

Spring Supplemental Budget

CITY BUDGET OFFICE ANALYSIS AND
RECOMMENDATIONS

PREPARED: APRIL 2016

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Executive Summary

In the Spring Budget Monitoring Process (BMP), City bureaus request budget adjustments, provide year-end financial projections, and provide status reports on specific projects for the current fiscal year. This report summarizes the highlights of those budget requests, monitoring reports, and the recommendations of the City Budget Office (CBO).

Going into the Spring Supplemental Budget process, the unrestricted General Fund contingency stands at \$1,093,663. Two packages will return an additional \$545,824 to contingency. Bureaus have requested \$878,696 of contingency draws. CBO has only recommended those requests that are one-time, unforeseen, urgent, fully developed, and are unlikely to be absorbed in existing bureau budgets. Items that do not meet these criteria are more appropriately requested as part of the comprehensive annual budget process that is currently underway. Of the new General Fund contingency bureau requests, CBO has recommended \$259,631. CBO recommendations yield an unrestricted contingency balance of \$1,379,856 to address issues that may arise during the remainder of the fiscal year.

In addition, the Parks bureau has requested a total of \$1,600,000 to help fund expected current year costs associated with implementation of Phase 1 of the Parks arbitration settlement. During the Fall 2015-16 Budget Monitoring Process, Council set aside \$900,000 from unrestricted contingency, and identified \$700,000 out of the Compensation Set Aside account, in anticipation of the need to address this cost. CBO recommends this funding be allocated to the Parks bureau.

Bureaus have requested \$6,228,048 in funding from the City's General Fund Compensation Set-Aside account. CBO recommends \$6,013,048 of these requests, leaving \$519,951 in the Compensation Set Aside account to address any compensation issues that require correction in the Over Expenditure Ordinance (OEO).

Finally, the Spring BMP includes requested bureau program carryovers into FY 2016-17 (\$5.9 million requested; \$5.3 million recommended by CBO), the allocation of Innovation Fund resources to identified projects, and technical transfers within and between bureaus.

General Fund Summary

Budget Summary - General Fund	Adopted Budget	Current Revised Budget	Recommended Adjustments	Total Recommended Revised
Resources				
Budgeted Beginning Fund Balance	\$40,187,701	\$46,250,590	\$0	\$46,250,590
Taxes	247,146,157	247,146,157	28,000	247,174,157
Licenses & Permits	188,876,350	188,937,574	540,000	189,477,574
Charges for Services	21,647,860	22,118,910	405,872	22,524,782
Intergovernmental Revenues	29,679,079	29,704,128	1,450,126	31,154,254
Interagency Revenue	26,758,648	26,713,422	1,134,753	27,848,175
Fund Transfers - Revenue	25,202,611	25,202,611	(257,393)	24,945,218
Miscellaneous	2,904,464	2,914,464	233,444	3,147,908
Total Resources	\$582,402,870	\$588,987,856	\$3,534,802	\$592,522,658
Requirements				
Personnel Services	\$352,250,863	\$353,644,114	\$8,919,910	\$362,564,024
External Materials and Services	87,578,463	93,197,575	(2,338,051)	90,859,524
Internal Materials and Services	59,293,342	59,023,847	(2,228,634)	56,795,213
Capital Outlay	1,986,902	2,882,351	52,682	2,935,033
Bond Expenses	8,555,736	8,555,736		8,555,736
Fund Transfers - Expense	62,770,724	62,812,524	451,243	63,263,767
Contingency	9,966,840	8,871,709	(1,322,348)	7,549,361
Total Requirements	\$582,402,870	\$588,987,856	\$3,534,802	\$592,522,658

The Spring Supplemental Budget, as recommended, includes a total increase in FY 2015-16 expenses (including contingency) in the General Fund of \$3.5 million. These expenses are funded with a combination of new bureau revenues.

Personnel services increase by \$8.9 million, primarily as a result of compensation set-aside requests. In addition, Portland Fire and Rescue is appropriating new revenue and realigning funds internally to increase personnel services by \$2.2 million to cover costs associated with anticipated retirement payouts, OPSRP costs, and other projected personnel expenses. External materials and services decrease by \$2.3 million, primarily as a result of carryover into FY 2016-17. Internal materials and services decrease by \$2.2 million, primarily as a result of the lower cost of fuel leading to decreases in fleet interagency agreements.

Discretionary Changes

What follows are details of bureau requests and CBO recommendations for General Fund discretionary resources. For line item detail, see the table on page 9.

Compensation Set-aside

As part of budget development, CBO budgets in a central City account a portion of the Current Appropriation Level associated with cost of living adjustments and health benefit increases for

General Fund bureaus. These funds are known as the “compensation set-aside.” In most bureaus, these costs are absorbed by vacancies experienced in the regular course of business. However, when bureaus are at or close to full staffing through most of the year, they can request the necessary compensation set-aside to cover personnel costs.

In this Spring Supplemental Budget, four bureaus have requested compensation set-aside totaling \$6.2 million. CBO has recommended all requests with the exception of \$215,000 of the Parks Bureau request as the bureau has requested transferring this amount of funding from personnel services to external materials and services. Total CBO recommended allocations include \$3.0 million for the Portland Police Bureau, \$1.7 million for Portland Fire & Rescue, \$0.4 million for Portland Parks & Recreation, \$0.3 million for the Bureau of Emergency Communications, and \$0.7 million for the Parks arbitration settlement. These allocations leave a remaining balance of \$0.5 million in the compensation set-aside account to address issues that may arise later in the fiscal year.

Reductions/Returns

Two actions are recommended to return a total of \$0.5 million to the General Fund unrestricted contingency. These items include:

- Realization of \$26,667 in payments from the Rose Festival Foundation for tenant improvements made to the John Yeon Building. These payments have been mistakenly deposited in the City Facilities fund and are being transferred to the General Fund.
- Reversal of \$519,157 in General Fund cash transfers for debt service payments related to the project to replace and construct new fueling stations. The Fleet Fund has not had a debt sale and will not incur debt service expenses in FY 2015-16.

New Requests

Bureaus requested a total of \$0.9 million in new funding as part of the Spring Supplemental Budget process, not including the \$0.9 million request supported by set-aside funding for Phase 1 implementation of the Parks Bureau’s arbitration settlement. CBO has recommended \$259,631 for the following purposes:

- \$156,364 to satisfy an arbiter’s ruling between the Portland Fire Fighter’s Association and the City.
- \$70,000 for the Housing Bureau and the Bureau of Planning and Sustainability to perform work related to the new state legislation around inclusionary housing policies.
- \$33,267 for Police Bureau costs related to implementation of the Fair Wage Ordinance passed by Council in May of 2015.

CBO is recommending draws from General Fund unrestricted contingency only for items which are one-time, unforeseen, urgent, fully developed, and are unlikely to be absorbed in existing bureau budgets. Items that do not meet these criteria are more appropriately requested as part of a comprehensive annual budget process so that they can be prioritized with all other funding requests. The FY 2016-17 process is currently ongoing and, as such, would be a more appropriate forum for consideration of the items that are not recommended in the Spring Supplemental Budget.

Items that are not recommended include:

- \$165,000 for the Bureau of Planning and Sustainability to implement a Sustainable Industries assessment as well as a Smart Cities initiative;
- \$153,665 for three packages submitted by the Office of Management and Finance – Facilities Division to provide security services and upgrades to City Hall;
- \$100,000 for the Parks Bureau to expand the Parks Ranger program during the summer;
- \$75,000 for the Parks bureau to pay for custodial costs related to Saturday Youth Basketball;
- \$50,400 for the Housing Bureau and the Bureau of Planning and Sustainability to perform work related to the new state legislation around inclusionary housing policies;
- \$50,000 for the Portland Development Commission to begin work on its proposed B Corp Program; and
- \$25,000 as a Special Appropriation to the Oregon Nikkei Endowment.

Program Carryover

Typically, as part of the Spring Supplemental Budget, General Fund bureaus may request program carryover for projects which 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 re-budgeting as part of the Proposed and Approved Budgets for the following year.

This year, CBO received a total of \$5.9 million in carryover requests. Of these, \$644,815 are not recommended for re-budgeting in FY 2016-17. Those that are not recommended include:

- \$417,000 for currently encumbered one-time Housing Bureau contracted funds which may be requested as encumbrance carryovers in the Fall 2016-17 Supplemental Budget;
- \$165,000 for Bureau of Planning and Sustainability projects that have been requested for new funding in the FY 2016-17 budget at the same time as the bureau is requesting the funds to be carried over to FY 2016-17;
- \$49,073 in unspent Innovation Fund dollars, which is a program that is supported with ongoing funds in FY 2016-17; and

- A portion (\$13,742) of the Office of Neighborhood Involvement’s request for Noise Program carryover funding.

CBO notes that the FY 2015-16 program carryover requests are much higher than in recent years, exceeding the FY 2014-15 Spring BMP requests by \$1.1 million and exceeding the FY 2013-14 Spring BMP requests by \$2.3 million. The approval of these requests will affect projected current year ending balance and therefore impact the amount of one-time funding that will be available in the Fall Supplemental Budget process.

Technical Adjustments

The Spring Supplemental Budget includes a number of changes to discretionary General Fund that do not affect General Fund contingency, including:

- Innovation Fund awards: these items are moved out of the Special Appropriations budget to bureaus receiving awards through OMF’s Innovation Fund process, and unspent funds are returned to the Innovation Fund;
- Net neutral transfers of funding between bureaus; and
- True up of Neighborhood Prosperity Initiative revenue.

Contingency

Total General Fund contingency currently stands at \$8.5 million. This includes unrestricted contingency, compensation set-aside, and funding for items previously approved by Council. The CBO recommendations in the Spring Supplemental Budget would result in a net draw of \$6.6 million on all contingency accounts. This includes: a \$259,631 draw on unrestricted contingency which is offset by a return of \$545,824 to unrestricted contingency; a \$6,013,048 draw on compensation set-aside (including \$700,000 for the Parks arbitration settlement); and allocation of \$900,000 for the Parks arbitration settlement which was set aside in a policy reserve during the Fall 2015-16 BMP.

The remaining contingency after recommended Spring BMP changes includes the following:

- \$1.4 million unrestricted contingency
- \$0.5 million compensation set-aside
- \$5.3 million program carryover set-aside
- \$322,209 set-aside to fund a true-up in the General Fund Overhead model during FY 2016-17 budget development

Non-General Fund Changes

The Spring Supplemental Budget contains several technical changes that regularly occur during the Spring BMP in funds other than the General Fund. These predominantly involve trueing up

fund and project budgets to more accurately reflect year end actuals. In addition, there are a few significant changes in funds other than the General Fund, highlighted below. See the bureau sections for a more complete list of items and further discussion.

- BES revenue and expense projections are such that the bureau is budgeting an increase to the Sewer System Rate Stabilization Fund balance of \$24.5 million.
- BDS requests a total of 23.5 new positions funded by permit revenues and fees.
- The FPDR Board has approved \$2.6M in a legal settlement for the case of Miller, et al. v City of Portland. In order to pay claimants in accordance with the terms of the settlement agreement, FPDR requests to move \$2.6M from contingency in the Spring BMP.
- Reversal of \$570,400 in cash transfers for debt service payments related to the project to replace and construct new fueling stations. The Fleet Fund has not had a debt sale and will not incur debt service expenses in FY 2015-16.
- A net increase in charges for services of \$32.5 million across all bureaus and funds, \$19.0 million of which is the recognition of increased SDCs in the Parks Bureau and Bureau of Environmental Services.

Position Changes

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

Bureau	Limited Term	Regular	Grand Total
Bureau of Development Services	0	23.5	23.5
Portland Housing Bureau	1	0	1
Office of Management and Finance	0	1	1
Portland Parks Bureau	-3	4	0
Portland Police Bureau	0	1	1
Bureau of Planning and Sustainability	-1	1	0

Please see bureau sections for more information.

General Fund Reconciliation

Exhibit #4

	<u>Bureau Request</u>	<u>CBO Recommendations</u>
Compensation Set Aside Request		
Bureau of Emergency Communications - Request Compensation Set Aside - GF (EC_00)	\$230,000	\$230,000
Portland Fire & Rescue - GF Compensation Set Aside Request (FR_017)	\$1,700,000	\$1,700,000
Portland Parks & Recreation - Spring - Comp Set-Aside (PK_014)	\$629,754	\$414,754
Portland Parks & Recreation - Additional Comp Set-Aside for Arbitration Costs (PK_020)	\$700,000	\$700,000
Portland Police Bureau - Police Compensation Set-Aside (PL_019)	\$2,968,294	\$2,968,294
Total Compensation Set Aside Request	\$6,228,048	\$6,013,048
Mid-Year Reductions		
Fund & Debt Management - Yeon Bldg Tenant Improvement Reimbursements (FM_004)	(\$26,667)	(\$26,667)
Office of Management & Finance - CityFleet - Fuel Station Debt Cash Transfer (MF_274)	(\$519,157)	(\$519,157)
Total Mid-Year Reductions	(\$545,824)	(\$545,824)
New Request		
Bureau of Planning & Sustainability - Portland's Sustainable Industries & Smart Cities (P	\$165,000	\$0
Bureau of Planning & Sustainability - Inclusionary Housing Code (PN_029)	\$40,000	\$5,000
Office of Management & Finance - Fac - City Hall Duress System (MF_280)	\$75,000	\$0
Office of Management & Finance - Fac - City Hall Camera Upgrades (MF_281)	\$37,000	\$0
Office of Management & Finance - Fac - City Hall Security Staffing Increase (MF_282)	\$41,665	\$0
Portland Development Commission - Portland B Corp Program Set-up (ZD_003)	\$50,000	\$0
Portland Fire & Rescue - Arbitration Award (FR_023)	\$156,364	\$156,364
Portland Housing Bureau - Inclusionary Housing Development and Outreach (HC_011)	\$80,400	\$65,000
Portland Parks & Recreation - Spring - Phase 1 Arbitration Costs (PK_015)	\$900,000	\$900,000
Portland Parks & Recreation - Spring - Expanded Ranger coverage for Summer (PK_01	\$100,000	\$0
Portland Parks & Recreation - Spring - Saturday Youth Basketball (PK_018)	\$75,000	\$0
Portland Police Bureau - Police Fair Wage Ordinance Adjustment (PL_026)	\$33,267	\$33,267
Special Appropriations - Oregon Nikkei Endowment (SA_015)	\$25,000	\$0
Total New Request	\$1,778,696	\$1,159,631
Program Carryover Request		
Bureau of Planning & Sustainability - Continue projects in FY 2016-17, funded by GFOT	(\$471,300)	(\$306,300)
City Budget Office - Process Improvement Pilot Carryover (BO_005)	(\$80,000)	(\$80,000)
Office of Equity & Human Rights - Fund FRE Carryover with Executive Loan Revenue (C	(\$40,000)	(\$40,000)
Office of Equity & Human Rights - Carry Over BMA Resources For Summer Works (OE_	(\$15,000)	(\$15,000)
Office of Management & Finance - BHR-OSS III Program Carryover (DOER) (MF_215)	(\$85,000)	(\$85,000)
Office of Management & Finance - BHR-OSS III Program Carryover (Payroll) (MF_216)	(\$85,000)	(\$85,000)
Office of Management & Finance - BRFS - Accounting - Program Carryover (MF_264)	(\$29,000)	(\$29,000)
Office of Management & Finance - BRFS - Revenue - OCT Litigation Carryover (MF_27	(\$23,665)	(\$23,665)
Office of Neighborhood Involvement - Noise Carryover (NI_015)	(\$56,742)	(\$43,000)
Office of Neighborhood Involvement - New Portlander Program Carryover (NI_016)	(\$86,000)	(\$86,000)
Office of Neighborhood Involvement - DCL Grants Carryover (NI_017)	(\$63,657)	(\$63,657)
Office of the City Attorney - Superfund Program Carryover (AT_005)	(\$210,020)	(\$210,020)
Office of the City Attorney - Ban-the-Box Program Carryover (AT_006)	(\$90,000)	(\$90,000)
Office of the City Attorney - Contract/Honors Attorney Carryover (AT_007)	(\$120,000)	(\$120,000)

General Fund Reconciliation

Exhibit #4

	<u>Bureau Request</u>	<u>CBO Recommendations</u>
Program Carryover Request		
Office of the City Auditor - AU Carryover Request (AU_008)	(\$90,000)	(\$90,000)
Portland Bureau of Emergency Management - Limited Term Continuity of Operations Pla	(\$122,139)	(\$122,139)
Portland Bureau of Emergency Management - Limited Term Assistant Prog Specialist - E	(\$30,323)	(\$30,323)
Portland Bureau of Emergency Management - Survey and Public Messaging Survey Cai	(\$80,000)	(\$80,000)
Portland Bureau of Emergency Management - NHM Planner (EM_004)	(\$8,114)	(\$8,114)
Portland Bureau of Emergency Management - Contingency Funding (EM_005)	(\$70,000)	(\$70,000)
Portland Development Commission - Carryover, Mayor's Innovation Fund (ZD_004)	(\$90,000)	(\$90,000)
Portland Development Commission - Carryover, Small Business Working Capital (ZD_01	(\$158,148)	(\$158,148)
Portland Fire & Rescue - Innovation Fund Carryover - CHAT (FR_022)	(\$130,000)	(\$130,000)
Portland Housing Bureau - Carry over Housing Choice Success Fund Resources (HC_0	(\$142,000)	\$0
Portland Housing Bureau - Carry over Intensive Street Outreach Resources (HC_013)	(\$275,000)	\$0
Portland Parks & Recreation - Spring - GF 1-Time Program Carryover (PK_012)	(\$730,000)	(\$730,000)
Portland Police Bureau - Police Spring Program Carryover (PL_020)	(\$2,519,141)	(\$2,519,141)
Special Appropriations - Innovation Fund - Carryover Unspent Balance (SA_018)	(\$49,073)	\$0
Total Program Carryover Request	(\$5,949,322)	(\$5,304,507)
Technical Adjustment		
Bureau of Emergency Communications - On Call Community Rescue for Animals (EC_0	\$20,000	\$20,000
Bureau of Environmental Services - Innovation Fund: BES (ES_011)	\$20,000	\$20,000
Fund & Debt Management - Recognize NPI Property Tax Revenues (FM_006)	(\$28,000)	(\$28,000)
Office of Management & Finance - BHR-Return Innovation Fund Grant-Elearning \$10K ((\$10,000)	(\$10,000)
Office of Neighborhood Involvement - Restorative Justice Funding (NI_018)	\$28,000	\$28,000
Office of the Mayor - Mayor's Office - Transfer Resolutions NW to ONI (MY_015)	(\$28,000)	(\$28,000)
Portland Bureau of Transportation - Innovation Grant - Tool Management Assessment (T	\$70,000	\$70,000
Portland Development Commission - Recapture Early Adopter savings (ZD_007)	\$0	(\$49,636)
Portland Development Commission - True-up for NPI share revenue (ZD_008)	\$28,000	\$28,000
Portland Parks & Recreation - Spring - Innovation Fund (PK_016)	\$208,360	\$208,360
Portland Police Bureau - Spring Innovation Funds Appropriation (PL_027)	\$161,293	\$161,293
Special Appropriations - Innovation Fund - Grants Awards GF Bureaus (SA_017)	(\$479,653)	(\$479,653)
Special Appropriations - Innovation Fund BHR Return (SA_023)	\$10,000	\$10,000
Special Appropriations - Innovation Fund PDC Return (SA_024)	\$0	\$49,636
Total Technical Adjustment	\$0	\$0
Grand Total	\$1,511,598	\$1,322,348

PUBLIC SAFETY

Bureau of Emergency Communications

Analyst: Doug Le

Emergency Communications Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 972,965	\$ 541,646	\$ 13,470	\$ 1,528,081
Charges for Services	300,000	50,000	-	350,000
Intergovernmental Revenues	7,627,905	(96,489)	-	7,531,416
Fund Transfers - Revenue	15,767,266	250,000	-	16,017,266
Miscellaneous	10,000	-	-	10,000
Total Resources	\$24,678,136	\$745,157	\$13,470	\$25,436,763
Requirements				
Personnel Services	\$ 15,181,471	\$ (64,489)	\$ 198,000	\$ 15,314,982
External Materials and Services	952,805	218,000	-	1,170,805
Internal Materials and Services	5,434,009	(850,000)	-	4,584,009
Capital Outlay	-	900,000	-	900,000
Bond Expenses	1,395,141	-	-	1,395,141
Fund Transfers - Expense	752,639	-	-	752,639
Contingency	962,071	541,646	(184,530)	1,319,187
Total Requirements	\$24,678,136	\$745,157	\$13,470	\$25,436,763

Year End Projections

Overall, the bureau is projected to finish the fiscal year within its budget. The Spring BMP includes several requests to align resources with requirements. The major requests are discussed in the Key Decisions below.

Key Decisions

- Appropriate \$230,000 from compensation set-aside (recommended).
- Reduce appropriation by \$96,489 to adjust budgeted partner compensation set-aside to match with actuals (recommended).
- Transfer \$198,000 from Personnel services to external materials and services (recommended as transfer from contingency).
- Transfer \$900,000 from an interagency agreement to capital outlay (recommended).
- Appropriate \$20,000 for an Innovation Fund award (recommended).

Discussion

Compensation Set Aside

BOEC requests \$230,000 from compensation set aside to prevent over-expenditure in Personnel services by year-end. CBO has reviewed the bureau's projection and recommends this request.

BOEC requests to reduce its appropriation by \$96,489, which is the difference between the budgeted amount for the compensation set-aside by its partners and actuals. CBO recommends this request.

Internal Transfers between Major Objects

The bureau requests a transfer of \$198,000 from personnel services to external materials and services for additional services needed by the end of the fiscal year. This is a technical error, as the transfer should come from contingency instead of personnel services. The transfer will fund training for Emergency Communications Services staff in a new approach to performance review/employee evaluation, replacing office furniture, changing office floor plans, and enhancing the equipment in the new employee academy room. CBO recommends this request, funded from bureau contingency.

BOEC requests to transfer \$900,000 in appropriation from an interagency agreement with the Bureau of Technology Services to capital outlay to align BOEC's current budget with its expenditure plans. This is for work related to the Computer Aided Dispatch Refresh project. This is a technical adjustment with no fiscal impact on the fund. CBO recommends this request.

Innovation Award

BOEC requests an increase in appropriation by \$20,000 as part of the Innovation Fund awards approved by Council via ordinance #187644 for work related to the On Call Community Rescue for Animals. CBO recommends this request.

Bureau of Fire & Police Disability & Retirement

Analyst: Christy Owen

All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 19,215,039	\$ -	\$ -	\$ 19,215,039
Taxes	121,159,002	899,818	-	122,058,820
Interagency Revenue	952,200	85,000	-	1,037,200
Fund Transfers - Revenue	1,500,000	-	-	1,500,000
Bond and Note	31,885,000	-	-	31,885,000
Miscellaneous	296,200	-	-	296,200
Total Resources	\$175,007,441	\$984,818	\$0	\$175,992,259
Requirements				
Personnel Services	\$ 1,953,000	\$ 50,000	\$ -	\$ 2,003,000
External Materials and Services	116,071,215	2,679,118	-	118,750,333
Internal Materials and Services	9,510,091	934,818	-	10,444,909
Capital Outlay	72,400	-	-	72,400
Bond Expenses	32,277,309	-	-	32,277,309
Fund Transfers - Expense	1,612,426	-	-	1,612,426
Contingency	12,761,000	(2,679,118)	-	10,081,882
Unappropriated Fund Balance	750,000	-	-	750,000
Total Requirements	\$175,007,441	\$984,818	\$0	\$175,992,259

Year End Projections

The Bureau of Fire & Police Disability & Retirement (FPDR) is projected to end the fiscal year within appropriations pending the approval of Spring Supplemental Budget adjustments.

Key Decisions

- Transfer \$2.6 million from Contingency for the payment of the legal settlement Miller, et al., v. City of Portland case. This amount is per the terms of the settlement agreement (recommended).
- Adds \$934,818 in interagency expenses from Portland Police Bureau and Portland Fire & Rescue which are associated with the number of FPDR 3 members and their OPSRP contributions and member light duty payments (recommended).
- Increase the bureau's personnel services accounts by \$50,000 for unanticipated staffing transitions (recommended).
- Recognize an additional \$899,818 in tax revenue and adds \$85,000 in interagency revenue from the Police Bureau from secondary employment (recommended).

Discussion

The bureau's projected fund expenses can be covered with existing tax revenue and contingency funds, and as such the bureau will not utilize any reserve funds to meet pension and disability obligations in the current fiscal year. The most significant risk to the fund at present is the potential for arbitration or court proceedings to not be in the City's favor. There is a settlement agreement in the current fiscal year, and in order to meet the terms, FPDR requests to draw down its fund Contingency by \$2.6 million. Other risks to the long-term levy adequacy are associated with the pending outcome of the recent arbitration ruling which reinstates the 27 pay-period lookback calculations. This may increase pension payments as past and future retirees separate during one of these designated pay periods.

Portland Police Bureau

Analyst: Christy Owen

All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 2,296,606	\$ -	\$ -	\$ 2,296,606
Licenses & Permits	1,881,000	-	-	1,881,000
Charges for Services	2,149,000	310,000	-	2,459,000
Intergovernmental Revenues	10,600,638	1,989,265	-	12,589,903
Interagency Revenue	4,920,600	464,000	-	5,384,600
Fund Transfers - Revenue	2,776	-	-	2,776
Miscellaneous	602,596	6,000	-	608,596
General Fund Discretionary	171,185,277	643,713	-	171,828,990
Total Resources	\$193,638,493	\$3,412,978	\$0	\$197,051,471
Requirements				
Personnel Services	\$140,201,133	\$ 4,031,702	\$ -	\$144,232,835
External Materials and Services	19,600,336	1,338,844	-	20,939,180
Internal Materials and Services	32,380,222	(2,046,845)	-	30,333,377
Capital Outlay	821,649	89,277	-	910,926
Fund Transfers - Expense	485,153	-	-	485,153
Contingency	150,000	-	-	150,000
Total Requirements	\$193,638,493	\$3,412,978	\$0	\$197,051,471

General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Licenses & Permits	\$ 1,881,000	\$ -	\$ -	\$ 1,881,000
Charges for Services	2,149,000	310,000	-	2,459,000
Intergovernmental Revenues	7,735,569	(465,296)	1,416,473	8,686,746
Interagency Revenue	4,920,600	464,000	-	5,384,600
Miscellaneous	572,746	6,000	-	578,746
General Fund Discretionary	171,185,277	643,713	-	171,828,990
Total Resources	\$188,444,192	\$958,417	\$1,416,473	\$190,819,082
Requirements				
Personnel Services	\$139,199,482	\$ 3,589,992	\$ 302,714	\$143,092,188
External Materials and Services	15,759,248	54,743	455,027	16,269,018
Internal Materials and Services	32,295,751	(2,739,000)	658,732	30,215,483
Capital Outlay	704,558	52,682	-	757,240
Fund Transfers - Expense	485,153	-	-	485,153
Total Requirements	\$188,444,192	\$ 958,417	\$1,416,473	\$190,819,082

Year End Projections

The Portland Police Bureau (PPB) projects to spend or have encumbered 99% of the bureau's General Fund budget in FY 2015-16. For the majority of the fiscal year the PPB has delayed or scaled back spending on projects in order to ensure the bureau would have adequate discretionary resources and not overspend the personnel services budget. Significant cost drivers in the personnel services budget include overtime for shift-backfill and separation payouts. Additionally, the PPB has changed patrol shift staffing from a three-shift model to a five-shift model with the intention of providing more resources when call volumes are at their greatest while reducing the reliance on overtime hours. It is still early in the implementation of the five-shift rotation and CBO recommends PPB continue to assess the impact of the shift changes on expenditures and the ability to provide services to the community.

Key Decisions

- Appropriate \$2.9 million of General Fund compensation set-aside to cover personnel service related expenditures (recommended).
- Recognize increases in outside program revenues for photo radar enforcement (\$800,000), secondary employment (\$310,000), RegJIN cost sharing agreements (\$153,618), and dedicated program revenues (\$121,000) (recommended).
- Transfer \$1.3 million of RegJIN partner agency revenues from the General Fund to the Police Special Revenue Fund. CBO does not recommend this package, but recommends a carryover of program revenues to adhere to City Financial Policies for program revenues and to the statement of purpose for the Police Special Revenue Fund.
- Process \$2.5 million of program carryover for projects that were delayed during the year and to utilize fuel savings to fund additional equipment purchases (recommended).
- Appropriate \$161,293 in Innovation Fund awards recently awarded through the Innovation Fund process (recommended).
- Realign internal resources to ensure appropriate funds are in the major object categories (recommended).
- Realign internal resources to support the addition of 1.0 FTE for supporting the expanded use of smart phones (recommended).
- Transfer \$33,000 from General Fund Contingency for increased contract costs for the City's Fair Wage Policy (recommended).
- Process technical adjustments in the Grant Fund and Special Revenue Fund to match anticipated resources and expenditures (recommended).

Discussion

The Portland Police Bureau (PPB) Spring BMP requests to recognize program carryovers, new resources for contractual increases from the City's Fair Wage policy, recognition of new

program revenues, and technical adjustments within bureau spending categories. Underspending in the current year has occurred due to delayed projects, the restructuring of personnel staffing deployments, and through one-time savings due to the costs of fuel. Key points in the bureau's Spring BMP submission and recommendations are detailed below.

Personnel Services Spending Projection

Personnel and staffing issues have been one of the most significant issues at the PPB during FY 2015-16. The number of employees eligible to separate continues to outpace the number of new recruits completing initial training and probationary periods. In response to the shortfall of patrol resources, the bureau requested and received funds in the Fall Supplemental Budget to hire limited term background investigators in an effort to accelerate the hiring of new officers. Approximately half of the positions have been filled and the bureau is conducting a second recruitment for background investigators. There are many operational impacts of the bureau being short-staffed, and the most significant fiscal impact was the over-reliance on overtime for shift coverage. In order to keep overtime spending within the bureau's personnel services budget, cover vacant patrol positions, and staff adequately for call volume, the patrol shifts were changed from a three-shift rotation to a five-shift rotation and 11 positions were reassigned into patrol operations.

The operational staffing changes and scaled back overtime usage were made early in the fiscal year, positioning the bureau to end the fiscal year with a projected 1.5% to 2% spending cushion when the compensation set-aside, vacancy savings, and additional Spring BMP requests are included. CBO recommends the bureau receive \$2.9 million in compensation set-aside and other personnel services adjustments from program revenues requested by PPB in the Spring BMP. There still is a risk of exceeding budget in the major object category due to the potential for a significant number of retirement and separation payouts occurring in the later months in the fiscal year. In the event that more retirement eligible members do retire in the current year than are currently in the forecast, the bureau may require contingency resources in the Over Expenditure Ordinance.

Program and Project Carryover

Early in the fiscal year the Chief directed the bureau to stop spending discretionary resources on equipment purchases, information technology projects, and vehicle purchases in order to provide a potential internal resource in the event the personnel services budget would not be adequate to cover overtime and separation payouts. Halting the operational spending early in the fiscal year has resulted in the bureau requesting to carryover funds into the next year. The most significant carryovers are highlighted below:

- \$388,500 for the purchase and outfitting of a Crisis Negotiation Team (CNT) van. Funds were carried over from FY 2014-15 but the project was put on hold for the first six months of the year.
- \$249,729 for vehicles supporting the Domestic Violence Reduction Unit and the Transit Division and any associated outfitting costs for the units. One-time funds were included in the bureau's Adopted Budget and the timing for the order of these equipment will not be complete at the end of FY 2015-16.
- \$275,000 for the replacement of the integrated biometric identification system.
- \$325,000 to purchase smart phones and necessary technology for officers to replace the current standard flip phones. In order to be CJIS compliant the smart phones will require dual-identification and additional software security not on standard smart phones.
- \$834,619 for an officer-worn camera system. Ongoing resources for supporting the system have been requested and before the bureau moves forward with procurement and implementation the CBO recommends Council identify and appropriate this support.
- \$250,000 to add ballistic armor to approximately 70 patrol cars on the current replacement schedule.

CBO is recommending the carryover of these projects, albeit with some concern for the increased ongoing costs associated with some bureau initiatives. Three of these projects will have ongoing costs in future years where the bureau will either be requesting ongoing General Fund resources or realigning internal funds to cover the expense. The FY 2016-17 Requested Budget includes a request for ongoing support for body cameras.

The addition of smart phones and the addition of ballistic paneling to patrol sedans each will have ongoing cost components. Depending on the number of patrol vehicles replaced each year the bureau will need to identify the funds for the upfront outfitting and subsequent increase in future replacement. Potential initial outfitting is estimated to be timed with the annual replacement cycle and costs would range from \$200,000-\$250,000 per year until all vehicles have been outfitted. In addition, the annual costs for future vehicle replacement will increase as the total cost of the equipment to be replaced has now increased. CBO expects the PPB to dedicate internal resources for this initiative. PPB has identified internal resources to fund the ongoing support for the increased number of smart phones, which includes the costs in the BTS interagency agreement for 1.0 FTE and any overhead or contractual cost increases.

Outside Revenue Recognition and Adjustments

Included in the Spring BMP are requests to adjust and increase revenues received from traffic citations and photo enforcement, RegJIN partner agencies fees, grant resources, and to reallocate the payments from RegJIN partner agencies to the Police Special Revenue Fund. CBO recommends the approval of \$310,000 of additional revenues from secondary employment in

excess of the original budget and \$115,000 of funding for House Bill 3194 parolee supervision. Both of these requests have direct expenses in overtime accounts tied to the increased resource.

CBO recommends the PPB's request to increase the photo radar speed enforcement citation revenue budget by \$800,000 with an offsetting increase for related expenditures. The PPB uses a conservative revenue estimate to set the Adopted Budget. This increases the budget to the actual run-rate of citation revenue received year-to-date by \$475,000, with an offset to proportionate personnel and external service expense. The bureau also requests to recognize an additional \$325,000 to cover the potential one-time impact to revenue and expense based on a recently discovered citation reporting error. The state has determined that the count of citations paid is currently underreported and PPB has conservatively estimated the impact at \$325,000. The PPB expects the issue to be settled and any resulting expense and revenue impact booked before the close of FY 2015-16.

PPB requests to recognize an additional \$153,618 in partner agency fees which are expected to be collected in support of the RegJIN records system. In addition, the bureau requests to transfer \$1.3 million from the General Fund to the Police Special Revenue Fund. Partner agencies pay for 67% of the costs of RegJIN through user fees and PPB requests to use the Special Revenue Fund to capture ending balances and ensure partner agencies that the resources are going to support RegJIN. CBO does not recommend the transfer of revenues from RegJIN partner agencies to the Special Revenue Fund. The recently adopted Statement of Purpose for this fund does state that the fund is specific to law enforcement purposes, the majority of the language and past usage of this fund is specific to recognition of state and federal asset forfeitures and one-time donations to the PPB. The RegJIN program resides in the City's General Fund and City Financial Policies allow for program revenue carryover. CBO recommends a revenue carryover for \$153,618 and that the RegJIN program expenses and revenues remain in the General Fund.

Portland Fire & Rescue

Analyst: Christy Owen

All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 13,916,392	\$ -	\$ -	\$ 13,916,392
Licenses & Permits	2,421,224	540,000	-	2,961,224
Charges for Services	1,605,000	-	-	1,605,000
Intergovernmental Revenues	2,269,972	502,390	-	2,772,362
Interagency Revenue	4,407,211	470,818	-	4,878,029
Miscellaneous	120,000	-	-	120,000
General Fund Discretionary	100,329,334	1,726,364	-	102,055,698
General Fund Overhead	73,010	-	-	73,010
Total Resources	\$125,142,143	\$3,239,572	\$0	\$128,381,715
Requirements				
Personnel Services	\$ 93,915,872	\$ 4,004,812	\$ -	\$ 97,920,684
External Materials and Services	8,455,344	(505,723)	-	7,949,621
Internal Materials and Services	6,676,742	(259,517)	-	6,417,225
Capital Outlay	16,094,185	-	-	16,094,185
Total Requirements	\$125,142,143	\$3,239,572	\$0	\$128,381,715

General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Licenses & Permits	\$ 2,421,224	\$ 540,000	\$ -	\$ 2,961,224
Charges for Services	1,605,000	-	-	1,605,000
Intergovernmental Revenues	578,020	467,334	-	1,045,354
Interagency Revenue	4,407,211	470,818	-	4,878,029
Fund Transfers - Revenue	-	-	-	-
Bond and Note	-	-	-	-
Miscellaneous	120,000	-	-	120,000
General Fund Discretionary	100,329,334	1,726,364	-	102,055,698
General Fund Overhead	73,010	-	-	73,010
Total Resources	\$109,533,799	\$3,204,516	\$0	\$112,738,315
Requirements				
Personnel Services	\$ 92,710,268	\$ 3,884,756	\$ -	\$ 96,595,024
External Materials and Services	7,975,646	(420,723)	-	7,554,923
Internal Materials and Services	6,670,092	(259,517)	-	6,410,575
Capital Outlay	2,177,793	-	-	2,177,793
Total Requirements	\$109,533,799	\$3,204,516	\$0	\$112,738,315

Year End Projections

Portland Fire & Rescue (PF&R) is projected to end FY 2015-16 within appropriations pending the approval of the bureau's supplemental budget requests. Revenues from permits are currently projected to collect 4% above the Revised Budget. General Fund discretionary resources are estimated at 100% of budget to ensure all major spending categories will have adequate appropriations for obligated spending. CBO projects spending for personnel services to end the fiscal year within 1% of the bureau's revised budget. PF&R intends to either receive or encumber all available discretionary funds for the procurement of goods and services, capitol expenses, and for Interagency Agreements. The most significant risk to this projection is the number of retirement separation payouts that will occur in the final months of the fiscal year.

Key Decisions

- Appropriate \$1.7 million of General Fund compensation set-aside for increased costs in personnel services realized by the bureau throughout the fiscal year (recommended).
- Appropriate \$156,364 from General Fund Contingency to pay for an arbitrator's award for alternate payees (recommended).
- Increase outside fee-backed revenues by \$540,000 (recommended).
- Increase interagency agreements with the bureau of Fire & Police Disability & Retirement and the Bureau of Development Services to match expenses (recommended).
- Realign \$437,000 of external materials and services and \$260,000 of internal materials and services to the personnel services category (recommended).
- Increase intergovernmental revenues received from the State of Oregon by \$467,334 to reimburse for PF&R's overtime and equipment expenses during response for wildfires (recommended).
- Process a program carryforward of the \$130,000 Innovation Fund award for the Community Health Assessment Team (recommended).
- Process technical adjustments for grant funded programs netting to an increase in grant resources of \$35,056 (recommended).

Discussion

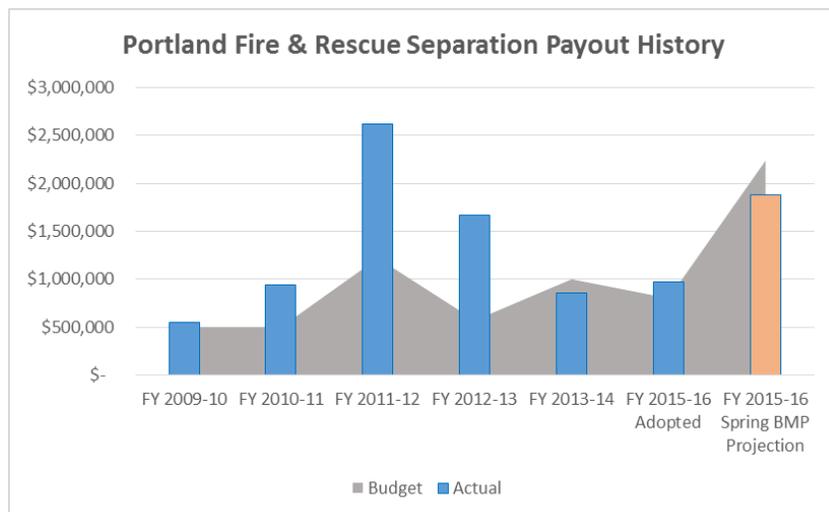
Portland Fire & Rescue (PF&R) requests all of the bureau's share of the budgeted compensation set-aside to meet salary, separation payouts, overtime, and benefits projections. Significant cost drivers for personnel services include: overtime spent in excess of budgeted overtime, approved COLA and benefits increases, and a greater than historical amount of retirement separation payouts. CBO recommends the bureau receive the requested compensation set-aside in order to provide funding in the bureau's operating budget to

address the known and unknown expenses. Additional requests are mostly technical in nature, recognizing outside resources and grant revenues, adjusting interagency agreements between City bureaus, and requesting carryover funds for dedicated projects which will be complete in FY 2016-17.

Overtime and Personnel Service Spending

The personnel services category represents 85% of the bureau’s expense budget and is currently projected to be nearly fully spent by fiscal year end. In order to ensure the bureau has resources available to cover these expenses, PF&R has requested \$1.7 million of compensation set-aside, reduced external and internal materials and services spending by \$697,000, and requests to recognize an additional \$540,000 in outside permit revenues to be appropriated into Personnel Service accounts. CBO recommends these requests as the bureau’s projected spending and outside revenue collections are consistent with CBO’s analysis of bureau spending and revenue receipt.

As highlighted by PF&R in the Supplemental Budget request, PF&R is likely to have an above-average number of retirement separation payouts, with the majority occurring in the remaining four months of the fiscal year. The Bureau of Fire & Police Retirement & Disability (FPDR) actuarial analysis included 19.0 FTE in forecast for retirements in FY 2016-17. While the number of members separating may be accurate, the dollar amount of the separation payment is more volatile and PF&R has received notice for more upper-level retirements, which drives up the costs of payouts. The following chart provides the historical amounts budgeted and spent on payouts at PF&R:



In the event that additional separations occur in excess of the bureau’s projection, the bureau can request funding in the Over Expenditure Ordinance to prevent overspending. PF&R and

CBO are jointly monitoring the projected spending and PF&R reports taking additional measures to curtail discretionary spending where possible.

Other excess spending within personnel services is mostly contained to overtime expense, where shift backfill is occurring on overtime hours as opposed to straight-time through the traveler's pool. The traveler's pool has had fewer firefighters than desired as separations continue to outpace academy graduation rates. The traveler's pool requires at least 45 individuals in order to significantly reduce call shift or replacement overtime. It is anticipated that the number of separations in the current fiscal year will continue to strain the bureau's operating budget for the remainder of this year and into the next fiscal year. CBO recommends PF&R seek to judiciously manage discretionary overtime usage in order to stay within appropriations and not require contingency resources.

Decision Package Status & Updates

The FY 2015-16 Budget approved two new positions in PF&R and the bureau reports the creation of the Emergency Medical Services Deputy Chief and the Firefighter Training Specialist positions is complete and the bureau has hired individuals to fill the positions. PF&R has restored the re-configured dive team, conducted necessary training and skills refreshers, and the unit is currently operational. Ongoing General Fund resources were approved to cover the costs for 13 of the 26 firefighter positions which were set to expire when grant resources expired in early 2016.

The EMS Deputy Chief is very involved in working with local healthcare providers and an outside consulting firm to potentially execute agreements for more cost-effective non-emergency room options in Portland. It is anticipated that the final report may be available in early FY 2016-17. The Firefighter Training Specialist position allows the Training Division to conduct additional classes at the academy with new recruits completing the training and going into the bureau's Traveler's Pool upon graduation. Having new recruits in this pool allows the bureau to use straight-time to cover shifts throughout the year with the expectation that this resource will lessen the reliance on overtime hours.

Current Year Capital Projects

PF&R's capital projects consist of scheduled replacement of fire apparatus and station maintenance and construction projects. The bureau purchased and has received or will receive the following in FY 2015-16: two fire boats, three tiller ladder trucks, one quint and two rehab/air/light units. Items on order and scheduled for receipt in FY 2016-17 include: nine fire engines, two brush units, one water tender, and one dive unit. The main construction projects at the stations in FY 2015-16 are the replacement of the roofs at four stations. This project is funded with 1998 GO Bond funds and is scheduled for completion in FY 2016-17.

Bureau of Emergency Management

Analyst: Jessica Kinard

All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Charges for Services	\$ -	\$ 34,706	\$ -	\$ 34,706
Intergovernmental Revenues	3,243,351	(26,952)	-	3,216,399
Interagency Revenue	10,000	-	-	10,000
Miscellaneous	-	1,200	-	1,200
General Fund Discretionary	1,247,068	(310,576)	-	936,492
General Fund Overhead	1,404,815	-	-	1,404,815
Total Resources	\$5,905,234	(\$301,622)	\$0	\$5,603,612
Requirements				
Personnel Services	\$ 2,557,115	\$ (205,161)	\$ -	\$ 2,351,954
External Materials and Services	2,568,914	(104,084)	-	2,464,830
Internal Materials and Services	779,205	7,623	-	786,828
Total Requirements	\$5,905,234	(\$301,622)	\$0	\$5,603,612

General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Charges for Services	\$ -	\$ 34,706	\$ -	\$ 34,706
Interagency Revenue	10,000	-	-	10,000
Miscellaneous	-	1,200	-	1,200
General Fund Discretionary	1,247,068	(310,576)	-	936,492
General Fund Overhead	1,404,815	-	-	1,404,815
Total Resources	\$2,661,883	(\$274,670)	\$0	\$2,387,213
Requirements				
Personnel Services	\$ 1,565,173	\$ (178,209)	\$ -	\$ 1,386,964
External Materials and Services	543,373	(104,084)	-	439,289
Internal Materials and Services	553,337	7,623	-	560,960
Total Requirements	\$2,661,883	(\$274,670)	\$0	\$2,387,213

Year End Projections

Taking into account requested program carryovers, the bureau is projected to end the current fiscal year on budget with no major issues within their general fund budget. The bureau's grant expenditures are projected to end the year at 56% of budget as a result of grant awards coming in at different amounts than originally anticipated. The majority of grant funds are

Urban Area Security Initiative (UASI) grant funds that are passed through to regional partners. The lower-than-budgeted actuals have no impact on current year bureau operations.

Key Decisions

- Process \$65,389 in General Fund program carryovers to complete the BEECN and Natural Hazard Mitigation Plan projects (recommended).
- Process \$202,139 in General Fund program carryovers for two FY 2015-16 projects which will not be able to start in the current year (recommended).
- Process a General Fund program carryover of \$70,000 as a contingency pool of funding to support the bureau in the event that the City is awarded less Emergency Management Performance Grant (EMPG) funding than assumed in the FY 2016-17 budget. These grant resources are used to pay for bureau operating expenses (recommended).

Discussion

The Portland Bureau of Emergency Management (PBEM) is requesting six program carryovers and two technical adjustments in the Spring BMP submission. CBO recommends all requests, with discussion on the program carryover requests provided below.

Program Carryovers: Complete National Hazard Mitigation Plan and BEECN Position Work

In FY 2015-16, the bureau received \$30,000 in one-time General Fund support as a match for federal funding to complete the Natural Hazard Mitigation Plan, and one-time support to fund 1.0 FTE to roll out the bureau's Basic Earthquake Emergency Communication Node (BEECN) program. The Natural Hazard Mitigation Plan work was delayed due to a delay in the federal award, and requires program carryover of both federal funds and a portion of the General Fund match to complete the program. The BEECN position was hired in fall of 2015 and the bureau requests a program carryover of the position's salary savings to enable the position to finish the full year of work.

CBO recommends these requests. The bureau requested, and CBO recommended, converting the BEECN position to permanent in the FY 2016-17 budget. If the BEECN position is funded through ongoing General Fund in the FY 2016-17 Budget, CBO recommends that the amount of program carryover for this position not be included in FY 2016-17 as it would be duplicative.

Program Carryovers: COOP Planner and Preparedness Survey

In FY 2015-16, the bureau received \$122,139 in General Fund support to fund a limited term Continuity of Operations (COOP) Planner to assist bureaus in updating and maintaining COOP plans. The position has proved difficult to fill: the bureau has unsuccessfully recruited for the

position twice and is currently undergoing a third recruitment, with an anticipated start date of July 1. CBO recommends this request.

The bureau also received \$80,000 in one-time General Fund support for a community survey to gain information on community resiliency status and needs. The bureau has released its Request for Proposals but does not anticipate being able to complete the contract before year end and requests to carry over the funds to complete the project in FY 2016-17. CBO recommends this request.

EMPG Grant Contingency Program Carryover

The bureau requests one-time program carryover of projected excess salary savings from vacant positions to function as a contingency pool of funds in the event that the bureau is awarded less grant funding than anticipated in FY 2016-17. In recent years, the bureau has relied on Emergency Management Performance Grant (EMPG) funding as a relatively consistent stream of federal grant funding to support core operations. The bureau budgeted an estimated award of \$300,000 in their FY 2016-17 budget, which is \$80,000 less than the current year award. However, the bureau was recently notified that they may receive as little as \$190,000 in FY 2016-17, which would require the bureau to make mid-year cuts. PBEM will know the full amount of the award in June; as a contingency measure the bureau requests these one-time savings be set aside to mitigate the risk presented by a low award value.

CBO has verified that the bureau has sufficient projected salary savings to finish the year without these funds, and recommends this request. CBO recommends that these funds are appropriated and held in a central finance account in the FY 2016-17 budget as a contingency in the case of a lower than budgeted EMPG award.

PARKS, RECREATION, AND CULTURE

Portland Parks & Recreation

Analyst: Ryan Kinsella

All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 53,092,835	\$ -	\$ -	\$ 53,092,835
Licenses & Permits	475,996	500,000	-	975,996
Charges for Services	39,917,319	10,000,000	-	49,917,319
Intergovernmental Revenues	4,365,939	(953,552)	-	3,412,387
Interagency Revenue	2,137,621	85,071	-	2,222,692
Fund Transfers - Revenue	4,809,427	208,360	-	5,017,787
Bond and Note	17,056,810	(335,000)	-	16,721,810
Miscellaneous	2,739,771	-	-	2,739,771
General Fund Discretionary	55,279,621	1,674,754	(390,000)	56,564,375
Total Resources	\$179,875,339	\$11,179,633	(\$390,000)	\$190,664,972

Requirements				
Personnel Services	\$ 60,878,427	\$ 2,129,825	\$ (100,000)	\$ 62,908,252
External Materials and Services	34,815,253	192,155	(290,000)	34,717,408
Internal Materials and Services	11,253,886	(148,795)	-	11,105,091
Capital Outlay	37,731,076	(8,124,001)	-	29,607,075
Bond Expenses	1,253,350	-	-	1,253,350
Fund Transfers - Expense	1,354,887	(86)	-	1,354,801
Contingency	32,425,670	17,130,535	-	49,556,205
Unappropriated Fund Balance	162,790	-	-	162,790
Total Requirements	\$179,875,339	\$11,179,633	(\$390,000)	\$190,664,972

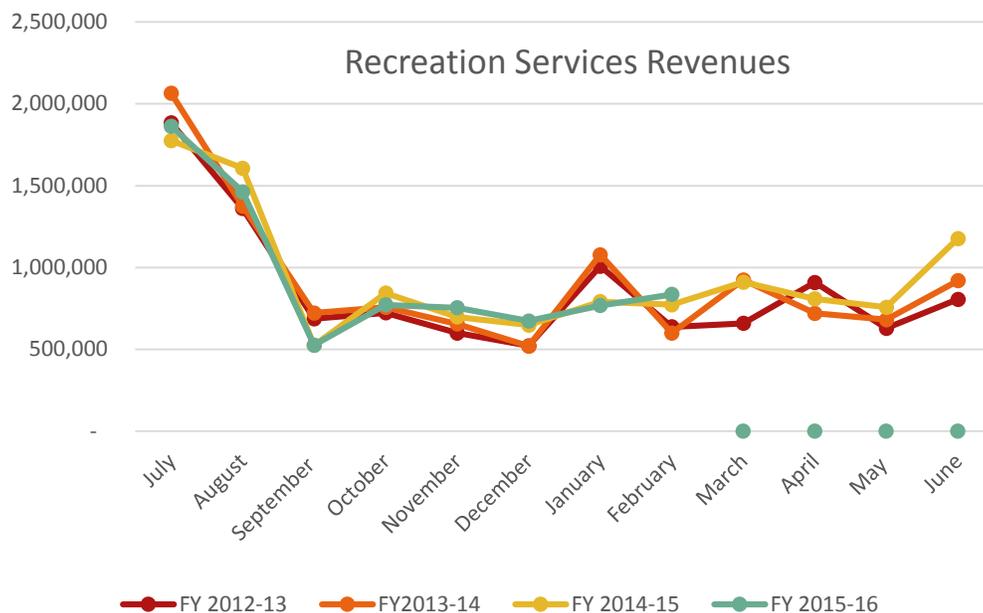
General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Licenses & Permits	\$ 475,996	\$ -	\$ -	\$ 475,996
Charges for Services	17,178,682	-	-	17,178,682
Intergovernmental Revenues	116,000	-	-	116,000
Interagency Revenue	2,137,621	25,071	-	2,162,692
Miscellaneous	646,281	-	-	646,281
General Fund Discretionary	55,279,621	1,674,754	(390,000)	56,564,375
Total Resources	\$75,834,201	\$1,699,825	(\$390,000)	\$77,144,026
Requirements				
Personnel Services	\$ 51,196,787	\$ 1,989,825	\$ (100,000)	\$ 53,086,612
External Materials and Services	16,214,037	(141,205)	(290,000)	15,782,832
Internal Materials and Services	8,423,377	(148,795)	-	8,274,582
Total Requirements	\$75,834,201	\$ 1,699,825	(\$390,000)	\$77,144,026

Year End Projections

Given current projections, Parks will likely require funding from compensation set-aside as well as funding reserved for Phase I of the arbitration settlement. The amount needed will be driven by several factors, including seasonal worker spending and the additional costs of the Voluntary Retirement Incentive Program. Parks typically requires its full compensation set-aside amount, and based on current projections of FY 2015-16 costs, CBO has recommended that the bureau receive the full amount of \$414,000 in the current year. CBO and the bureau will continue to monitor personnel services costs for the remainder of the year to ensure spending stays within appropriations.

CBO also projects that recreation revenues will reach targeted amounts, based on prior year patterns. To the degree that recreation fees exceed targeted amounts, the bureau may underspend its General Fund appropriation and generate savings. As illustrated in the chart below, current year recreation service revenues closely follow the pattern of last year's revenues, indicating that year-end revenues are likely to be comparable to FY 2014-15 totals. (The implementation of ActiveNet, the bureau's registration program, make last year's pattern the most appropriate basis for developing projections.) Additionally, in the past three years, May and June revenues have increased in each subsequent year, also indicating that the bureau is likely to achieve current year targets.



In FY 2014-15, Council appropriated funding from General Fund contingency to Parks, in part to offset a projected revenue shortfall. However, assuming that recreation revenues achieve

targeted amounts, it is likely that the bureau will only need the recommended funding to cover projected personnel costs in FY 2015-16.

Key Decisions

- Appropriate \$1.6 million of General Fund resources for the FY 2015-16 costs of Phase 1 of the arbitration settlement (recommended).
- Appropriate \$100,000 to fund expanded ranger services into East Portland and North Portland during the 2016 summer (not recommended).
- Process a program carryover of \$730,000 for the three master plans in East Portland, the offroad cycling plan, and the Parks for New Portlander program (recommended).
- Appropriate \$75,000 of funding to cover custodial costs of the Saturday Basketball program, already incurred between January through March of 2016 (not recommended).
- Appropriate compensation set-aside to fund projected personnel costs through FY 2015-16. Based on personnel services savings of \$215,000 in the Teen program, CBO recommends that the bureau reallocate these savings to other divisions as needed and that the bureau receive \$414,000 of the requested \$630,000 of compensation set-aside (recommended with adjustment).
- Convert four limited term positions to permanent in the Title 11 – Tree Code program, the Golf Program, Recreation Services Administration, and in Business Services (recommended with adjustment). Create a construction manager position for the Parks Bond program.

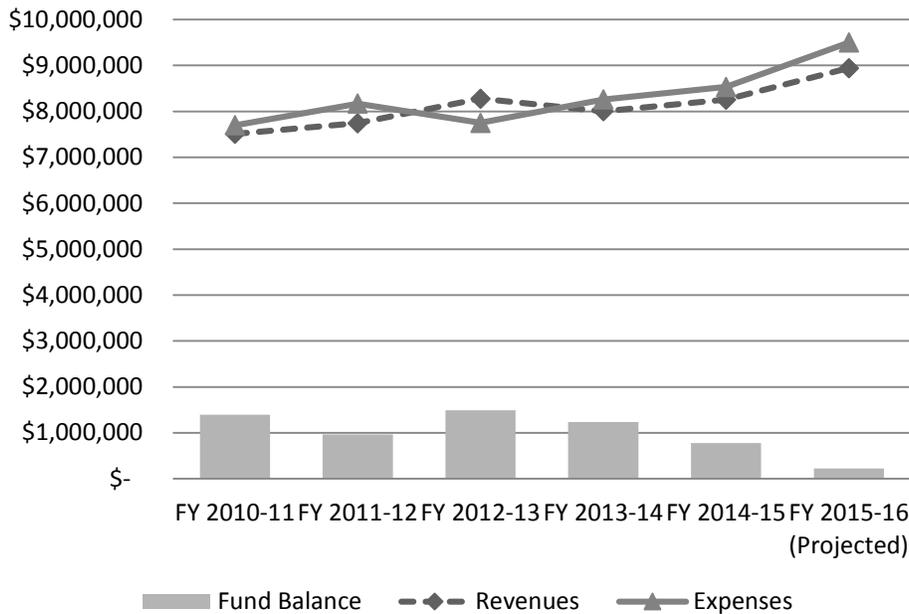
Discussion

Golf Program

The Golf Program is projected to need between \$400,000 and \$500,000 in order to cover revenue losses of the Colwood Golf Course following the recent reopening of the course in April 2015 and completion of the driving range. In addition to slower-than-anticipated fee collections, wet winter conditions have also impacted revenues at Colwood. Other City-owned courses remain solvent, except for Rose City Golf Course, which is projected to undercollect fees sufficient to cover overhead costs.

The chart below illustrates a concerning trend in the Golf Program. Over the past five years, expenses (including debt payments and capital costs) have exceeded revenues, decreasing the program's fund balance. This trend is projected to continue through FY 2015-16, resulting in a decrease in ending balance from \$780,000 to \$220,000 by year end.

Golf Program: Budget to Actuals



Between FY 2010-11 and FY 2014-15, expenses have increased by an average of 2.1% but revenues by an average of 1.9%, resulting in a decrease of fund balance from \$1.4 million in FY 2010-11 to \$780,000 at the end of the last fiscal year. Major maintenance needs will continue into future years, resulting in future capital costs. To summarize, these figures suggest structural concerns with the Golf Program finances and warrant careful planning and attention.

CBO and the bureau will continue to track revenue collections at Colwood over the next year while reassessing the long-term fiscal sustainability of the Golf program. Moreover, CBO recommends that the bureau continue to monitor major maintenance needs of the program and develop strategies to ensure that the Golf Program remains solvent. These strategies should be developed in the context of addressing the overall program goals and how these goals fit within the bureau’s broader recreation goals.

General Fund Program Carryover

Parks is requesting to carry over funding for three master plans for East Portland parks: Wilkes Headwaters, Mill, and Midland Parks. Funding of \$300,000 was approved in FY 2014-15 Fall BMP; the full \$300,000 was carried over in the FY 2014-15 Spring BMP; lastly, as part of this Spring BMP request, the bureau is requesting to carryover \$280,000. CBO recommends this carryover request but notes the delayed timeline of these planning projects.

Parks is also requesting to carryover \$150,000 of the \$250,000 approved for the Parks for New Portlanders pilot program. To date, Parks has hired one of the two limited term positions

initially requested. This program is also supported by 10 seasonal staff positions that are not funded by these one-time resources. CBO recommends funding this carryover so that the pilot program can be completed and properly evaluated; however, because of the delayed implementation of the pilot, CBO has concerns as to whether the current pilot will provide sufficient evidence as to whether the program should continue under the same model and funded with ongoing resources in FY 2016-17 and beyond.

Compensation Set-Aside

CBO projections indicate the bureau will need additional funding for personnel services costs. In light of these projections, CBO believes the bureau is eligible for compensation set-aside to ensure spending remains within appropriation.

Per prior practice, CBO recommends Compensation Set-Aside requests based on the requesting bureau's cumulative budget adjustments to personnel services costs throughout the year. Compensation Set-Aside allocations may be reduced by the amount of budget transfers out of personnel services. In PK_10, Parks has requested a net decrease of \$215,000 out of personnel services and into materials and services within the Teen Program. Rather than transferring these funds to materials and services, CBO recommends that these savings are reallocated to other areas within the bureau where personnel services may be overspent. Because additional resources will be available for other personnel services costs, CBO recommends that compensation set-aside be reduced by \$215,000.

Phase 1 Arbitration Settlement Costs

As part of the Fall BMP, Council directed the City Budget Office to set aside \$900,000 of General Fund unrestricted contingency and \$700,000 from General Fund compensation set aside to fund FY 2015-16 personnel cost increases associated with the Portland Parks and Recreation arbitration agreement. Based on bureau projections, the additional FY 2015-16 cost of Phase 1 is expected to be \$1.4 million to \$1.6 million, largely depending upon how many converted positions remain at the bureau and receive the six-month wage increase from \$15.02 to \$17.52. CBO has reviewed the projections and recommends the total requested amount of \$1.6 million in order to avoid the potential for overspending.

Park Ranger Request

The bureau requests funding to hire six seasonal rangers between April and September of 2016. The basis for this request is to address the perceived increase in gang-related shootings, increased need for additional patrolling and incident response along the Springwater Corridor and across parks in East, North, and Northeast Portland. However, whether there was an actual increase in the number of incidents requiring rangers is unknown: there is currently a backlog of data entry for the ranger program.

Between July and September of 2015, seasonal ranger spending was only \$15,000 greater compared to 2014; over the first eight months of this fiscal year, seasonal ranger spending has been \$10,000 less in 2015 as compared to 2014. These two comparisons indicate that the \$100,000 for increased ranger services has not been utilized. Moreover, because these services are not unforeseen and because this request for funding represents an expansion of services to new service areas, CBO does not recommend the requested funding.

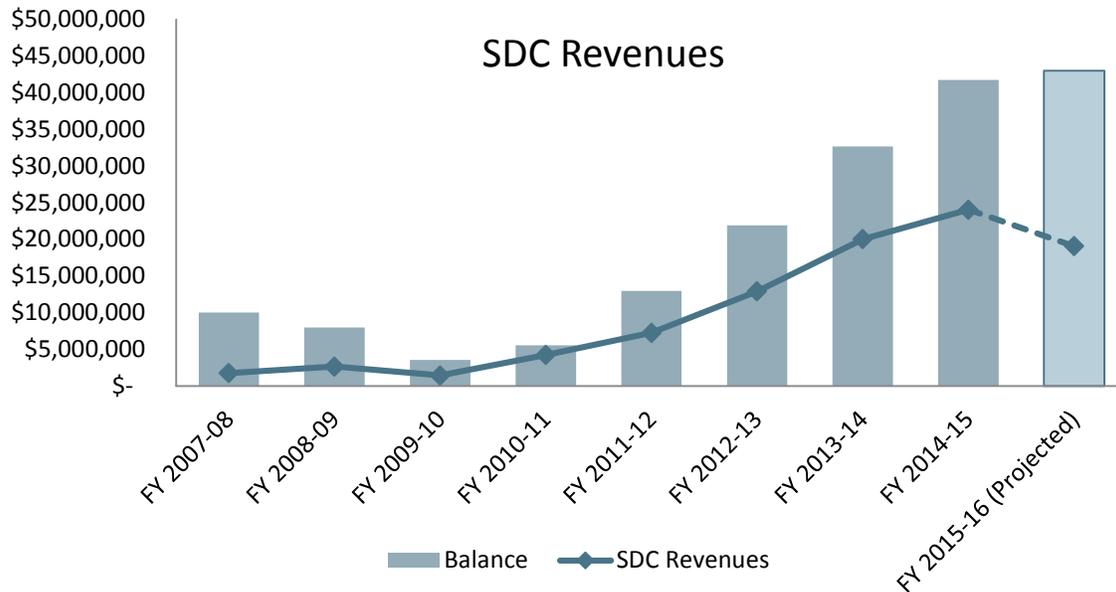
Saturday Youth Basketball

The bureau requests \$75,000 to cover custodial costs of the Saturday Basketball program, already incurred between January and March of 2016. Because these costs were not unforeseen, CBO recommends that the bureau reduce spending within Recreation Services during the remainder of the current fiscal year to cover costs. Based on current projections in materials and services, and program revenues, the bureau should have sufficient savings, assuming that Council approves the request for compensation set-aside and Phase 1 settlement costs.

Moving forward, Council will need to decide how the custodial costs of the Saturday Basketball program should be funded. The bureau has requested \$150,000 in its FY 2016-17 requested budget to cover the custodial costs.

SDC Revenues

Due to the economic recovery over the past four years, the bureau has experienced a steady increase in system development charge (SDC) revenues. This trend is continuing through FY 2015-16, during which SDC revenues are likely to exceed \$20.0 million by year end. Last year the bureau collected \$24.0 million in residential and commercial revenues, and ended the year with a balance of \$41.7 million; to date, the bureau has collected \$16.1 million in SDC revenues in FY 2015-16. The following chart shows the growth of SDCs over the last several years.



Over the next five-years the bureau plans to allocate \$101.7 million of SDC revenues, including \$76.0 million to develop new parks and facilities and \$10.7 million allocated for property acquisition. The remaining \$15.0 million has not been planned or allocated to a specific project. Based on current SDC resources, the bureau estimates that new, SDC-funded parks may result in the need for \$500,000 to \$1.5 million annually to support operating costs over the next five years. If Council authorizes these new parks, they will need to realign spending from other Parks’ programs or other City services to cover these operating costs.

While this current spike in SDC resources will allow the bureau to expand access to underserved residents, newly constructed Parks’ facilities may result in a cohort of assets that will compete for operational and maintenance resources in the short-term and major maintenance funding in the long-term. CBO recommends that the bureau consider building assets that increase capacity and meet community needs but also minimize operational and maintenance costs.

PUBLIC UTILITIES

Portland Water Bureau

Analyst: Ryan Kinsella

All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$215,498,834	\$ (18,240)	\$ -	\$215,480,594
Charges for Services	157,197,680	4,467,503	-	161,665,183
Intergovernmental Revenues	625,900	-	-	625,900
Interagency Revenue	3,106,820	-	-	3,106,820
Fund Transfers - Revenue	168,551,265	5,886,398	-	174,437,663
Bond and Note	-	-	-	-
Miscellaneous	2,998,545	-	-	2,998,545
Total Resources	\$547,979,044	\$ 10,335,661	\$0	\$558,314,705
Requirements				
Personnel Services	\$ 64,220,153	\$ 56,000	\$ -	\$ 64,276,153
External Materials and Services	30,233,201	1,564,931	-	31,798,132
Internal Materials and Services	19,825,776	1,303,315	-	21,129,091
Capital Outlay	39,262,900	(10,335,000)	-	28,927,900
Bond Expenses	56,631,137	-	-	56,631,137
Fund Transfers - Expense	174,864,251	5,733,452	-	180,597,703
Contingency	103,140,850	12,012,963	-	115,153,813
Unappropriated Fund Balance	59,800,776	-	-	59,800,776
Total Requirements	\$547,979,044	\$10,335,661	\$0	\$558,314,705

Water Operating Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 74,915,802	\$ (18,240)	\$ -	\$ 74,897,562
Charges for Services	154,697,680	4,467,503	-	159,165,183
Intergovernmental Revenues	526,000	-	-	526,000
Interagency Revenue	3,044,820	-	-	3,044,820
Fund Transfers - Revenue	81,123,641	-	-	81,123,641
Bond and Note		-	-	-
Miscellaneous	1,260,983	-	-	1,260,983
Total Resources	\$315,568,926	\$4,449,263	\$0	\$320,018,189
Requirements				
Personnel Services	\$ 63,845,498	\$ -	\$ -	\$ 63,845,498
External Materials and Services	29,817,832	1,577,931	-	31,395,763
Internal Materials and Services	19,690,133	1,290,315	-	20,980,448
Capital Outlay	39,163,000	(10,335,000)	-	28,828,000
Bond Expenses	3,083,802	-	-	3,083,802
Fund Transfers - Expense	93,000,247	5,733,638	-	98,733,885
Contingency	66,968,414	6,182,379	-	73,150,793
Total Requirements	\$315,568,926	\$4,449,263	\$0	\$320,018,189

Year End Projections

Retail and wholesale water sales account for \$149.0 million (including \$2.8 million of delinquency fees) of the \$154.7 million of budgeted revenues under charges for service. The remaining \$5.7 million is generated from main installations, engineering permit fees, collections and other miscellaneous services. Water delivery through February is approximately 2% above plan; however, the bureau conservatively estimates that it will collect budgeted amounts by year end. CBO notes that charges for services, which includes water sale revenues, engineering permit fees and other non-rate, may exceed budget by more than \$2.0 million by year end.

CBO projects that personnel services for bureau operations is projected to be underspent, similar to previous years, in part driven by an average of 15-20 vacancies over the year. However, due to decreased capital spending, some personnel services costs that were budgeted in the capital program may shift to operations, which will lessen the amount of underspending. Potential underspending ranges from \$300,000 to \$2.5 million, depending upon capital spending through the remainder of the year. Any over collection of revenues and operational underspending will increase the beginning fund balance in FY 2016-17, which the bureau may use to cash finance a greater portion of capital projects, lessen the expected rate increase in FY 2017-18, or use for other budget needs.

Key Decisions

- Decrease bureau contingency and increase budget for additional costs of bank card fees due to higher transaction costs of corporate credit cards (recommended).
- Decrease bureau contingency and increase budget for the additional costs of electricity and chemicals that were needed to augment the water supply with groundwater during dry weather and overall higher temperatures last spring, summer and early fall (recommended).

Discussion

The bureau includes ten requests in the Spring BMP, nearly all of which are either technical adjustments due to changes in interagency requests, increases in contingency due to timing changes and projected cost changes of capital projects, and/or truing-up of cash transfer amounts between bureau funds. The bureau also requests to draw on contingency for two needs: increased costs for electricity to groundwater and for the increased cost of bank card fees.

Capital Projects

The bureau requests to decrease its FY 2015-16 capital budget by a net amount of \$9.4 million. These funds will be budgeted to contingency in FY 2015-16 and then likely reallocated to projects as needed in the FY 2016-17 Fall BMP. These transfers are primarily driven by projects continuing into FY 2016-17; however, several of the adjustments reflect changes to project totals. Some notable adjustments include:

- Reduction to current year project costs for Willamette River Pipe Crossing of \$1.8 million due to project delays. The timing of the construction costs for the Willamette River Pipe Crossing are now expected to be incurred in FY 2018-19 rather than FY 2016-17.
- Reduction of \$400,000 for the Washington Park project in FY 2015-16. However, overall project costs have increased from an original estimate of \$61.1 million to a revised estimate of \$170.0 million at the 90% design estimate with a low-moderate confidence rating. The increased cost of the project was primarily driven by changes to geotechnical requirements.
- Reduction of \$4.4 million to the distribution mains capital program. Similar to previous years, the Water Bureau typically budgets funding for capital costs of distribution mains that have not been allocated to specific projects but will be used as needed throughout the year as breaks occur. In FY 2015-16, the bureau projects that the full \$16.2 million will not be needed.
- Reduction of \$1.2 million for an additional transformer used to pump groundwater. Due to significantly higher than expected bid amounts, the benefit-cost ratio of the replacement of a transformer for groundwater pumping is no longer cost effective. The bureau is requesting to move funding for this project into bureau contingency. The

bureau plans to consider alternatives in FY 2016-17 that will address their groundwater electric needs.

- Increase of \$1.6 million for Powell Butte 2 due to shifting costs from last year into the current year and additional costs related to site conditions, and reduction of \$1.2 for Kelly Butte Reservoir due to decreased construction contract costs.

Bureau of Environmental Services

Analyst: Claudio Campuzano & Melissa Merrell

All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 318,775,000	\$ -	\$ -	\$ 318,775,000
Licenses & Permits	1,980,000	-	-	1,980,000
Charges for Services	329,343,227	17,141,200	-	346,484,427
Intergovernmental Revenues	644,600	100,000	-	744,600
Interagency Revenue	1,792,039	61,352	-	1,853,391
Fund Transfers - Revenue	321,446,971	18,820,000	-	340,266,971
Miscellaneous	1,885,000	950,000	-	2,835,000
Total Resources	\$975,866,837	\$37,072,552	\$0	\$1,012,939,389
Requirements				
Personnel Services	\$ 64,596,345	\$ -	\$ -	\$ 64,596,345
External Materials and Services	61,437,495	6,376,966	-	67,814,461
Internal Materials and Services	42,764,811	29,002	-	42,793,813
Capital Outlay	72,892,362	(5,950,000)	-	66,942,362
Bond Expenses	176,942,228	-	-	176,942,228
Fund Transfers - Expense	325,763,117	19,454,705	-	345,217,822
Contingency	169,515,479	15,161,879	-	184,677,358
Unappropriated Fund Balance	61,955,000	2,000,000	-	63,955,000
Total Requirements	\$975,866,837	\$37,072,552	\$0	\$1,012,939,389

Sewer System Operating Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 65,180,000	\$ -	\$ -	\$ 65,180,000
Licenses & Permits	1,980,000	-	-	1,980,000
Charges for Services	325,228,227	17,141,200	-	342,369,427
Intergovernmental Revenues	128,000	100,000	-	228,000
Interagency Revenue	1,369,039	61,352	-	1,430,391
Fund Transfers - Revenue	117,720,243	(3,480,000)	-	114,240,243
Miscellaneous	680,000	-	-	680,000
Total Resources	\$512,285,509	\$13,822,552	\$0	\$526,108,061
Requirements				
Personnel Services	\$ 64,006,970	\$ -	\$ -	\$ 64,006,970
External Materials and Services	57,135,204	6,376,966	-	63,512,170
Internal Materials and Services	41,707,456	29,002	-	41,736,458
Capital Outlay	72,702,362	(5,950,000)	-	66,752,362
Bond Expenses	3,049,167	-	-	3,049,167
Fund Transfers - Expense	209,077,835	22,954,705	-	232,032,540
Contingency	64,426,515	(9,588,121)	-	54,838,394
Unappropriated Fund Balance	180,000	-	-	180,000
Total Requirements	\$512,285,509	\$13,822,552	\$0	\$526,108,061

Year End Projections

Revenues in the Sewer System Operating Fund continue to be robust with sewer rate revenue tracking above budget by about 3% and System Development Charges (SDCs) already exceeding the Adopted Budget by the end of February. Typically the bureau earns about half of the total annual SDC revenue in the last third of the year, so a low-confidence projection shows year-end SDC revenue possibly above 200% of budget. The bureau has adjusted the budget appropriately to account for these revenues, primarily through a net change in transfers to and from Sewer System Rate Stabilization Fund that increase the balance by \$24.5 million. The transfers bring the budgeted balance in that fund to \$75.0 million, which is \$9.5 million more than projected as beginning balance in the bureaus FY 2017-21 Preliminary Financial Plan. Both the structural increase in annual revenues as well as the larger than projected stabilization balance might afford opportunities to reduce the FY 2016-17 rates and/or the projected rates through FY 2020-21. See below for discussion.

All expense line items are projected to be underspent. In several instances, the bureau has made adjustments to non-capital expense line-items to ensure conservative budgeting. The capital outlay has been reduced to \$66.8 million to reflect the lower than expected capital spending. Nonetheless, bureau projections are for spending at only 66% of that figure due to project delays. See the Capital discussion below.

Key Decisions

- Appropriate \$244,218 out of contingency for operating adjustments in the Sewer System Operating Fund. These adjustments are either accelerated spending planned in future years or expenses that would otherwise have been foregone revenues associated with planned property dispositions (recommended).
- Increase bureau contingency by \$110,802 to reflect the net revenue associated with a number of business-type services provided to other bureaus and outside entities including leasing property and site assessment services (recommended).
- Transfer \$6.0 million from capital outlay to external materials and services in the capital program to better align project budgets with planned spending (recommended).
- Appropriate General Fund resources for the development of a Crystal Springs Walking Tour podcast; these resources are an Innovation Fund award (recommended).
- Increase transfer to the Sewer System Rate Stabilization Fund by \$21.0 million and decrease the transfer from the fund by \$3.5 million for a total increase to the expected ending balance of \$24.5 million (recommended).
- Receive \$950,000 refund from the Portland Development Commission for a year 2000 contribution to the Centennial Mills project; the features that were to be funded by BES are unlikely to be included based on current plans (recommended).

Discussion

FY 2015-17 Revenue Projection and FY 2016-17 Rate Forecast

As noted in the projection discussion above, BES is likely to end the year with resources well above Adopted Budget amounts. These robust projections represent an opportunity to rebase the resource forecast in the FY 2016-17 budget process and reduce the rate forecast.

The single largest budgeted revenue line item is Public Works Utility Charges. CBO is projecting this line item at \$319.5 million (less about \$7.5 million in stormwater discounts) in the current year given the strong current revenues. With the 3.45% increase to the typical single family bill requested by the bureau for FY 2016-17, CBO projects that the bureau would generate \$330.5 million versus the bureau's \$325.0 million FY 2016-17 budget request. Assuming a similar demand forecast for next year, a lower rate in FY 2016-17 or over the forecast is likely possible, although with a slightly increased risk to future rate forecasts.

The next largest revenue line item is Commercial SDCs which the bureau is assuming at \$12.5 million in the FY 2016-17 Requested Budget, an amount nearly equaled by collections through the first eight months of this fiscal year. This would indicate that the Requested Budget is reasonably conservative. Unlike utility charges, however, which are based on relatively stable demand, SDC revenue is more volatile and should not be rebased further upward. That said, a

conservative budget with a strong near-term trend provides upside opportunities for revenues which could help to mitigate any additional risks taken on elsewhere in the plan.

The combination of the current SDC trend compared to the conservative budgeting, robust collections of utility charges, and a substantial rate stabilization balance may provide an opportunity for Council to pass rates lower than those in the bureau request for the next fiscal year – or agree to a lower rate forecast over the five-year plan – without significant risks to the forecast.

Capital

The FY 2015-16 revised budget included \$72.7 million in capital outlay in the Sewer System Operating Fund. The bureau is currently projecting spending about 60% of that amount, or \$44 million, this fiscal year. Most of the underspending, \$22.5 million, is the result of project delays. Two projects, the Phase 2 Pipe Rehab work and the Far North Nicolai pipe project, have been delayed because of design or redesign work has taken longer than anticipated. The partnership initially pursued for the Biogas Utilization Project has not materialized as anticipated though the bureau continues to explore options that would make the project viable. The bureau has also requested, and CBO recommends, transferring \$6.0 million from capital outlay to external materials and services within the Sewer System Operating Fund to better align project spending across the capital program with actual expenses.

Clean Rivers Education Equity

As part of the FY 2015-16 Adopted Budget, a Clean Rivers Educator position was added in part to develop the bureau's high-school outreach program with the goal of connecting youth from underrepresented communities with career pathways in the bureau. The bureau has provided a comprehensive update of activities in the program. However, as part of our review at the time, CBO recommended that the bureau develop clear outcome measures and a protocol for collecting that data. The concern was that such a program would require some ability to remain in contact with participants in order to understand what careers they ultimately choose and whether the program achieves the outcome of helping to diversify the BES workforce. We continue to encourage the bureau to clarify the desired outcomes for the program and the methods by which that data will be collected.

SDC Rebate Policy

As part of the FY 2015-16 Fall Supplemental Budget, the bureau budgeted a refund of 60% of SDCs paid by a developer of a project that included a 'living system' on-site treatment facility. The refund totaled \$1.5 million. At the time, CBO recommended that, if the facility prove successful, the bureau work to develop a consistent policy to address this type of rebate going forward. The bureau has provided an update on that discussion. While still in preliminary stages, the bureau has noted that on-site systems still require back-up sanitary flow capacity

and, since a connection is still required, infrastructure cost savings are uncertain. The bureau will continue to explore the issue and use data from the development to help inform decisions regarding this type of arrangement in the future. CBO recommends that the bureau provide further updates on this issue as part of the prior year reporting in the FY 2016-17 Fall BMP.

COMMUNITY DEVELOPMENT

Bureau of Development Services

Analyst: Doug Le

Development Services Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 45,634,924	\$ -	\$ -	\$ 45,634,924
Licenses & Permits	33,074,106	1,753,419	-	34,827,525
Charges for Services	13,633,486	-	-	13,633,486
Interagency Revenue	1,095,213	7,463	-	1,102,676
Fund Transfers - Revenue	2,226,521	12,036	-	2,238,557
Miscellaneous	2,442,221	-	-	2,442,221
Total Resources	\$98,106,471	\$1,772,918	\$0	\$99,879,389
Requirements				
Personnel Services	\$ 35,896,667	\$ 332,132	\$ -	\$ 36,228,799
External Materials and Services	2,581,908	250,000	-	2,831,908
Internal Materials and Services	8,773,957	1,220,535	-	9,994,492
Capital Outlay	2,690,225	-	-	2,690,225
Bond Expenses	1,084,750	-	-	1,084,750
Fund Transfers - Expense	1,193,727	-	-	1,193,727
Contingency	14,787,139	(29,749)	-	14,757,390
Unappropriated Fund Balance	31,098,098	-	-	31,098,098
Total Requirements	\$98,106,471	\$1,772,918	\$0	\$99,879,389

Year End Projections

BDS is projected to finish the fiscal year within its budget. The bureau reported higher than anticipated revenue collection in all major revenue categories due to strong construction activities in the Portland Metropolitan area. By year end, the bureau projected an increase of 8% in licenses and permits, 18% in charges for services, and 44% in miscellaneous revenues. The lien amnesty program has been a strong contributor to the bureau's miscellaneous revenues. Capital expenditures will be significantly less than budgeted due to the slow progress related to the Information Technology Advancement Project.

Key Decisions

- Increase the bureau's interagency agreement with OMF by \$825,000 to fund increased costs associated primarily with new employees (recommended).
- Increase the bureau's interagency agreement with the Auditor's Office by \$49,248 (recommended).
- Add 23.5 new positions funded by permit revenues and fees (recommended).

Discussion

Increase Interagency Agreement with Office of Management and Finance

BDS requests an increase in their interagency agreement with OMF as follows: \$365,000 with Facilities Services for work related to internal moves and additional space for new employees, \$330,000 with Bureau of Technology Services for internal moves and technology set up for new employees, and \$130,000 with Printing and Distribution to cover anticipated additional costs. The additional interagency agreement cost of \$825,000 will be funded by construction permits fees. CBO recommends this request.

Increase Interagency Agreement with the Auditor's Office

In the FY 2015-16 Fall BMP, BDS was awarded \$49,248 in General Fund one-time to backfill the loss of revenues for not charging Demolition Appeal Fees. Changes to City Code Residential Demolition Delay – Housing Preservation allow appellants to receive appeal fee waivers under certain conditions. This request will increase the interagency agreement with the Auditor's Office, who provides the appeal hearings. CBO recommends this request.

New Positions

BDS requests a total of 23.5 positions in the Spring BMP funded by permit revenues and fees. Adding these positions in the BMP allows the bureau more time to recruit and prepare for next fiscal year. Of these positions, five are conversions from limited term to permanent, and the remaining 18.5 are new positions. BDS requests these positions to address additional workload due to the strong construction activities in the Portland Metropolitan area, expanded services to customers and communities, and span-of-control issues. The current five-year financial plan shows sufficient resources to absorb these requested positions. The requested positions are allocated in the bureau as follows:

- Plan Review and Permitting Services Division (8.5 FTE): 3.0 Plans Examiners Commercial, 1.0 Plans Examiner Residential, 1.0 Structural Engineer, 0.5 Geotechnical Engineer, 1.0 Office Support Specialist, and 2.0 Development Services Technicians.
- Land Use Services Division (4.0 FTE): 2.0 City Planners Urban Design, 1.0 Office Support Specialist, and 1.0 City Planner Environmental.
- Inspections Services Division (3.0 FTE): 1.0 Senior Building Inspector, 1.0 Development Services Technician, and 1.0 Office Support Specialist.
- Business Operations and Finance Services (4.0 FTE): 2.0 Development Services Technicians, 1.0 Management Assistant, and 1.0 Program Coordinator.
- Public Information and Enforcement Services (4.0 FTE): 1.0 Public Information Manager, 1.0 Plans Review Supervisor, 1.0 Senior Plans Examiner, and 1.0 Office Support Specialist.

CBO recommends these requests.

Portland Housing Bureau

Analyst: Jessica Kinard and Jane Marie Ford

All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 1,414,863	\$ 226,311	\$ -	\$ 1,641,174
Charges for Services	511,437	146,150	-	657,587
Intergovernmental Revenues	61,064,662	(20,855,501)	-	40,209,161
Interagency Revenue	98,463	(47,409)	-	51,054
Fund Transfers - Revenue	2,674,554	-	-	2,674,554
Miscellaneous	3,270,341	2,487,252	-	5,757,593
General Fund Discretionary	17,270,253	(336,600)	401,600	17,335,253
Total Resources	\$86,304,573	(\$18,379,797)	\$401,600	\$68,326,376
Requirements				
Personnel Services	\$ 6,472,576	\$ 20,462	\$ (15,400)	\$ 6,477,638
External Materials and Services	75,990,031	(21,258,459)	417,000	55,148,572
Internal Materials and Services	1,474,398	58,200	-	1,532,598
Bond Expenses	1,513,414	-	-	1,513,414
Fund Transfers - Expense	762,654	-	-	762,654
Contingency	91,500	2,800,000	-	2,891,500
Total Requirements	\$86,304,573	(\$18,379,797)	\$401,600	\$68,326,376

General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Intergovernmental Revenues	\$ 272,233	\$ 32,500	\$ -	\$ 304,733
Interagency Revenue	98,463	(47,409)	-	51,054
Miscellaneous	-	4,390	-	4,390
General Fund Discretionary	17,270,253	(336,600)	401,600	17,335,253
Total Resources	\$17,640,949	(\$347,119)	\$401,600	\$17,695,430
Requirements				
Personnel Services	\$ 804,714	\$ (43,146)	\$ (15,400)	\$ 746,168
External Materials and Services	16,815,110	(342,473)	417,000	16,889,637
Internal Materials and Services	21,125	38,500	-	59,625
Total Requirements	\$17,640,949	(\$347,119)	\$401,600	\$17,695,430

Year End Projections

The bureau is projected to end the year on budget, expending 98% of its General Fund allocation. In its Spring BMP submission, the bureau is truing-up the budget to projected year

end revenue receipts and expenditures in the CDBG, HOME, HIF, and TIF funds with the net effect of moving approximately \$21 million from current year appropriations to next year's budget.

Key Decisions

- Appropriate \$80,400 in new General Fund discretionary resources for outreach and engagement around inclusionary housing program development (\$65,000 recommended).
- Process a program carryover for \$142,000 of General Fund discretionary resources to complete contract work for establishing a Housing Choice Voucher Success program (not recommended).
- Process a program carryover of \$275,000 in General Fund discretionary dollars to complete collaborative intensive street engagement pilot program (not recommended).
- Appropriate a total of \$82,375 in TIF revenues to begin implementation of a preference policy in PHB's North-Northeast Initiative and to support community outreach in Gateway and Lents (recommended).

Discussion

The Portland Housing Bureau (PHB) is requesting new General Fund resources to address inclusionary housing policy needs; two General Fund program carryovers; the appropriation and allocation of Tax Increment Financing dollars as well as various new revenues; and a series of technical adjustments and non-General Fund program carryovers to align with projected year end spending. CBO recommends all technical adjustments and non-General Fund program carryovers. Notable decision packages are discussed in more detail below.

Inclusionary Housing Development and Outreach

In Fall 2015, the bureau initiated an affordable housing nexus study on the link between residential and commercial development, the development of low wage jobs, and the subsequent demand for affordable housing. The study scope has been expanded as a result of the passage of Senate Bill 1533, which permits cities and counties to establish certain types of inclusionary housing policies and regulations. The Portland Housing Bureau requests a total of \$80,400 in FY 2015-16 to respond to this greater scope of work, including \$45,000 to expand the existing nexus study consulting contract, \$15,400 to fund a limited term management analyst, and \$20,000 for outreach and engagement. BPS has also submitted a request for \$40,000 to fund zoning code work related to the passage of SB 1533 through its Spring BMP submittal.

This request responds to a new and unforeseen need related to the passage of Senate Bill 1533. In addition, the currently declared Housing State of Emergency creates a level of urgency around solutions to affordable housing and homeless needs. As such, CBO recommends

authorizing General Fund discretionary resources for the contract expansion and outreach and engagement work, totaling \$65,000. Based on General Fund budget projections as of March 2016, CBO believes that the bureau can absorb the requested \$15,400 to support the limited term position through the end of the fiscal year. CBO notes PHB intends to fund the continuation of this project with non-General Fund resources in FY 2016-17, but states that resources are not available within the current year budget to support this ask.

Program Carryover Requests

In the FY 2015-16 Fall Supplemental Budget, PHB received \$425,000 to establish a Housing Choice Voucher Success program with Home Forward. Work has been completed on two of the three major objectives in the scope of work, and the bureau requests approval to carry over \$142,000 of the funding to complete the project. The carryover will support three full-time employees through subagreements to serve as “housing navigators” into FY 2016-17. The bureau notes that it has already fully encumbered these funds, and would de-encumber them to process this program carryover. CBO recommends that the funds remain encumbered and that the bureau request an encumbrance carryover in the Fall BMP if necessary. This will retain the maximum flexibility for project spending across the two fiscal years. As this is a one-time project funded with General Fund resources, an encumbrance carryover should be granted if requested in the Fall BMP.

Additionally, the bureau has requested to carry over \$275,000 of the \$1,025,000 authorized in the FY 2015-16 Adopted Budget to establish a campsite clean-up initiative (\$101,000) and intensive street engagement pilot program (\$924,000). The campsite clean-up funds are expected to be spent by the end of the fiscal year. The intensive street engagement work rolled out slower than anticipated, and as a result, the bureau projects that \$275,000 will not be spent in FY 2015-16. However, PHB has already fully encumbered these funds, and would de-encumber them to process this program carryover. CBO recommends that the funds remain encumbered and that the bureau request an encumbrance carryover in the Fall BMP if necessary. CBO notes that the bureau has requested \$1,210,300 in the FY 2016-17 budget to fund continued intensive street engagement, which CBO has recommended for funding. If the FY 2016-17 request is funded, CBO would neither recommend program carryover nor an encumbrance carryover as it would provide a duplicative funding for the project.

New Tax Increment Financing Allocations

The bureau has requested to appropriate \$65,000 in Tax Increment Financing (TIF) resources to support implementation of the North-Northeast Preference Policy, designed to give preference to families with historic roots in North and Northeast Portland in accessing rental housing and homeownership programs. PHB also requests authorization to appropriate \$17,375 in TIF dollars for outreach and engagement in Gateway and Lents to identify community priorities in allocating funds created by the “TIF Lift” approved in Fall 2015, which increased the percentage

of TIF dollars set aside for affordable housing. Given the pressing need to begin the work of these programs and that funding is available within bureau resources, CBO recommends these requests.

Technical Adjustments and Project Resource Carryover Requests

The bureau requested authorization to carry forward \$19,212,940 in non-General Fund resources from FY 2015-16 to FY 2016-17, approve \$574,368 in current year new revenue from non-General Fund sources, and realign funds between major object categories with no net impact to bureau appropriations. The large non-General Fund carry forward request is predominantly comprised of housing development project funding that will be awarded to contractors through the current year NOFA, but will not be encumbered or spent until ensuing fiscal years. CBO recommends these adjustments as requested.

Bureau of Planning and Sustainability

Analyst: Jessica Kinard

All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 2,925,386	\$ -	\$ -	\$ 2,925,386
Licenses & Permits	2,903,916	-	-	2,903,916
Charges for Services	2,252,975	500	-	2,253,475
Intergovernmental Revenues	1,065,247	(152,698)	-	912,549
Interagency Revenue	415,746	218,000	-	633,746
Miscellaneous	60,989	25,213	-	86,202
General Fund Discretionary	8,664,626	(266,300)	(35,000)	8,363,326
General Fund Overhead	783,723	-	-	783,723
Total Resources	\$19,072,608	(\$175,285)	(\$35,000)	\$18,862,323
Requirements				
Personnel Services	\$ 11,268,172	\$ 47,209	\$ (10,000)	\$ 11,305,381
External Materials and Services	2,767,560	(170,494)	(25,000)	2,572,066
Internal Materials and Services	2,405,666	(84,000)	-	2,321,666
Bond Expenses	57,742	-	-	57,742
Fund Transfers - Expense	177,643	-	-	177,643
Contingency	2,395,825	32,000	-	2,427,825
Total Requirements	\$19,072,608	(\$175,285)	(\$35,000)	\$18,862,323

General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Charges for Services	\$ -	\$ 500	\$ -	\$ 500
Intergovernmental Revenues	150,000	(150,000)	-	-
Interagency Revenue	408,746	218,000	-	626,746
Miscellaneous	-	25,213	-	25,213
General Fund Discretionary	8,664,626	(266,300)	(35,000)	8,363,326
General Fund Overhead	783,723	-	-	783,723
Total Resources	\$10,007,095	(\$172,587)	(\$35,000)	\$9,799,508
Requirements				
Personnel Services	\$ 8,028,621	\$ 47,713	\$ (10,000)	\$ 8,066,334
External Materials and Services	1,329,225	(136,300)	(25,000)	1,167,925
Internal Materials and Services	649,249	(84,000)	-	565,249
Total Requirements	\$10,007,095	(\$172,587)	(\$35,000)	\$9,799,508

Year End Projections

The bureau is projected to end the current fiscal year on budget with no major issues. Spending in the Community Solar Fund is not projected to occur in the current year; the program is expected to begin in FY 2017-18. Commercial tonnage fees in the Solid Waste Management Fund are projected to exceed budget by 13%, in line with recent trends.

Key Decisions

- Appropriate \$165,000 in General Fund contingency to begin work on a Smart Cities initiative; process a program carryover for \$130,000 of this funding to continue program work in FY 2016-17 (not recommended).
- Appropriate \$40,000 in General Fund contingency to begin zoning code work related to potential new inclusionary housing policies being investigated by the Housing Bureau; process a program carryover for \$35,000 of this funding to continue program work in FY 2016-17 (\$5,000 in current year expenses recommended).
- Process \$306,300 in program carryovers related to one-time FY 2015-16 General Fund projects (recommended).
- Appropriate \$218,000 in Interagency Revenue associated with various interagency project work (recommended).

Discussion

The Bureau of Planning and Sustainability (BSP) is requesting a series of technical and revenue adjustments, program carryovers, and one new program request to be funded out of General Fund contingency in their Spring BMP submittal. Details are discussed below.

Portland Sustainable Industries and Smart Cities

BPS requests \$165,000 in one-time General Fund resources to fund an analysis of Portland's sustainability industries (\$25,000) and to fund the coordination of Smart Cities initiatives across bureaus in both the current year and in FY 2016-17 (\$140,000). Of the \$140,000 request for the Smart Cities initiative, the bureau is simultaneously requesting a program carryover of \$130,000 to support project work in FY 2016-17.

The goal of the analysis of Portland's sustainability industries is to understand the competitive position of Portland's sustainability sector relative to other cities, and thus suggest opportunities for economic development. The project will establish the scale and scope of Portland firms that supply sustainable products and services using a methodology that is applied consistently across a number of leading international cities, including Copenhagen, London, Oslo, Sydney, and Vancouver. It is not apparent to CBO at the time of this review why this project is urgently needed and requires adjustment in the supplemental budget.

The bureau has requested \$140,000 in funding for the Smart Cities initiative as part of the FY 2016-17 budget development process. CBO did not recommend this request, and instead recommended projects more closely aligned with core bureau functions given the limited General Fund resources available during the budget development process. Four new Smart Cities funding and partnership opportunities have emerged since the bureau submitted its budget development request in February, and the bureau feels it is imperative that the City respond quickly and in a coordinated fashion to make the most use of these opportunities.

The purpose of mid-year supplemental budget processes is predominantly to respond to urgent, unforeseen, and technical needs to ensure fiscal sustainability is maintained throughout the year. CBO does not typically recommend mid-year appropriation of General Fund resources for new programs unless they meet urgent and unforeseen needs. Given that this proposal is to carry forward the majority of funding into the next fiscal year, CBO does not recommend this request.

Inclusionary Housing Code

BPS requests \$40,000 in one-time General Fund resources to assist the Portland Housing Bureau (PHB) with the design and adoption of new inclusionary housing policies. In response to the passage of Senate Bill 1533, which permits cities and counties to establish certain types of inclusionary housing policies and regulations, the Portland Housing Bureau is requesting \$80,400 in the Spring BMP to begin investigating the viability of various inclusionary housing policies in Portland. Changes to these policies will require BPS to document findings of policy changes in relation to the City's Comprehensive Plan as well as conduct other work related to changes in the zoning code.

This proposal will provide BPS with additional capacity to be able to begin work on this project with existing staff by supporting one intern and \$20,000 in consulting work. However, the bureau anticipates that most of this work will not begin until FY 2016-17, and is thus requesting that all but \$5,000 in staff funding be carried over to FY 2016-17.

This request responds to a new and unforeseen need related to the passage of SB 1533, and the currently declared Housing State of Emergency creates a level of urgency around solutions to affordable housing and homeless needs. However, there is not an urgent need in the current year to appropriate much of this request. CBO recommends that the funding that is proposed to be spent in the current year (\$5,000) be appropriated to the bureau, and that the bureau seek the remaining request as part of the FY 2016-17 budget which is currently undergoing the Mayor's review.

Program Carryover Requests

The bureau is requesting, and CBO recommends, program carryover of \$247,300 in one-time FY 2015-16 General Fund resources as follows:

- \$40,000 to complete the Beach Access Master Plan by October 2016
- \$70,000 to survey the Willamette River bank for the Central City 2035 project
- \$137,300 to complete the Off-Road Cycling plan in FY 2016-17

BPS is also requesting \$59,000 in program carryovers related to requests under consideration for funding in the FY 2016-17 budget:

- \$10,000 to continue the Salmon Safe certification project. This 30 month project is expected to be complete in the fall of 2017, and the FY 2016-17 budget currently includes a request for \$48,000 to continue project work, but does not include BPS staffing support. BPS would like to use the requested program carryover funds to support an intern to help cover staffing needs. CBO recommends this request.
- \$49,000 to continue work on the Residential Infill project. The bureau received \$482,212 for this project in FY 2015-16, and originally believed the project would be complete by December of 2016. Changes in project scope have resulted in the bureau requesting \$361,380 in the FY 2016-17 budget; CBO recommended funding \$100,000 in the FY 2016-17 budget in accordance with original project estimates. CBO recommends this program carryforward, also in accordance with original project estimates. The bureau has stated that these funds are assumed to be required in addition to new FY 2016-17 requests, with the exception of \$30,000 for sending Measure 56 notices. In the event that Council funds the requested FY 2016-17 package as well as this requested carryover, CBO recommends that the package be reduced by \$30,000 to address the duplicative funding.

Finally, as discussed above, the bureau requests program carryover for \$130,000 in Spring BMP requested funds related to the Smart Cities initiative and \$35,000 for Inclusionary Housing work. CBO does not recommend these two carryover requests.

Other Requests

BPS is requesting a series of technical adjustments and revenue adjustments, including adjustments to bureau interagency agreements, to more accurately reflect actual project receipts and spending. CBO recommends these requests.

Portland Development Commission

Analyst: Katie Shifley & Josh Harwood

All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Intergovernmental Revenues	\$0	\$48,221	\$0	\$48,221
General Fund Discretionary	7,167,486	(170,148)	(99,636)	6,897,702
Total Resources	\$7,167,486	(\$121,927)	(\$99,636)	\$6,945,923
Requirements				
External Materials and Services	\$7,167,486	(\$121,927)	(\$99,636)	\$6,945,923
Total Requirements	\$7,167,486	(\$121,927)	(\$99,636)	\$6,945,923

Key Decisions

- Appropriate \$50,000 in new funding to start the Portland Benefit Corporation Program (not recommended).
- Process a program carryover of \$90,000 in Innovation Fund award funding for Bridging the Digital Divide for Disadvantaged Businesses (recommended).
- Process a program carryover of \$158,148 for PDC’s Small Business Working Capital program (recommended).
- Recapture \$49,636 of unused Innovation Fund award funding from a FY 2014-15 carryover (recommended).
- Add \$28,000 in new funding to true-up revenue sharing based on the Neighborhood Prosperity Initiative maximum indebtedness calculation (recommended).

Discussion

The Portland Development Commission (PDC) is requesting two program carryovers, the appropriation of \$78,000 in one-time General Fund contingency funds for two distinct purposes, and a technical change related to closing out a grant. In addition, PDC has identified \$49,636 in unspent project funds which CBO recommends return to the General Fund. These packages are discussed in more detail below.

Portland Benefit Corporation Program/Best for Portland Campaign

PDC is requesting \$50,000 to begin implementation of the Portland Benefit Corporation Program/Best for Portland Campaign. The bureau has requested \$350,000 in the FY 2016-17 budget to support this program, and this request effectively pulls forward part of this funding to begin work immediately. Approximately \$40,000 of this request would be used for initial

training of 1-2 staff persons (from PDC and possibly the Mayor's Office), including a trip to New York City to learn about best practices around local government implementation of a "Best for My City" campaign. The remaining \$10,000 would cover initial licensing of the B-Labs program. It should be noted that Mayor's Office staff, on behalf of PDC, have already applied for and been tentatively accepted into a training cohort led by B-Lab (other participants are the cities of Denver and Oakland) to learn how to host a "Best for My City" campaign. As outlined in B-Lab program timeline guidelines, the City of Portland is likely to incur costs related to training and licensing prior to the beginning of FY 2016-17 if the City moves forward with participation in the B-Lab program. CBO did not recommend the FY 2016-17 budget request to fund the Portland Benefit Corporation Program/Best for Portland Campaign and, thus, does not recommend these funds be appropriated for training to begin the program.

Innovation Fund: Bridging the Digital Divide for Disadvantaged Businesses

The bureau is requesting a program carryover of \$90,000 in Innovation Funds awarded to PDC for the Bridging the Digital Divide for Disadvantaged Businesses project. The issuance of an RFP for this project was delayed due to lack of staff capacity, other priority projects, and the need to refine the scope of work. CBO recommends this carryover as PDC anticipates issuing a refined RFP later in 2016 and has committed to following through on their proposal by early 2017. Given the scope of the original project and the ongoing work to better define the project, CBO has advised PDC that there may be opportunities for cross-collaboration with bureaus working on the recently adopted Digital Equity Action Plan.

Small Business Working Capital

The bureau originally submitted a request to process a program carryover for \$158,148 in ongoing General Fund discretionary for PDC's Small Business Working Capital program. The preparation of the RFP for this program was delayed due to staffing changes, and PDC was concerned that a contract for the funds would not be in place until July 2016. Follow-up conversations with PDC confirmed that they are able to shorten the timeline of the RFP preparation in order to enter into contracts in the current fiscal year, negating the need for a program carryover.

Other Requests and Recommendations

In addition to the above packages, PDC has submitted a technical request completing accounting true-ups for a grant which closed in January of 2016, and CBO is recommending the return of \$49,636 in General Fund support that is excess funding from a completed FY 2014-15 Innovation Fund award project.

Office of Neighborhood Involvement

Analyst: Jessica Kinard

All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Charges for Services	779,046	23,000	-	802,046
Intergovernmental Revenues	330,804	-	-	330,804
Interagency Revenue	18,061	-	-	18,061
Miscellaneous	10,000	21,740	-	31,740
General Fund Discretionary	8,607,567	(178,399)	13,742	8,442,910
General Fund Overhead	209,744	-	-	209,744
Total Resources	\$9,955,222	(\$133,659)	\$13,742	\$9,835,305
Requirements				
Personnel Services	\$ 4,777,567	\$ 16,900	\$ -	\$ 4,794,467
External Materials and Services	4,332,315	(165,847)	13,742	\$ 4,180,210
Internal Materials and Services	845,340	15,288	-	860,628
Total Requirements	\$9,955,222	(\$133,659)	\$13,742	\$9,835,305

General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Charges for Services	779,046	23,000	-	802,046
Intergovernmental Revenues	280,804	-	-	280,804
Interagency Revenue	18,061	-	-	18,061
Miscellaneous	10,000	21,740	-	31,740
General Fund Discretionary	8,607,567	(178,399)	13,742	8,442,910
General Fund Overhead	209,744	-	-	209,744
Total Resources	\$9,905,222	(\$133,659)	\$13,742	\$9,785,305
Requirements				
Personnel Services	\$ 4,777,567	\$ 16,900	\$ -	\$ 4,794,467
External Materials and Services	4,282,315	(165,847)	17,342	\$ 4,133,810
Internal Materials and Services	845,340	15,288	-	860,628
Total Requirements	\$9,905,222	(\$133,659)	\$17,342	\$9,788,905

Year End Projections

The bureau is projected to slightly underspend their FY 2015-16 budget allocation, spending between 96% and 98% of budget in each major object category. In addition, the bureau is projecting revenues in their Noise and Liquor programs to exceed budgeted levels, and is

requesting revenue adjustments to account for the increased projections. As a result of projected expenditures and revenues, the bureau anticipates returning approximately \$322,000 to the General Fund fund balance at year end – roughly 3% of the bureau’s revised budget.

Key Decisions

- Process a program carryover of \$56,742 in one-time Noise revenue reserves to partially fund an expiring Office Support Specialist II position in the Noise program (\$43,000 recommended).
- Process a program carryover of \$86,000 in one-time General Fund support for the New Portlander Program (recommended).
- Process a program carryover of \$63,657 in one-time General Fund support for Diversity and Civic Leadership program small grants, piloted on a one-time basis in FY 2015-16 (recommended).

Discussion

The Office of Neighborhood Involvement (ONI) is requesting a total of \$206,399 in one-time General Fund program carryovers for three distinct projects. These are described in more detail below. In addition, the bureau is requesting a variety of technical changes, including the appropriation of \$39,240 in Noise program and miscellaneous program revenue to more accurately reflect current projections as well as the transfer of \$28,000 from the Mayor’s Office to ONI to be added to the bureau’s contract with Northwest Resolutions.

Noise Program Carryover

ONI’s current year Noise program budget includes \$56,742 in one-time program carryover reserves. As the Noise program is subsidized by the General Fund, CBO recommended this program carryover from FY 2014-15 on a one-time basis, with the intention of letting the funding fall to balance if it was not needed in the current year. ONI projects current year Noise program revenues to be \$188,000, which exceeds the bureau’s adopted budget by 56,000. Thus, this funding will not be needed in the current year.

The Noise and Liquor licensing programs have been experiencing record workload levels, and the bureau was granted a limited term administrative support position in the FY 2015-16 Fall Supplemental Budget to help address peak workloads. The bureau requested the continuation of this position in the FY 2016-17 budget with one-time General Fund support. CBO recommended that the bureau increase its FY 2016-17 budgeted Noise revenues by \$22,000 to \$172,000 to partially fund this position, and process a program carryforward of \$43,000 in Noise program funding to fund the remainder of the position on a one-time basis in FY 2016-17. The bureau plans to revisit the Noise program fee schedule in FY 2016-17 as a means to

permanently support this position. CBO thus recommends a program carryover of \$43,000, as discussed in CBO's FY 2016-17 ONI budget review.

New Portlander Program Carryover

In the current year, ONI received one-time funding for a limited term Program Specialist to provide staff support to the New Portlanders Policy Council as it transitioned to a full Commission. They have not been successful in hiring that position and are requesting a program carryover to support this position in FY 2016-17. The bureau requested that this position be funded with ongoing General Fund support as part of their FY 2016-17 budget request; CBO recommended that Council support a program carryover to fund the position for a year as originally intended in lieu of ongoing General Fund at this time. Thus, as discussed in CBO's FY 2016-17 ONI budget review, CBO recommends this carryover.

DCL Program Carryover

In the FY 2015-16 budget, ONI received \$180,000 in ongoing General Fund support to fund a new Diversity and Civic Leadership (DCL) partner. As the process of selecting a new partner took some time, the bureau realized one-time program savings. The bureau and its DCL partners decided to utilize these savings to pilot a one-time small grants program; however, a portion of these funds will likely not be encumbered before June 30th and the bureau requests a program carryover for these funds. CBO recommends this request as a one-time program carryover for a specific purpose that is not funded in the ongoing budget.

Office of Equity & Human Rights

Analyst: Jane Marie Ford

All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Charges for Services	\$ 4,300	\$ -	\$ -	\$ 4,300
Intergovernmental Revenues	2,500	(1,750)	-	750
Interagency Revenue	5,823	-	-	5,823
Miscellaneous	-	55,180	-	55,180
General Fund Discretionary	1,337,304	(55,000)	-	1,282,304
General Fund Overhead	516,088			516,088
Total Resources	\$1,866,015	(\$1,570)	\$0	\$1,864,445
Requirements				
Personnel Services	\$ 1,481,884	\$ 62,640	\$ -	\$ 1,544,524
External Materials and Services	218,269	(24,510)		193,759
Internal Materials and Services	165,862	(39,700)		126,162
Total Requirements	\$1,866,015	(\$1,570)	\$0	\$1,864,445

General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Charges for Services	\$ 4,300	\$ -	\$ -	\$ 4,300
Interagency Revenue	5,823	-	-	5,823
Miscellaneous	-	55,180	-	55,180
General Fund Discretionary	1,337,304	(55,000)	-	1,282,304
General Fund Overhead	516,088	-	-	516,088
Total Resources	\$1,863,515	\$180	\$0	\$1,863,695
Requirements				
Personnel Services	\$ 1,481,884	\$ 62,640	\$ -	\$ 1,544,524
External Materials and Services	215,769	(22,760)	-	193,009
Internal Materials and Services	165,862	(39,700)	-	126,162
Total Requirements	\$1,863,515	\$180	\$0	\$1,863,695

Year End Projections

The Office of Equity & Human Rights (OEHR) hired several temporary staff to help meet service needs through the end of the fiscal year, and plans to fund these positions through one-time lease savings, unanticipated revenue, and internal realignments. The bureau is expected to finish the year within its budgeted appropriations.

Key Decisions

- Appropriate and process a program carryover for \$40,000 in unanticipated current year revenue to support the Fellowship for Racial Equity (recommended).
- Process a program carryover of \$15,000 in one-time General Fund resources to fund a pilot project for Black Male Achievement SummerWorks Program participants (recommended).
- Recognize additional revenues to cover the costs of a temporary staffing increase in FY 2015-16 (recommended).

Discussion

Executive Loan Revenue

OEHR is expected to receive \$50,180 in unanticipated intergovernmental revenue in FY 2015-16 as reimbursement for the three-month “executive loan” of Director James to the City of Oakland (see Ordinance 187500). This results in \$50,180 in vacancy savings for FY 2015-16. The bureau has requested to allocate this revenue as follows:

- Appropriate \$40,000 in FY 2016-17 to establish a partner contract to support the first two years of the City’s Fellowship for Racial Equity
- Allocate \$10,180 in FY 2015-16 to fund temporary staff

In OEHR’s FY 2016-17 Requested Budget submission, the bureau introduced a new Fellowship for Racial Equity Program (FRE). The bureau is in the process of developing the program, which includes a contract with an equity technical assistance partner. The bureau does not expect to be able to execute the agreement until after the close of the current fiscal year, and requests to appropriate and carry over \$40,000 of the executive loan revenue to FY 2016-17. This allocation is expected to be sufficient to fund the contract for two years. CBO recommends this request.

The bureau has requested that the remaining \$10,180 of intergovernmental revenue be allocated to personnel services, along with \$32,067 from its internal materials and services budget from one-time lease savings, to fund temporary staff through the end of FY 2015-16. OEHR has requested additional internal realignments to match projected spending. CBO recommends these requests, which result in no net impact to the bureau’s budget.

Black Male Achievement Carryover for SummerWorks

The FY 2015-16 Adopted Budget carried over \$60,000 in one-time funding from FY 2014-15 to support the first year of the Black Male Achievement (BMA) Program. The bureau requested \$30,000 in ongoing General Fund resources in the FY 2016-17 budget to create a BMA materials and services budget. That request has since been updated to \$20,000, which has been clarified to include support for the SummerWorks internship program as well as other year-round BMA activities. OEHR requests to carry over \$15,000 in one-time General Fund dollars to fund a pilot contract to provide targeted and culturally-appropriate support to BMA SummerWorks participants in FY 2016-17. The SummerWorks sponsor, Worksystems, Inc., has provided similar services in prior years through a different contractor and approach, but these efforts have not consistently engaged and retained African American male youth participants.

CBO recommends this request. As noted in its review of the bureau's FY 2016-17 budget submission, CBO also recommends that OEHR work with the Mayor's Office to establish performance measures tracking program outcomes for all SummerWorks participants as well as to develop specific measures for the BMA Summer Youth Experience Program to help inform future year decisions about program support.

Revenue Adjustments

OEHR requests to appropriate \$5,000 in unanticipated revenue from partner support related to the Governing for Racial Equity conference sponsored by King County, Washington in 2015. CBO recommends this request, which the bureau will use to pay for the City's annual membership in the Government Alliance on Race and Equity. The bureau also requests to adjust its Regional Arts and Culture Council grant appropriation by \$1,750 to match actual expenditures related to the Summer 2015 celebration of the Americans with disabilities Act 25th Anniversary, which CBO recommends as requested.

TRANSPORTATION AND PARKING

Portland Bureau of Transportation

Analyst: Yung Ouyang

All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 69,883,645	\$ -	\$ -	\$ 69,883,645
Licenses & Permits	3,276,500	-	-	3,276,500
Charges for Services	67,823,779	(464,900)	-	67,358,879
Intergovernmental Revenues	97,489,372	(5,833,258)	-	91,656,114
Interagency Revenue	30,648,571	1,102,582	-	31,751,153
Fund Transfers - Revenue	38,564,137	70,000	-	38,634,137
Bond and Note	24,840,000	-	-	24,840,000
Miscellaneous	2,420,512	2,000,000	-	4,420,512
Total Resources	\$334,946,516	(\$3,125,576)	\$0	\$331,820,940
Requirements				
Personnel Services	\$ 85,076,269	\$ (1,808,900)	\$ -	83,267,369
External Materials and Services	70,436,350	4,085,455	-	74,521,805
Internal Materials and Services	30,735,699	(2,230,888)	-	28,504,811
Capital Outlay	40,759,699	(20,060,900)	-	20,698,799
Bond Expenses	17,550,908	-	-	17,550,908
Fund Transfers - Expense	13,636,030	(349,400)	-	13,286,630
Contingency	75,069,100	17,239,057	-	92,308,157
Unappropriated Fund Balance	1,682,461	-	-	1,682,461
Total Requirements	\$334,946,516	(\$3,125,576)	\$0	\$331,820,940

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	54,346,325	-	-	54,346,325
Licenses & Permits	3,276,500	-	-	3,276,500
Charges for Services	54,714,664	(864,900)	-	53,849,764
Intergovernmental Revenues	72,609,931	(224,000)	-	72,385,931
Interagency Revenue	29,745,426	1,102,582	-	30,848,008
Fund Transfers - Revenue	35,192,486	70,000	-	35,262,486
Bond and Note	24,840,000	-	-	24,840,000
Miscellaneous	2,302,430	2,000,000	-	4,302,430
Total Resources	\$277,027,762	\$2,083,682	\$0	\$279,111,444
Requirements				
Personnel Services	78,904,187	(1,087,900)	-	77,816,287
External Materials and Services	64,247,957	1,360,413	-	65,608,370
Internal Materials and Services	21,256,576	556,909	-	21,813,485
Capital Outlay	27,948,297	(13,574,900)	-	14,373,397
Bond Expenses	13,199,757	-	-	13,199,757
Fund Transfers - Expense	10,111,047	(349,400)	-	9,761,647
Contingency	61,359,941	15,178,560	-	76,538,501
Total Requirements	\$277,027,762	\$2,083,682	\$0	\$279,111,444

Year End Projections

Out of the five funds managed by PBOT, only the Transportation Operating and the Grants Funds have any year-end budget issues to be addressed, all of which have been resolved with the requested budget adjustments. These issues are discussed below.

Transportation Operating Fund

PBOT's current projections for the operating fund do not reflect the final payment of debt related to the Transit Mall Revitalization project. This last payment was originally scheduled for FY 2016-17, but the bureau is realizing savings in interest payments by making the final principal payment this year instead of next. The budget adjustment for the payment is being made through ordinance and not through the BMP.

Grants Fund

Both CBO and PBOT project spending in External Materials & Services to be at least \$3.1 million at year end, or about 115% over the current budget. The bureau is adding appropriation of \$2.2 million (TR_034), mostly for the Bike Share Development project, to prevent over-expenditure.

Key Decisions

PBOT's 15 requests are all recommended. Notable requests include:

- Decrease the budgets of capital projects funded by General Transportation Revenues and grants revenues by a net amount of \$4.7 million, including adjustments for the Paving Preservation, Bridges/Overpasses, Bike Share Development, and Neighborhood Safety & Livability projects in the Transportation Operating Fund; and the East Portland Access Transit, Burgard Road @ TimeOil, Highway Safety Improvement Program, Killingsworth: Commercial, and the Burnside & Pearl District projects in the Grants Fund
- Budget an additional \$400,000 of revenue from the parking garages
- Reduce the interagency agreement with OMF-Facilities by \$2.3 million due to project delays on maintenance work at the parking garages
- Increase interagency revenue from the Water Bureau by \$1.0 million to provide additional street patching services.

Discussion

Capital project adjustments

During the Spring BMP, PBOT typically reduces budgets for capital projects due to project delays and rescheduling, although there are usually a few projects that are increased as well. The only large increase for a project in the Transportation Operating Fund is for the Bike Share Development project, which is realizing an additional \$2.0 million in budget in the Operating Fund (and an additional \$350,000 in the Grants Fund). The agreement with Nike was announced mid-year, and PBOT needs appropriation to receive the donation and pay the vendor(s) for Bike Share equipment. In regards to the Paving Preservation, Bridges/Overpasses, Street Light Replacement, and Neighborhood Safety & Livability projects, for which the total reduction in budgets is \$14.8 million, PBOT states that these projects were recently put out to bid, and the bureau will not have contracts in place until May. Construction on these projects will not begin until the summer of 2016, and PBOT will make the necessary budget adjustments in the Fall 2016 BMP.

In the Grants Fund, the budgets of 19 projects are being reduced while those of 13 are being increased, resulting in a net decrease of \$5.6 million in the bureau's budget in that fund. The three projects with the largest dollar increases are: Burnside & Pearl District, Killingsworth: Commercial, and the Sellwood Bridge Replacement projects. Funded by PDC, the Burnside & Pearl District project is currently under construction, and PBOT is making the budget adjustment to provide appropriation to cover expenditures from the construction work. The situation for the Killingsworth: Commercial project is similar, although it is funded by both PDC and federal grants funds. Although the Sellwood Bridge has been reopened, there is still construction work to be done. The City signed an IGA with Multnomah County which is funding this portion of the work, and recently PBOT needs appropriation authority to bill the County through the Grants Fund.

The three projects with the largest dollar decreases in budget in the Grants Fund are: Highway Safety Improvement Program (HSIP), East Portland Access Transit, and Burgard Rd @ TimeOil. Funded by a federal grant, HSIP is currently in the design phase. An IGA was recently signed, and the project schedule was revised. PBOT is reducing appropriation and will make the necessary adjustments in the Fall 2016 BMP. Both the East Portland Access Transit and the Burgard Rd @ TimeOil projects are delayed and still in the design phase. The two projects are funded by federal grants, and the bureau is reducing appropriation with the intent to make the necessary budget adjustments in the Fall BMP.

Additional parking garage revenues

PBOT is increasing its budget for parking garage revenues by \$400,000. With the adjustment, the bureau's revised budget amount for this major object category is approximately \$13.5 million. CBO's projection of year-end collection of this revenue is almost \$13.7 million, and thus, believes that PBOT's estimate may be overly conservative. CBO notes that PBOT ended FY 2014-15 with \$12.9 million in parking garage revenue. The bureau's FY 2016-17 Requested Budget is almost \$14.3 million, reflecting robust spending by the general public at the parking garages. Transfers from the Parking Facilities Fund to the Transportation Operating Fund become General Transportation Revenues, which can be spent on any transportation related expenses.

Reduction in Interagency Agreement with OMF-Facilities for parking garage maintenance

The \$2.3 million net reduction in the IA with OMF-Facilities comprises approximately 50% of the revised budget of the IA. Last year, Internal Materials & Services in the Parking Facilities Fund were underspent by 54% also due to delays in major maintenance by OMF-Facilities at the parking garages. This underspending in the IA last year allowed PBOT to set aside \$3.5 million for major maintenance work at the 10th & Yamhill garage. PBOT requests to carry over this year's underspending and budget the funds in next year's budget for parking garage maintenance.

Increase in Interagency Revenues from the Water Bureau for additional patching work

Five of PBOT's requests involve the budgeting of additional interagency revenues, of which the largest is a \$1.0 million increase from the Water Bureau for additional street patching services. Water is experiencing an increase in work requests from developers and a number of significant water main breaks that have damaged existing street surfaces. Assuming similar rates based on the amount of work done for the Water Bureau so far this year, PBOT believes that \$1.0 million could reasonably result in about 15,000 additional square yards of patching.

ELECTED OFFICIALS

Office of the Mayor

Analyst: Jane Marie Ford

General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
General Fund Discretionary	\$ 2,578,003	\$ (28,000)	\$ -	\$ 2,550,003
General Fund Overhead	1,216,131	-	-	1,216,131
Total Resources	\$3,794,134	(\$28,000)	\$0	\$3,766,134
Requirements				
Personnel Services	\$ 1,764,695	\$ 53,793	\$ -	\$ 1,818,488
External Materials and Services	1,608,851	(176,592)	6,500	1,438,759
Internal Materials and Services	320,588	94,799	(6,500)	408,887
Fund Transfers - Expense	100,000	-	-	100,000
Total Requirements	\$3,794,134	(\$28,000)	\$0	\$3,766,134

Year End Projections

The office is projected to end the current fiscal year on budget with no major issues.

Key Decisions

- Authorize technical adjustments between major object categories to better align with spending projections for the Compliance Officer/Community Liaison and Community Oversight Advisory Board (COCL/COAB) (recommended).
- Transfer \$28,000 to the Office of Neighborhood Involvement for facilitation and payment of the Resolutions Northwest contract for the school-based restorative justice program (recommended).
- Reallocate funding between major object categories for liability costs related to June 2016 Last Thursday events (not recommended).

Discussion

COCL/COAB

The office requests a number of internal realignments between external materials and services to internal materials and services to match projected COCL/COAB spending through the end of the fiscal year. The supplemental budget submission also includes \$13,793 for a limited term Community Service Aide through the end of the fiscal year, funded through an internal realignment. Additionally, the Fall Budget Monitoring Process approved creation of an interagency agreement with the Portland Housing Bureau for COCL sub-lease expenses. COCL

has since relocated, and the Mayor's Office requests approval to transfer to the new contract with Oregon Pacific Properties. CBO recommends approval of all technical adjustments, which have no net impact on the office's appropriation.

Resolutions Northwest

In the Fall Budget Monitoring Process, Council allocated \$28,000 in the Mayor's Office budget for a school-based restorative justice program managed by Resolutions Northwest in Parkrose School District. The office requested to transfer the full amount to the Office of Neighborhood Involvement for facilitation and payment of the contract. CBO recommends this request.

Last Thursday

The office's FY 2016-17 Budget Submission included a request for ongoing funds to support the Last Thursday festival on Alberta Street. The timing of the Summer 2016 festival will include expenses both in FY 2015-16 and FY 2016-17, and the office has requested approval to reallocate \$6,500 for liability insurance costs associated with June 2016 Last Thursday events. The office expects to be able to cover other June 2016 costs within its FY 2015-16 appropriation. CBO did not recommend funding for the FY 2016-17 request and therefore does not recommend this technical request. If Council decides to fund the FY 2016-17 budget request, costs for June may be reallocated as needed in the Over Expenditure Ordinance at the end of the fiscal year.

Office of Commissioner of Public Affairs (Saltzman)

Analyst: Jane Marie Ford

All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 3,157,368	\$ -	\$ -	\$ 3,157,368
Taxes	13,997,967	-	-	13,997,967
Intergovernmental Revenues	37,000	-	-	37,000
Miscellaneous	12,636	6,562	-	19,198
General Fund Discretionary	1,332,371	-	-	1,332,371
General Fund Overhead	538,812	-	-	538,812
Total Resources	\$19,076,154	\$6,562	\$0	\$19,082,716
Requirements				
Personnel Services	\$ 1,707,501	\$ 28,156	\$ -	\$ 1,735,657
External Materials and Services	16,650,023	(29,594)	-	16,620,429
Internal Materials and Services	193,900	8,000	-	201,900
Fund Transfers - Expense	25,000	-	-	25,000
Contingency	499,730	-	-	499,730
Total Requirements	\$19,076,154	\$6,562	\$0	\$19,082,716

General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Intergovernmental Revenues	\$ 37,000	\$ -	\$ -	\$ 37,000
Miscellaneous	12,636	6,562	-	19,198
General Fund Discretionary	1,332,371	-	-	1,332,371
General Fund Overhead	538,812	-	-	538,812
Total Resources	\$1,920,819	\$6,562	\$0	\$1,927,381
Requirements				
Personnel Services	\$ 1,164,033	\$ 11,562	\$ -	\$ 1,175,595
External Materials and Services	606,824	(13,000)	-	593,824
Internal Materials and Services	149,962	8,000	-	157,962
Total Requirements	\$1,920,819	\$6,562	\$0	\$1,927,381

Year End Projections

The office is projected to end the current fiscal year on budget with no major issues. The Children's Investment Fund is expected to remain within budget, and anticipates tax revenue higher than projected based on forecasts provided by the City Economist.

Key Decisions

- Authorize technical adjustments across the office's programs to align budget allocations with projected spending (recommended).
- Recognize \$6,562 in additional revenue from the Department of Human Service's Jobs Plus program within the Gateway Center for Domestic Violence (recommended).

Discussion

The office has requested several technical adjustments between major object categories to match anticipated spending for the Children's Investment Fund (CHIF), the Gateway Center for Domestic Violence (GCDV), and the Commissioner's Office. CBO recommends these requests, which have no net impact on the office's funding allocation. CBO also recommends approval of additional Jobs Plus revenue expected to be received by the GCDV in FY 2015-16.

Office of Commissioner of Public Safety (Novick)

Analyst: Jane Marie Ford

General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Charges for Services	\$ -	\$ 69	\$ -	\$ 69
Miscellaneous	-	29	-	29
General Fund Discretionary	467,553	-	-	467,553
General Fund Overhead	538,812	-	-	538,812
Total Resources	\$1,006,365	\$98	\$0	\$1,006,463
Requirements				
Personnel Services	\$ 852,326	\$ 10,158	\$ -	\$ 862,484
External Materials and Services	40,158	(20,060)	-	20,098
Internal Materials and Services	113,881	10,000	-	123,881
Total Requirements	\$1,006,365	\$98	\$0	\$1,006,463

Year End Projections

The office is projected to end the current fiscal year on budget with no major issues.

Key Decisions

- Authorize technical adjustments to align with projected spending (recommended).
- Recognize \$98 in public records reimbursement revenue (recommended).

Discussion

The office requests to realign resources between major object categories to match anticipated expenditures, resulting in no net change to the office's budget. The supplemental budget request also recognizes public records request reimbursement, which will be added to the office's external materials and services budget. CBO recommends both adjustments as requested.

Office of Commissioner of Public Utilities (Fritz)

Analyst: Jane Marie Ford

General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
General Fund Discretionary	\$ 537,151	\$ -	\$ -	\$ 537,151
General Fund Overhead	538,812	-	-	538,812
Total Resources	\$1,075,963	\$0	\$0	\$1,075,963
Requirements				
Personnel Services	\$ 817,342	\$ -	\$ -	\$ 817,342
External Materials and Services	121,620	-	-	121,620
Internal Materials and Services	137,001	-	-	137,001
Total Requirements	\$1,075,963	\$0	\$0	\$1,075,963

Year End Projections

The office is projected to end the current fiscal year on budget with no major issues.

Key Decisions

- None

Office of Commissioner of Public Works (Fish)

Analyst: Jane Marie Ford

General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Charges for Services	\$ -	\$ 846	\$ -	\$ 846
General Fund Discretionary	470,189	-	-	470,189
General Fund Overhead	538,812	-	-	538,812
Total Resources	\$1,009,001	\$846	\$0	\$1,009,847
Requirements				
Personnel Services	\$ 844,061	\$ (25,000)	\$ -	\$ 819,061
External Materials and Services	36,267	10,846	-	47,113
Internal Materials and Services	128,673	15,000	-	143,673
Total Requirements	\$1,009,001	\$846	\$0	\$1,009,847

Year End Projections

The bureau is projected to end the current fiscal year on budget with no major issues.

Key Decisions

- Authorize technical adjustments to align with projected spending (recommended).
- Recognize \$846 in outside revenue (recommended).

Discussion

The office requests to realign resources between major object categories to match anticipated expenditures, resulting in no net change to the office’s budget. The supplemental budget request also recognizes \$846 in outside revenue as reimbursement for an event the office hosted in City Hall, which will be added to the office’s external materials and services budget. CBO recommends both adjustments as requested.

Office of the City Auditor

Analyst: Jeramy Patton

All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 16,598,989	\$ 698,828	\$ -	\$ 17,297,817
Charges for Services	1,076,341	240,000	-	1,316,341
Interagency Revenue	67,190	51,493	-	118,683
Bond and Note	5,370,065	(610,387)	-	4,759,678
Miscellaneous	7,542,520	148,363	-	7,690,883
General Fund Discretionary	4,181,431	(90,000)	-	4,091,431
General Fund Overhead	4,742,122	-	-	4,742,122
Total Resources	\$39,578,658	\$438,297	\$0	\$40,016,955
Requirements				
Personnel Services	\$ 5,983,908	\$ 69,248	\$ -	\$ 6,053,156
External Materials and Services	1,698,466	(24,755)	-	1,673,711
Internal Materials and Services	3,237,550	-	-	3,237,550
Bond Expenses	8,001,626	1,585,222	-	9,586,848
Fund Transfers - Expense	3,674,222	(700,000)	-	2,974,222
Contingency	3,327,376	(735,646)	-	2,591,730
Unappropriated Fund Balance	13,655,510	244,228	-	13,899,738
Total Requirements	\$39,578,658	\$438,297	\$0	\$40,016,955

General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Charges for Services	\$ 262,841	\$ -	\$ -	\$ 262,841
Interagency Revenue	67,190	49,248	-	116,438
Miscellaneous	5,500	-	-	5,500
General Fund Discretionary	4,181,431	(90,000)	-	4,091,431
General Fund Overhead	4,742,122	-	-	4,742,122
Total Resources	\$9,259,084	(\$40,752)	\$0	\$9,218,332
Requirements				
Personnel Services	\$ 5,983,908	\$ 69,248	\$ -	\$ 6,053,156
External Materials and Services	1,690,466	(27,000)	-	1,663,466
Internal Materials and Services	1,584,710	(83,000)	-	1,501,710
Total Requirements	\$9,259,084	(\$40,752)	\$0	\$9,218,332

Year End Projections

The bureau is projected to end the current fiscal year on budget with no major issues.

Key Decisions

- Process a program carryover of \$90,000 for software replacements, security enhancements, and consulting (recommended).
- Adjust various line items in the bureau's debt service funds to account for changes in beginning fund balance, lines of credit, and bond proceeds (recommended).

Discussion

The bureau requested \$90,000 be carried over into FY 2016-17, including \$40,000 that was initially carried over from FY 2014-15 for caseload and scheduling software. The bureau has experienced delays in implementing an internal solution for the replacement of this software, and is now looking for an off-the-shelf system. The bureau also moved forward with a Request for Information to replace their lobbyist registration software which returned two proposals that were too expensive to implement. The bureau has requested to carry over \$20,000 to continue these efforts next year. In addition to software replacements, the bureau also requested to carry over \$30,000 for security enhancements in City Hall, communication consulting to improve written reports, and consulting to research potential reorganization options. The City Budget Office recommends approval of the request.

CITY SUPPORT SERVICES

City Budget Office

Analyst: Jeramy Patton

General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Interagency Revenue	\$ 200,418	\$ (83,508)	\$ -	\$ 116,910
General Fund Discretionary	1,017,570	(80,000)	-	937,570
General Fund Overhead	1,140,700	-	-	1,140,700
Total Resources	\$2,358,688	(\$163,508)	\$0	\$2,195,180
Requirements				
Personnel Services	\$ 1,993,089	\$ (204,408)	\$ -	\$ 1,788,681
External Materials and Services	186,388	18,000	-	204,388
Internal Materials and Services	179,211	22,900	-	202,111
Total Requirements	\$2,358,688	(\$163,508)	\$0	\$2,195,180

Year End Projections

The bureau is projected to end the current fiscal year on budget with no major issues.

Key Decisions

- Process a program carryover of \$80,000 for a process improvement pilot program (recommended).
- Reduce interagency revenues and personnel services expenditures by \$83,508 to reflect vacancy savings from the Portland Utility Board analyst position (recommended).

Discussion

The bureau requested to carry over \$80,000 to fund a pilot program to assist with Citywide process improvement efforts and training. Building on the success of the budget process Kaizen Event (funded by the Innovation Fund), and the Government Accountability, Transparency, and Results sessions, the bureau began planning a pilot program in the current year to assist City bureaus with process improvement efforts. The carryover would fund process improvement facilitation services and training of existing staff that is necessary to continue the pilot program in FY 2016-17. The City Budget Office recommends approval of the request.

Office of the City Attorney

Analyst: Jane Marie Ford

General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Charges for Services	78,049	-	-	78,049
Interagency Revenue	5,625,426	-	-	5,625,426
General Fund Discretionary	2,928,348	(420,020)	-	2,508,328
General Fund Overhead	3,174,964	-	-	3,174,964
Total Resources	\$11,806,787	(\$420,020)	\$0	\$11,386,767
Requirements				
Personnel Services	\$ 9,959,964	\$ (120,000)	\$ -	\$ 9,839,964
External Materials and Services	876,672	(327,020)	-	549,652
Internal Materials and Services	970,151	27,000	-	997,151
Total Requirements	\$11,806,787	(\$420,020)	\$0	\$11,386,767

Year End Projections

The bureau is projected to end the current fiscal year on budget with no major issues. The bureau requests authorization to carry forward a total of \$420,020 allocated in the current fiscal year into FY 2016-17.

Key Decisions

- Process a program carryover of \$210,020 for expenses related to the Portland Harbor Natural Resources Trustees Participation Agreement (recommended).
- Process a program carryover of \$90,000 for Ban-the-Box implementation (recommended).
- Process a program carryover of \$120,000 in FY 2015-16 vacancy savings to extend an Honors Attorney contract for one additional year (recommended).

Discussion

The City Attorney's Office is requesting to carry over funds totaling \$420,020, which includes \$300,020 for two programs that did not require the full amount of legal services anticipated within the current year. These programs both fall outside of the typical legal services provided by the City Attorney's Office, and as such, CBO has recommended carryover of the requested items. The bureau additionally requested to carry forward \$120,000 in vacancy savings in order

to meet an urgent and unforeseen workload need without utilizing additional General Fund dollars. CBO also recommends this request.

Program Carryovers

In FY 2014-15, \$400,000 of General Fund resources were appropriated to the Office of the City Attorney for expenses related to the Portland Natural Resources Trustees Funding and participation Agreement (Ordinance 186810). \$189,980 was spent in FY 2014-15, and \$210,020 was carried over to FY 2015-16. No expenses are expected in the current fiscal year, and CBO recommends the bureau's request to carry over these funds again for expenditures anticipated in FY 2016-17.

The FY 2015-16 Adopted Budget included \$100,000 in one-time General Fund resources for training, outreach, and other implementation efforts anticipating adoption of "Ban-the-Box" legislation at the local level. In November 2015, City Council adopted Ordinance No. 187459 to Add Code Removing Barriers to Employment to establish procedures for use of criminal history information by employers within the City (Chapter 23.10). The bureau projects that approximately \$10,000 will be expended in the current year, and requests a program carryover of \$90,000 for continued public outreach and education, contracting with agencies providing services or returning citizens, as well as with the Oregon Bureau of Labor and Industries for enforcement. CBO recommends this request.

Extension of Honors Attorney Contract

The bureau experienced several unanticipated vacancies in FY 2015-16, including a Senior Deputy City Attorney who was on leave for over a year. The Office was able to manage time-sensitive work in the employee's absence, but did not have the capacity to handle all requests related to spectator facilities, condemnations, right-of-way issues, and other routine legal work. The bureau requests approval to carry over \$120,000 in vacancy savings to extend the contract of one current Honors Attorney (Assistant Deputy City Attorney) to assist with resolving this backlog. CBO recommends this request, which is a cost-effective option for addressing the backlog without hiring outside counsel. The current Honors Attorney has been with the Office for two years, and has the skillset to manage this work without the supervision typically required of a new attorney at that level.

Office of Government Relations

Analyst: Doug Le

General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Intergovernmental Revenues	\$ 35,000	\$ -	\$ -	\$ 35,000
Interagency Revenue	142,386	-	-	142,386
General Fund Discretionary	651,111	-	-	651,111
General Fund Overhead	740,153	-	-	740,153
Total Resources	\$1,568,650	\$0	\$0	\$1,568,650
Requirements				
Personnel Services	\$ 1,017,738	\$ 40,000	\$ -	\$ 1,057,738
External Materials and Services	414,492	(54,000)	-	360,492
Internal Materials and Services	136,420	14,000	-	150,420
Total Requirements	\$1,568,650	\$0	\$0	\$1,568,650

Year End Projections

The bureau is projected to end the current fiscal year on budget with no major issues

Key Decisions

- Transfer \$54,000 from external materials and services to personnel services (\$40,000) and internal materials and services (\$14,000) (recommended).

Discussion

The above transfer is necessary to prevent potential over-expenditures in personnel services and internal materials and services. In personnel services, the increase is to account for a temporary extension of the International Relations Fellow through the end of the fiscal year and salary adjustments for staff assuming increased responsibilities during the fiscal year. In external materials and services, the adjustment is necessary to match budget with projected expenditures. CBO recommends this request.

Special Appropriations

Analyst: Doug Le

General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Intergovernmental Revenues	\$ -	\$ 102,587	\$ -	\$ 102,587
Interagency Revenue	133,493	-	-	133,493
General Fund Discretionary	10,960,142	(115,730)	14,073	10,858,485
General Fund Overhead	173,235	-	-	173,235
Total Resources	\$11,266,870	(\$13,143)	\$14,073	\$11,267,800
Requirements				
Personnel Services	\$ 266,412	\$ -	\$ -	\$ 266,412
External Materials and Services	10,481,134	(335,503)	14,073	10,159,704
Internal Materials and Services	106,811	4,000	-	110,811
Fund Transfers - Expense	412,513	318,360	-	730,873
Total Requirements	\$11,266,870	(\$13,143)	\$14,073	\$11,267,800

Year End Projections

Special Appropriations are projected to end the current fiscal year on budget with no major issues.

Key Decisions

- Appropriate \$25,000 in General Fund contingency for Oregon Nikkei Endowment (not recommended)
- Appropriate \$102,587 in program revenue from TriMet for the Street Level Gang Outreach (recommended).
- Transfer \$479,653 to bureaus receiving Innovation Fund grants (recommended).
- Process a program carryover of \$49,073 in unspent balance in the Innovation Fund (not recommended)
- Return \$59,636 in unspent grant award funds to the Innovation Fund (recommended).

Discussion

Oregon Nikkei Endowment Request

This request appropriates \$25,000 to support the Oregon Nikkei Endowment. The organization's mission is to preserve and share the Japanese-American history and culture. The organization serves schools, members, and the general public through public programs and educational opportunities that enhance cultural diversity and civil rights. While these services are valuable contributions to the City, they are neither urgent nor unforeseen, and may be included as part of the City's new competitive process for special appropriations in FY 2016-17. CBO does not recommend this request.

OYVP Program Revenue

The Office of Youth Violence Prevention has received \$102,587 in program revenue from TriMet for the Street Level Gang Outreach on City's MAX lines. This request appropriates the above revenue to the program. CBO recommends this request.

Innovation Fund Transfers

This request includes a transfer of funds totaling \$479,653 from Special Appropriations to bureaus receiving Innovation Fund grant awards according to ordinance #187644. CBO recommends this request.

The budget also includes a request to carry over \$49,073 of unspent balance in the Innovation Fund into the next fiscal year. Because the Innovation Fund receives ongoing funding and these funds are not allocated to a specific project, CBO does not recommend this request.

Finally, there is a request to return \$59,636 to the Innovation Fund for unspent funds related to two grant awards. This includes a \$10,000 Innovation Fund grant awarded to the Bureau of Human Resources (BHR) in the Fall BMP for the Innovative eLearning Mobile Technology project. BHR will not be able to undertake this project, as a result the award amount is returned to the Innovation Fund. In addition, the Portland Development Commission (PDC) has completed its Early Adopter project, which was awarded an innovation fund grant in FY 2014-15 and carried over into FY 2015-16, with \$49,636 in savings. CBO recommends returning these unspent funds to the Innovation Fund. If unallocated by the end of the year, these funds will fall to General Fund balance. CBO recommends this request.

Office of Management & Finance

Analyst: Claudio Campuzano and Katie Shifley

All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$173,166,929	\$ 2,765,722	\$ -	\$175,932,651
Taxes	28,022,500	1,295,000	-	29,317,500
Licenses & Permits	5,352,500	25,715	-	5,378,215
Charges for Services	69,411,121	571,489	-	69,982,610
Intergovernmental Revenues	10,784,726	105,853	-	10,890,579
Interagency Revenue	148,762,026	(3,540,264)	(6,500)	145,215,262
Fund Transfers - Revenue	8,022,241	(797,912)	(153,665)	7,070,664
Bond and Note	12,604,127	-	-	12,604,127
Miscellaneous	5,113,821	1,893,878	-	7,007,699
General Fund Discretionary	17,628,520	(232,665)	-	17,395,855
General Fund Overhead	10,810,909	-	-	10,810,909
Total Resources	\$489,679,420	\$2,086,816	(\$160,165)	\$491,606,071
Requirements				
Personnel Services	\$ 79,974,829	\$ 340,050	\$ -	\$ 80,314,879
External Materials and Services	188,048,138	(2,454,061)	(160,165)	185,433,912
Internal Materials and Services	25,989,457	769,863	-	26,759,320
Capital Outlay	23,516,063	(577,021)	-	22,939,042
Bond Expenses	21,145,991	-	-	21,145,991
Fund Transfers - Expense	5,089,894	154,010	-	5,243,904
Contingency	145,915,048	3,853,975	-	149,769,023
Total Requirements	\$489,679,420	\$2,086,816	(\$160,165)	\$491,606,071

General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 31,729	\$ -	\$ -	\$ 31,729
Licenses & Permits	157,500	-	-	157,500
Charges for Services	61,992	36,751	-	98,743
Intergovernmental Revenues	2,560,855	46,528	-	2,607,383
Interagency Revenue	8,537,984	38,533	-	8,576,517
Fund Transfers - Revenue	284,060	(284,060)	-	-
Miscellaneous	1,547,301	113,130	-	1,660,431
General Fund Discretionary	17,628,520	(232,665)	-	17,395,855
General Fund Overhead	10,810,909	-	-	10,810,909
Total Resources	\$41,620,850	(\$281,783)	\$0	\$41,339,067
Requirements				
Personnel Services	\$ 29,216,050	\$ (463,228)	\$ -	\$ 28,752,822
External Materials and Services	6,832,494	(456,631)	-	6,375,863
Internal Materials and Services	5,572,306	216,036	-	5,788,342
Fund Transfers - Expense	-	422,040	-	422,040
Total Requirements	\$41,620,850	(\$281,783)	\$0	\$41,339,067

Year End Projections

The Office of Management & Finance (OMF) budgets in fifteen funds. CBO has reviewed projections for each of these funds. In most cases there are no concerns or issues. Several items of note are identified below:

- The Printing & Distribution Services Operating Fund Ending Fund Balance is projected by the bureau to increase substantially by year-end, up to \$987,674 from a \$532,802 Beginning Fund Balance, while CBO projections lower ending fund balance (\$647,843, inclusive of a bureau decision to delay the purchase of a \$150,000 copier). The higher bureau projection is due primarily to projected underspending in EMS relative to projected IA revenue.
- The CBO projection for personnel services in the Technology Services Fund shows spending of that expense category at 90.1%, which is \$1.6 million lower than the submitted bureau projection. The bureau has acknowledged that this reduced spending level is likely. Underspending on these services tends to fall to balance and funds the bureau's reserve to be used on future technology projects.

Key Decisions

- Requests to appropriate \$153,665 in General Fund discretionary for a duress system, two security cameras, and additional security guard coverage at City Hall via a cash transfer to Facilities Services (not recommended).
- Process two program carryovers for underspending in the Bureau of Human Resources to continue positions that have been recommended for elimination in the FY 2016-17 budget process (recommended).
- Process a program carryover of \$29,000 from the Accounting Division to backfill a personnel services deficit in the Revenue Division that is related to cost-sharing negotiations with Multnomah County (recommended).
- Reverse cash transfers totaling \$1,089,557 from bureaus to CityFleet that were dedicated to fund debt service on new fueling stations. The Fleet Fund has not conducted a debt sale for the project and will incur no debt service expense for FY 2015-16 (recommended).
- Transfer \$26,667 from the Facilities Services Operating Fund to the General Fund for Tenant Improvement Reimbursements from the Rose Festival Foundation at the Yeon Building. Going forward these reimbursements will be captured by the General Fund, where the expenses will be incurred (recommended).
- Process a program carryover request for \$23,665 in one-time General Fund discretionary for the Office of Community Technology litigation program. CBO notes that the funding has been carried forward for multiple years beginning in FY 2010-11, but recommends the request (recommended).
- Increase appropriation by \$847,664, funded out of contingency, for additional costs in several projects including Walters Hill Radio Site (\$275,000), Critical Security Controls (\$241,664), Portlandoregon.gov Assessment (\$56,000), and Forest Heights Radio Site Purchase (\$275,000) (recommended).

Discussion

City Hall Security Requests

Facilities Services is requesting General Fund cash transfers to fund new security measures at City Hall. The requests include a new duress system (\$75,000), two additional security cameras (\$37,000), and additional security guard coverage during the weekdays, evenings, and at special events (\$41,665). Facilities Services requested a General Fund transfer because City Hall Major Maintenance reserves are already projected for a five-year deficit due to critical needs for HVAC repairs and roof replacement. Despite limited City Hall major maintenance funds, these requests are not appropriately funded through a General Fund cash transfer.

Additionally, the purpose of mid-year supplemental budget processes is predominantly to respond to urgent, unforeseen, and technical needs to ensure fiscal sustainability is maintained throughout the year. CBO does not typically recommend mid-year appropriation of General

Fund resources for new programs unless they meet urgent and unforeseen needs, and there is no indication that the security requests meet these conditions. To the degree that there are increased security concerns at City Hall, improvements to security should be funded through increased interagency agreements with tenants or with a rent surcharge (depending on the one-time or ongoing nature of additional costs). This could be incorporated as part of the FY 2016-17 budget, currently under development. Alternatively, Facilities Services could reprioritize other maintenance and repair activities and identify funding for duress system improvements in the event new resources are not feasible. This may prove possible in FY 2016-17 if City Hall Major Maintenance is shifted back to tenant bureau budgets and passed through the overhead model as recommended by CBO, as this would roughly double the major maintenance replacement funding for City Hall.

County Cost-Sharing for Tax Collection

As part of the FY 2016-17 budget development process, CBO recommended that \$29,000 in funding for an Unregistered Compliance Team position in the Revenue Division be funded by an increased contribution from Multnomah County. As it is unlikely that negotiations with the County will be completed by the start of FY 2016-17, BRFS is requesting a \$29,000 carryover to backfill this amount, with funding provided by the Accounting Division's budget. Normally the carryover of ongoing funding would not be appropriate for the BMP process, but in this case the request is recommended as a stop-gap for a temporary shortfall in the Revenue Division personnel services budget. A true-up may be necessary depending on the timeline and outcome of negotiations with the County.

Bureau of Human Resources (BHR) Carryover Positions and Recruitment Issues

Two Office Support Specialist III (OSS III) positions in BHR were eliminated as part of the FY 2016-17 Requested Budget. One of these provides support to the recruitment section and one provides support to the payroll section. Both of these reduction packages were recommended by CBO. BHR has requested, as part of the Spring BMP, to carry over underspending from FY 2015-16 to continue these positions in FY 2016-17. CBO has recommended these positions. As a general matter, carryover requests should be for one-time projects only, per CBO guidance. The volume of recruitments has increased in recent years while staffing has been reduced. Conversion of the position to limited term and funding it with carryover on a one-time basis to address this peak volume is reasonable. The second position in payroll is recommended to allow for the bureau an additional year to evaluate how to absorb the reduction through process reengineering and streamlining.

In an effort to address the volume of recruitments, BHR, as part of a separate request, has included an interagency agreement with Portland Parks & Recreation (Parks). This would fund the creation of a limited term position that would continue through a portion of FY 2016-17.

This follows the model of an agreement BHR currently has with the Bureau of Development Services (BDS). While it is understandable that certain bureaus will occasionally have recruitment needs beyond a 'fair share' of overhead services, if this model is to be employed going forward, CBO recommends that BHR provide a clearly defined level of service provided by overhead rates and create written guidelines for when a separate interagency agreement is necessary.

Bureau of Technology Services (BTS) Project Update

The BTS request includes a number of changes to project budgets. The most significant projects are summarized below:

- Carryover: BTS is carrying over \$1.2 million to FY 2016-17 for GIS Infrastructure (\$70,000), Server Technology Refresh (\$80,000), E-Government Infrastructure (\$40,000), Microsoft Exchange 2013 (\$250,000), Data Center Co-Location (\$100,000), GIS Platform Enhancements (\$133,680), Mobile Application Management (\$100,000), Business Continuity/Disaster Recovery (\$110,000), IRNE Voice System Refresh (\$200,000), Microwave Radio Upgrades (\$125,000).
- Accelerated Costs: The IRNE Network Refresh, SAN Storage Expansion, and Enterprise Mobility Infrastructure projects are all projects expected to continue into FY 2016-17 that have higher than projected costs in FY 2015-16.
- Cost Savings: Several projects required \$1.4 million less funding than anticipated including Desktop Virtualization (\$70,000), Secure Payment Gateway (\$241,664), Online Payment Services (\$345,000), and PCI Compliance (\$709,000).
- Cost Increases: Several projects required additional budget totaling \$847,664, funded out of contingency, including Walters Hill Radio Site (\$275,000), Critical Security Controls (\$241,664), Portlandoregon.gov Assessment (\$56,000), and Forest Heights Radio Site Purchase (\$275,000).