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CITY OF PORTLAND

OFFICE OF MANAGEMENT AND FINANCE

OMF Advisory Committee Meeting Notes Monday, October 21, 2013

Members Present: Ben Berry, Jennifer Cooperman, Bryant Enge, Jack D. Graham, Erin Janssens, Anna Kanwit, Satish Nath, Behnaz Nelson, Catherine Reiland, Paul Scarlett, Gerry Verhoef, Terri Williams (for Thomas Lannom).

Members Absent: Amalia Alarcon de Morris, Betsy Ames, Jane Braaten, Tim Crail, Mike Greenfield, Donna Hammond, Carol Justice, Mark Lewis, Traci Manning, Robert, McCullough, David Shaff, Gail Shibley.

Other Staff Present: Aaron Beck, Abby Coppock, Kate Garrow, Doug Le, Sara Lowe, Larry Nelson, Elyse Rosenberg.

OMF Budget Discussion

A copy of Mayor Hales October 3, 2013, memo on FY 2014-15 General Fund budget guidance was distributed and is attached.

Committee discussed service areas and priorities for OMF to consider in preparation for FY 2014-15 budget development.

Police Bureau

- Desire to reinstate the BTS Project Manager position lost in last year's budget cuts, which helps the Police Bureau move forward on new technology projects.
- Lack of contribution to BTS replacement funds gives the bureau concern for how new equipment will be funded when it comes time for it to be replaced.
- Similar concern for the reduced contributions to Facilities major maintenance that funds building repairs.
- Bureau would like every police officer to have a smart phone. Cell phones and access to social media are becoming an important part of service delivery.
- Interest in exploring options with CityFleet for using reissued vehicles beyond their recommended useful life, both as a way to save money and as a way to provide services in niche area and specialty units.
- Recommendation that OMF analysts check in with bureaus as budget packages are being developed. Bureaus may be interested in giving up services in order to develop new projects.
- Interest in exploring outsourcing of specific services, such as having manufacturer add accessories to cars, rather than having it done in-house.
- More information on how rates are developed and what they include would be helpful (i.e. what does server maintenance cover?)

COPPEA

- Request to expand Citywide training provided by BHR.
- HR Business Partners provide a helpful service within the bureaus; request to add more of these staff so that ratios within bureaus are even better.

Bureau of Development Services

- The bureau's small percentage of General Fund resources plays a significant role in their operations; request that any changes are given high priority.
- Request to revisit the maintenance costs and data plans for smart phones. That on-going cost is important, yet a concern.

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To help ensure equal access to programs, services and activities, the Office of Management & Finance will reasonably modify policies/procedures and provide auxiliary aids/services to persons with disabilities upon request.

Fire Bureau

- Agreement of prior comments and encouragement of more support for communications and technology services.
- General concern for maintenance and repair funding, though bureau benefits from the recent GO Bond.
- Recommendation to look at the cost of take-home vehicles vs. how much is recouped; this may be a place for changes, but this may also be an issue that will need to be bargained.

General Updates from OMF Bureau Directors

- Technology support in the Police Bureau continues to be a priority, along with major maintenance funding.
- The Technology Assessment is currently underway and may identify new areas for efficiencies and cost-savings.
- In response to a budget note from last year, BIBS-CityFleet will be assessing under-utilized vehicle classifications and making recommendations on where it makes sense to re-issue vehicles. The report is expected to be completed by Dec. 2013, which will be in time to inform FY 2014-15 OMF budget development.
- BIBS-Facilities is working with City Council on a comprehensive space plan. Potential savings may be used for Facilities major maintenance.
- Funding for technology and facilities assets was identified as a significant issue in the development of the OMF Strategic Plan; there is a current strategy that is addressing an assessment of current needs.
- Public Finance and Treasury has been reaching out to bureaus to see if there are potential opportunities for cost savings through reducing banking fees.
- An RFP is being issued for the City's Payment Gateway; there is also an effort to identify mobile solutions for bureaus to be able to take payments in the field.
- EBS is working with bureaus to identify areas that can be configured so more SAP functionality can be activated. The City is currently using a small percentage of SAP's total functionality, yet we still pay annual maintenance fees on the full package of functionality. Consultants provide a key service in that initial SAP design process, yet EBS staff is gaining in their knowledge and capacity to implement solutions so the City is not as reliant on consultants. The latest labor contract was implemented by EBS staff.
- The Revenue Bureau is looking at available resources to partner with the IRS to increase tax compliance and increase the tax base.
- Human Resources plans to focus on Citywide training, outreach and recruitment, as well as implementing new federal rules around Veterans preference in the coming year.


Closing: Jack D. Graham, CAO

The November meeting will likely be canceled as OMF works on developing budget packages. The next meeting is scheduled for December 16 to discuss the OMF Requested Budget.



Office of Mayor Charlie Hales
City of Portland

TO: City Bureau Directors
City Budget Managers and Contacts

FROM: Mayor Charlie Hales 

DATE: October 3, 2013

SUBJECT: Fiscal Year 2014-15 General Fund Budget Guidance

The financial situation the City of Portland faces in FY 2014-15 has been greatly improved by fiscal decisions made by the City Council last spring, and by excellent work in our bureaus.

We made the hard choices needed to balance the budget. We reduced more than 140 full-time equivalent positions throughout the City and reduced cost-of-living adjustments for City employees by \$1.7 million. We asked bureaus to develop budgets at only 90% of current service levels, and in the end made difficult cuts to City programs. In fact, the Adopted Budget makes ongoing cuts of almost \$2 million more than necessary in order to fund critical one-time priorities. I asked my fellow Commissioners to form subcommittees to look at innovation, best practices, and other ways to save money, and they responded with a menu of creative options, many of which were included in the adopted budget. Finally, I asked our Bureau managers to restrain purchases and expenses during the last few months of Fiscal Year 2012-13, and they delivered, producing real savings that now put us in a more sound financial condition.

In January, we faced an ongoing deficit of more than \$20 million from three main causes: the creation of the new Multnomah County Library District; the costs of complying with the Department of Justice agreement that changes how the Police interact with the mentally ill; and the need to fix the City's habit of funding ongoing programs with one-time dollars.

As a result of the actions taken by Council and the bureaus, the City has turned the corner and addressed the short and long-term fiscal challenges that we were facing. While we do not know what the future holds, the latest updates from the City Budget Office show continued economic growth, property value increases, and relatively low inflation.

FY 2014-15 Guidance

Given the difficult cuts that bureaus are currently implementing and the relatively positive economic outlook, I am proposing a "stabilization budget" for FY 2014-15. I will not be asking General Fund bureaus to submit additional reduction packages or undergo a modified zero-based budget approach this year. General Fund bureaus should plan to submit their requested budgets at their Current Appropriation Level, which CBO will publish in late November.

As always – but perhaps even more important in a year focused on stabilization – I encourage bureaus to develop realignment packages that focus existing resources more directly on your core mission and on Council priorities. These realignments can be small, such as moving a staff person from one program to another, or large, such as eliminating an entire program and shifting the resources to a higher priority service.

The City Budget Office will issue the preliminary FY 2014-15 five-year forecast in November, and it is likely that additional ongoing General Fund resources will be available. However, as Portland and other governments have seen in recent years, it is important that we maintain fiscal discipline even during periods of revenue growth. The City Council will convene on November 5th to talk about Portland as a city – the people, the economy, our values and beliefs – and the role the City government plays in our community. In that work session, Council will outline specific priorities for the FY 2014-15 budget, and these priorities will help you as you develop your bureau budgets. Additional guidance will be forthcoming regarding add packages for next year, but it is safe to say that I will only be looking for add packages that focus on the highest priorities facing the City.

Summary

The City's fiscal outlook is brighter as a result of the reductions that we made in the current year and overall economic growth. Those reductions are challenging for you, as bureau directors, to implement, while maintaining core services important to the residents of Portland. I want to thank you for your continued efforts. I believe that continuing current service levels for another year, while making careful, calibrated strategic investments in key priorities, will ensure that the City stays on a fiscally sustainable path, now and into the future.

CC: Commissioner Nick Fish
Commissioner Amanda Fritz
Commissioner Steve Novick
Commissioner Dan Saltzman
Auditor Lavonne Griffin-Valade