Revenue Bureau General Fund Overhead Exemption
- Revenue Bureau Litigation Binding Arbitration

Of these eight requests two - Innovation Fund and OCT litigation costs- are traditional carryover requests and are recommended as requested. The remaining six requests are not recommended because they do not align with Spring BMP carryover guidance which defines General Fund program carryover as “requests that received a current year appropriation for one-time projects.” However, CBO acknowledges the strategic importance of three of the requests: coordinated cleanup activities, the classification and compensation study, and the training and development analyst. It should be noted that, if the coordinated cleanup carryover package is not funded the contract will be terminated on June 30, 2014, effectively terminating program when it is most needed in the summer and fall months. Council should weigh the relative priority of the projects against the need to preserve ending fund balance, and consider funding these through carryover if they are a high enough priority.

CBO recommendations for the final three packages are as follows:

- Procurement Carryover Liquidated Damages - Not recommended. This package should be resubmitted in the FY 2014-15 Fall BMP as revenue carryover.

- Revenue Bureau General Fund Overhead Exemption – CBO believes the bureau should absorb this cost internally by reducing internal administrative expenses charged to the Property Management License Fund.
- Revenue Bureau Litigation Binding Arbitration- CBO believes the bureau should absorb this expense internally or resubmit a request for funding at a future date.

Non-General Fund Highlights. There are a multitude of other requests outside of the General Fund. This section highlights OMF’s non-General Fund requests or fund adjustments. Unless noted, the packages are recommended as requested.

The Facilities Services Operating Fund has a net decrease in interagency revenue of \$404,841 driven by a \$1.1 million decrease in an interagency agreement with the Portland Bureau of Transportation for operations and maintenance work at the parking garages. The fund also recognizes \$858,000 in revenue to be dedicated to funding an alternative site for relocating Right 2 Dream Too, with any excess resources remaining after funding the alternative site being used to address houselessness. CBO supports the transferring of \$375,000 from contingency to personnel services to avoid overspending caused by the hiring of temporary staff for special projects and unanticipated overtime caused by the December power outage. All totaled, adjustments to contingency equate to a 12.15% reduction.

Conversely, CBO does not recommend the request (MF_187) to transfer \$61,000 from the Facilities Services Operating Fund to the Printing & Distribution Services Operating Fund. CBO does not believe that compensating the Printing & Distribution Division for absorbing a disproportionate share of FY 2013-14 cuts within the Bureau of Internal Business Services is an allowable use of Facilities Services Fund resources.

The CityFleet Operating Fund contingency is increased by \$1.5 million, resulting from a true-up of beginning fund balance. The \$1.025 million in new intergovernmental revenues from Multnomah County and Portland Public Schools is budgeted in EM&S for repairs and fuel services. The fund will also recognize \$293,700 in additional revenue from higher than anticipated asset sales, to be held in replacement reserve contingency for future use by the bureaus with auctioned assets. This is partially offset by a \$406,505 net decrease in IA revenue, largely the result of a \$500,000 reduction requested by the Police Bureau. The CBO supports the request to transfer \$226,891, or 1%, from contingency to personnel services to avoid exceeding budget.

Lastly, the Technology Services Fund is recognizing \$3.1 million in increased interagency revenue. Significant increases include \$500,000 from the Portland Police Bureau (savings from reducing the Police-CityFleet IA) to fund projected shortfalls related to the mobile data computers project, \$922,000 from the Bureau of Environmental Services (BES) primarily for telecomm work, \$360,000 from Bureau of Development Services, and \$800,000 from Facilities to cover expenses related to the Emergency Coordination Center. The fund's EM&S is correspondingly increased to support the increased interagency work and other changes to project budgets. Increases in BTS fund contingency are largely related to the postponing of the IRNE Voice System project and other BTS initiatives.

Budget Note Updates. OMF was directed in an FY 2013-14 budget note to manage an Administrative Process Review Project to modernize and streamline several administrative processes selected by Council, as well as to work with bureaus to identify and prioritize other citywide administrative processes that could be managed more efficiently. This budget note tasked OMF with finding \$400,000 in General Fund ongoing savings to be reported in the FY 2013-14 Fall BMP, which was extended to the FY 2013-14 Spring BMP. While several processes were reviewed, OMF was not able to identify \$400,000 in savings, finding that bureaus have implemented administrative cuts and have improved the efficiency of administrative processes as a result of recent budget cuts. Specifically, the bureau reviewed the City's time and payroll processes, the implementation of electronic payments (ACH), and streamlined procurement processes.

CBO supports OMF continuing to investigate potential administrative efficiencies, specifically exploring and documenting how technological solutions (e.g. implementing new CAFR production software and human resources forms and processes) increase automation and efficiency.