# Fall 2006 BuMP Analysis

City of Portland, Oregon

# Prepared by:

Office of Management and Finance Financial Planning Division

**November 20, 2006** 

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# **Bureaus with Significant Issues**

# Financial Planning Division Analysis FY 2006-07 Fall BuMP Bureau with Significant Issues

### **Portland Police Bureau**

Report Date: November 3, 2006 Analysis by: Stacy Jones

| AU 100 Summary                     |                              |                          |                               |
|------------------------------------|------------------------------|--------------------------|-------------------------------|
| Revised Budget as of AP 3          | Significant Requests         | New Position Requests    | FPD Overall<br>Recommendation |
| General Fund Discretionary:        | (1) Additional General Fund  | (1) Replace 8 restricted | (1) Approval of               |
| \$123,284,718                      | requests of \$944,976        | duty officer positions   | \$358,000 in                  |
|                                    | (2) POPS carryforward of     | with 8 limited term desk | additional General            |
|                                    | \$525,000                    | clerk positions          | Fund requests                 |
|                                    | (3) Reduction in anticipated | (2) Convert Women        | (2) Approval of all           |
|                                    | impound revenue of \$1.5     | Strength Coordinator     | other requests                |
|                                    | million                      | position from 0.75 FTE   |                               |
|                                    |                              | to 1.0 FTE               |                               |
| <i>Total budget:</i> \$141,105,559 |                              |                          |                               |

Total Recommended GF Discretionary Requests:\$ 2,213,218Total Recommended Other Requests:\$ 87,904Total Revised GF Discretionary Budget after BuMP:\$ 125,497,936Total Revised Budget after BuMP:\$ 143,406,681

#### **Summary of Significant Requests in Fall BuMP**

# General Fund Requests Recommended Requests

#### 1. Critical Incident Training / #100-20: \$250,000

This request is to fund the first phase of a new policy initiative directed by the Mayor's Office. The Police Bureau will provide every precinct patrol officer, as well as some other sworn staff, with 40 hours of critical incident training during FY 2006-07 and FY 2007-08. The Mayor and Police Chief have identified this training as a high priority need, both because of recent events and because of its importance to the bureau's long-term goal of becoming a model community policing agency. The requested funds can be spent in FY 2006-07, will fund a new initiative that was not anticipated at budget adoption, and will directly support the FY 2006-07 and FY 2007-08 Council focus on public safety. However, a second one-time investment will be required in FY 2007-08 to complete the planned training.

The bureau was already planning to provide this training to approximately 50 officers in FY 2006-07; the \$250,000 will allow them to train about 150 additional officers, for a total of 200. The maximum cost to train each officer is roughly \$2,500. This represents the overtime cost of backfilling for the officer while he/she is in training and some minimal costs for training instructors and materials. Assuming that it will be unnecessary to backfill every officer for the full 40 hours, \$250,000 is a reasonable cost estimate for training the 150 additional officers. As just under 200 officers are already trained, the Police Bureau will have about 400 fully trained officers by fiscal year-end if this request is approved.

The bureau intends to request another \$250,000 in FY 2007-08 to train 200 more officers, bringing the total number of trained officers to about 600. This will include all precinct patrol officers as well as some other officers, perhaps from the Transit and Traffic Divisions. Once the initial investment to

train current officers has been made, the bureau believes it can absorb the ongoing cost of training new officers.

Net Adjustment: \$250,000

2. Replace Uninterruptible Power Supply System / #100-17: \$56,000

This request would allow the Police Bureau to purchase and install a new uninterruptible power supply (UPS) system for the Data Processing Division. The current system is running at close to 100% of capacity and is in urgent need of replacement. The bureau was aware that system replacement would be required within the next several years but did not think it was an immediate need until recently, when the system experienced a complete failure. Another crash could jeopardize critical public safety data, including all of the data housed on the Portland Police Data System. No funds for a new system have been set aside as replacement was not planned for the current year. OMF Facilities has determined that the project cannot be financed from major maintenance funds because the UPS system is a bureau-specific need. Approval of this request would also save the City the \$12,000 cost of restocking a UPS system that was slated to be returned to the vendor, and can now be purchased by the Police Bureau instead. The project represents an unanticipated expense, can be completed in FY 2006-07, and directly supports the FY 2006-07 and FY 2007-08 Council focus on public safety.

Net Adjustment: \$56,000

3. Forklift/Equipment at New Impound Lot / #100-18 – Recommended with Modifications: \$62,000

When the original plan to expand Police Bureau impounding was developed for the FY 2006-07 budget, the bureau intended to lease the vehicle forklift required for the new impound lot. It has now become clear that it would be more fiscally prudent to purchase the forklift. The break-even point on a lease vs. buy decision is only four years after purchase, and the useful life of the forklift will far exceed four years. Unfortunately, the reduced revenue anticipated this year from the expanded impounding (see Item 2 under Other Recommended Requests below) means that funds for this type of large capital purchase are unavailable. FPD recommends that \$52,000 in one-time resources be provided to purchase the forklift. While this request does not directly advance a Council focus area, it will allow the bureau to take advantage of an unforeseen savings opportunity and will help ensure the financial health of a major initiative that is expected to provide \$1.2 million in ongoing General Fund savings. The funds can be completely spent in FY 2006-07.

The bureau also requested \$10,000 for office equipment at the new impound lot. This request does not present an opportunity to save money or advance a policy goal, and the bureau's office supplies budget should be able to absorb this relatively small expense. FPD does not recommend approval of this portion of the request.

Net Adjustment: \$52,000

4. Problem-Oriented Policing Strategies / #100-5: \$525,000

One-time funds of \$1 million were appropriated to the Police Bureau in FY 2005-06 for problem-oriented policing strategies (POPS). The Mayor wanted the bureau to have \$1 million available for POPS again in FY 2006-07. During FY 2006-07 budget development the bureau believed they would be able to spend only about \$475,000 of the FY 2005-06 funds. Therefore \$475,000 was appropriated for POPS in FY 2006-07, based on the assumption that \$525,000 would be available for carryforward from FY 2005-06. This \$525,000 was removed from the Police Bureau's budget in the spring BuMP,

and set aside for appropriation in the fall BuMP. The bureau ultimately spent \$581,299 of the FY 2005-06 funds. This technically leaves only \$418,701 available for carryforward. However, since the full \$525,000 was removed from the bureau's FY 2005-06 budget, and the Mayor's intent was for the Police Bureau to have \$1 million in POPS funds in FY 2006-07, FPD recommends that the full \$525,000 be appropriated in the fall BuMP.

*Net Adjustment:* \$525,000 (\$418,701 Carryover and \$106,299 One-Time)

#### **Not Recommended Requests**

1. Police Officer Recruitment Activities / #100-11: \$93,000

The bureau has requested \$93,000 for additional training for recruiters; increased national advertising and site visits (job fairs, college career centers, etc.); an expansion of the current campaign focused on mid-career changes for those in the "helping professions"; and further development of the recruitment and curriculum partnership with Portland Community College. FPD recommends that these activities be undertaken, primarily because the bureau's vacancy levels have begun to rise again in the current fiscal year. For most of FY 2005-06, the bureau had zero regular officer vacancies and was able to regularly double-fill seven to ten leave of service (LOS) vacancies. In FY 2006-07, the bureau has typically had five to ten regular officer vacancies and hasn't been able to doublefill any of their LOS vacancies. Additional recruitment activities could help reverse this trend. However, FPD concurs with the Mayor's Office that these activities can be funded with existing bureau resources. FPD recommends that the bureau redirect funds to support these enhanced recruitment efforts.

Net Adjustment: \$0

2. Property Evidence Division Equipment / #100-14: \$333,920

The bureau requested \$333,920 to purchase a variety of items for the new property evidence warehouse, including order pickers, evidence storage bins, bicycle racks, and a bar-code inventory system. These items can be purchased with proceeds from the sale of the current property evidence building. When the request was submitted, the bureau was unaware that Council is likely to approve the sale of the current building for \$3.0 million within the next several weeks. Net proceeds are estimated at \$2.7 million, roughly \$700K more than originally expected. The \$2.7 million will be available to the Police Bureau for preparing and equipping the new property evidence warehouse, and the excess \$700K will easily cover the costs of the requested equipment.

Net Adjustment: \$0

3. Install Vehicle Equipment for New Fuel System / #100-16: \$62,000

The City is currently converting to a new fuel system that will allow vehicular data, such as mileage and maintenance information, to be automatically downloaded to a central database each time a vehicle is filled up. The Police Bureau has requested \$62,000 to outfit bureau vehicles that will be replaced this year with compatible equipment. FPD does not recommend approval of this request. The bureaus were informed some time ago that they would be responsible for this cost as vehicles are replaced, although they were not given cost estimates until recently. Since all bureaus have been asked to bear this cost it would be unfair to provide just the Police Bureau with one-time resources for this purpose. No other bureau has requested funds to purchase the equipment. In addition, this request does not represent a one-time expense for the Police Bureau. According to CityFleet, from this point forward the bureau will incur additional costs for the new equipment every time a vehicle is replaced. It is poor fiscal policy to provide one-time funds to offset an ongoing expense in just one year.

Finally, this request does not directly contribute to any of the FY 2005-06 or FY 2006-07 Council focus areas.

Net Adjustment: \$0

4. Surveillance Van Outfitting / #100-19: \$43,069

The Police Bureau has ordered a new surveillance van from CityFleet. The bureau will fund the cost of the van itself with existing bureau resources, but is requesting \$43,069 in one-time funds to outfit the van with the required electronic equipment. This expense was easily anticipated and is part of the cost of purchasing the van. If the bureau could not afford to properly outfit the van, it should not have been ordered. FPD recommends that this type of routine, forseeable expense be funded with existing bureau resources.

Net Adjustment: \$0

5. Computer Equipment Encumbered in FY 2005-06 / #100-13: \$44,987

The Bureau of Technology Services (BTS) issued purchase orders in FY 2005-06 for \$44,987 worth of computer equipment for the Police Bureau that was not received until FY 2006-07. Normally BTS would inform the Police Bureau that purchase orders had been issued, so the Police Bureau could encumber and carry forward FY 2005-06 funds to pay for the equipment when it arrived in FY 2006-07. This communication process apparently broke down, and the Police Bureau did not encumber FY 2005-06 funds. The bureau is now requesting General Fund one-time resources to pay for the equipment. While FPD might recommend approval of this request under other circumstances, the Police Bureau overspent their General Fund appropriation by \$1,051,968 and their overall internal materials and services budget by \$377,676 in FY 2005-06. Therefore, the bureau does not have any funds to carry forward from FY 2005-06. Had they been able to encumber the funds, the bureau would simply have had to further overexpend their budget. Approving this request is conceptually similar to increasing each of the aforementioned overexpenditures by another \$44,987. FPD recommends the Police Bureau absorb the cost of the computer equipment within their existing FY 2006-07 budget.

Net Adjustment: \$0

#### Other Requests

# **Recommended Requests**

1. Replace Eight Restricted Duty Officer Positions with Eight Desk Clerk Positions / #100-10 (\$0)

In the FY 2006-07 Adopted Budget, Council added 18 restricted duty officer positions to staff the precinct front desks 24 hours a day, seven days a week. The Mayor's Office, Human Resources, and the Police Bureau have now determined that it will not be practical to have police officers staff the precinct desks, or to open all five precincts 24 hours a day. Instead, eight limited term desk clerk positions will be used to staff a swing shift (4 PM to Midnight) at four of the precincts. This will ensure that Central Precinct is open 24/7 and that the four other precincts are open from 8 AM to Midnight. (Desk clerks already staff the precinct desks 24/7 at Central Precinct and during regular working hours at the four other precincts.) Because of the Fire and Police Disability and Retirement (FPD&R) subsidy, the Police Bureau cost for each restricted duty officer position is very close to the cost for each desk clerk. Therefore, the bureau will eliminate eight restricted duty officer positions to fund the eight limited term desk clerk positions. Within two years an evaluation will be conducted to

determine if the desk clerk positions should be made permanent. The Police Bureau will retain 10 restricted duty officer positions, which FPD&R estimates will be more than enough to accommodate the permanently disabled officers likely to be cleared to return to work.

Net Adjustment: \$0

#### 2. Adjustment to Impound Revenue / #100-9 (\$0)

The Police Bureau's proposal to significantly expand vehicles that are impounded directly by the bureau - rather than released to private tow companies - was a critical part of the bureau's FY 2006-07 budget request. PPB submitted a package to begin expanded impounding in May 2006, raising \$5 million in revenue for FY 2006-07 and taking a \$2.1 million cut in their General Fund discretionary appropriation. FPD recommended that the package be revised to reflect a more realistic start-up date of October 2006 and a more conservative revenue estimate of \$3 million, which would allow a \$1.2 million cut in General Fund discretionary. This is the proposal that was accepted by Council. Command staff turnover and delays in preparing the new impound lot now require the bureau to push the start date back to January 2007. The bureau has submitted a request to rebalance their budget given this delay. The revenue estimate has been revised from \$3 million to \$1.5 million. Partially offsetting the revenue loss are 1) a \$619,421 reduction in the fees to be paid to private tow companies (who would still tow the vehicles to the Police impound lot) because of the delayed start and 2) salary sayings of \$167,226, as three of the positions added to staff the new facility will not be filled until January, and one will not be filled until FY 2007-08. The bureau will reduce their external materials and services (M&S) budget by \$713,353 to offset the remaining revenue shortfall. If implementation of expanded impounding is delayed past January, the budget gap will continue to grow, potentially reaching as much as \$1.8 million.

The proposed reduction to external M&S is very significant, representing about 7% of the bureau's total non-grant external M&S budget. The cut will be shared by all units within the bureau, and will likely require that important purchases be delayed until FY 2007-08. If bureau staff are not vigilant, the possibility exists that individual units will overspend their reduced budget, which could cause the Police Bureau to again overexpend their General Fund appropriation. It is imperative that the bureau carefully monitor spending to ensure this does not happen. There is the potential that revenue will be stronger than currently expected when the new facility is operational, but FPD deems this unlikely as the \$1.5 million now anticipated already represents a larger monthly revenue stream than was assumed at budget adoption. However, there are also some indications that other, unrelated bureau revenues – such as permit fees and refunds - may come in higher than currently budgeted. At midyear, the bureau may be able to revise these revenue estimates upward, which would reduce the required external M&S cut.

Net Adjustment: \$0

#### 3. Convert Women Strength Position to Full-Time / #100-21 (\$0)

The Police Bureau's Women Strength Coordinator is currently a 0.75 FTE position. The position is responsible for ensuring that self-defense classes and information provided to the community meet approved curriculum standards. The position also conducts outreach to make the public aware of the self-defense resources available at the bureau. As public demand for these services has increased, so has the position workload. The bureau would like to convert the position to 1.0 FTE, and will reallocate external M&S resources from the Domestic Violence program to cover the additional \$8.358 cost.

Net Adjustment: \$0

#### Review of FY 2006-07 Year-end Projection

The bureau does not project any significant variances between its year-end spending and its post-BuMP revised appropriation at the AU or major object category levels. An increased number of vacancies, as compared with FY 2005-06, make it more likely the bureau will generate substantial salary savings this year. Thus far this fiscal year, FPD estimates the bureau is producing \$150,000 to \$200,000 in salary savings each month. If this trend continues the bureau will easily generate \$1.8 million in salary savings by year-end, in keeping with the amount Council set aside in General Fund contingency. However, it is likely the bureau will still require this money to fund the overtime budget, which is again on track to substantially exceed budget. The bureau expects to spend \$7.5 million on overtime this year, which is about \$1 million, or 16%, over budget. In recent years the Police Bureau has typically overspent its overtime budget by 5% to 20%.

#### Comments on FY 2006-07 Budget Notes and Add Packages

The Police Bureau's FY 2006-07 budget includes many add and efficiency packages. The following reports on budget notes, significant add packages, and packages with implementation issues.

#### Opening of Precincts 24/7 – Budget Note and Add Package

Several substantial changes to this initiative are requested in this BuMP. Please see Item 1 under Other Requests above. The bureau was directed via budget note to report on the new services that will be available when the precincts are open for additional hours, the specific duties the restricted duty officers will be charged with, and the performance measures against which the success of opening the precincts can be gauged. The bureau reports that:

Once the precincts are open for expanded hours, citizens will have access to front desk services and community meetings rooms at Northeast, Southeast, North, and East Precincts from 5 PM to Midnight. Currently these services are available at these precincts only during business hours. The performance measure the bureau will use to measure the success of this initiative is the additional hours front desk services are made available to the community.

The responsibilities that will be transferred to the restricted duty officers returning to work have not been determined, as they will no longer be used to staff the front desks. FPD&R anticipates that as few as four or five officers will be cleared to return to work in the near future.

## <u>Photo Radar Program – Budget Note and Revenue Package</u>

The Police Bureau's FY 2006-07 budget includes \$100,000 in additional photo radar revenue. A budget note directs the bureau to reduce its external materials and services budget if the additional revenue does not materialize. The bureau reports that they are currently on track to realize the full \$100,000 in additional photo radar revenue. As of accounting period four, half of the total budgeted photo radar revenue has already been received.

#### Trust Account Funds – Budget Note

The bureau was directed via budget note to obtain the Mayor's approval before expending \$343,862 in interest earned on forfeited assets. The Mayor has approved a spending plan for these funds, which includes consultants to assist with development of a regional training center, establishment of an auditor function at the bureau, and a discipline system study; equipment for the Property Evidence and Records Divisions; and a Regional Economic Crimes Coordinator position.

#### Early Intervention and Audit Units – Add Package

Six new positions and \$590,700 were added to the Police Bureau's FY 2006-07 budget to create an internal audit unit and an early intervention unit, as well as to provide continued funding for an early intervention software system. The early intervention software is now in the second phase of

implementation, which involves establishing an alert system to notify supervisors of troubling trends in officer behavior as they emerge. The bureau is still trying to settle on the optimal configuration for the Audit Unit, but expects to reach a decision within the next month or so. The bureau has already hired and/or is in the process of hiring the positions added for these two units.

#### Electronic Field Reporting - Add Package

\$146,876 was added to the Police Bureau's FY 2006-07 budget to convert a limited term Applications Analyst III position to permanent and fund software maintenance contracts for the electronic field reporting system. The position is filled. Software maintenance contracts are still in the planning stages, but will be purchased before fiscal year-end.

#### Portland Police Data System (PPDS) – Add Package

The Police Bureau received \$150,000 to complete an assessment of PPDS and recommend alternatives for replacement/reprogramming. The request for proposals will be released within the next several weeks. The study is expected to be complete by April 2007. The PPDS replacement project has been folded into the Citywide Public Safety Systems Replacement Project for management and financing purposes.

#### <u>Additional Impound Revenue – Revenue Package</u>

Please see Item 2 under Other Requests above.

# <u>Additional Red Light Camera Revenue – Revenue Package</u>

The Police Bureau proposed to bring in an extra \$50,000 from red light camera citations in the FY 2006-07 budget through the installation of six additional red light cameras. The bureau stated that the Portland Department of Transportation (PDOT) would fund the camera installation, and FPD confirmed this with PDOT during the budget development process. PDOT now states that they cannot afford to install the cameras, and has requested one-time General Fund resources in this BuMP to cover installation costs. FPD has recommended against this request, on the belief that PDOT can fund the installation costs with existing resources. This package and the associated revenue are stalled until PDOT gets the cameras in place.

#### Additional Alarm Program Revenue – Revenue Package

The Police Bureau hoped to generate \$11,000 in additional revenue by administering Troutdale's and Fairview's alarm permit programs. Unfortunately, agreements could not be reached with these two cities and the revenue will not be realized. However, the bureau expects alarm permit fees and fines for the City of Portland to exceed budget by at least \$11,000, resulting in no net loss to budgeted revenue.

# <u>Increased Special Event Recovery (Revenue Package)</u>, <u>Increased Tow Release Fees (Revenue Package)</u>, <u>and Uniform Savings (Efficiency Package)</u>

These packages have received some study and analysis at the bureau, but no steps to actually produce the budgeted revenues and/or reduction in expenditures have been taken.

# Financial Planning Division Analysis FY 2006-07 Fall BuMP FY 2005-06 Performance Snapshot

# **Portland Police Bureau**

Analysis by: Stacy Jones

| <b>Key Performance Measures</b>  |               | FY 2003-04<br>Actual | FY 2004-05<br>Actual | FY 2005-06<br>Goal | FY 2005-06<br>Actual                  | FY 2006-07<br>Goal |
|--|---------------|----------------------|----------------------|--------------------|---------------------------------------|--------------------|
| Goal/Program/Measure   | Type          |                      |                      |                    |                                       |                    |
| Goal: Reduce crime and the fear of crime<br>Program: Neighborhood Policing |               |                      |                      |                    |                                       |                    |
| Services C. N. G. N. G. G. S.  |               |                      |                      |                    |                                       |                    |
| Traffic Collision Calls for Service per 1,000 Residents                    | W1-11         | 20                   | 20                   | NT/A               | 20                                    | 20                 |
| Total Part 1 Crimes per 1,000  | Workload      | 30                   | 28                   | N/A                | 28                                    | 28                 |
| Population   | Effectiveness | 84                   | 76                   | 84                 | 76                                    | 76                 |
| Part 2 Crimes  | Effectiveness | 44,393               | 45,341               | 04                 | 45,341                                | 45,341             |
| Part 1 Property Crimes per 1,000   | Effectiveness | 44,373               | 73,371               |                    | 43,341                                | 73,371             |
| Population   | Effectiveness | 77                   | 69                   | 77                 | 69                                    | 69                 |
| Part 1 Person Crimes per 1,000   | <u> </u>      | .,                   |                      |                    | <u> </u>                              | - 07               |
| Population   | Effectiveness | 7                    | 7                    | 7                  | 7                                     | 7                  |
| Officer-Initiated Calls for Service  | Workload      | 173,269              | 189,861              | 173,569            | 189,861                               | 189,861            |
| Incidents Dispatched   | Workload      | 259,661              | 244,335              | 259,661            | 244,335                               | 244,335            |
| Citizens Rating Service as Good or   |               | ,                    | ,                    | ,                  | , , , , , , , , , , , , , , , , , , , | ,                  |
| Better   | Effectiveness | 62%                  | 63%                  | 62%                | 63%                                   | 63%                |
| ► Burglary Victimization Rate  | Effectiveness | 5%                   | 7%                   | 5%                 | 7%                                    | 7%                 |
| Average Time Available for Self-   |               |                      |                      |                    |                                       |                    |
| Initiated Acivities  | Efficiency    | 34%                  | 34%                  | 34%                | 35%                                   | 34%                |
| Average Number of Cars on Patrol,<br>Midnight to 4 am                      | Workload      | 71                   | 71                   | 71                 | 71                                    | 71                 |
| Average Number of Cars on Patrol, 4 am to 8 am                             | Workload      | 53                   | 55                   | 53                 | 55                                    | 55                 |
| Average Number of Cars on Patrol, 8 am to Noon                             | Workload      | 55                   | 56                   | 55                 | 56                                    | 56                 |
| Average Number of Cars on Patrol,<br>Noon to 4 pm                          | Workload      | 54                   | 53                   | 54                 | 53                                    | 53                 |
| Average Number of Cars on Patrol, 4  |               |                      |                      |                    |                                       |                    |
| pm to 8 pm   | Workload      | 76                   | 78                   | 79                 | 78                                    | 78                 |
| Average Number of Cars on Patrol, 8  | Worklood      | 80                   | 80                   | 80                 | 80                                    | 80                 |
| pm to Midight  Goal: Improve the quality of life in                        | Workload      | 80                   | 80                   | 80                 | 80                                    | 80                 |
| neighborhoods  |               |                      |                      |                    |                                       |                    |
| Program: Investigative Services  |               |                      |                      |                    |                                       |                    |
| Percent of Residents Who Feel Safe   |               |                      |                      |                    |                                       |                    |
| Walking Alone in Their Neighborhood  |               |                      |                      |                    |                                       |                    |
| ▶ at Night   | Effectiveness | 53%                  | 49%                  | 53%                | 49%                                   | 49%                |
| Percent of Property Crimes Cleared   | Effectiveness | 14%                  | 14%                  | N/A                | 14%                                   | 14%                |
| Percent of Person Crimes Cleared   | Effectiveness | 37%                  | 38%                  | N/A                | 38%                                   | 38%                |
| Addresses Generating Drug House  Complaints                                | Effectiveness | 1,390                | 1,464                | N/A                | 1,464                                 | 1,464              |
|  |               |                      |                      |                    |                                       |                    |

The goal was met or the trend is positive

Is a concern

#### **Summary of FY 2005-06 Performance**

Please note that the table above only includes performance measures FPD believes to be key, and does not include all performance measures published in the budget or the Service Efforts and Accomplishments Report. Please also note that the Police Bureau reports their performance measures on a calendar year, rather than a fiscal year, basis. For example, FY 2004-05 data is actually for CY 2005. Thus the data for FY 2005-06 is still an estimate.

Overall crime rates in Portland have primarily held steady or declined over the last several years. Of particular note is the drop in Part I (Major) property crimes, which decreased approximately 5% between 2004 and 2005. On the other hand, the burglary victimization rate and the number of addresses generating drug complaints have crept up slightly. This may partially explain why fewer residents feel safe in their neighborhoods at night, despite the drop in major crimes.

#### FY 2005-06 Budget Notes

#### Leave of Service Vacancies

In the FY 2005-06 Adopted Budget, Council set aside \$1.8 million of the Police Bureau's budget in General Fund contingency. The \$1.8 million represented the estimated salary savings that would be generated if an average of 26 officers were on unpaid absence. The average number of officers on unpaid absence was closer to 22 throughout FY 2005-06 (the lowest level seen since 2000). In addition, the bureau was able to doublefill seven to ten of these positions with paid, working officers. In another break with recent history, the bureau had very few regular vacancies in sworn positions in FY 2005-06. These factors drove total salary savings at the bureau down to an estimated \$200,000, much less than the \$1.8 million expected. As a result, \$1.6 million of the \$1.8 million set-aside was transferred to the Police Bureau budget in the spring BuMP.

### Regional Public Safety Coordination

After a thorough examination of city and county public safety services and citizen preferences, Council and the Multnomah County Board of Commissioners formed two charter teams to study specific opportunities for collaboration or consolidation. The West County Patrol Team's work was delayed indefinitely in May 2006 when the two jurisdictions could not reach agreement on service levels. The Mayor and Multnomah County Sheriff have indicated an interest in exploring other opportunities for collaboration in administrative and support functions, but this work has not yet begun. The River Safety Team completed its work and made several recommendations for change to Council and the Board. A permanent policy group has been formed to implement these changes, which range from joint training to a potential shift of river dispatch responsibility to the U.S. Coast Guard.

#### Problem-Oriented Policing Strategies

The bureau implemented the strategies identified by Council, as well as some additional strategies, during FY 2005-06. These strategies are ongoing in FY 2006-07. The initiatives experienced some start-up delays in FY 2005-06. As a result, the bureau spent only \$581,299 of the \$1 million appropriated. The remaining \$418,701 – plus an additional \$106,299 – is recommended for carryover to FY 2006-07 in this BuMP. As required, each strategy is managed by a specific bureau division and a steering committee that includes community partners. Performance measures have been identified for most of the strategies. It should be noted that the bureau did not deliver its formal public presentation to Council on the strategies by February 2006 as directed. The presentation was instead delivered in August.

FY 2005-06 Financials

|      |  | FY 2005/06            | FY 2005/06            |                    |
|------|--|-----------------------|-----------------------|--------------------|
|      |  | Revised               | Year-End              | Percent            |
|      |  | Budget                | Actuals               | Variance           |
|      | Resources                                    |                       |                       |                    |
|      | Licenses & Permits                           | \$1,220,000           | \$1,335,944           | 9.50%              |
|      | Service Charges & Fees                       | 2,334,961             | 2,770,794             | 18.67%             |
|      | Local Sources                                | 6,224,316             | 6,443,125             | 3.52%              |
|      | Interagency Revenue                          | 648,554               | 501,703               | -22.64%            |
|      | Fund Transfers                               | 6,765,664             | 4,034,341             | -40.37%            |
|      | Miscellaneous                                | 1,393,872             | 1,543,128             | 10.71%             |
|      | General Fund Discretionary                   | 124,036,255           | 122,789,630           | -1.01%             |
|      | <b>Total Resources</b>                       | \$142,623,622         | \$139,418,665         | -2.25%             |
|      | Expenditures                                 |                       |                       |                    |
|      | Personal Services                            | \$103,315,417         | \$102,889,340         | -0.41%             |
| ▶    | External Materials & Services                | 12,904,229            | 10,318,276            | -20.04%            |
|      | Internal Materials & Services                | 24,647,137            | 25,002,866            | 1.44%              |
|      | Capital Outlay                               | 1,756,839             | 1,208,183             | -31.23%            |
|      | Total Expenditures                           | \$142,623,622         | \$139,418,665         | -2.25%             |
| enue | target was met, or expense was within budget | Revenue was no budget | t within 5% of target | t, or expense exce |

FPD's crucial concern with the Police Bureau's FY 2005-06 financial performance is the \$1,049,268 overexpenditure of its General Fund discretionary appropriation. The table above does not depict this overexpenditure because it does not include encumbrances. Including encumbrances, the bureau spent a total of \$141,809,909 in FY 2005-06, \$125,180,874 of which was from General Fund discretionary. While the bureau's total spending did not exceed its total budget, total General Fund discretionary spending was \$1.05 million higher than the authorized appropriation of \$124,036,255. Fortunately, the bureau brought in \$961,617 more program revenue than was budgeted. Using these excess revenues—of which the Police Bureau would normally be entitled to 50%—to offset the General Fund deficit brings the overexpenditure down to \$87,651. Although this is a small amount, every time a bureau overspends its General Fund allocation it siphons funds that would otherwise have been available to Council for distribution. In addition, General Fund overspending has become increasingly common at the Police Bureau over the last decade, occurring in five of the last eight fiscal years. In many of those years the bureau had enough excess program revenue to cover the shortfall, but the Police Bureau and FPD must do a better job of preventing General Fund overexpenditure in the future.

Two secondary concerns are the bureau's overexpenditure in the internal materials and services (M&S) category, and the bureau's underexpenditure of grant funds. The overexpenditure in internal M&S was caused by invoices from BTS for computer equipment received in FY 2005-06, but not billed until FY 2006-07. These bills were not anticipated by the Police Bureau during the FY 2005-06 spring BuMP. The bureau also underspent its grant budget by a fairly large percent in FY 2005-06. Grant funds are typically not lost when a bureau underspends its grant budget, as the grant funds are simply appropriated in the next fiscal year. The underexpenditure is reflected in the external materials and services line (where most grant expenditures occur) and the fund transfers line (where grant reimbursements are recorded). In part, the overexpenditure occurs because high-priced equipment expected for delivery in May or June is sometimes delayed until July or August, pushing the associated expense and grant revenue into the next fiscal year. However, optimistic budgeting in the Adopted Budget and fall BuMP has also played a role. FPD will work with Police to budget grants more conservatively in the future.

# Financial Planning Division Analysis FY 2006-07 Fall BuMP Bureau with Significant Issues

# **Portland Office of Emergency Management**

Report Date: November 3, 2006 Analysis by: Stacy Jones

| AU 110 Summary                           |  |  |   |
|--|--|--|---|
| Revised Budget as of AP 3                | Significant Requests   | New Position<br>Requests   | FPD Overall<br>Recommendation   |
| General Fund Discretionary:<br>\$865,380 | <ul><li>(1) Ongoing funding of \$68,736 for one position</li><li>(2) \$2.9 million in UASI 2006 grant appropriations</li></ul> | (1) Convert<br>limited term<br>outreach and<br>information<br>position to<br>permanent | Approval, except of position request. Recommend one-time funds to extend position through FY 2006-07 instead. |
| Total Budget: \$10,509,883               |  | F  |   |

Total Recommended GF Discretionary Requests:\$ 22,912Total Recommended Other Requests:\$ 3,035,196Total Revised GF Discretionary Budget after BuMP:\$ 888,292Total Revised Budget after BuMP:\$ 13,567,991

#### **Summary of Significant Requests in Fall BuMP**

#### General Fund Requests

#### **Recommended Requests**

1. Community Outreach/Information Position / #110-7 – Recommended with Modifications: \$68,736

The Portland Office of Emergency Management (POEM) has a limited term, grant-funded senior community outreach and information representative position that will expire on March 1, 2007. The position is responsible for media communications, community outreach and event planning, the Citizen Corps Council, and the regional public information working group, among other duties. POEM is requesting that the position be converted to permanent, that \$22,912 be provided to fund the position through the end of the fiscal year, and that the bureau receive a target adjustment of \$68,736 to provide ongoing funding for the position. FPD recommends that one-time funds be provided to fully fund this position through the end of the fiscal year, but that conversion of the position to permanent and ongoing funding be considered during the FY 2007-08 budget process rather than the BuMP. Requests for ongoing funds are typically considered during the budget process, when Council can weigh the full range of requests against available resources. The amount of ongoing funds for FY 2007-08 will not be presented to Council until the December forecast update.

POEM made this same request during the FY 2006-07 budget process. The request was denied based on FPD's recommendation that Council wait to make a decision until grant funds were no longer available to support the position. At that time, POEM believed grant funds would be exhausted in October 2006, but FPD believed other grant funds might become available. Other grant funds have indeed been dedicated to the position, and the position is now grant-funded through February 2007. It should be noted that the Citizen Corp grant currently supporting the position would have been available for other purposes if the grant had not been directed to the position, and the scope of the position's duties are somewhat constrained by the grant requirements.

FPD continues to have significant reservations about backfilling the expiring grants supporting this position with General Fund resources, and those reservations can be thoroughly discussed during the upcoming budget process.

Net Adjustment: \$22,912 One-Time (\$68,736 Ongoing Requested)

# Other Requests Recommended Requests

1. UASI 2006 Grant Appropriation / #110-4: \$2,867,200

The Portland metropolitan region has received a 2006 Urban Areas Security Initiative (UASI) grant award of \$8.2 million. POEM administers the grant for the region, and Council accepted the grant on October 4, 2006. As part of an enhanced effort to limit appropriations to funds that are likely to be expended in the current fiscal year, POEM is requesting appropriation authority for only \$2.8 million of the \$8.2 million (35%). The remainder of the grant will be appropriated in future fiscal years.

Of the \$8.2 million, \$1.5 million will be set aside for the October 2007 Top Officials exercise (TOPOFF). A majority of the remaining funds will be dedicated to interoperable communications equipment and incident response vehicles. The 2006 award is approximately \$2 million less than the 2005 award, but similar to the 2004 award of \$8.1 million. 2006 was the first year the grant was distributed on a non-formula basis.

Net Adjustment: \$2,867,200

### Review of FY 2006-07 Year-end Projection

POEM currently expects to underspend its grant budget by approximately \$500,000, primarily in external materials and services. This is due to the potential overbudgeting of some grants in the Adopted Budget, although projections made at this point in the year are highly uncertain. This year, POEM and FPD will attempt to align the grant budget more closely with projected grant expenditures in the spring BuMP. In the past financial staff have "trued up" the grant budget in the fall BuMP, which is simply too early in the year to develop accurate projections. POEM is also projecting a \$94,052 overexpenditure in capital outlay. This will also be corrected when the grant budget is "trued up" in the spring BuMP.

#### Comments on FY 2006-07 Budget Notes and Add Packages

New Positions – Add Package

Council added six new permanent positions to POEM in FY 2006-07: an operations manager; three program specialists for training, exercises, and planning; an assistant program specialist for neighborhood emergency teams; and a senior administrative specialist. POEM has filled all but the senior administrative specialist position, which has been reclassified to an assistant financial analyst (same salary grade). A recruitment for this position is now in progress.

#### Funds for POEM Move – Add Package

Council added \$276,856 in one-time funds to POEM's FY 2006-07 budget to partially fund the potential relocation of POEM's administrative offices. The Mayor has determined that it is best for POEM to remain in its current offices until the lease expires in July 2008. This space is being reconfigured to suit POEM's expanded staff, at a cost of \$20,000 to \$50,000. An expansion of the Emergency Communications Center to house POEM's offices in the future, and possibly enlarge the Emergency Operations Center, has been proposed by Facilities but is unlikely to receive approval and begin incurring costs in the current fiscal year. Therefore, at least \$200,000 of the funds appropriated for moving costs

will probably not be needed. The Mayor's Office is considering redirecting these funds to initial work on a citywide continuity of operations plan. The funds would not have to be transferred to a different major object category for this purpose.

Increased Technology Costs – One Add Package, One Reprogramming Package
Council added or redirected \$140,566 to POEM's interagency agreement with the Bureau of Technology
Services (BTS). These funds have been used to update equipment and software at the Emergency
Operations Center. POEM is currently on track to fully expend its BTS interagency agreement.

# Financial Planning Division Analysis FY 2006-07 Fall BuMP FY 2005-06 Performance Snapshot

# **Portland Office of Emergency Management**

Analysis by: Stacy Jones

| <b>Key Performance Measures</b>         |               | FY 2003-04<br>Actual | FY 2004-05<br>Actual | FY 2005-06<br>Goal | FY 2005-06<br>Actual | FY 2006-07<br>Goal |
|---|---------------|----------------------|----------------------|--------------------|----------------------|--------------------|
| Goal/Program/Measure                    | Type          | Actual               | Actual               | Goar               | Actual               | Goar               |
| Goal: Prepare the city for manmade or   |               |                      |                      |                    |                      |                    |
| natural disaster                        |               |                      |                      |                    |                      |                    |
| Program: POEM                           |               |                      |                      |                    |                      |                    |
| Percent of Neighborhoods with 20 or     |               |                      |                      |                    |                      |                    |
| More NET Members                        | Effectiveness | 4%                   | 7%                   | 13%                | 14%                  | 26%                |
| Required Bureau Personnel Trained in    |               |                      |                      |                    |                      |                    |
| ■ NIMS                                  | Effectiveness | 20%                  | 20%                  | 40%                | 50%                  | 75%                |
| Disaster Exercises Conducted            | Workload      | 8                    | 5                    | 8                  | 5                    | 4                  |
| Disaster Preparedness Presentations and |               |                      |                      |                    |                      |                    |
| Training Sessions                       | Workload      | N/A                  | 42                   | 60                 | 65                   | 40                 |
| Number of Potential Disasters           |               |                      |                      |                    |                      |                    |
| Addressed in Current Emergency Plans    | Effectiveness | N/A                  | N/A                  | N/A                | 9                    | 8                  |
| ► EOC Responders Trained in NIMS        | Effectiveness | 75%                  | 85%                  | 95%                | 85%                  | 90%                |
| Hazard Mitigation Actions Items         |               |                      |                      |                    |                      |                    |
| Coordinated                             | Workload      | N/A                  | N/A                  | N/A                | 12                   | 12                 |

The goal was met or the trend is positive

Is a concern

#### **Summary of FY 2005-06 Performance**

The only measure with troubling performance in FY 2005-06 is the percent of Emergency Operations Center (EOC) responders trained in the National Incident Management System (NIMS). After reaching 85% in FY 2004-05, the percent did not increase in FY 2005-06. However, POEM reports that as of October 2006 the measure has reached 100%, and all EOC responders are now trained in NIMS. Some performance measures will experience a drop-off in FY 2006-07 (or have already declined in FY 2005-06) as staff shift their focus to planning and implementation of the upcoming TOPOFF exercise.

Note: The FY 2006-07 goal for the number of potential disasters addressed in current emergency plans will be revised upward during FY 2007-08 budget development.

FY 2005-06 Budget Notes

None

FY 2005-06 Financials

|                                | FY 2005/06   | FY 2005/06  |          |
|--------------------------------|--------------|-------------|----------|
|                                | Revised      | Year-End    | Percent  |
|                                | Budget       | Actuals     | Variance |
| Resources                      |              |             |          |
| Fund Transfers                 | \$10,151,256 | \$6,489,115 | -36.08%  |
| General Fund Discretionary     | 439,688      | 439,688     | 0.00%    |
| General Fund Overhead Recovery | 505,962      | 505,962     | 0.00%    |
| <b>Total Resources</b>         | \$11,096,906 | \$7,434,765 | -33.00%  |
| Expenditures                   |              |             |          |
| Personal Services              | \$934,737    | \$746,090   | -20.18%  |
| External Materials & Services  | 8,899,719    | 5,553,176   | -37.60%  |
| Internal Materials & Services  | 567,450      | 554,172     | -2.34%   |
| Capital Outlay                 | 695,000      | 561,878     | -19.15%  |
| Total Expenditures             | \$11,096,906 | \$7,415,316 | -33.18%  |

Revenue target was met, or expense was within budget

Revenue was not within 5% of target, or expense exceeded budget

As has been the case for the last several years, POEM significantly underspent its grant budget in FY 2005-06. Grant funds are typically not lost when a bureau underspends its grant budget, as the grant funds are simply appropriated in the next fiscal year. This underexpenditure is reflected in the external materials and services line (where most grant expenditures occur) and the fund transfers line (where grant reimbursements are recorded). In part, the overexpenditure occurs because high-priced equipment expected for delivery in May or June is sometimes delayed until July or August, pushing the associated expense and grant revenue into the next fiscal year. However, optimistic budgeting in the Adopted Budget and fall BuMP has also played a role. Beginning with the UASI 2006 grant in this BuMP, POEM and FPD are attempting to be more conservative with grant budgeting. Only 35% of the UASI 2006 grant is budgeted in the fall BuMP, with the expectation that additional funds can be appropriated in the spring BuMP if necessary.

POEM also underspent its personal services budget by a considerable percentage. This is partially due to the fact that FPD and POEM both believed that unemployment claims and benefits charges for a former employee would be paid from personal services. In fact, they were paid from external materials and services. FPD and POEM also underestimated the number of months one position would be vacant. As a result, too much of the compensation set-aside was transferred to POEM in the FY 2005-06 spring BuMP.

# Financial Planning Division Analysis FY 2006-07 Fall BuMP Bureau with Significant Issues

# Office of Transportation

Report Date: 11/6/06 Analysis by: Doug Le

| Fund 112 Summary                           |  |  |   |
|--|--|--|---|
| Revised Budget as of AP 3                  | Significant Requests   | New Position<br>Requests   | FPD Overall<br>Recommendation                   |
| General Fund Discretionary:<br>\$7,647,154 | <ul> <li>(1) General Fund One-time:<br/>\$5,676,000.</li> <li>(2) S. Waterfront Tram: \$9,100,000 carryover.</li> <li>(3) Seven new positions in the Bureau of Maintenance.</li> </ul> | (1) Three full-time permanent positions. (2) Three limited-term positions (GF 1-time) (3) Convert one limited-term to permanent position | All requests recommended except as noted below. |
| Total budget: \$197,694,077                |  |  |   |

Total Recommended GF Discretionary Requests:\$ 5,186,000Total Recommended Other Requests:\$ 9,997,402Total Revised GF Discretionary Budget after BuMP:\$ 12,833,154Total Revised Budget after BuMP:\$ 216,887,792

# **Summary of Significant Requests in Fall BuMP**

#### **General Fund Requests**

#### **Recommended Requests**

1. Install new traffic signal: \$110,000

This project would install new traffic signal at the intersection of SW Clay & Second. This is a high pedestrian crossing demand due to the South Auditorium residential area.

Net Adjustment: Increase appropriation by \$110,000

2. Upgrade traffic signals: \$500,000

This project would replace the traffic signals at two intersections on SE 122nd (SE Stark and Division).

Net Adjustment: Increase appropriation by \$500,000

3. Install Crosswalks for Six Main Street Corridors: \$40,000

This request would install crosswalks at the intersections along the community main streets with high levels of pedestrian activities and traffic.

*Net Adjustment: Increase appropriation by \$40,000.* 

## 4. Vehicles Safety Improvements at High Crash Intersections: \$200,000

The project would analyze and implement changes to address the highest vehicular traffic safety problems in the City to reduce crashes and crash severity.

Net Adjustment: Increase appropriation by \$200,000

5. Bicycle Safety Improvements: \$150,000

This request would identify and complete the bicycle safety engineering projects that include intersection safety/crossing improvements, missing links, bike boulevard development, and green street bike safety.

Net Adjustment: Increase appropriation by \$150,000

6. Pedestrian Safety Improvements: \$150,000

This project would build medians to enhance safe pedestrian crossings on high-speed multi-lane arterials.

Net Adjustment: Increase appropriation by \$150,000

7. Safe Routes to School Improvements: \$220,000

This project would identify and address traffic safety projects that increase the safety of children travelling to and from schools. This includes building school zone enhancements, crossing improvements, and traffic calming projects.

Net Adjustment: Increase appropriation by \$220,000

8. Upgrade Unreliable School Beacons: \$96,000

This request would replace school beacon pager control units at 96 beacon locations in the City.

*Net Adjustment: Increase appropriation by \$96,000* 

9. Pothole Hotline Pilot Program: \$250,000

This request would form a 2-person crew dedicated to repairing potholes and targeting specific neighborhoods, moving around the entire city in a geographical equal manner. Two limited-term Utility Workers and one Office Support positions would be created in the paving program as a result of this request.

Net Adjustment: Increase appropriation by \$250,000

10. Arterial/Collector Deferred Maintenance: \$3,000,000

This funding would fill the gap of a reported \$2 million shortfall in gas tax revenues in FY 2005-06 due to the high price of gasoline. Without the additional funding, PDOT would be forced to defer needed maintenance on several arterial/collector streets that had been identified as projects. Additionally, the cost of asphalt has recently incurred extraordinary rises to a projected average increase of over 33% in cost by the end of the fiscal year. This translates to \$1 million shortfall in the paving program in FY 2006-07.

Net Adjustment: Increase appropriation by \$3,000,000

#### 11. Neighborhood Collector Improvements Planning: \$200,000

This funding would be used to fund planning to identify solutions for SW collector streets that were not constructed to urban standards with sidewalks and bicycle facilities.

Net Adjustment: Increase appropriation by \$200,000

12. Platinum Bicycle Master Plan: \$50,000

This project would update the City's Bicycle Master Plan (BMP) adopted in 1996. The BMP is part of the City's Transportation System Plan.

Net Adjustment: Increase appropriation by \$50,000

13. Traffic Safety Enforcement & Education: \$460,000

This request would fund \$50,000 of additional police enforcement at high crash intersections, \$160,000 for 12 speed reader boards, and \$240,000 for six new red light cameras.

FPD Recommendation: Recommended with modification.

FPD supports the effort to enhance the traffic safety enforcement and education. PPD recommends General Fund One-time resources for the additional police enforcement and speed reader boards. With regard to the six red light cameras, FPD recommends using resources from the Traffic Safety Account instead of the General Fund. Please see below for more discussion on the Traffic Safety Account.

Net Adjustment: Increase appropriation by \$220,000

#### **Not Recommended Requests**

1. Install Six New Red Light Cameras at High Crash Intersections: \$250,000

This project would deploy six red light cameras in the eastern portions of Portland that currently do not have red light cameras. These neighborhoods have experienced tremendous loss from red light running. In addition, recent survey data shows that eastern parts of Portland have some of the highest levels of public support for red light cameras.

<u>FPD Recommendation</u>: Council directed PDOT to deploy six new red light cameras in FY 2006-07. FPD does not recommend using the General Fund One-time resource to fund these cameras because they should be paid for by the dedicated funds in the Traffic Safety Account (TSA) instead. This account was set up in 2003 by ordinance #178028 to, among other things, allow the City to sustain enhanced photo radar and red light camera services without support from the General Fund. This account is funded by the additional fine revenue from HB 2759.

To date, this account has received \$1,151,571 and \$475,875 in General Fund transfers in FY 2004-05 and FY 2005-06 respectively. For these two fiscal years, PDOT reported that the TSA had spent \$588,107 in FY 2005-06 and \$538,435 in FY 2004-05, leaving \$500,904 of unspent General Fund in the account. In this fiscal year, the General Fund budget for the TSA includes \$1,060,154 in transfer revenue and \$500,904 of unspent fund from the previous years for a total of \$1,561,058. Therefore, FPD concludes that the TSA has sufficient resources in FY 2006-07 to fund these cameras as directed by the Council.

*Net Adjustment: No increase in appropriation.* 

#### Other Requests

#### **Recommended Requests**

1. Sidewalk/Driveway Repair: \$243,784

This request would transfer appropriation within PDOT to create three new full-time permanent Concrete Finisher positions to replace one of the two sidewalk and driveway repair contractors. There is no additional cost to the program.

Net Adjustment: No increase in appropriation.

2. Sunderland Operations: \$18,194

This request would convert a limited-term Utility Worker position to a full-time permanent Program Manager. This is necessary due to the recent expansion of the Sunderland Recycling facility. The additional cost will be absorbed by the Sunderland Operations budget in the Bureau of Maintenance.

Net Adjustment: No increase in appropriation

3. South Waterfront: Tram \$9,100,000

This request would increase the Transportation appropriation by \$9,100,000 in carryover to complete the construction of the aerial tram project. This action does not increase the total cost of the project.

Net Adjustment: Increase appropriation by \$9,100,000.

#### Review of FY 2006-07 Year-end Projection

Based on accounting period 3 ending 9/26/06, PDOT projects it will spend 83% of the total budget, including capital budget. With regard to the General Transportation Revenue (GTR) budget, PDOT projects it will spend 94% of the budget, this is compared to 88% of GTR budget spent in FY 2005-06.

On the resources side, PDOT projects it will collect 90% of the estimated revenues. This is due to delays in capital projects that may cause the bureau to under collect its projection for contracts and grants reimbursable revenues

#### Comments on FY 2006-07 Add, Alternate, and Redirect Packages

#### Add Packages

PDOT has 11 add packages approved in FY 2006-07. Of those, three are funded by the General Fund, six are funded by interagency revenue, and two are funded by program revenue. Efforts are underway on all add packages, except for the following:

Cully Boulevard Green Street CIP: \$275,000.

In FY 2006-07, the General Fund provides \$275,000 to fund the planning effort to rebuild NE Cully Boulevard between NE Prescott Street and Killingsworth Street. This project is currently on hold pending further clarification of neighborhood needs.

Revenue Initiatives

PDOT has four revenue initiatives approved in FY 2006-07. Efforts are underway on all these initiatives, except for the following:

Create Streetlight Banner Sponsorship Program: \$100,000

The effort on this initiative is currently on hold at the recommendation of the City Attorney's Office.

# Redirect General Transportation Revenue

PDOT has ten approved redirect initiatives funded by new revenues. Efforts are underway on all initiatives.

#### Other Change to Services & Activities

In FY 2006-07, Council directed PDOT to install six new red light cameras. This is a joint effort with the Police Bureau as part of the Traffic Safety Account. This effort is currently on hold, because PDOT is requesting General Fund One-time resource for these cameras in the fall 2006 BuMP. FPD does not recommend using General Fund resources for these cameras, because they should be paid for by dedicated funds in the Traffic Safety Account instead. Please see more discussion on this issue under the General Fund Requests, Not Recommended Requests above.

# Financial Planning Division Analysis FY 2006-07 Fall BuMP FY 2005-06 Performance Snapshot

Analysis by: Doug Le

### Office of Transportation

| ey Performance Measures                          |               | FY 2003-04<br>Actual | FY 2004-05<br>Actual | FY 2005-06<br>Goal | FY 2005-06<br>Actual | FY 2006-07<br>Goal |
|--|---------------|----------------------|----------------------|--------------------|----------------------|--------------------|
| al/Program/Measure                               | Type          |                      |                      |                    |                      |                    |
| al: Operate & maintain an effective and safe     |               |                      |                      |                    |                      |                    |
| Program: Maintenance                             |               |                      |                      |                    |                      |                    |
| Sunderland Yard Recycling - cubic yards recycled | Workload      | 218,768              | 252,549              | 212,443            | 250,091              | 224,994            |
| Street Resurfacing - miles resurfaced            | Workload      | 43                   | 41                   | 50                 | 40                   | 50                 |
| Sunderland Yard Recycling - cost per cubic yard  | Efficiency    | \$1.94               | \$2.00               | \$3.65             | \$3.04               | \$3.68             |
| Sunderland Yard Recycling - effectiveness        | Effectiveness | \$14,210,991         | \$10,900,084         | \$12,745,724       | \$9,818,270          | \$13,272,724       |
| Safe Routes to School - Cost per school served   | Efficiency    | N/A                  | N/A                  | \$40,000           | \$35,000             | \$50,000           |

# **Summary of FY 2005-06 Performance**

The Sunderland Recycling facility is under going expansion. The final phase of the construction will be in FY 2009-10. After the expansion, the facility will be able to significantly increase its capacity to recycle materials generated by the street maintenance operations. The Sunderland Recycling cost per cubic yard has increased since FY 2004-05 to pay for the debt service related to the expansion. It is expected that the cost will decrease when the debt is repaid in FY 2018-19. The effectiveness of the facility is expected to continue the upward trend.

PDOT has not been able to reach the goal of the street resurfacing program in the last three years. The bureau was able to do only 43 miles and 41 miles in FY 2003-04 and FY 2004-05 respectively compared to the goal of 50 miles per year. In FY 2005-06, PDOT performed only 40 miles of resurfacing compared to the goal of 50 miles. This is due to a number of factors including: labor turnover, fleet issues such as downed equipment, downtown paving projects which required shortened work hours, and weather impacts on the spring paving program.

In FY 2005-06, the cost per school served in the Safe Routes to School was \$35,000 compared to the budget of \$40,000. This is a new program; therefore, no information was available in prior years.

#### **Financials**

|                               | FY 2005/06<br>Revised<br>Budget | FY 2005/06<br>Year-End<br>Actuals | Percent<br>Variance |
|-------------------------------|---------------------------------|-----------------------------------|---------------------|
| Resources                     | <u> </u>                        |                                   |                     |
| Licenses & Permits            | \$1,152,444                     | \$1,122,878                       | -2.57%              |
| Service Charges & Fees        | 21,749,013                      | 25,340,523                        | 16.51%              |
| State Sources                 | 41,803,108                      | 40,931,120                        | -2.09%              |
| Local Sources                 | 38,750,560                      | 38,777,634                        | 0.07%               |
| Interagency Revenue           | 22,160,084                      | 21,027,978                        | -5.11%              |
| Fund Transfers                | 47,648,085                      | 34,745,064                        | -27.08%             |
| Bond and Note Proceeds        | 15,109,422                      | 18,618,349                        | 23.22%              |
| Miscellaneous                 | 3,535,094                       | 3,798,721                         | 7.46%               |
| <b>Total Resources</b>        | \$191,907,810                   | \$184,362,267                     | -3.93%              |
| Expenditures                  |                                 |                                   |                     |
| Personal Services             | \$57,044,191                    | \$54,889,902                      | -3.78%              |
| External Materials & Services | 33,875,005                      | 31,182,667                        | -7.95%              |
| Internal Materials & Services | 23,030,392                      | 21,324,509                        | -7.41%              |
| Capital Outlay                | 69,314,829                      | 51,117,610                        | -26.25%             |
| Fund Transfers                | 5,746,549                       | 4,073,254                         | -29.12%             |
| Bond Expense                  | 3,975,374                       | 3,804,685                         | -4.29%              |
| Overhead Expense              | 3,038,670                       | 3,038,670                         | 0.00%               |
| Total Expenditures            | \$196,025,010                   | \$169,431,297                     | -13.57%             |

Revenue target was met, or expense was within budget

Revenue was not within 5% of target, or expense exceeded budget

Regarding revenues, PDOT collected 96% of the estimated revenues in FY 2005-06, compared to a historical trend of 89%. The Services Charges and Fees are higher than projected due to SDC revenues collected higher than anticipated and a miscoding in this line item by \$3.1 million. The actual cash transfers were lower than budgeted due to shifting in the project schedule of the aerial tram. Bonds and Note Proceeds are higher than budgeted due to OMF Debt Management depositing \$10 million of a line-of-credit for the Gibbs Streetcar Extension project when there was only \$6.9 million in project expenditure. In the General Transportation Revenue, PDOT collected \$47,962,489 compared to the forecast of \$49,917,007 resulting in a revenue shortfall of approximately \$2 million. To fill the funding gap, PDOT requested \$2 million in General Fund One-time in the fall 2006 BuMP.

On the expenditure side, PDOT ended the fiscal year with 83% of the total budget spent. This is compared to a historical trend of 85%. Capital outlay expenditures are lower than budgeted due to a delay in purchasing capital equipment. Fund transfers are lower than projected due to a delay in Fleet purchases and a delay in cash transfer to the Gas Tax Bond Redemption Fund because of a potential cash shortfall in the Transportation Operating Fund.

# Financial Planning Division Analysis FY 2006-07 Fall BuMP Bureau with Significant Issues

# **Portland Fire & Rescue**

Report Date: November 6, 2006 Analysis by: Nancy Hartline

| AU 124 Summary                    |                                     |                |                               |
|-----------------------------------|-------------------------------------|----------------|-------------------------------|
| Revised Budget as of AP 3         | Significant Requests                | New Position   | FPD Overall<br>Recommendation |
| C IE ID:                          | 124 12 D 4 1 0 520 102              | Requests       | t                             |
| General Fund Discretionary:       | 124-12 Return-to-work \$529,192     | 124-7 0.5 FTE  | 124-12 Return-to-             |
| \$72,688,020                      |                                     | 124-12 8.0 FTE | Work \$470,552                |
|                                   | 124-13 One-time request \$1,992,340 |                | 124-13 One-time               |
|                                   |                                     |                | request \$1,724,090           |
|                                   | Other recommended significant       |                | Recommended                   |
| <i>Total budget:</i> \$78,346,954 | requests \$4,606,323                |                | others as requested           |

Total Recommended GF Discretionary Requests:\$ 5,282,428Total Recommended Other Requests:\$ 1,578,537Total Revised GF Discretionary Budget after BuMP:\$ 77,970,890Total Revised Budget after BuMP:\$ 85,207,919

#### **Summary of Significant Requests in Fall BuMP**

#### Additional General Fund Requests

#### **Recommended Requests**

1. 124-12 Return-to-Work Positions: \$529,192 (\$138,608 GF ongoing, \$176,000 GF one-time, \$214,584 FPD&R IA)

PF&R requests four more firefighter return-to-work (RTW) positions to work as low-hazard inspectors and four lieutenant RTW positions to work as a driver inspector, assistants to the Special Operations Chief and Logistics Captain, and a health and fitness assistant. All of these positions were included in the bureau's FY 2006-07 Requested Budget, but at that time the request was only for firefighters. Also requested are \$23,000 ongoing for operating supplies for the new positions and \$176,000 one-time for eight hybrid cars for the low-hazard inspectors; these costs have also increased from the Requested Budget. The full-year ongoing General Fund discretionary needed for the request is \$277,216.

FPD recommends one change to reduce the amount of the request: Use PF&R's vacancy savings from the existing four RTW positions that won't be filled until January 2007 to reduce the one-time request to \$117,360.

Net Adjustment: \$470,552 (\$138,608 GF ongoing, \$117,360 GF one-time, \$214,584 FPD&R IA)

2. 124-13 One-time Budget Requests: \$1,992,340

PF&R has requested the following one-time items, in priority order. One has ongoing maintenance costs that the bureau has not yet budgeted and may request support for in the FY 2007-08 Requested Budget. However, other requests have potential ongoing savings that can offset the ongoing maintenance costs. Of concern is the last one, deferred maintenance, that highlights the need for PF&R's long-range facility plan as called for in the bureau's strategic plan.

|   | Ongoing<br>Cost Est. | Request           | Recom-<br>mendation | Cumulative         |
|---|----------------------|-------------------|---------------------|--------------------|
| 40 Portable Emergency Communication Radios:               |                      | _                 |                     |                    |
| Improves firefighter safety – each position in front-     | \$24.280             | \$150,000         | ¢150,000            | ¢150,000           |
| line apparatus will have a radio; ongoing need can be     | \$24,280             | \$150,000         | \$150,000           | \$150,000          |
| addressed if items with ongoing savings are funded        |                      |                   |                     |                    |
| 200 45-Minute SCBA Cylinders: Responds to new             |                      |                   |                     |                    |
| National Fire Protection Association standard             |                      | \$105,000         | \$105,000           | \$255,000          |
| effective 2007  |                      |                   |                     |                    |
| <b>Boathouse to Protect Fireboat Campbell: Protects</b>   |                      |                   |                     |                    |
| City's assets; PF&R has requested funding through         |                      | \$275,000         | \$275,000           | \$530,000          |
| General Fund Capital Set-Aside for the last five years    |                      |                   |                     |                    |
| SCBA Compressor with Fragmentation Protection:            |                      |                   |                     |                    |
| Replaces 26-year-old compressor that doesn't have         |                      | \$40,000          | \$40,000            | \$570,000          |
| federally mandated fragmentation protection               |                      |                   | . ,                 |                    |
| Modular Classroom for Training: Replaces leased           |                      |                   |                     |                    |
| single-wide trailer that is inadequate; additional        |                      |                   |                     |                    |
| classroom space was part of GO Bond plan but was          | (\$4,348)            | \$74,000          | \$74,000            | \$644,000          |
| cancelled because of inflation impact on other            | ,                    |                   | . ,                 |                    |
| projects' costs   |                      |                   |                     |                    |
| Four (Lifepaks-12) Defibrillators: Replacing              |                      |                   |                     |                    |
| frontline units will provide additional backup units for  |                      | \$56,000          | \$56,000            | \$700,000          |
| when frontline units need repair                          |                      |                   | . ,                 |                    |
| Influenza Protection Masks: Replaces stock needed         |                      |                   |                     |                    |
| for avian flu outbreak that was used in a mask fit test;  |                      | \$3,250           | \$0                 | \$700,000          |
| bureau can absorb minor cost in \$78 million budget       |                      | . ,               | ·                   | , ,                |
| Health and Wellness Equipment: Replaces and               |                      |                   |                     |                    |
| augments equipment, originally bought with grant          |                      | \$19,165          | \$19,165            | \$719,165          |
| funds, needed to minimize injuries & time-loss claims.    |                      |                   | ·                   | •                  |
| Emergency Apparatus Driving Simulator: Yields             |                      |                   |                     |                    |
| estimated annual savings of almost \$50,000 if PF&R's     | (\$50,000)           | \$190,000         | \$190,000           | \$909,165          |
| accident reduction experience matches Sacramento's        | , ,                  |                   | ·                   |                    |
| Two Emergency Response Mobile SCBA Units:                 |                      |                   |                     |                    |
| Replaces four units with more reliable ones that can      |                      | # <b>7</b> 00 000 | <b>\$700.000</b>    | ¢1 (00 1 (         |
| provide safety lighting at an incident and quickly and    |                      | \$700,000         | \$700,000           | \$1,609,165        |
| safely refill air cylinders                               |                      |                   |                     |                    |
| Six Tough-Book MDCs For Investigations: MDC               |                      |                   |                     |                    |
| replacement reserve is under-funded; request provides     |                      | \$37,925          | \$37,925            | \$1,647,090        |
| greater functionality, some relief for replacement fund   |                      |                   |                     |                    |
| 19 Field Inspection Data Input Notebooks:                 |                      | ¢57.000           | ¢57,000             | ¢1.704.000         |
| Replaces desktop units; provides data access in field     |                      | \$57,000          | \$57,000            | \$1,704,090        |
| Four Hurst Rescue Tools: Standard operating               | _                    | ¢00,000           | ¢20,000             | ¢1.704.000         |
| equipment; FPD only recommends one as a backup            |                      | \$80,000          | \$20,000            | \$1,724,090        |
| <b>Deferred Maintenance:</b> Should be considered part of |                      | <b>0007</b> 000   | 40                  | ф1 <b>73</b> 4 000 |
| long-range facilities plan PF&R is working on             |                      | \$205,000         | \$0                 | \$1,724,090        |
| Total   |                      | \$1,992,340       |                     | \$1,724,090        |

*Net Adjustment:* \$1,724,090

#### **Other Requests**

#### **Recommended Requests**

1. 124-1 Excess Program Revenues: \$172,044

PF&R requests that its \$172,044 half share of excess program revenues in FY 2005-06 be used for higher than budgeted utility costs (\$67K), vehicle upgrades (\$27K, including \$23K to upgrade a car to an SUV), a car for the FPD&R liaison position (\$23K), a labor-management facilitator contract (\$12K), computers and communication supplies for return-to-work positions (\$7.5K), as well as succession planning and wellness/fitness studies (\$35K).

Net Adjustment: \$172,044

2. 124-2 Encumbrance Carryovers: \$1,389,439

PF&R requests that its encumbrances be carried over to this fiscal year to ensure completion of approved purchases and other expenditures.

Net Adjustment: \$1,389,439

3. 124-3 Grant Carryovers: \$1,303,953

PF&R requests that unexpended grant balances be reappropriated this year. Most of it is encumbered.

*Net Adjustment:* \$1,303,953

4. 124-4 General Fund Carryovers: \$110,777

In the spring 2006 BuMP, \$110,777 was removed from PF&R's FY 2005-06 budget to carry over funds for a forklift and two sedans that could not be delivered by year-end.

Net Adjustment: \$110,777

5. 124-5 T-1 Connection to Stations: \$114,410

In the spring 2006 BuMP, \$125,733 was added to PF&R's FY 2005-06 budget to provide T-1 connections to fire stations as soon as possible. BTS did not complete the project by year-end and only billed \$8,540 in FY 2005-06. The final project cost was \$122,950, and PF&R requests that the balance of \$114,410 be reallocated to the bureau to pay the remaining costs.

Net Adjustment: \$114,410

6. 124-6 Apparatus Replacement: \$1,515,700

PF&R was not able to complete the purchase of four fire engines in FY 2005-06 because it took longer than expected to revise the apparatus specifications. PF&R had not materially revised its specifications in five years and needed to address new technology and safety features, as well as a new federal emission standard. In addition, a prospective bidder raised concerns about the bureau's objectivity in its specifications, and the apparatus committee received four (of eight total) new members. The bureau delayed updating its specifications until committee members could attend a September 2006 apparatus tradeshow. The committee is now working on revised specifications and will be able to start the bidding process by December 2006.

*Net Adjustment:* \$1,515,700

#### 7. 124-7 Convert Half Firefighter Specialist Position to Full-time Lieutenant Position: \$0

Through FY 2005-06, PF&R had a Firefighter Specialist position in Battalion Headquarters (BHQ); half of its time was spent as FPD&R liaison. The liaison role has now become full-time, leaving half an FTE to support BHQ. PF&R requests that this position be made a permanent, full-time Staff Fire Lieutenant position and proposes to pay for it by managing its overtime budget. The position is currently filled with a full-time employee with permanent restrictions who would otherwise be on disability

Net Adjustment: \$0

## Review of FY 2006-07 Year-end Projection

PF&R projects to need \$0.5 million from the Compensation Set-Aside. Materials and services and capital expenditures are projected to be fully expended or encumbered/carried over by year-end; for FY 2005-06, the bureau expended or encumbered/carried over 93% of its non-personal services budget.

On the revenue side, construction permits and inspection fees are the primary sources of non-grant program revenue. Construction permits are slightly behind pace, both straight-line and historical, but are expected to reach the budgeted level. Inspection fees are also behind the pace, but a fee increase is scheduled to take effect in January 2007 that should bring inspection fee receipts to budget.

# Comments on FY 2006-07 Budget Notes and Add Packages

#### **Budget Note: Positions Available for Return-to-Work**

PF&R reports that there are 36 positions available for return-to-work employees, including the four RTW positions added in the FY 2006-07 Adopted Budget. Except for the four new positions, all are currently filled and 17 of these are filled by sworn employees with permanent restrictions who would otherwise be on disability. The four RTW positions are not yet filled because the City's Return-to-Work Committee is still working on the implementation plan. The bureau is requesting eight more RTW positions in the BuMP.

#### **Add Packages**

Code Enforcement Fee Increase: PF&R has developed two options, with equal revenue impact, for presentation to Commissioner Sten and then to the bureau's Citizen Prevention Advisory Committee. PF&R will present the recommended option to Council for approval in time to implement the fee increase in January 2007 as planned. The bureau expects to achieve the revenue target for the year.

Funding for Stations 27 and 45: With the one-time funds provided in the Adopted Budget, Station 27 opened in July 2006. Station 45 continues to be operated seven months by PF&R and five months by Gresham.

Ongoing Apparatus Replacement Funding: Including this add package, PF&R has sufficient ongoing funds for its apparatus replacement schedule. This year's resources will be used to purchase four fire engines, in addition to the four to be purchased with carryover funds from FY 2005-06. The bureau expects to complete its specifications and begin the bidding process in December 2006.

New Fire Inspector Specialist Position: A new inspector specialist position was added to Prevention in the Plan Reviews section to respond to increased workload. The position has been filled since the beginning of FY 2006-07, but a year is needed to fully train a plan reviewer. In time, the new position will address the section's under-staffing.

# **Financial Planning Division Analysis** FY 2006-07 Fall BuMP FY 2005-06 Performance Snapshot

**Portland Fire & Rescue** 

Analysis by: Nancy Hartline

| Key Performance Measures  Goal/Program/Measure                                  | Type          | FY 2003-04 | FY 2004-05 | FY 2005-06 | FY 2005-06 | FY 2006-07 |
|---|---------------|------------|------------|------------|------------|------------|
| Goal: Improve operational effectiveness*  | -7F-          | Actual     | Actual     | Goal       | Actual     | Goal       |
| Program: Emergency Operations   |               |            |            |            |            |            |
| Lives lost per 100,000 residents  | Effectiveness | 1.3        | 0.7        | NA         | 1.1        | 0.7        |
| Percent of structural fires where   |               |            |            |            |            |            |
| flamespread was confined to room of origin                                      | Effectiveness | 81%        | 83%        | NA         | 86%        | 87%        |
| Response time (turnout & travel) at 90th percentile (goal 5:20 or 5.33 minutes) | Efficiency    | 6.68       | 6.55       | NA         | 6.55       | 6.16       |
| 90th percentile response time in minutes EMS                                    | Efficiency    | 6.58       | 6.47       | NA         | 6.48       | NA         |
| 90th percentile response time in minutes Fire                                   | Efficiency    | 7.10       | 6.75       | NA         | 6.73       | NA         |
| With patient time at 90th percentile (goal 8:00 minutes)                        | Efficiency    | 8.90       | 8.82       | NA         | 8.83       | NA         |
| <ul> <li>Response reliability (overall GO dates excluded)</li> </ul>            | Efficiency    | 89%        | 91%        | NA         | 91%        | 95%        |
| Incidents per average on-duty emergency staff                                   | Efficiency    | 391        | 385        | NA         | 394        | 394        |
| Average on-duty emergency staffing  | Workload      | 155        | 155        | NA         | 156        | 160        |
| Total number of incidents   | Workload      | 60,672     | 59,696     | 62,500     | 61,466     | 63,000     |
| Number of fire incidents  | Workload      | 2,528      | 2,204      | NA         | 2,352      | 2,250      |
| Number of medical incidents   | Workload      | 38,929     | 39,769     | NA         | 40,283     | 41,500     |
| Structural fires per 1,000 residents  | Workload      | 1.46       | 1.34       | NA         | 1.35       | 1.37       |
| Medical incidents per 1,000 residents   | Workload      | 71.40      | 72.20      | NA         | 72.40      | 75.38      |
| Program: Prevention Structural fires in inspectable                             |               |            |            |            |            |            |
| occupancies per 1,000 inspectable occupancies                                   | Effectiveness | 8.03       | 7.85       | NA         | 7.97       | 7.30       |
| Percent occupancies inspected within 27 months                                  | Efficiency    | 82%        | 86%        | NA         | 83%        | 86%        |
| Code enforcement inspections  *The goal reflects PF&R's 2005-10 strategic p     | Workload      | 18,336     | 16,605     | NA         | 14,512     | 18,070     |

The goal was met, or the trend is positive

Is a concern

# Summary of FY 2005-06 Performance

PF&R continues to refine its performance measures; as a result, many of the measures now reported were not in use when the FY 2005-06 budget was prepared, and so measures are compared to their FY 2001-02 levels. Several measures have improved since FY 2001-02 (values noted in parentheses): percent of structural fires where flamespread was confined to room of origin (82% - 4% higher), response reliability (89% - 2% higher), structural fires per 1,000 residents (1.60 – 16% lower), and structural fires in inspectable occupancies per 1,000 inspectable occupancies, despite the uptick in FY 2005-06 (9.78 – 18% lower). Also, the 90<sup>th</sup> percentile response time for fire incidents has declined for two years to reach the FY 2001-02 level.

Measures with concerning trends include overall response time at  $90^{th}$  percentile (6.35 – 3% higher), EMS response time at  $90^{th}$  percentile (6.28 – 3% higher), with-patient time at  $90^{th}$  percentile (8.48 – 4% higher), and code enforcement inspections (19,359 – 25% lower). The eight new low-hazard inspectors should help reverse this last trend.

The one performance measure still needed is an EMS effectiveness measure for patient outcomes. PF&R is working with the county to develop this reporting capability.

## **Budget Notes**

- Delivery System Study
  TriData was selected to conduct the study, and the results were reported to Council in March 2006.
- Expected Retirement Payout Funding Plan
  PF&R established a plan to absorb the \$1.0 million expected annual retirement payout. A poll taken
  last spring, however, indicated that the potential retiree payout was \$1.9 million. The bureau
  requested \$900,000 from the Compensation Set-Aside in the spring BuMP. The actual payout was
  \$1.6 million higher than normal but less than the poll indicated and the balance was returned to
  the General Fund.

#### **Financials**

|                                 | I  | FY 2005/06<br>Revised<br>Budget | FY 2005/06<br>Year-End<br>Actuals | (  | cumbrances &<br>Carryovers<br>Requested | Y 2005-06<br>Actuals &<br>cumb./Carry. | Percent<br>Variance |
|---------------------------------|----|---------------------------------|-----------------------------------|----|---|--|---------------------|
| Resources                       |    |                                 |                                   |    |   |  |                     |
| Licenses & Permits              | \$ | 1,650,592                       | \$<br>1,569,110                   |    |   | \$<br>1,569,110                        | -4.9%               |
| Service Charges & Fees          |    | 1,130,036                       | 1,284,258                         |    |   | 1,284,258                              | 13.6%               |
| State & Local Sources           |    | 359,230                         | 408,482                           |    |   | 408,482                                | 13.7%               |
| Interagency Revenue             |    | 331,529                         | 340,362                           |    |   | 340,362                                | 2.7%                |
| Fund Transfers - Grants         |    | 5,829,227                       | 3,379,283                         |    | 1,303,953                               | 4,683,236                              | -19.7%              |
| Miscellaneous                   |    | 82,852                          | 144,260                           |    |   | 144,260                                | 74.1%               |
| Gen Fund Discretionary/Overhead |    | 73,053,137                      | 68,969,761                        |    | 3,019,549                               | 71,989,310                             | -1.5%               |
| <b>Total Resources</b>          | \$ | 82,436,603                      | \$<br>76,095,516                  | \$ | 4,323,502                               | \$<br>80,419,018                       | -2.4%               |
| Expenditures                    |    |                                 |                                   |    |   |  |                     |
| Personal Services               | \$ | 63,527,317                      | \$<br>62,745,628                  |    |   | \$<br>62,745,628                       | -1.2%               |
| External Materials & Services   |    | 8,360,019                       | 6,393,530                         |    | 756,180                                 | 7,149,710                              | -14.5%              |
| Internal Materials & Services   |    | 5,062,781                       | 5,010,441                         |    | 114,410                                 | 5,124,851                              | 1.2%                |
| Capital Outlay                  |    | 5,376,649                       | 1,923,129                         |    | 3,452,912                               | 5,376,041                              | 0.0%                |
| Debt Retirement                 |    | 109,837                         | 22,788                            |    |   | 22,788                                 | -79.3%              |
| Total Expenditures              | \$ | 82,436,603                      | \$<br>76,095,516                  | \$ | 4,323,502                               | \$<br>80,419,018                       | - <b>2.4</b> %      |

Revenue target was met, or expense was within budget Revenue wasn't within 5% of target, or expense exceeded budget

Encumbrances and other carryovers requested in the BuMP are included to give a fuller picture of PF&R's financial performance in FY 2005-06. The only concern is that the bureau would have over-expended internal materials and services if the station connectivity project had been fully charged. The explanation is that PF&R budgeted some expenses in external materials and services that were charged in internal materials and services as part of BTS's purchasing consolidation.

## Financial Planning Division Analysis FY 2006-07 Fall BuMP Bureau with Significant Issues

# Office of the Mayor

Report Date: November 7, 2006 Analysis by: Nancy Hartline

| AU 302 and 155 Summar            | y                                  |               |                      |  |
|----------------------------------|------------------------------------|---------------|----------------------|--|
| Revised Budget as of AP 3        | Significant Requests               | New Position  | FPD Overall          |  |
| Revised Budget as 01 AF 5        | Significant Requests               | Requests      | Recommendation       |  |
| General Fund Discretionary:      | (1) OMF IA increase - \$49,400     | (3) Multnomah | Accept all requests  |  |
| \$1,211,739                      | (2) Expand Youth Violence Office - | Youth Comm    | except to defer the  |  |
|                                  | \$500,000                          | 1.0 FTE       | Multnomah Youth      |  |
| <i>Total budget:</i> \$2,521,076 | (3) Multnomah Youth Commission     |               | Commission request   |  |
|                                  | position - \$55,000 ongoing        |               | to FY 2007-08 and    |  |
|                                  |                                    |               | reduce the Youth     |  |
|                                  |                                    |               | Violence Office      |  |
|                                  |                                    |               | request to \$250,000 |  |

Total Recommended GF Discretionary Requests: \$ 299,400 Total Recommended Other Requests: \$ 0

Total Revised GF Discretionary Budget after BuMP: \$ 1,511,139 Total Revised Budget after BuMP: \$ 2,820,476

## **Summary of Significant Requests in Fall BuMP**

#### Additional General Fund Requests

#### **Recommended Requests**

1. 195-1 OMF Interagency Increase: \$49,400

The Mayor's Office is under-budgeted in internal materials and services, primarily in P&D, Facilities, and BTS. The request is for one-time funding, because a number of positions in the office are limited term and ending in the current year. The ongoing need will be analyzed for the FY 2007-08 Requested Budget.

Net Adjustment: \$49,400

2. 195-4 Expand Office of Youth Violence Prevention: \$500,000

The request is to add a \$450,000 grants program, for private outreach and social services involved in service delivery to at-risk youth, and \$50,000 for materials and services. Youth violence peaks in spring and summer, so the grants need to be awarded by early spring for maximal effectiveness. FPD is doubtful that the grants can be awarded in time to be effective and so recommends only half the request. \$250,000 should provide for six grants of about \$40,000 and the request's narrative describes making six to eight such grants.

Net Adjustment: \$250,000

#### **Not Recommended Requests**

1. 195-5 Multnomah Youth Commission Position: \$55,000

The request adds a permanent position to work on restoring the relationship with the Multnomah Youth Commission to increase youth engagement in City policy making. The full-year cost of the request is \$110,000, although the Mayor's Office anticipates an additional request of approximately

\$100,000 in the FY 2007-08 Requested Budget. FPD recommends that the request be deferred to the FY 2007-08 budget process where most ongoing requests will be considered and at which time the entire request can be considered together.

Net Adjustment: \$0

# Review of FY 2006-07 Year-end Projection

Personal services will be more than fully expended; the current projection shows the office needing about half of its Compensation Set-Aside portion. Materials and services, still tightly budgeted with the addition of the OMF IA request, are projected at or near budget. If the Youth Violence Prevention request is funded, materials and services are likely to be well under budget.

# **Comments on Budget Notes and Add Packages**

#### **Budget Notes**

Local Public Safety Coordinating Council (LPSCC): In prior years, support for the LPSCC was budgeted as a special appropriation; this budget was moved to the Mayor's Office for FY 2006-07. The budget note directs LPSCC to submit a work plan and budget to the Mayor's Office before the \$25,000 appropriation is disbursed. The Mayor's Office reports that the funding will be used to carry out joint City-county public safety strategies, including:

- The Citywide Drug Strategy, in collaboration with the Community Action to Reduce Substance Abuse and the Oregon Partnership due March 2007
- The Mayor's Mental Health and Public Safety Review Panel due to finish by June 2007 The office expects to disburse the funds by January 2007.

Changes in Position Funding: The Mayor's Office still intends to pursue converting positions in Planning, POEM, and the Mayor's Office to permanent status and/or General Fund discretionary funding in the FY 2007-08 budget process.

#### **Add Packages**

*Bureau Innovation Project (BIP):* The BIP staff is funded for a second year. One position was converted from part-time to full-time. Most of the BIP project teams are expected to complete their work by April 2007.

*School Funding Coordination*: Two part-time, limited term positions are staffed to coordinate school funding issues with our regional partners and the Oregon Legislature through the 2007 legislative session.

Assistant to Chief of Staff Position: This new permanent position has been staffed and is relieving the workload of the office manager.

Move LPSCC Appropriation to Mayor's Office: See budget note report above.

Visioning Project Staffing: The half-time, limited term position is staffed. Visioning expects to complete its work in April 2007, and the BuMP moves funds from personal services to materials and services to reflect the positions' expected end dates of December 31 and April 30.

Youth Violence Prevention: Two limited term positions were added. One employee was hired, and the other position is being staffed through an IA with ONI. They provide a community network and resource-building office to promote problem-solving efforts and best practices in service delivery to at-risk youth. There is an add request in the BuMP to expand their efforts.

## Financial Planning Division Analysis FY 2006-07 Fall BuMP FY 2005-06 Performance Snapshot

Office of the Mayor

**Analysis by: Nancy Hartline** 

#### **Budget Notes**

#### Consolidation of Public Information Functions

BIP #3-Review of Public Communications is charged with reviewing public information functions. The budget note asked the Mayor's Office to present an implementation plan to Council by December 2005 that would consolidate public information functions. BIP #3, however, has not yet started its work. The work of the BIP teams was staggered so that all 20 teams wouldn't be working at the same time, and BIP #3 is one of the ones with a delayed start.

#### ▶ Implement Bureau Innovation Project Recommendations in FY 2005-06

As noted above, the BIP teams' work was staggered. To date, 11 teams have completed their work, seven are currently working, one was rolled into another (PDC review into Charter review), and BIP #3 has yet to begin. The teams still working are:

BIP #1-Community Visioning\* – expected April 2007

BIP #2-BIP Implementation Team – will continue as long as other BIP teams are working

BIP #8-Community Connect – expected March 2007

BIP #10-Planning & Development – expected January 2007

BIP #14-Comprehensive Travel Policy – expected December 2006

BIP #16-Managing for Results – expected January 2007

BIP #20-Charter Review Commission\* – expected January 2007

The budget note directed the work of the teams to be discussed at Implementation Team meetings, and this has occurred as teams complete their assignment.

#### **Financials**

|   | FY 2005/06<br>Revised |           | _  | FY 2005/06<br>Year-End | Percent  |  |
|---|-----------------------|-----------|----|------------------------|----------|--|
|   |                       | Budget    |    | Actuals                | Variance |  |
| Service Charges & Fees                              | \$                    | -         | \$ | (2,002)                |          |  |
| Local Sources                                       |                       | 39,270    |    | 6,898                  | -82.4%   |  |
| ■ Interagency Revenue                               |                       | 391,331   |    | 391,331                | 0.0%     |  |
| ■ Miscellaneous                                     |                       | -         |    | 40,491                 |          |  |
| <ul> <li>General Fund Discretionary</li> </ul>      |                       | 995,761   |    | 916,060                | -8.0%    |  |
| General Fund Overhead Recovery                      |                       | 716,227   |    | 716,227                | 0.0%     |  |
| Total Resources                                     | \$                    | 2,142,589 | \$ | 2,069,005              | -3.4%    |  |
| Expenditures  |                       |           |    |                        |          |  |
| Personal Services                                   | \$                    | 1,545,506 | \$ | 1,518,903              | -1.7%    |  |
| <ul><li>External Materials &amp; Services</li></ul> |                       | 240,606   |    | 204,120                | -15.2%   |  |
| ■ Internal Materials & Services                     |                       | 356,477   |    | 345,982                | -2.9%    |  |
| ■ Total Expenditures                                | \$                    | 2,142,589 | \$ | 2,069,005              | -3.4%    |  |

Revenue target was met, or expense was within budget

Revenue not within 5% of target, or expense exceeded budget

<sup>\*</sup>considered separate initiatives now

# Financial Planning Division Analysis FY 2006-07 Fall BuMP Bureau with Significant Issues

# Office of Cable Communications & Franchise Management

Report Date: 11/03/06 Analysis by: Jeramy Patton

| Revised Budget as of AP 3                  | Significant Requests  | New Position<br>Requests | FPD Overall<br>Recommendation   |
|--|---|--------------------------|---|
| General Fund Discretionary:<br>\$1,510,729 | (1) Citywide open access Fiber-to-<br>the-Premises (FTTP)<br>(2) City code amendments | (1) None                 | Recommend FTTP funding, but code amendments should be partially paid by PDOT. |
| Total budget: \$1,880,366                  |   |                          | PDOT.   |

Total Recommended GF Discretionary Requests:\$ 160,000Total Recommended Other Requests:\$ 25,000Total Revised GF Discretionary Budget after BuMP:\$ 1,670,729Total Revised Budget after BuMP:\$ 2,065,366

## **Summary of Significant Requests in Fall BuMP**

# General Fund Requests Recommended Requests

1. 300-1/Titles 7.12, 7.14, and 17 Code Amendments: \$35,000

The bureau requested \$35,000 of General Fund one-time to implement code amendments that will protect the City's franchising operations. The code amendments will allow the Cable Bureau to reference City code in its franchise agreements instead of including the provisions in each separate agreement. Currently there are discrepancies between City code and what is included in the franchise agreements that allow utility companies to challenge the rights of the City to enforce payment. Financial Planning recommends the request for \$10,000 of General Fund one-time to complete the code amendments for Titles 7.12 and 7.14, which largely deal with franchise regulations and utility fees. The franchise agreements, however, also include a number of sections that refer to Title 17 codes, which are mainly related to the Office of Transportation (PDOT). Financial Planning recommends that these code amendments be funded through interagency revenues from PDOT and not the General Fund.

Net Adjustment: \$10,000 General Fund one-time and \$25,000 of interagency revenues from PDOT

2. 300-2/Citywide Open Access Fiber-to-the-Premises (FTTP): \$150,000

The request includes funding for the issuance of a Request for Proposal to develop a detailed phase two business case, including public/private financial models, for a Citywide Open Access Fiber-to-the-Premises network. The request is a follow up to the Council's work session on February 7, 2006 on this topic. The original request included \$100,000 of General Fund one-time and \$100,000 of Portland Development Commission funding. The request has since been revised by Commissioner Saltzman's Office to scale back the study, but request the entire amount from the General Fund.

Net Adjustment: \$150,000 General Fund one-time

## Review of FY 2006-07 Year-end Projection

The year-end projections for the Cable Bureau and the Cable Fund are on target to remain within their budgetary appropriations, assuming that the Fall BuMP requests are approved. If the requests are not approved, the year-end projection for the Cable Bureau would be updated to exclude the additional funds. Year-to-date expenses and revenues for the Cable Bureau are comparable to historical patterns. Year-to-date expenses and revenues for the Cable Fund vary from historical patterns in some categories due to the implementation of a new accrual process required by central accounting. Revenues received by August 15, 2006 were accrued to FY 2005-06, whereas in the past these revenues were posted in the current fiscal year.

Office of Cable Communications & Franchise Management

Analysis by: Jeramy Patton

| <b>Key Performance Measures</b>              |               | FY 2003-04<br>Actual | FY 2004-05<br>Actual | FY 2005-06<br>Goal | FY 2005-06<br>Actual | FY 2006-07<br>Goal |
|--|---------------|----------------------|----------------------|--------------------|----------------------|--------------------|
| Goal/Program/Measure                         | Type          |                      |                      |                    |                      |                    |
| Goal: Provide effective franchise regulation |               |                      |                      |                    |                      |                    |
| Program: Cable Communications                |               |                      |                      |                    |                      |                    |
| PEG Funding and Grants                       | Effectiveness | \$3,102,507          | \$3,082,941          | \$2,309,259        | \$1,620,701          | \$3,222,022        |
| Cable TV Complaints Handled                  | Workload      | 167                  | 160                  | 167                | 236                  | 175                |
| Program: Utility Franchises                  |               |                      |                      |                    |                      |                    |
| General Fund Revenues                        | Effectiveness | \$56,247,023         | \$57,039,622         | \$57,446,428       | \$62,041,822         | \$59,143,137       |
| Franchises Administered                      | Workload      | 48                   | 50                   | 51                 | 48                   | 50                 |
| The goal was met or the trend is positiv     | 2             |                      |                      |                    | Ica                  | concern            |

#### **Summary of FY 2005-06 Performance**

Performance measures for the bureau were generally on track, except for the number of cable TV complaints handled. It should be noted that the number of complaints also includes broadband internet and telephone services, which are not under the control of the bureau. The increase in services provided by cable companies most likely led to the increase in complaints. Financial Planning recommends that the bureau continue working with the Auditor's Office to improve its performance measures and to create new measures that will track effectiveness better. The current effectiveness measures are reliant on the economy and the timing of when entities will request funding awarded from prior Public, Education, and Government grants. These measures are not a good performance indicator given that the bureau has little control over the outcome.

|  | Financials<br>FY 2005/06<br>Revised | FY 2005/06<br>Year-End | Percent          |
|--|-------------------------------------|------------------------|------------------|
|  | Budget                              | Actuals                | Variance         |
| Resources                                      | 8                                   |                        |                  |
| Local Sources                                  | \$1,500                             | \$1,500                | 0.00%            |
| Interagency Revenue                            | 349,684                             | 346,920                | -0.79%           |
| General Fund Discretionary                     | 1,481,616                           | 1,465,480              | -1.09%           |
| <b>Total Resources</b>                         | \$1,832,800                         | \$1,813,900            | -1.03%           |
| Expenditures                                   |                                     |                        |                  |
| Personal Services                              | \$683,192                           | \$682,762              | -0.06%           |
| Externa Materials & Services                   | 838,512                             | 823,317                | -1.81%           |
| Internal Materials & Services                  | 311,096                             | 307,821                | -1.05%           |
| <b>Total Expenditures</b>                      | \$1,832,800                         | \$1,813,900            | -1.03%           |
| nue target was met, or expense was within budg | Expense exceede significantly less  | d budget, or expens    | e or revenue was |

The Cable Bureau remained within its budgeted appropriation for FY 2005-06, with a variance in all categories less than two percent.

# Office of Management & Finance (AU 307)

Report Date: 11/09/06 Analysis by: Jeramy Patton

| AU 307 Summary                             |  |  |   |
|--|--|--|---|
| Revised Budget as of AP 3                  | Significant Requests   | New Position<br>Requests                     | FPD Overall<br>Recommendation                         |
| General Fund Discretionary:<br>\$9,273,458 | <ul><li>(1) HR positions</li><li>(2) Youth Civic Development Prog</li><li>(3) Encumbrance Carryovers</li></ul> | (1) FMLA and<br>Labor Relations<br>positions | HR positions should<br>be requested in FY<br>2007-08. |
| Total budget: \$23,777,544                 |  |  |   |

Total Recommended GF Discretionary Requests: \$ 587,093
Total Recommended Other Requests: \$ 0

Total Revised GF Discretionary Budget after BuMP: \$ 9,860,551
Total Revised Budget after BuMP: \$ 24,364,637

#### **Summary of Significant Requests in Fall BuMP**

# General Fund Requests Recommended Requests

1. 307-5,6,7/Encumbrance Carryover Requests: \$237,093

The request is for several encumbrance carryovers for Human Resources (\$149,000), Financial Services (\$69,351), and Business Operations (\$18,742). Examples of the encumbrances include Portland Public Schools summer internship, cultural competency, arbitrage compliance, and investment consulting.

Net Adjustment: \$237,093

2. 307-5/Youth Civic Development Program: \$125,000

The program was previously funded through a grant by Work Systems, Inc. that is no longer available. The program is designed to teach youth about city government and increase youth voice in the civic process. The project involves teams of eight youth, ages 16-21, participating in a City bureau three days/week over a 6-10 week period to offer input on a particular issue. The funding pays for a contract with Open Meadow *City Corps* to administer the program. Financial Planning recommends that the Bureau of Human Resources (BHR) work with Open Meadow *City Corps* to reduce the overhead costs of the project by possibly offering some or all of the services in house. According to the project detail, \$65,472 is spent on Open Meadow staff, \$8,900 on operating supplies such as local travel reimbursement and curriculum, and \$11,358 on other overhead costs such as accounting, audit, and supervision. The remaining \$40,000 is spent on participant wages, team building events, and participant transportation. Financial Planning recommends that BHR submit a funding proposal during the FY 2007-08 budget process that outlines the feasibility and costs for BHR to provide the program in house.

Net Adjustment: \$125,000

3. 307-12/Carryover Requests from FY 2005-06: \$225,000

The request includes funding for four carryover projects totaling \$225,000. The projects include the OMF Emergency Management Plan for \$20,000, Performance Benchmarking of Services for \$50,000, Phase II

of the OMF Customer Service Initiative for \$80,000, and the IRNE Study for \$75,000. The funds were reduced from the bureau's FY 2005-06 budget during the spring 2006 BuMP.

Net Adjustment: \$225,000

#### **Not Recommended Requests**

1. 307-3/ Human Resources Labor Relations Position: \$47,845

The \$47,845 request includes funding for one new permanent full-time position to alleviate the labor relations workload due to increased benefits negotiation requirements and the implementation of the Labor-Management Committee (BIP #6). Financial Planning recommends that the position be requested in the FY 2007-08 budget process.

Net Adjustment: \$0

2. 307-4/ Human Resources Family Medical Leave Act Position: \$47,845

The \$47,845 request includes funding for one new permanent full-time position to ensure consistent implementation and enforcement of the City's policies and federal and state laws related to the Family Medical Leave Act. Financial Planning recommends that the position be requested in the FY 2007-08 budget process.

Net Adjustment: \$0

# Review of FY 2006-07 Year-end Projection

The year-end projection for the Office of Management & Finance (AU 307) is on target to remain within its budgetary appropriation, assuming that the recommended Fall BuMP requests are approved. Year-to-date expenses and revenues for AU 307 are comparable to historical patterns.

#### FY 2006-07 Add Packages

*Performance Review Training*—The completion date for the training was originally set for the first quarter of 2007. The timeline has since been rescheduled to begin initial rollout of the training in the first quarter of 2007.

*Cultural Competency Training*—The bureau reported that 344 of the 1,050 managers and supervisors in the City have completed the training.

Summer Youth Employment Program—The bureau reported that every bureau in the City participated in the program in the summer of 2006. Out of the 70 youth employed, 56 were from a minority population, and 31 were female.

Strategic Sourcing Program—The bureau has developed methods for tracking the strategic sourcing savings throughout the year, and is currently compiling this information. The bureau will submit a report during the Spring BuMP process that includes the estimated Citywide savings as requested by Council.

# Office of Management & Finance (AU 307)

Analysis by: Jeramy Patton

| <b>Key Performance Measures</b>   |               | FY 2003-04<br>Actual | FY 2004-05<br>Actual | FY 2005-06<br>Goal | FY 2005-06<br>Actual | FY 2006-07<br>Goal |
|---|---------------|----------------------|----------------------|--------------------|----------------------|--------------------|
| Goal/Program/Measure  | Type          |                      |                      |                    |                      |                    |
| Goal: Strengthen stewardship of the City's re                                       | esources      |                      |                      |                    |                      |                    |
| Program: Accounting   |               |                      |                      |                    |                      |                    |
| Number of Payroll Checks Without  |               |                      |                      |                    |                      |                    |
| Error   | Effectiveness | 171,378              | 175,736              | 171,500            | 176,329              | 172,000            |
| Percent of Accounts Receivable  | Ecc. v.       | 670/                 | 700/                 | 0.50/              | 740/                 | 700/               |
| Invoices Collected Within 60 Days   | Effectiveness | 67%                  | 70%                  | 95%                | 74%                  | 78%                |
| Program: Financial Planning   |               |                      |                      |                    |                      |                    |
| Number of Active Federal Grants   | Workload      | 231                  | 250                  | 230                | 264                  | 250                |
| Program: Debt Management  |               |                      |                      |                    |                      |                    |
| ■ Debt Under Management (in billions)   | Workload      | 2.09                 | 2.23                 | 2.29               | 2.37                 | 3.00               |
| Program: Procurement  ■ Percent of contracts less than \$200,000 awarded to M/W/ESB | Effectiveness | 4.0%                 | 16.9%                | 5.0%               | 20.0%                | 27.0%              |
| Goal: Recruit and develop an expert workfor   | rce           |                      |                      |                    |                      |                    |
| Program: Labor Relations  |               |                      |                      |                    |                      |                    |
| Total Number of Grievances Received   |               |                      |                      |                    |                      |                    |
| by LR System  | Workload      | 149                  | 162                  | 175                | 80                   | 125                |
| Program: Diversity - AA   |               |                      |                      |                    |                      |                    |
| <ul> <li>Percentage of Diverse Applicants per</li> </ul>                            |               |                      |                      |                    |                      |                    |
| Recruitment   | Effectiveness | 26%                  | 24%                  | 28%                | 27%                  | 28%                |
| Program: Site Teams Cost of Providing HR Service per City                           |               |                      |                      |                    |                      |                    |
| ► FTE   | Efficiency    | \$887                | \$1,127              | \$973              | \$1,186              | \$1,096            |
| The goal was met or the trend is positive   |               |                      |                      |                    | ► Is a con           | ncern              |

#### **Summary of FY 2005-06 Performance**

The discrepancy between the FY 2005-06 goal and actuals for the percent of accounts receivable invoices collected within 60 days is due to a change in the methodology used by Accounting to track this measure. Accounting restated the actuals back to FY 2001-02 to include the new methodology, but last year's adopted numbers had already been submitted. The percent of contracts awarded to M/W/ESB businesses continues to increase, largely due to new programs such as the sheltered market. The cost of providing HR services per employee has increased steadily over the past few years, and is expected to continue to increase due to new citywide training initiatives and youth programs.

#### FY 2005-06 Budget Notes

#### **Business Operations Focused Review**

The Office of Management and Finance completed a focused review of the business practices of the Chief Administrative Officer's Office and Business Operations. The focused review process included finalization of the OMF Business Operations Strategic Plan, providing strategic direction as well as performance measures that were included in the FY 2006-07 budget.

#### **Financials**

| \$140,100<br>401,803<br>12,251,279<br>185,020<br>929,218<br>4,787,399<br>6,726,134 | \$333,990<br>598,271<br>11,951,824<br>185,020<br>707,999<br>3,366,448<br>6,726,134 | 138.39%<br>48.90%<br>-2.44%<br>0.00%<br>-23.81%<br>-29.68%              |
|--|--|---|
| 401,803<br>12,251,279<br>185,020<br>929,218<br>4,787,399                           | 598,271<br>11,951,824<br>185,020<br>707,999<br>3,366,448                           | 48.90%<br>-2.44%<br>0.00%<br>-23.81%<br>-29.68%                         |
| 12,251,279<br>185,020<br>929,218<br>4,787,399                                      | 11,951,824<br>185,020<br>707,999<br>3,366,448                                      | -2.44%<br>0.00%<br>-23.81%<br>-29.68%                                   |
| 185,020<br>929,218<br>4,787,399  | 185,020<br>707,999<br>3,366,448  | 0.00%<br>-23.81%<br>-29.68%   |
| 929,218<br>4,787,399   | 707,999<br>3,366,448   | -23.81%<br>-29.68%  |
| 4,787,399  | 3,366,448  | -29.68%   |
|  |  |   |
| 6,726,134  | 6 726 134  | 0.000/  |
|  | 0,720,131  | 0.00%   |
| \$25,420,953   | \$23,869,686   | -6.10%  |
|  |  |   |
| \$15,234,564   | \$15,152,709   | -0.54%  |
| 3,542,776  | 2,095,367  | -40.86%   |
| 6,643,613  | 6,621,610  | -0.33%  |
| \$25,420,953   | \$23,869,686   | -6.10%  |
|  | \$15,234,564<br>3,542,776<br>6,643,613<br><b>\$25,420,953</b>                      | \$15,234,564 \$15,152,709<br>3,542,776 2,095,367<br>6,643,613 6,621,610 |

In FY 2005-06, the bureau continued to under expend in external materials and services, spending approximately 59.9% of the budgeted appropriation. Historical patterns show the bureau, on average, only spending 65.5% of its external materials and services. The bureau attributes the under expenditures to two major factors; the first being that managers in all OMF bureaus are frugal when it comes to materials and services spending. The second is that OMF is often called upon by the Mayor and Council to pay for special projects. Past examples that used considerable resources include the initial City effort to purchase Portland General Electric, hiring a consultant to study the creation of the Revenue Bureau, and hiring a consultant to examine the need for a new enterprise resource planning system. In the future, these savings may also be used to pay for increased costs associated with the implementation of the Enterprise Business Systems project. Most of the projects cannot be anticipated; therefore the bureau maintains a reserve that is available throughout the entire year. Financial Planning agrees that the bureau needs to maintain available resources for special projects, but even with these expenses that were incurred the last few years, the bureau continues to under expend its appropriation. Financial Planning continues to analyze prior year's expenditures in this category and will bring forward a recommendation during the FY 2007-08 budget process.

# **Auditor's Office**

Report Date: 11/6/06 Analysis by: Doug Le

| AU 336 Summary                                  |                            |                          |                               |
|---|----------------------------|--------------------------|-------------------------------|
| Revised Budget as of AP 3                       | Significant Requests       | New Position<br>Requests | FPD Overall<br>Recommendation |
| General Fund Discretionary:                     | (1) General Fund One-time: | (1) None                 | All requests                  |
| \$3,300,046<br><i>Total budget:</i> \$7,824,911 | \$158,787                  |                          | recommended                   |

Total Recommended GF Discretionary Requests:\$ 158,787Total Recommended Other Requests:\$ 35,000Total Revised GF Discretionary Budget after BuMP:\$ 3,458,833Total Revised Budget after BuMP:\$ 8,018,698

#### **Summary of Significant Requests in Fall BuMP**

#### General Fund Requests

#### **Recommended Requests**

1. Lobbyist Registration & Reporting System: \$7,500

This request would fund the necessary changes to the electronic lobbyist registration and reporting system. The funding would be allocated to the interagency with the Bureau of Technology Services for the required programming services.

*Net Adjustment: Increase appropriation by \$7,500.* 

2. Stanley Parr Archives and Records Center Feasibility Study Phase II: \$60,000

This request would fund the second phase of the study. This phase will cover the site evaluation/selection process, pre-design planning, and refined development cost estimates. The funding would be allocated to interagency with OMF-Facility Services to conduct this phase of the study.

*Net Adjustment: Increase appropriation by* \$60,000

3. Contract with Moss Adams: \$91,287

This request would cover the increased costs for the City of Portland's financial audit. The contract with Moss Adams increased due to additional auditing and accounting requirements.

Net Adjustment: Increase appropriation by \$91,287

#### Other Requests

#### **Recommended Request**

1. Increase LID Fund Cash Transfer to Transportation Operating Fund: \$9,100,000

This request would increase the cash transfer between the LID Construction Fund and the Transportation Operating Fund by \$9,100,000 for costs associated with the aerial tram project. The increase in the LID expenditure will be offset by an increase in LID Note Sale revenues. This action does not increase the cost of the aerial tram project.

Net Adjustment: Increase appropriation by \$9,100,000

#### Review of FY 2006-07 Year-end Projection

As of AP 3 ending 9/20/06, the Auditor's Office spent about 20% of its budget. This is consistent with the historical trend of 21.6%. The office projects it will spend approximately 93% of appropriation by the end of the fiscal year. On the revenue side, the collection percentage as of AP 3 is consistent with the historical trend of the same period. By the end of the fiscal year, the Auditor's Office projects it will collect approximately 85% of the \$2,556,009 estimated revenue or \$2,172,000.

#### Comments on FY 2006-07 Budget Notes and Add Packages

#### **Budget Notes**

1) Enterprise Document Management Strategy:

"Council requests that the Auditor work with the Bureau of Technology Services and other interested bureaus to develop an enterprise document management strategy."

#### This project is progressing as planned.

2) Managing for Results Auditor Position:

"The Managing for Results management auditor position is continued as a limited-term for a second year. Twenty-five percent of this position will be devoted to supporting the recommendations of Bureau Innovation Project #7-Customer Service. Council asks the Auditor to report on the extend to which this utilization is effective before any decision is made regarding the permanence of the position."

The report from the Auditor is included in the fall BuMP. The Auditor had concluded that utilization of this position is highly effective in this fiscal year. The Auditor anticipates requesting continued support for this position in FY 2007-08 to support Council goal for Managing for Results.

#### Add Packages

The following shows the progress of the Auditor's Office's five add packages approved in FY 2006-07.

- 1) Records Facility Feasibility Study: This project is progressing as planned. It is estimated that all funds will be expended by 12/31/06. The Auditor's Office in conjunction with OMF-Facilities Services will review the recommendation made by the consultant. The Auditor's Office has requested one-time funding from the General Fund in the fall 2006 BuMP to proceed with the next phase of the study.
- 2) Managing for Results Auditor Position: In its report to Council, the Auditor has concluded that utilization of this position is highly effective in this fiscal year. The Auditor anticipates requesting continued support for this position in FY 2007-08 to support Council goal for Managing for Results.
- 3) New Senior Management Auditor-PDC: The position was hired in August. The audit of PDC will commence this fiscal year.
- 4) Records Center Facility Maintenance: The Auditor's Office reported that it has not received a progress report from OMF-Facilities Management for this service.
- 5) Efiles City Hall Implementation: This project is progressing as planned. The recruitment of a Business Systems Analyst to assist with the implementation is under way.
- 6) Hearings Officer-Exclusion Code: The Auditor converted a part-time Hearings Officer to a full-time position as directed in the Adopted Budget due to increase in workload.

Auditor's Office Analysis by: Doug Le

| <b>Key Performance Measures</b>  |               | FY 2003-04<br>Actual | FY 2004-05<br>Actual | FY 2005-06<br>Goal | FY 2005-06<br>Actual | FY 2006-07<br>Goal |
|--|---------------|----------------------|----------------------|--------------------|----------------------|--------------------|
| Goal/Program/Measure   | Type          |                      |                      |                    |                      |                    |
| Goal: Promote efficient municipal services<br>Program: Audtit Services Program |               |                      |                      |                    |                      |                    |
| Full cost per audit hour   | Efficiency    | \$94.00              | \$104.00             | \$85.00            | \$103.28             | \$104.00           |
| Number of reports issued   | Workload      | 7                    | 4                    | 9                  | 14                   | 12                 |
| Program: Independent Police Review   |               |                      |                      |                    |                      |                    |
| Percent of complainants satisfied  | Effectiveness | 55%                  | 52%                  | 51%                | 47%                  | 51%                |
| Program: Hearings Offiicer   |               |                      |                      |                    |                      |                    |
| Code and appeal hearings   | Workload      | 145                  | 148                  | 150                | 141                  | 225                |
| The goal was met or the trend is positive                                      |               |                      |                      |                    | ▶ Is                 | s a concern        |

## Summary of FY 2005-06 Performance

The Audit Services Division has increased the number of audits significantly in FY 2005-06, from four audits in FY 2004-05 to 14 audits in last fiscal year. The Auditor's Office reported that in the last fiscal year, 82% of the audit recommendations have been implemented. The cost per audit increased over 10% between FY 2003-04 and FY 2004-05, but remains constant for the last two years. The Independent Police Review program received 771 complaints last year and the percentage of complainants who were satisfied remains the same as last year. The workload of the Hearings Officer program has increased significantly over the recent years; however, the Code and appeal hearings types have declined in FY 2005-06. There have been increases in the TriMet Exclusion Order hearings and Drug Free and Prostitute Free Exclusion reviews.

#### FY 2005-06 Budget Notes

#### Managing for Results Auditor Position

"Council requests that the Auditor's Office assess whether the Managing for Results management auditor position is needed primarily for implementation of improved performance measures or for ongoing performance audits. Council requests a report from the Auditor's Office on this issue by December 2005. The position is funded with one-time monies in FY 2005-06 and will be reevaluated for FY 2006-07 funding based on Council priorities."

The MFR management auditor position has been continued a second year, with one quarter of the time to be spent in support of Citywide customer service efforts, as recommended by Bureau Innovation Project #7: Customer Service.

#### **Financials**

|   | FY 2005/06<br>Revised<br>Budget | FY 2005/06<br>Year-End<br>Actuals | Percent<br>Variance |
|---|---------------------------------|-----------------------------------|---------------------|
| Resources   |                                 |                                   |                     |
| Service Charges & Fees                              | \$123,522                       | \$126,142                         | 2.12%               |
| Local Sources                                       | \$221,045                       | \$238,346                         | 7.83%               |
| ► Interagency Revenue                               | \$2,615,332                     | \$2,132,605                       | -18.46%             |
| Miscellaneous                                       | \$19,000                        | \$11,356                          | -40.23%             |
| Total Resources                                     | \$2,978,899                     | \$2,508,449                       | -15.79%             |
| Expenditures  |                                 |                                   |                     |
| Personal Services                                   | \$5,396,858                     | \$5,296,374                       | -1.86%              |
| <ul><li>External Materials &amp; Services</li></ul> | \$1,214,682                     | \$837,381                         | -31.06%             |
| Internal Materials & Services                       | \$1,259,977                     | \$1,194,161                       | -5.22%              |
| Total Expenditures                                  | \$7,871,517                     | \$7,327,916                       | -6.91%              |

In FY 2005-06, the Auditors' Office ended the fiscal year with 93.1% of the budget expended. This is consistent with the historical percent of 92.7%. The actual expenditures in the External Materials and Services category are about 31% lower than budgeted due to the postponement of the project to rewrite the lien accounting system. The budget for this project was \$280,000 in FY 2005-06. This project will be finished in FY 2006-07.

On the revenue side, the office collected 84.2% of the estimated revenues or \$2,508,449. This compared to the historical percent of 88.8%. The interagency revenue is lower than budgeted reflecting the actual level of services provided by the Auditor's Office.

# Office of Management & Finance - Revenue Bureau

Report Date: 11/08/06 Analysis by: Jeramy Patton

| AU 390 Summary                             |   |   |                               |
|--|---|---|-------------------------------|
| Revised Budget as of AP 3                  | Significant Requests                              | New Position<br>Requests                          | FPD Overall<br>Recommendation |
| General Fund Discretionary:<br>\$2,574,150 | (1) Transfer Customer Services to<br>Water Bureau | (1) 3 FTE to add<br>back efficiency<br>reductions | Recommend all requests        |
| Total budget: \$26,149,442                 |   |   |                               |

Total Recommended GF Discretionary Requests:\$ 121,740Total Recommended Other Requests:\$ -11,201,879Total Revised GF Discretionary Budget after BuMP:\$ 2,695,890Total Revised Budget after BuMP:\$ 15,069,303

#### **Summary of Significant Requests in Fall BuMP**

#### General Fund Requests

#### **Recommended Requests**

1. 390-4/Add Back Revenue Bureau Efficiency Reductions: \$121,740

The FY 2006-07 Adopted Budget included savings of \$344,827 of General Fund discretionary in the Revenue Bureau due to efficiencies gained from the consolidation efforts. The efficiencies included the elimination of three positions (Accounting Supervisor, Licensing Operations Supervisor, and License Bureau Director) and related materials and services. With the transfer of the Customer Services program back to the Water Bureau, some of the efficiencies are no longer feasible. The request provides funding for two permanent full-time Office Support Specialist II positions and one permanent full-time Administrative Supervisor I position to replace the positions eliminated as part of the consolidation efficiencies. The job duties of the requested positions are different than the positions originally eliminated, due to a shift of bureau workload. The request also includes approximately \$50,000 to backfill the administrative positions of the bureau that will no longer be partially funded by the Water Bureau and Bureau of Environmental Services (BES). These positions include the bureau director, operations manager, and other support staff. The requested ongoing funding of \$121,740 is only the amount needed for the remaining six months of the year. The ongoing target adjustment required to fund the new positions and administrative backfill is approximately \$240,000.

Net Adjustment: \$121,740 ongoing (approximately \$240,000 in FY 2007-08)

# Other Requests Recommended Requests

1. 390-1/Transfer Utilities Customer Services to Water Bureau: -\$10,423,390

The requested action will transfer the Customer Services program of the Revenue Bureau back to the Water Bureau. This action includes the transfer of 128 positions and approximately \$10.4 million dollars (amount required to operate Customer Services for the remaining seven months of the fiscal

year). The Customer Services program was initially moved to the Office of Management and Finance (OMF) to ensure the successful implementation of the new Cayenta billing system, while also strengthening relationships with customers and the community. Under OMF, the program successfully implemented Cayenta in early 2006 and was integrated into the Revenue Bureau, as a result generating significant savings and efficiencies. With these accomplishments, the Mayor now believes the program will benefit from reintegration into the Water Bureau. The reintegration, however, will also bring about a new set of challenges as described below.

The consolidation of the Customer Services program, Bureau of Licenses, and Assessments & Liens program into the new Revenue Bureau created efficiencies which led to significant savings to the General Fund, Water Bureau, BES, Assessments & Liens program, and the Business Licenses Surcharge Fund. In FY 2006-07, the bureau was able to reduce its General Fund appropriation by \$344,827, and reduced its interagency agreements with the Water Bureau and BES by approximately \$76,000 each. These efficiencies are above what was already scheduled as savings due to the implementation of the Cayenta billing system. As described in request 390-4 above, approximately \$240,000 of ongoing General Fund discretionary will need to be added back to the Revenue Bureau to replace positions that were eliminated as part of the efficiency savings. The outcome of the efficiency savings gained in the Customer Services program is not known at this time.

Currently the Revenue Bureau is housed in two separate buildings. The Customer Services program is housed in the Portland Building, and the remaining functions of the bureau (business licenses, regulatory, assessments & liens) are housed in the Columbia Square Building. In the FY 2006-07 budget process a Citywide space plan was approved that was designed to solve the Revenue Bureau location problem and to accommodate other bureaus within the City who were in need of more space. This plan included moving the Customer Services program from the Portland Building to the Columbia Square Building. With the plan in place, the City signed a new lease with the Columbia Square Building to acquire additional space and extend the lease until May 31, 2011. The additional space increased the lease costs by about \$18,000 per month above what the bureau was initially paying. With the transfer of the Customer Services program back to the Water Bureau, the additional space is no longer needed. This creates a significant funding problem for the Revenue Bureau since the additional space was to be paid for by the Water Bureau and BES. The only way to utilize the space is to sub-lease it or work with the landlord to re-lease the space. The Facilities Division of OMF believes that it would likely take at least a year to sub-lease, or perhaps much longer. The cost of carrying the vacant space from January 1, 2007 to June 30, 2007 (assuming that no additional tenants are found) is an additional \$103,198. Currently there is no solution for how this potential shortfall will be managed. This also has a major effect on the rest of the space plan because the additional changes were based on the Customer Services program vacating the space in the Portland Building. The space plan as it currently stands is obsolete.

The FY 2005-06 Adopted Budget included \$500,000 of General Fund one-time discretionary for Revenue Bureau implementation costs, of which \$25,000 was spent to relocate the Assessments & Liens program from the Auditor's Office to the Revenue Bureau. The remaining \$475,000 was carried over in the spring 2006 BuMP to relocate the remaining functions of the bureau to the Columbia Square Building. Since Customer Services will no longer be relocated, the bureau did not request the carryover funds in its BuMP submission. Some of these funds, if Council so decides, could be used to offset the additional rent costs associated with the new Revenue Bureau lease until the space issues are resolved.

With the creation of the Revenue Bureau, a new director position was created and adjustments were made to other management and support positions due to the increased span of control from combining the Bureau of Licenses with the Customer Services program. With the move of the Customer Services program back to the Water Bureau (128 positions and approximately \$20 million), Financial Planning

recommends a review by the Bureau of Human Resources of the remaining management and support structure. The Revenue Bureau will essentially revert back to what used to be the Bureau of Licenses and the management and support functions should reflect the new span of control. This review should also include other Revenue Bureau support functions such as Business Operations in OMF, and the support for Customer Services in the Water Bureau.

Due to the fast turn around time of this transaction, some minor additional adjustments will still need to be made in the winter 2006 BuMP to finalize budgets of the affected bureaus. An ordinance will also need to be voted on by Council to adjust City Code 3.15.110 to reflect the new Revenue Bureau structure.

Net Adjustment: -\$10,423,390 and the transfer of 128 positions

2. 390-2/Reduce Multnomah County Income Tax (ITAX) Program: -\$778,489

The requested action will eliminate 10 vacant positions for a savings of \$778,489 as part of the scheduled phase-out of the program (tax year 2005 was the last year of the ITAX). The bureau has typically held vacant positions in the program in case of a spike in workload, however, it has been decided that these positions are not needed for collection efforts in the current year. The program is funded through an intergovernmental agreement with Multnomah County.

Net Adjustment: -\$778,489

#### Review of FY 2006-07 Year-end Projection

For analysis purposes, the bureau's year-end projection assumes that the Revenue Bureau will remain intact for the remainder of FY 2006-07. The bureau has projected to under expend its personal services category by approximately \$1,000,000 in the current year. This under expenditure is due to a high number of current vacancies within the Utilities Customer Services program. For all other categories, the bureau's expenses are consistent with historical patterns. If the Customer Services transfer is approved, the year-end projection for the winter 2007 BuMP will only reflect the Business License and Assessments & Liens programs.

#### FY 2006-07 Add Packages

Enhance Business License Collection Efforts

The bureau is currently submitting monthly collection reports to the Financial Planning Division. From the start of the fiscal year through the end of October, the bureau has reported net collections of approximately \$1.2 million due to the enhanced collection efforts.

#### Other FPD Observations & Comments

The Revenue Bureau received \$600,000 of one-time General Fund discretionary in the fall 2005 BuMP to develop technological efficiencies in e-commerce. These efficiencies will shift the burden of data entry and accuracy verification away from the City and onto the client/citizen. The bureau reported that these efficiencies could reduce or reallocate at least 5.0 FTE, resulting in savings of \$350,000 per year. These savings, however, are contingent on the willingness of the public to utilize the online features. To date, no efficiencies have been realized. The bureau carried over \$366,675 of the \$600,000 during the spring BuMP for work associated with e-commerce in FY 2006-07. The Bureau of Technology Services (BTS) has included a request for these funds in its fall 2006 BuMP submission to complete the work. To keep track of the funding, Financial Planning recommends that BTS submit a report during the spring 2007 BuMP detailing the progress of the e-commerce efforts, and the amount of the General Fund transfer that has been spent at that time. Financial Planning also recommends that the Revenue Bureau, at completion of the project, submit a report detailing the expected position reductions as a result of the e-commerce efficiencies.

#### OMF - Revenue Bureau

Analysis by: Jeramy Patton

| <b>Key Performance Measures</b>                                 |               | FY 2003-04<br>Actual | FY 2004-05<br>Actual | FY 2005-06<br>Goal or Year- | FY 2005-06<br>Actual | FY 2006-07<br>Goal |
|---|---------------|----------------------|----------------------|-----------------------------|----------------------|--------------------|
| Goal/Program/Measure  | Type          |                      |                      | End Estimate                |                      |                    |
| Goal: Strengthen stewardship of the City's re                   | esources      |                      |                      |                             |                      |                    |
| Program: License & Tax  |               |                      |                      |                             |                      |                    |
| ► Cost per license & tax dollar collected                       | Efficiency    | NA                   | NA                   | \$0.04                      | \$0.04               | \$0.08             |
| ■ Difference between business taxes and                         | Effectiveness |                      |                      |                             |                      |                    |
| fees paid and owed (in millions)                                |               | \$8.85               | \$6.07               | \$5.00                      | \$4.31               | \$5.00             |
| Program: Utilities Customer Services                            |               |                      |                      |                             |                      |                    |
| <ul> <li>Cost per customer services dollar collected</li> </ul> | Efficiency    | NA                   | NA                   | \$0.06                      | \$0.04               | \$0.06             |
| <ul><li>Participants in the low income bill</li></ul>           | Effectiveness |                      |                      |                             |                      |                    |
| discount program  |               | 6,500                | 7,325                | 7,000                       | 6,074                | 10,000             |
| Program: Business Solutions                                     |               |                      |                      |                             |                      |                    |
| Number of e-commerce transactions                               | Efficiency    | NA                   | NA                   | 1,000                       | 1,360                | 38,000             |
| The goal was met or the trend is positive                       |               |                      |                      |                             | ▶ Is                 | s a concern        |

## **Summary of FY 2005-06 Performance**

The cost per license and tax dollar collected is projected to double in FY 2006-07 due to a significant decrease in the revenue collections for the ITAX program. The program has been collecting approximately \$125 million per year, but during FY 2006-07 (sunset of program) this drops to approximately \$26 million. As the program focuses shift to collecting on delinquent accounts those dollars are more costly to collect and therefore increase the cost per dollar collected for the division.

Participation in the low-income bill discount program was expected to increase based on a low-income outreach position being created and a community outreach office existing by May 2006. This outreach program has been delayed and is now expected to begin in mid-November 2006.

#### FY 2005-06 Budget Notes

#### Regional Arts and Culture Council (RACC) Check-Off System

The bureau was charged with implementing a check-off system that would allow businesses to donate a portion of business license fee refunds to RACC. This required an administrative rule and City code changes. The administrative rule hearing was held on January 10, 2006, resulting in the rule being adopted and in effect for tax year 2006. The required change in City Code is scheduled to come before Council on November 22, 2006.

#### Enhance Business License Collection Efforts

The bureau is currently submitting monthly collection reports to the Financial Planning Division. In FY 2005-06 the bureau reported net collections of approximately \$4.3 million due to the enhanced collection efforts.

#### Sunset of Multnomah County Income Tax

An updated financial plan will be completed by December 2006, prior to budgeting for FY 2007-08. The fall 2006 BuMP includes a reduction of \$778,489 and 10 vacant positions as part of the scheduled phase-

out of the program.

Expansion of Low-Income Utility Assistance Program

OMF Utilities Customer Services and the Bureaus of Environmental Services and Water Works developed a low-income utility assistance program pilot project through a cooperative effort. The two year pilot project was approved by Council on October 19, 2005. Implementation is continuing as planned. A recommendation to Council will be made as part of the FY 2007-08 budget process regarding expansion of the pilot project to other multi-family rental properties.

#### **Financials**

|   | FY 2005/06<br>Revised<br>Budget  | FY 2005/06<br>Year-End<br>Actuals | Percent<br>Variance         |
|---|----------------------------------|-----------------------------------|-----------------------------|
| Resources   |                                  |                                   |                             |
| Licenses & Permits                                | \$658,489                        | \$316,262                         | -51.97%                     |
| Service Charges & Fees                            | -                                | 621,558                           | 0.00%                       |
| Local Sources                                     | 4,125,246                        | 3,494,153                         | -15.30%                     |
| Interagency Revenue                               | 12,847,015                       | 10,974,229                        | -14.58%                     |
| Miscellaneous                                     | -                                | 52,705                            | 0.00%                       |
| General Fund Discretionary <b>Total Resources</b> | 3,199,222<br><b>\$20,829,972</b> | 2,603,531<br><b>\$18,062,438</b>  | -18.62%<br>- <b>13.29</b> % |
| Expenditures                                      |                                  |                                   |                             |
| Personal Services                                 | \$12,081,595                     | \$11,150,628                      | -7.71%                      |
| External Materials & Services                     | 2,824,204                        | 1,565,482                         | -44.57%                     |
| Internal Materials & Services                     | 5,659,488                        | 5,081,643                         | -10.21%                     |
| Fund Transfers                                    | 264,685                          | 264,685                           | 0.00%                       |
| Total Expenditures                                | \$20,829,972                     | \$18,062,438                      | -13.29%                     |

For consistency purposes, the chart above includes what was originally the Bureau of Licenses in FY 2005-06 as part of the totals. The totals, however, do not include the entire Assessments and Liens program since it was moved halfway through the year.

The under expenditures in external and internal materials and services are due to appropriation budgeted for the Revenue Bureau move and e-commerce projects that were planned for last year but were not completed. The under expenditures are also due to it being the first full year of the new Revenue Bureau under the Office of Management and Finance, therefore the costs of the bureau were not fully known at the time the budget was created.

# **Bureau of Planning**

Report Date: 11/03/06 Analysis by: Jeramy Patton

| Revised Budget as of AP 3        | Significant Requests               | New Position<br>Requests | FPD Overall<br>Recommendation |
|----------------------------------|------------------------------------|--------------------------|-------------------------------|
| General Fund Discretionary:      | (1) Citywide Strategic Plan &      | (1) \$588,838 in         | FPD recommends                |
| \$6,546,878                      | Visioning Project                  | part-time for            | alternative funding           |
|                                  | (2) Hayden Island and Freeway Loop | approx. 6.5 FTE          | sources for the               |
|                                  | plans; Greenway Code project       |                          | infrastructure and            |
|                                  |                                    |                          | GIS portions of the           |
|                                  |                                    |                          | strategic plan.               |
| <i>Total budget:</i> \$7,577,053 |                                    |                          |                               |

Total Recommended GF Discretionary Requests:\$ 924,917Total Recommended Other Requests:\$ 433,156Total Revised GF Discretionary Budget after BuMP:\$ 7,471,795Total Revised Budget after BuMP:\$ 8,935,126

#### **Summary of Significant Requests in Fall BuMP**

# General Fund Requests Recommended Requests

1. 510-1/Contract Encumbrance and Program Carryover: \$112,854

The bureau is requesting \$92,854 for two encumbered contracts, and \$20,000 that was carried over from FY 2005-06 to support the Measure 37 program. The contracts include the PGP Valuation contract (\$16,900) to provide real estate and economic analysis for the Measure 37 program, and the contract with Steve Durrant (\$75,954) to provide design assistance for the update of the 1987 Willamette Greenway Plan. The additional \$20,000, that was removed from the bureaus budget in the 2006 Spring BuMP, is the remaining funding that was originally awarded, but not encumbered, for contracts at the creation of the Measure 37 program.

Net Adjustment: \$112,854

2. 510-4/Northwest District Plan Remand Effort: \$43,329

The bureau is requesting \$43,329 to pay the Office of Transportation (PDOT) to provide certain transportation-related services in support of planning work on this effort. The analysis is required to respond to findings of the State Land Use Board of Appeals which remanded the plan following an appeal of the City Council's decision.

Net Adjustment: \$43,329

3. 510-5/Hayden Island Planning: \$337,194

On October 4, the City Council approved a moratorium for new commercial development on Hayden Island and directed PDOT and the Planning Bureau to prepare, within 45 days, an action plan to address the issues which required the adoption of the moratorium. The Hayden Island plan will be part of this action plan. The request includes funding for two new limited-term positions, consultant

costs, and an interagency agreement with PDOT. The request also includes funding that may be used for interagency agreements with Portland Parks & Recreation and the Bureau of Environmental Services. An adjustment will be made in a future BuMP if these interagencies are needed. The requested funding only includes the necessary appropriation for the remainder of FY 2006-07. To complete the plan, the bureau will need \$380,556 in FY 2007-08 and \$33,000 in FY 2008-09 for a total project cost of \$750,750. If the plan is approved, Council will need to direct the Office of Management and Finance to set aside funding in the out years to complete the project.

*Net Adjustment:* \$337,194 in FY 2006-07 (\$380,556 in FY 2007-08 and \$33,000 in FY 2008-09)

#### 4. 510-6/Freeway Loop Master Plan Project: \$94,200

The Freeway Loop master plan work effort is a multi-year task that will direct future development in the Central City, the city's industrial areas, and growth patterns within the region. The request includes funding for one new limited-term position to act as project manager and consultant costs. The requested funding only includes the necessary appropriation for the remainder of FY 2006-07. To complete the plan, the bureau will need \$131,850 in FY 2007-08 and \$152,600 in FY 2008-09 for a total project cost of \$378,650. If the plan is approved, Council will need to direct the Office of Management and Finance to set aside funding in the out years to complete the project.

Net Adjustment: \$94,200 in FY 2006-07 (\$131,850 in FY 2007-08 and \$152,600 in FY 2008-09)

#### 5. River Plan/Greenway Code Project: \$118,240

While undertaking River plan work for the North Reach of the Willamette River, Planning realized that the greenway code and other regulatory provisions need to be completely re-designed. It is also expected that the re-design will come under legal challenges. The request includes funding for additional planning work, code development, and legal research related to a new greenway code. This work will be accomplished by either hiring consultants or additional limited-term staff. The request also includes consultant costs related to paralegal research to ensure that the new code will withstand legal challenges.

The original request of the bureau was for \$128,952 in FY 2006-07 and \$125,063 in FY 2007-08. This request was based on the option of hiring limited-term staff to complete the work. Financial Planning recommends the option of hiring consultants to complete the work which will save approximately \$10,000 in FY 2006-07 and \$20,000 in FY 2007-08. If the project is approved, Council will need to direct the Office of Management and Finance to set aside funding in the out years to complete the project.

*Net Adjustment:* \$118,240 in FY 2006-07 (\$103,640 in FY 2007-08)

#### 5. 510-10/Move, Remodel, and Archive: \$83,000

The request includes \$63,000 to enable the bureau to move to the 7<sup>th</sup> floor of the 1900 Building and \$20,000 for temporary staff to archive a backlog of project files before the move takes place. The additional moving costs, above the \$154,000 awarded in the FY 2006-07 Adopted Budget, result from a significant change to the way the reception area is configured that was not in the original estimate. The reception area will be open to the rest of the office to allow administrative staff to work on other projects, while at the same time be able to help customers as they arrive. This change increases the demolition and construction costs of the project.

Net Adjustment: \$83,000

5. 510-21 & 23/Citywide Strategic Plan – Transition from Community Vision to Citywide Strategic Plan: \$179,592

Request 510-23 eliminates funding for two positions assigned to work on the Vision Project as of January 2007, and moves the funding to professional services. Request 510-21, if funded at \$179,592, would replace the funding eliminated in request 510-23 and continue the existing two positions. The request also includes funding to create a new position to manage the transition from the visioning process in the Mayor's Office to a strategic plan in the Planning Bureau. The request was set up in this way to ensure that the visioning process receives the professional services dollars that are needed, but at the same time allows the Planning Bureau to keep existing staff that have worked on the project to use as a transition to the Strategic Plan. Financial Planning does not recommend the additional position (\$43,492) to act as program manager for the transition of the program in the current fiscal year. Planning received funding for a six month position in the FY 2006-07 Adopted Budget to work on the framework of the Strategic Plan, and the transition. Financial Planning recommends that this existing position provide the necessary oversight and program management needed.

Net Adjustment: \$136,100

# **Not Recommended Requests**

1. 510-11/Labor/Management Committee Facilitation: \$5,000

The request includes funding for the use of a facilitator to convene the meetings of a new labor/management committee established by the bureau. The bureau convened a similar meeting with all Planning Bureau staff during the budget process last year without the use of a facilitator. Financial Planning recommends that the bureau, if they choose to use a facilitator, fund the action within existing resources.

Net Adjustment: \$5,000

#### Other Requests

# **Recommended Requests**

1. 510-8/Citywide Strategic Plan – Citywide Infrastructure: \$135,000

The bureau requested \$135,000 of General Fund one-time resources and one limited-term position to enhance the existing efforts to evaluate the status and condition of the City's infrastructure. New efforts include public outreach, identifying strategic investments in specific sites around the city, and sustainability. If Council approves the request, Financial Planning recommends that the effort be funded through interagency agreements with the infrastructure bureaus involved. Further work will need to be completed to determine the distribution of those interagencies.

*Net Adjustment:* \$135,000 in FY 2006-07 (\$84,900 in FY 2007-08)

2. 510-9/Citywide Strategic Plan – Geographic Information System Enhancement: \$70,000

The bureau requested \$70,000 of General Fund one-time resources and 1.5 limited-term positions to enhance existing efforts to present and evaluate geographically-specific issues and information identified in the Comprehensive plan and Citywide Strategic plan. The new system capabilities will be similar to the current use of geographic information systems for capital projects, but the

enhancements will be more planning focused, not execution focused. For example, underutilized sites suitable for family housing could be mapped with school attendance to ensure available capacity. If Council approves the request, Financial Planning recommends that the effort be partially funded through interagency agreements with the other bureaus involved (infrastructure bureaus, BHCD, etc). Further work will need to be completed to determine the allocation of funding required from each of the participating bureaus.

*Net Adjustment:* \$70,000 in FY 2006-07 (\$139,000 in FY 2007-08)

3. Adjust Portland Development Commission (PDC) Revenues: \$157,487

The bureau submitted six adjustments to PDC revenues to align budgeted appropriations with signed work orders. The net impact of the adjustments is an increase in revenue of \$157,487. Adjustments were included for North of Lovejoy, Interstate, Centennial Mills, Ankeny Burnside, Central Eastside Industrial District, and the Central City.

Net Adjustment: \$157,487

#### Review of FY 2006-07 Year-end Projection

The bureau has projected to under expend personal services for the current year, net of the increases requested in the fall BuMP. The under expenditure is due to expected delays in hiring staff, and slow start-up times for projects involving PDC and the Port of Portland. The bureau has projected to fully expend its materials and services appropriation by year end.

#### **Comments on Add Packages**

Housing Demographer Position- The position has been hired and is currently working on an update of the housing report, which is scheduled to be completed in the third quarter of FY 2006-07.

PDC Funded Central City Positions- The Mayor's Office included a budget note stating the intention of Council to convert the PDC funded Planning positions to ongoing General Fund in FY 2007-08.

**Bureau of Planning** 

Analysis by: Jeramy Patton

| <b>Key Performance Measures</b>  |                 | FY 2003-04<br>Actual | FY 2004-05<br>Actual | FY 2005-06<br>Goal | FY 2005-06<br>Actual | FY 2006-07<br>Goal |
|--|-----------------|----------------------|----------------------|--------------------|----------------------|--------------------|
| Goal/Program/Measure   | Type            |                      |                      |                    |                      |                    |
| Goal: Deliver responsive, competitive government                       | nental services |                      |                      |                    |                      |                    |
| Program: Director's Office   |                 |                      |                      |                    |                      |                    |
| % of residents reporting at least one visit                            |                 |                      |                      |                    |                      |                    |
| to the Willamette River  | Effectiveness   | NA                   | 70%                  | NA                 | 71%                  | 75%                |
| % of residents rating overall land use                                 |                 |                      |                      |                    |                      |                    |
| <ul><li>planning good or very good</li></ul>                           | Effectiveness   | 38%                  | 39%                  | NA                 | 37%                  | 40%                |
| % of residents with little or no knowledge                             | •               |                      |                      |                    |                      |                    |
| of land use planning   | Effectiveness   | 34%                  | 34%                  | NA                 | 34%                  | 32%                |
| <ul><li>Citywide livability rating</li></ul>                           | Effectiveness   | 74%                  | 77%                  | 75%                | 76%                  | 78%                |
| % of residents rating new residential                                  |                 |                      |                      |                    |                      |                    |
| development good or very good  | Effectiveness   | 51%                  | 55%                  | NA                 | 54%                  | 55%                |
| Program: Strategic & Comp Planning                                     |                 |                      |                      |                    |                      |                    |
| % of housing built in four-county region                               |                 |                      |                      |                    |                      |                    |
| within the City of Portland limits                                     | Effectiveness   | 19%                  | 24%                  | NA                 | 20%                  | 20%                |
| Goal: Improve community livability                                     |                 |                      |                      |                    |                      |                    |
| Program: District Planning   |                 |                      |                      |                    |                      |                    |
| % of residents rating neighborhood                                     |                 |                      |                      |                    |                      |                    |
| ► livability good or very good   | Effectiveness   | 82%                  | 83%                  | NA                 | 80%                  | 82%                |
| % of residents rating access to shopping                               | Effectiveness   | 0270                 | 0370                 | 1421               | 0070                 | 0270               |
| and other services good or very good                                   | Effectiveness   | 76%                  | 74%                  | NA                 | 76%                  | 77%                |
| Goal: Enhance and preserve the built environ                           | ment            |                      |                      |                    |                      |                    |
| Program: Environmental Planning  | ricrii          |                      |                      |                    |                      |                    |
| % of natural resources protected through                               |                 |                      |                      |                    |                      |                    |
| non-regulatory/regulatory measures                                     | Effectiveness   | NA                   | NA                   | NA                 | 77%                  | 78%                |
| — non-regulatory/regulatory measures                                   | Effectiveness   | NA                   | NA                   | NA                 | 1 1 70               | 76%                |
| Goal: Promote central city, Portland for next                          | economy         |                      |                      |                    |                      |                    |
| Program: Econ Development Plng % of businesses rating overall land use |                 |                      |                      |                    |                      |                    |
| planning good or very good   | Effectiveness   | 34%                  | 37%                  | NA                 | 38%                  | 40%                |

**Summary of FY 2005-06 Performance** 

The percent of residents rating overall land use planning and neighborhood livability good or very good declined in FY 2005-06 compared to the prior two years. The biggest concern is the performance measure for overall land use planning as rated by residents. In FY 2001-02 the rating was 44%, it then declined to 41% in FY 2002-03, and 38% in FY 2003-04. It increased slightly in FY 2004-05 to 39%, but then took another dip to 37% last year. A similar measure, tracking businesses' ratings of land use planning, however has seen a steady increase since the measure was created in FY 2003-04. The bureau believes that the overall drop in satisfaction is related to East Portland's dissatisfaction. One way the bureau is addressing the problem is by including the East Portland assessment in its work plan, in addition to general support for district planners in east Portland neighborhoods. Another factor leading to the

The goal was met or the trend is positive

Is a concern

dissatisfaction could be the limited amount of funds dedicated to this area for planning since PDC does not support work in this area (except in the Central Eastside Industrial district which is an urban renewal area).

#### **Budget Notes**

- Reorganization of long-range planning functions
  This initiative became part of the Mayor's Bureau Innovation Project #10. The work of this team is still ongoing.
- Report on Status of the River Renaissance program, including an assessment of the ongoing need for positions that support this program

The bureau presented the report to Council on February 2, 2006, and ongoing funding was awarded in the FY 2006-07 Adopted Budget for both of the River Renaissance program positions.

Develop a public market in the city

The funding in support of this initiative was transferred to the Office of Sustainable Development in the Fall 2005 BuMP.

#### **Financials**

|                                 | FY 2005/06<br>Revised<br>Budget | FY 2005/06<br>Year-End<br>Actuals | Percent<br>Variance |
|---------------------------------|---------------------------------|-----------------------------------|---------------------|
| Resources                       |                                 |                                   |                     |
| Service Charges & Fees          | \$0                             | \$2,943                           | 0.00%               |
| ➤ State Sources                 | 37,000                          | 4,568                             | -87.65%             |
| <ul><li>Local Sources</li></ul> | 236,044                         | 135,167                           | -42.74%             |
| Interagency Revenue             | 206,971                         | 201,864                           | -2.47%              |
| Fund Transfers                  | 37,989                          | 27,251                            | -28.27%             |
| Miscellaneous                   | 0                               | 2,151                             | 0.00%               |
| General Fund Discretionary      | 5,873,302                       | 5,625,389                         | -4.22%              |
| General Fund Overhead Recovery  | 140,861                         | 140,861                           | 0.00%               |
| <b>Total Resources</b>          | \$6,532,167                     | \$6,140,194                       | -6.00%              |
| Expenditures                    |                                 |                                   |                     |
| Personal Services               | \$5,059,172                     | \$4,769,914                       | -5.72%              |
| External Materials & Services   | 384,930                         | 279,866                           | -27.29%             |
| Internal Materials & Services   | 1,088,065                       | 1,090,414                         | 0.22%               |
| Total Expenditures              | \$6,532,167                     | \$6,140,194                       | -6.00%              |

It should be noted that the variance in external materials and services above does not include a \$92,854 encumbrance. If the encumbrance was included in the actuals total, the variance would only be about 3%. The most alarming variances are in the revenue categories for state sources and federal grants (fund transfers). During the spring 2006 BuMP, the bureau increased its state sources revenues by \$37,000 and its federal grant revenues by \$26,500. However the expected expenses did not materialize. If possible, revenues received from grants should only be appropriated in the amount the bureau is expecting to expend in the current fiscal year.

# **Bureau of Development Services**

Report Date: 11/3/06 Analysis by: Doug Le

| Revised Budget as of AP 3         | Significant Requests       | New Position<br>Requests | FPD Overall<br>Recommendation |  |
|-----------------------------------|----------------------------|--------------------------|-------------------------------|--|
| General Fund Discretionary:       | (1) General Fund One-time: | (1) Seven new            | All requests                  |  |
| \$1,762,083                       | \$345,000                  | full-time                | recommended                   |  |
|                                   | (2) Seven new positions    | permanent                | except as noted               |  |
|                                   | (3) Transfer Neighborhood  | positions.               | below.                        |  |
|                                   | Inspection Reserve to BDS: | (2) Convert one          |                               |  |
|                                   | \$946,813                  | part-time to full-       |                               |  |
|                                   |                            | time position            |                               |  |
| <i>Total budget:</i> \$36,807,155 |                            | •                        |                               |  |

Total Recommended GF Discretionary Requests:\$ 345,000Total Recommended Other Requests:\$ 946,813Total Revised GF Discretionary Budget after BuMP:\$ 2,107,083Total Revised Budget after BuMP:\$ 38,098,968

#### **Summary of Significant Requests in Fall BuMP**

# General Fund Request

# **Recommended Request with Modification**

1. Public Works Permitting: \$345,000

This request would provide funding to create a consolidated public works permit tracking system to improve the Citywide process. This effort is part of the Mayor's Bureau Improvement Project (BIP) initiative #19 Cross Bureau Permitting.

#### FPD recommendation:

The BIP #19 is tasked to create a public works permitting process which appears seamless; to implement systems and processes to facilitate early identification of potential problems/conflicts and to improve customer service. This project involves the three public works bureaus: Water, BES, and PDOT and the Bureau of Development Services (BDS). Since the Citywide permitting process and the permittees will benefit more from this effort than anyone individual bureau, the use of General Fund resources is appropriate.

Additionally, the project should be managed by BDS to ensure that the new system will not only meet the requirements of the public works bureaus but will also fully integrate with the existing permit tracking system currently in use by BDS. Since the requested amount is for an eighteen month project (the remaining of this fiscal year and next fiscal year), but General Fund One-time resources must be expanded by the end of this fiscal year; FPD recommends that a third of the requested amount or \$115,000 be awarded to BDS in FY 2006-07 to get the project started. BDS will need to submit a request for the remaining cost of this project in the FY 2007-08 budget process for Council consideration.

*Net Adjustment: Increase appropriation by \$345,000.* 

#### Other Requests

#### **Recommended Requests**

BDS requests the following new positions and proposes to draw from contingency to pay for them in FY 2006-07. The Development Services Fund contingency of \$2.9 million will be reduced by \$277,672 to pay for these positions in FY 2006-07. In the out years, these positions will be funded by program revenues and by bureau overhead charges as indicated below.

1. New Positions – Land Use Services: \$54,148

This request would create two full-time permanent Technician positions and reclass one part-time City Planner to a full-time permanent Associate Planner in the Land Use Services program. This is necessary due to the increased workload in the program. In FY 2006-07, the Associate Planner and one Technician position will be funded by existing part-time budget. Funding for the other positions will come from the bureau's contingency. In the out years, Land Use fees and charges will fund these positions.

Net Adjustment: No appropriation increase.

2. Create One Position in the Residential Inspections Program: \$47,880

This request would create one full-time permanent Sr. Building Inspector position in the Field Issuance Remodel (FIR) unit of the Residential Inspections Program. The FIR program offers a speedier and more efficient process for plan review, permitting and inspections on residential remodeling projects. In FY 2006-07, the funding for this position will come from the bureau's contingency. In the out years, it is anticipated that the increased permit revenues will fund this position.

*Net Adjustment: No appropriation increase.* 

3. Create One Position in the Safety, Emergency Management, Diversity, and Training Program: \$34,331.

This request would create one full-time permanent Sr. Administrative Specialist position in the Administration Program to assist with the bureau's safety, emergency management, diversity, and training programs. In FY 2006-07, the funding for this position will come from the bureau's contingency. In the out years, this position will be funded by the bureau's overhead charges.

*Net Adjustment: No appropriation increase.* 

4. Create One Position in the Neighborhood Inspections Program: \$43,800

This request would create one full-time Building Inspector position to perform regular, systematic multi-family housing inspections of all apartment buildings that are three stories or higher. The work was previously done by the Compliance Services program, but by Code, should be done by the Neighborhood Inspections Program which currently does not have the staffing to do the work. In FY 2006-07, the funding for this position will come from the bureau's contingency. In the out years, the Neighborhood Inspection Program revenue will fund this position.

Net Adjustment: No appropriation increase

#### 5. Create One Strategic Planning Position: \$47,785

This request would create one full-time Senior Management Analyst position to lead the bureau's strategic efforts, work with teams of stakeholders, customers, managers, and staff to create a strategic plan; and monitor and report on progress. In FY 2006-07, the funding for this position will come from the bureau's contingency. In the out years, this position will be funded by the bureau's overhead charges.

Net Adjustment: No appropriation increase.

6. Create One Senior Plumbing Inspector Position: \$49,728

This request would create one full-time Senior Plumbing Inspector position in the Facility Permit Program. The Program will lose one Plumbing Inspector position due to reclassification leaving the program with inadequate staffing. In FY 2006-07, the funding for this position will come from the bureau's contingency. In the out years, this position will be funded by the permit revenues.

Net Adjustment: No appropriation increase.

7. Transfer the Neighborhood Inspections Reserves to BDS: \$946,813

This request would transfer the Neighborhood Inspections Program reserves from the General Fund Reserve to the Development Services Fund to coincide with moving the program from the Office of Neighborhood Involvement to BDS in FY 2006-07.

# Review of FY 2006-07 Year-end Projection

Based on AP 3 ending 9/20/06, BDS projects it will spend 95% of the appropriation by the end of the fiscal year. This is consistent with the historical expenditure trend of the bureau in recent fiscal years. On the revenue side, BDS projects it will collect about \$400,000 more than the estimated revenue for construction permit and inspection fees. This is due to approved fee increases and projected growth in the construction industry. The additional funds will be used to build adequate program reserves.

#### Comments on FY 2006-07 Budget Notes and Add Packages

#### **Budget Note**

"The Bureau of Development Service will prepare a report on the financial and programmatic status of the Signs Program in general and on the A-Board program in particular. The report should demonstrate the degree to which the program's processes are consistent with the program's objectives as set forth by Council."

BDS has completed a preliminary report on the financial and programmatic status of the A-Board program. The bureau will then examine the financial and programmatic status of the general Sign program and prepare a report for Council by the end of the fiscal year.

#### Add Packages

BDS has four add packages approved in FY 2006-07. The progress of these packages is as follows:

1) Expanded Services for Permit Customers: This package funds two positions to expand the Major Projects Group. The positions were hired and the program is progressing as projected. A third position was funded to support the Permitting Services section. This position has been created and filled.

- 2) Technological\_Improvements: This package includes funding for several technology projects. All projects are progressing as planned.
- 3) Continue A-board Sign Program: This package provides funding for a limited-term Code Specialist to continue work on the A-board Sign. The recruitment will commence in November.
- 4) Customer Service Expansion: This package provides funding for a Sr. Administrative Specialist to help address significant workload increases in the Customer Service Program. The recruitment will take place in November.

# **Bureau of Development Services**

| Key Performance Measures  |               | FY 2003-04<br>Actual | FY 2004-05<br>Actual | FY 2005-06<br>Goal | FY 2005-06<br>Actual | FY 2006-07<br>Goal |
|---|---------------|----------------------|----------------------|--------------------|----------------------|--------------------|
| Goal/Program/Measure  | Type          |                      |                      |                    |                      |                    |
| Goal: To protect and enhance the nautal and built Program: Development Services |               |                      |                      |                    |                      |                    |
| Total Building Permits (Commercial and Residential)                             | Workload      | 9,590                | 10,238               | 9,600              | 11,031               | 9,580              |
| Percentage of building permits issued over the counter                          | Effectiveness | 63%                  | 60%                  | 65%                | 57%                  | 60%                |
| Program: Combination Inspection Program   |               |                      |                      |                    |                      |                    |
| Number of inspections per day, per inspector                                    | Effectiveness | 22.84                | 21.71                | 24                 | 22.51                | 20                 |
| Program: Compliance Services Program  |               |                      |                      |                    |                      |                    |
| Zoning Code Violation Statistics  | Workload      | 6,182                | 6,020                | 6,700              | 4,019                | 6,020              |
| Program: Land Use Services Program  |               |                      |                      |                    |                      |                    |
| Customers satisfied with timeliness of review process                           | Effectiveness | 74%                  | 79%                  | 82%                | 66%                  | 80%                |

#### **Summary of FY 2005-06 Performance**

In the Development Services Program, the total building permits continue to increase significantly since FY 2003-04. The percentage of permits issued over the counter has declined for two consecutive years due partially to the increased complexity of the projects. The Combination Inspection Program experienced significant workload increase in FY 2005-06 due to a robust economy. This has impacted the effectiveness goal of this program of achieving 24 inspections per day per inspector.

In the Compliance Services Program, BDS has put a strong emphasis on early intervention resulting in a continued decline in the number of code violations. The Land Use Services Program suffered a major turnover of staff in FY 2005-06. This caused a drop in the timeliness of the land use review process. The program is close to filling all vacancies and getting staff trained.

Analysis by: Doug Le

|                               | FY 2005/06   | FY 2005/06   |          |
|-------------------------------|--------------|--------------|----------|
|                               | Revised      | Year-End     | Percent  |
|                               | Budget       | Actuals      | Variance |
| Resources                     |              |              |          |
| Licenses & Permits            | \$21,316,000 | \$24,850,433 | 16.58%   |
| Service Charges & Fees        | 8,059,000    | 8,861,553    | 9.96%    |
| Interagency Revenue           | 127,596      | 127,596      | 0.00%    |
| Fund Transfers                | 1,349,837    | 1,349,837    | 0.00%    |
| Miscellaneous                 | 519,000      | 700,208      | 34.91%   |
| <b>Total Resources</b>        | \$31,371,433 | \$35,889,627 | 14.40%   |
| Expenditures                  |              |              |          |
| Personal Services             | \$23,904,250 | \$22,764,088 | -4.77%   |
| External Materials & Services | 1,596,042    | 908,352      | -43.09%  |
| Internal Materials & Services | 6,629,221    | 6,390,214    | -3.61%   |
| Fund Transfers                | 772,625      | 772,625      | 0.00%    |
| Overhead Expense              | 771,634      | 771,634      | 0.00%    |
| Total Expenditures            | \$33,673,772 | \$31,606,913 | -6.14%   |
|                               |              |              |          |

In FY 2005-06, BDS ended the fiscal year with 93.9% of the bureau budget expended. This is consistent with the historical trend of 93.1%. The total amount spent in the External Materials & Services category was about 43% less than budgeted. This is due to lower spending on professional services, repair & maintenance, and minor equipment. Also, computer purchases were budgeted in this category but were expended in the Internal Materials & Services category.

On the revenue side, BDS collected approximately \$4.6 million more than budgeted primarily in construction permit revenues due to a robust economy. The additional revenue will be used to build adequate program reserves. Licenses and permits revenues were higher than projected due to an increase in the number of permits and an increase in project valuations. Service charges and fees were also higher than expected because of a strong construction year.

# **Bureau of Emergency Communications**

Report Date: November 3, 2006 **Analysis by: Stacy Jones** 

| Fund 115 Summary                  |                      |                          |                               |  |  |  |  |  |
|-----------------------------------|----------------------|--------------------------|-------------------------------|--|--|--|--|--|
| Revised Budget as of AP 3         | Significant Requests | New Position<br>Requests | FPD Overall<br>Recommendation |  |  |  |  |  |
| General Fund Discretionary:       | None                 | None                     | N/A                           |  |  |  |  |  |
| \$9,339,086                       |                      |                          |                               |  |  |  |  |  |
| <i>Total Budget:</i> \$16,986,096 |                      |                          |                               |  |  |  |  |  |

**Total Recommended GF Discretionary Requests:** \$0 **Total Recommended Other Requests:** \$0 **Total Revised GF Discretionary Budget after BuMP:** \$ 9.339.086

**Total Revised Budget after BuMP:** \$ 16,986,096

| Fund 118 Summary                   |  |                          |                               |
|------------------------------------|--|--------------------------|-------------------------------|
| Revised Budget as of AP 3          | Significant Requests   | New Position<br>Requests | FPD Overall<br>Recommendation |
| General Fund Discretionary:<br>\$0 | (1) \$100,000 transfer to cover additional costs of parking lot expansion (2) \$166,000 transfer to replace digital recording system | None                     | Approval of all requests      |
| <i>Total Budget:</i> \$2,311,578   |  |                          |                               |

**Total Recommended GF Discretionary Requests:** \$0 **Total Recommended Other Requests:** \$ 25,450 Total Revised GF Discretionary Budget after BuMP: \$0

**Total Revised Budget after BuMP:** \$ 2,337,028

#### **Summary of Significant Requests in Fall BuMP**

General Fund Requests

None

#### Other Requests **Recommended Requests**

# 1. Parking Lot Expansion Project / #260-2: \$0

BOEC budgeted \$150,000 of Public Safety Fund resources to expand its parking lot in the FY 2006-07 Adopted Budget. At that time, FPD recommended against authorizing the appropriation. A parking lot expansion did not seem a wise use of these limited funds, particularly since free on-street parking is available near BOEC and the upcoming computer-aided dispatch replacement will require all excess resources in the Public Safety Fund. In addition, Portland is the only jurisdiction paying for the expansion (as is the case with almost all capital costs at the bureau). Nevertheless, the funds were appropriated. The bureau is now requesting authorization to appropriate another \$100,000 from the Public Safety Fund to cover the final cost of the project. The bureau will shift these funds from external to internal materials and services (M&S), as OMF Facilities is managing the project for BOEC. The Public Safety Fund has sufficient excess resources in external M&S to make the transfer. The final price tag for the 23 additional parking spaces will now be one-quarter of a million dollars.

The project is nearly complete and the funds must be appropriated in order to pay BOEC's bill. However, FPD urges BOEC to thoroughly consider and prioritize all Public Safety Fund uses in the future, both to ensure the fund's limited resources are spent on high priority projects and to limit these types of cost overruns.

Net Adjustment: \$0

#### 2. Replacement of Digital Recorder and Retriever System / #260-6: \$0

BOEC records all phone and radio transmissions to and from the 9-1-1 center. These recordings are stored on and retrieved from the Pyxis system. The system relies on aging technology and has reached its maximum memory capacity. BOEC will transfer \$166,000 from external to internal M&S within the Public Safety Fund to finance replacement of this system. The Public Safety Fund has sufficient excess resources in external M&S to make the transfer. The new system will have greater memory capacity and will allow for some technological and business process improvements, such as the installation of a quality assurance module. The old system will be retained as a back-up recorder. This type of large replacement project should have been anticipated and budgeted in the Adopted Budget, rather than in a BuMP. Nevertheless, since funds are needed in the current fiscal year, the appropriation should be made.

Net Adjustment: \$0

#### Review of FY 2006-07 Year-end Projection

#### **Fund 115**

BOEC expects to fully expend its overall operating budget by year-end. Historically, BOEC has generated \$250,000 to \$500,000 in salary savings each year, and has also underspent its materials and services budget by \$200,000 to \$300,000. However, the addition of a third trainee academy in FY 2006-07 and the expectation that salary savings will be used to offset a reduction in the overtime budget (see Comments on Budget Notes and Add Packages below) make it unlikely BOEC will underspend its personal services budget this year. FPD has no reason to think that BOEC's trend of underspending in materials and services will reverse in FY 2006-07, so it is likely the operating fund will still come in slightly under budget.

#### **Fund 118**

BOEC also expects to fully expend its overall Public Safety Fund budget by year-end. This has not always happened in the past, as the bureau has sometimes budgeted funds in materials and services without plans to spend the money on specific items. But several large projects this year - such as the parking lot expansion and the Pyxis upgrade - make it much more likely that BOEC will fully expend its Public Safety Fund budget. The bureau is even transferring a small amount out of contingency in this BuMP, and may need to transfer more later in the year.

#### Comments on FY 2006-07 Budget Notes and Add Packages

#### Operator Positions – Budget Note and Two Add Packages

Council added 12 new operator positions for FY 2006-07: six funded with a mix of General Fund, Public Safety Fund, and payments from the other user jurisdictions; and six funded with a \$292,104 reduction in the overtime budget. BOEC was directed via budget note to report on the status of these positions, other jurisdictions' payments for the positions, and the amount of salary savings being generated. Nine of the 12 new positions are currently vacant, but each of these will likely be filled when the November trainees are hired. The other user jurisdictions are paying their share of actual salary and benefit expenditures for the new positions. Council's expectation was that salary savings of at least \$300,000 would be generated

in FY 2006-07 that could be used to backfill the overtime reduction. BOEC has been generating roughly \$50,000 in salary savings each month thus far, but FPD does expect this to drop off as trainees for the November and February academies are hired. Nevertheless, both BOEC and FPD continue to believe that at least \$300,000 in salary savings will be realized that can be applied to the overtime budget.

#### Potential Amendment to Billing Methodology – Budget Note

Council directed BOEC to propose an amendment to its billing methodology that would require all user jurisdictions to provide BOEC with their entire share of the Adopted Budget, regardless of actual expenditures. Currently Portland is the only jurisdiction that pays BOEC in this manner. All other user jurisdictions are invoiced based on actual expenditures. Commissioner Leonard and the BOEC Director have met twice with the elected officials of the other user jurisdictions to discuss this proposal. The other jurisdictions have indicated their willingness to continue the discussion at the staff level, but have stated their initial opposition to this proposal both verbally and via formal letter.

#### **Bureau of Emergency Communications**

Analysis by: Stacy Jones

| <b>Key Performance Measures</b>  |                  | FY 2003-04<br>Actual | FY 2004-05<br>Actual | FY 2005-06<br>Goal | FY 2005-06<br>Actual | FY 2006-07 Goa |
|--|------------------|----------------------|----------------------|--------------------|----------------------|----------------|
| Goal/Program/Measure   | Type             |                      |                      |                    |                      |                |
| Goal: Provide excellent and timely call-takin;<br>Program: Administration    | g and dispatch s | services             |                      |                    |                      |                |
| Administrative Cost as a Percent of  |                  |                      |                      |                    |                      |                |
| Total Budget   | Efficiency       | 6%                   | 7%                   | 4%                 | 6%                   | 6%             |
| Program: Operations  |                  |                      |                      |                    |                      |                |
| Percent of Fire "Urgent Priority" Calls                                      |                  |                      |                      |                    |                      |                |
| Dispatched Within 15 Seconds   | Effectiveness    | 81%                  | 81%                  | 75%                | 95%                  | 85%            |
| Percent of Medical "Priority   |                  |                      |                      |                    |                      |                |
| Emergency, 1, or 2" Calls Dispatched   |                  |                      |                      |                    |                      |                |
| Within 30 Seconds  | Effectiveness    | 96%                  | 96%                  | 82%                | 97%                  | 96%            |
| Percent of Police "Emergency Priority"<br>Calls Dispatched Within 30 Seconds | Effectiveness    | 79%                  | 78%                  | 90%                | 79%                  | 80%            |
| Average Time to Answer Emergency 9-  |                  |                      |                      |                    |                      |                |
| 1-1 Calls (Seconds)  | Effectiveness    | 9                    | 8                    | N/A                | 7                    | 8              |
| Calls per Capita   | Workload         | 1.4                  | 1.3                  | N/A                | 1.2                  | 1.3            |
| Calls per Emergency Communications Operator                                  | Workload         | 9,256                | 7,803                | N/A                | 4,427                | 7,980          |
| Overtime Hours   | Efficiency       | 11,530               | 12,973               | N/A                | 13,584               | 11,300         |
| Percent of Emergency 9-1-1 Calls Answered Within 20 Seconds                  | Effectiveness    | 85%                  | 88%                  | 80%                | 90%                  | 85%            |
| Percent of Trainee Class Certified   |                  |                      |                      |                    |                      |                |
| Within 18 Months   | Efficiency       | 33%                  | N/A                  | 80%                | 39%                  | 50%            |
| Total Calls, Emergency Telephone   |                  |                      |                      |                    |                      |                |
| Lines  | Workload         | 612,176              | 549,691              | 620,000            | 495,800              | 570,000        |
| Total Calls, Nonemergency Telephone  |                  |                      |                      |                    |                      |                |
| Lines  | Workload         | 328,418              | 316,470              | 330,000            | 294,256              | 300,000        |

#### **Summary of FY 2005-06 Performance**

The general trend in BOEC performance has been strong, despite the fact that BOEC has the lowest number of certified operators (86) in many years. BOEC recently added a third annual trainee academy as part of its efforts to bring certified staff levels back up. Particularly noteworthy are the bureau's improvements in the percent of 9-1-1 calls answered within 20 seconds, which has risen from 85% to 90% over the last several years; and the percent of urgent fire calls dispatched within 15 seconds, which rose from 81% in FY 2004-05 to 95% in FY 2005-06. Continued performance gains can be partly ascribed to the drop in call volume. Emergency calls have dropped by almost 20% over the last three years despite continued increases in population. BOEC attributes this primarily to the installation of a system that requires cell phone callers to push an additional button or speak "help" before their call is connected, thereby screening out the many unintentional 9-1-1 cell calls. The bureau should revise their FY 2006-07 target for this measure down during the upcoming budget process, as it is extremely unlikely emergency call volume will increase from 495,800 to 570,000 (15%) in one year.

One area of potential concern is overtime. Overtime hours have increased 18% over the last two fiscal years. Despite the FY 2006-07 goal currently in the budget system, BOEC has informed FPD that they

expect overtime hours to rise again this fiscal year. BOEC should revise the overtime hours estimate upward during the upcoming budget process. FPD recognizes that some increase in overtime is probably necessitated by the current low staffing levels. However, besides the obvious problem of increased expense, rising overtime hours may contribute to low morale and hamper the bureau's recent efforts to improve recruitment and retention.

#### FY 2005-06 Budget Notes

None

FY 2005-06 Financials

| Fund 115                        |    | FY 2005/06<br>Revised<br>Budget | FY 2005/06<br>Year-End<br>Actuals | Percent<br>Variance |  |
|---------------------------------|----|---------------------------------|-----------------------------------|---------------------|--|
| Resources                       |    | _                               |                                   |                     |  |
| Beginning Fund Balance          | \$ | 1,974,182                       | \$ 1,974,182                      | 0.00%               |  |
| Internal Revenues               |    | 8,599,554                       | 8,599,554                         | 0.00%               |  |
| Services Charges and Fees       |    | 50,000                          | 84,363                            | 68.73%              |  |
| State Sources                   |    | 2,403,400                       | 2,311,975                         | -3.80%              |  |
| Local Sources                   |    | 2,711,542                       | 2,580,214                         | -4.84%              |  |
| Miscellaneous                   |    | 0                               | 40,783                            |                     |  |
| <b>Total Resources</b>          |    | \$15,738,678                    | \$15,591,071                      | -0.94%              |  |
| Expenditures                    |    |                                 |                                   |                     |  |
| Personal Services               | \$ | 10,096,242                      | \$ 9,771,949                      | -3.21%              |  |
| Services External               |    | 151,435                         | 91,580                            | -39.53%             |  |
| Materials External              |    | 74,300                          | 53,179                            | -28.43%             |  |
| Miscellaneous                   |    | 170,807                         | 57,207                            | -66.51%             |  |
| Services and Materials Internal |    | 3,053,158                       | 2,966,158                         | -2.85%              |  |
| Other                           |    | 2,192,736                       | 1,481,093                         | -32.45%             |  |
| Ending Fund Balance             |    |                                 | 1,169,905                         |                     |  |
| Total Expenditures              |    | \$15,738,678                    | \$15,591,071                      | -0.94%              |  |

Revenue target was met, or expense was within budget

Revenue was not within 5% of target, or expense exceeded budget

Considering only bureau-level expenses, Fund 115 came in about \$600,000 under budget. Approximately \$325,000 in salary savings were generated, which is in line with salary savings from years past. Salary savings falling to balance will diminish in FY 2006-07, as at least \$300,000 worth of salary savings will be needed to backfill the overtime budget (see Budget Notes and Add Packages above). The remainder of the underexpenditure is in external M&S. (Miscellaneous, external services, and external materials are all components of external M&S.) As discussed above under FY 2006-07 Year-End Projection, BOEC historically underspends its materials and services budget. BOEC could correct this in the future by budgeting more conservatively in this category. This year the underexpenditure was exacerbated by an Accounting Division reversal, which booked \$73,000 in user jurisdiction refunds as a reduction in revenue, rather than as a miscellaneous expenditure.

|  | ]  | FY 2005/06   |    | FY 2005/06   |          |
|--|----|--------------|----|--------------|----------|
|  |    | Revised      |    | Year-End     | Percent  |
| Fund 118                                     |    | Budget       |    | Actuals      | Variance |
| Resources                                    |    |              |    |              |          |
| Beginning Fund Balance                       | \$ | 419,019      | \$ | 419,019      | 0.00%    |
| Internal Revenues                            |    | 1,698,917.00 |    | 1,655,643.00 | -2.55%   |
| <ul> <li>Service Charges and Fees</li> </ul> |    | 17,500.00    |    | 172,423.00   | 885.27%  |
| Miscellaneous                                |    | 0.00         |    | 33,033.00    |          |
| <b>Total Resources</b>                       |    | \$2,135,436  |    | \$2,280,118  | 6.78%    |
| Expenditures                                 |    |              |    |              |          |
| Personal Services                            | \$ | 18,963       | \$ | 3,371        | -82.22%  |
| Services External                            |    | 181,000.00   |    | 180,100.00   | -0.50%   |
| Materials External                           |    | 154,787.00   |    | 104,455.00   | -32.52%  |
| Internal Services                            |    | 533,684.00   |    | 504,542.00   | -5.46%   |
| Capital Outlay                               |    | 400,000.00   |    | 400,000.00   | 0.00%    |
| Other  |    | 847,002.00   |    | 71,665.00    | -91.54%  |
| Ending Fund Balance                          |    |              |    | 1,015,985.00 |          |
| Total Expenditures                           |    | \$2,135,436  |    | \$2,280,118  | 6.78%    |

Revenue target was met, or expense was within budget

Revenue was not within 5% of target, or expense exceeded budget

Actuals often vary significantly from budget in Fund 118, which the bureau primarily uses for contingency purposes and large capital projects, whose timing can be difficult to predict. However, after removing fund balance and contingency, fund expenditures were 93% of budget in FY 2005-06. The only category in which actuals were substantially different from budget is service charges and fees, a revenue account. This was caused by an agreement with the Port of Portland for BOEC to provide computer-aided dispatch services and training in the amount of \$172,000. The agreement was not finalized and invoiced until very close to the end of the fiscal year.

#### **Office of Government Relations**

Report Date: 11/2/2006 Analysis by: Mike Johnson

| <b>General Fund Summary</b>               |                                   |                          |                                   |
|---|-----------------------------------|--------------------------|-----------------------------------|
| Revised Budget as of AP 3                 | Significant Requests              | New Position<br>Requests | FPD Overall<br>Recommendation     |
| General Fund Discretionary:<br>\$ 334,640 | (1) Intergovernmental outreach    | (1) 3 (net)              | Approve as one-time with concerns |
|   | (2) Increase to lobbying contract |                          | Approve as one-time with concerns |
| <i>Total budget:</i> \$789,368            |                                   |                          |                                   |

Total Recommended GF Discretionary Requests:\$ 151,224Total Recommended Other Requests:\$ 0Total Revised GF Discretionary Budget after BuMP:\$ 485,864Total Revised Budget after BuMP:\$ 940,592

#### **Summary of Significant Requests in Fall BuMP**

#### **General Fund Requests**

#### **Recommended Requests**

#### 1. Intergovernmental outreach: \$116,424

The bureau is seeking increased funding for the City's outreach to state governments, local governments and other relevant constituencies. The Mayor has made it a priority to bolster this effort. There is no budget in Government Relations for outreach events, for Mayoral and Council involvement in the outreach, for direct Mayoral or Council lobbying trips, or involvement with the National Organizations. The raised level of activity in Government Relations related to state outreach, increased federal involvement and overall increased intergovernmental activity has present staff working beyond their reasonable capacity.

The request includes three staff positions: An Intergovernmental Specialist dedicated to intergovernmental relationships and focused on outreach efforts at all levels of governments and non-governmental entities; an Administrative Assistant would take on a number of office support tasks from the current part-time executive assistant; a Staff Assistant would be responsible for researching legislative and administrative history for state and federal priorities, monitoring legislative and administrative activities at the state level, and other research and lobbying tasks. In addition to the staffing requests, costs include one-time office equipment and office reconfiguration charges, and leases for hybrid vehicles (Council directed Government Relations to use hybrid vehicles for travel to Salem during the Legislative Session) – which are higher than the leases of vehicles previously used.

Most of these costs are ongoing in nature, and will reflect approximately \$212,000 in ongoing costs added to the FY 2007-08 budget. This request essentially doubles the size of the staff in Government Relations. Financial Planning is concerned with this level of staffing increase outside the consideration of the regular budget process, but also recognizes the need for staff to be in place for the upcoming legislative session in order to have any impact. Financial Planning recommends monitoring the evolution of this new staffing model, especially at the office support staff level.

Approve with one-time funding. Due to the concerns noted above regarding the size of the ongoing obligation, it is recommended that the bureau request ongoing funding for this package in the FY 2007-08 budget process.

Net Adjustment: \$116,424

2. Increase to lobbying contract: \$34,800

The Federal Lobbyist Contract is well under market for cities Portland's size. To maintain present service, let alone improve service, Government Relations seeks to raise the contract to \$220,000 annually. This is \$77,000 more than presently budgeted. The amount for the rest of FY 2006-07 would be \$34,800 to account for the increase in monthly retainer from January 2007 through June 2007.

These costs are ongoing in nature, and will reflect approximately \$77,000 in ongoing costs added to the FY 2007-08 budget.

Approve with one-time funding. Due to the concerns noted above regarding the size of the ongoing obligation, it is recommended that the bureau request ongoing funding for this package in the FY 2007-08 budget process.

Net Adjustment: \$34,800

Review of FY 2006-07 Year-end Projection

No issues

#### **Office of Government Relations**

Analysis by: Mike Johnson

| <b>Key Performance Measures</b>      |                   | FY 2003-04<br>Actual | FY 2004-05<br>Actual | FY 2005-06<br>Goal | FY 2005-06<br>Actual | FY 2006-07<br>Goal |
|--------------------------------------|-------------------|----------------------|----------------------|--------------------|----------------------|--------------------|
| Goal/Program/Measure                 | Type              |                      |                      |                    |                      |                    |
| Goal:Provide government representati | tion for the City |                      |                      |                    |                      |                    |
| Program: Government Relations        | 5                 |                      |                      |                    |                      |                    |
| Legislative Reporting                | Workload          | 100%                 | 100%                 | 100%               | 100%                 | 100%               |
| ► Legislative Outreach               | Workload          | 95%                  | 80%                  | 100%               | 100%                 | 75%                |
| Brief Legislative Delegation of      | on City           |                      |                      |                    |                      |                    |
| Issues                               | Workload          | 100%                 | 100%                 | 100%               | 100%                 | 75%                |

The goal was met or the trend is positive

Is a concern

# **Summary of FY 2005-06 Performance**

Goals for FY 2006-07 have been set assuming no changes to current staffing.

FY 2005-06 Financials

|  | FY 2005/06<br>Revised<br>Budget | FY 2005/06<br>Year-End<br>Actuals | Percent<br>Variance   |
|--|---------------------------------|-----------------------------------|-----------------------|
|  |                                 |                                   |                       |
| Resources  |                                 |                                   |                       |
| Interagency Revenue                                  | \$51,976                        | \$51,976                          | 0.00%                 |
| General Fund Discretionary                           | 335,189                         | 322,931                           | -3.66%                |
| General Fund Overhead Recovery                       | 393,432                         | 393,432                           | 0.00%                 |
| <b>Total Resources</b>                               | \$780,597                       | \$768,339                         | -1.57%                |
| Expenditures   |                                 |                                   |                       |
| Personal Services                                    | \$450,791                       | \$451,758                         | 0.21%                 |
| External Materials & Services                        | 218,308                         | 207,475                           | -4.96%                |
| Internal Materials & Services                        | 111,498                         | 109,106                           | -2.15%                |
| ► Total Expenditures                                 | \$780,597                       | \$768,339                         | -1.57%                |
| Revenue target was met, or expense was within budget | Revenue was not budget          | t within 5% of target             | , or expense exceeded |

Spending patterns reflect an extremely tight budget.

# Office of Neighborhood Involvement

Report Date: November 10, 2006 Analysis by: Bob Tomlinson

| AU 342 Summary                   |                                      |              |                |  |
|----------------------------------|--------------------------------------|--------------|----------------|--|
| Revised Budget as of AP 3        | Significant Requests                 | New Position | FPD Overall    |  |
|                                  |                                      | Requests     | Recommendation |  |
| General Fund Discretionary:      | (1) Community Connect (BIP #8)       | (1) 2.9 FTE  | All requests   |  |
| \$4,646,981                      | \$209,000                            |              | recommended    |  |
|                                  | (2) Crime Prevention Program         | (2) 1.0 FTE  |                |  |
|                                  | \$29,319                             | Limited Term |                |  |
|                                  | (3) Project SAFE \$8,210             | (3) None     |                |  |
|                                  | (4) I&R Specialist \$7,605           | (4) 0.25 FTE |                |  |
|                                  | (5) Disabled Resident Tracking       | (5) 0.5 FTE  |                |  |
|                                  | \$37,068                             |              |                |  |
|                                  | (6) Small Business Outreach \$42,192 | (6) 1.0 FTE  |                |  |
| <i>Total budget:</i> \$5,752,218 |                                      |              |                |  |

Total Recommended GF Discretionary Requests:\$ 583,386Total Recommended Other Requests:\$ 91,546Total Revised GF Discretionary Budget after BuMP:\$ 5,230,367Total Revised Budget after BuMP:\$ 6,427,150

# **Summary of Significant Requests in Fall BuMP**

The most significant ONI Fall BuMP request is for \$209,000 and 2.9 FTE for the BIP #8 Community Connect project. The request funds three staff positions that are coordinating the effort and researching on other city neighborhood models. The goal is to produce a pilot project based on systems identified in other cities. The current schedule goes through August 2007 of next fiscal year.

#### General Fund Requests

#### **Recommended Requests**

1. Community Connect (BIP #8) / 2.9 FTE LT: \$209,000

One-time GF revenue adds 2.9 FTE limited term positions for Community Connect (BIP #8) through June 30, 2007, and provides for other budgetary requirements of the program, including phones, computer services, grant stipends, mailing, etc. The work includes researching other cities' neighborhood models and initiating a pilot project based on this research in Spring 2007.

FPD is concerned that not enough time is being scheduled for the pilot project and additional funds beyond what has already been identified will be needed into next fiscal year.

Net Adjustment: \$209,000 one-time & 2.9 FTE Limited Term

2. Crime Prevention Program / 1.0 FTE LT: \$29,319

This request is for one-time GF revenue to fund a limited term OSSIII administration position in the Crime Prevention program. The OSSIII originally backfilled existing Crime Prevention staff vacancies. There was a need to assist with major event planning in the crime prevention section while short of staff. The initial intent was that the position would dissolve when all Crime Prevention Administrator positions were filled. Once all those positions were filled it was determined

that the Crime section was understaffed in relation to it's administrative functions, and especially that event planning required more time than Crime Prevention staff could reasonably provide. This request funds only personal services costs through the end of the fiscal year.

Net Adjustment: \$29,319 one-time & 1.0 FTE Limited Term

3. Project SAFE: \$8,210 One-Time

Project SAFE was a contract that the Mayor's office asked ONI to process, and therefore, is merely in ONI as an administrative function. It started with a contribution from the PDC of \$20,000. The original contractor for Project SAFE was not meeting the needs of the project and the contract was terminated after \$18,210 was expended. A second contract was secured for \$10,000. The total contracts were \$8,210 over the budget. This request of one-time revenue from the General Fund will cover these costs of Project SAFE.

Net Adjustment: \$8,210 one-time

4. *I&R Specialist* / 0.25 *FTE*: \$7,605

Add 0.25 FTE I&R Specialist beginning December 2006. Additional duties would be to coordinate the posting of all 95 Neighborhood Associations meeting minutes to Portland Online. Would also coordinate posting of Business Association minutes to Portland Online.

Net Adjustment: \$7,605 Ongoing & 0.25 FTE

5. Disabled Resident Tracking / 0.5 FTE: \$35,068

ONI received \$50,000 in the latter parts of the Adopted budget process for Disabled Resident Tracking. At that time, all funding was placed in External M&S. As of July 1, the 0.5 FTE Disability Coordinator has been increased to 1.0 FTE. \$35,068 is moved from external M&S to personal services to cover personnel costs.

Net Adjustment: \$0 Technical Adjustment & 0.5 FTE

6. Small Business Outreach / 1.0 FTE: \$42,192

Moves \$42,192 from Materials & Services to Personal Services and adds a position to do small business outreach and work with business coalitions. Funding for this program was added late in the adopted budget process, and no position was associated with the program at that time. A staff person will be hired in November, and this adjustment reflects that.

Net Adjustment: \$0 Technical Adjustment & 1.0 FTE

#### Review of FY 2006-07 Year-end Projection

**Expenditures:** Internal materials & services rates are higher than normal. One of the main reasons for this is the removal of the HR interagency from the budget. HR usually did not bill by AP3 in the past, and the higher expenditure rate this year reflects that issue. When ONI contained the Neighborhood Inspection Team (NIT), there was also an interagency with the Auditor's office that no longer exists, and likewise, was not usually billed prior to AP3.

**Revenues:** Rates appear lower than historical. This is related to the movement of NIT from ONI to BDS. Currently; ONI receives regular revenue only from liquor licensing. Other revenue typically comes in at a quarterly or semi-annual basis. In the past, NIT revenue came in every accounting period. The loss of the NIT regular revenue stream will make AP3 revenues look low compared to historical rates.

#### **Comments on Budget Notes**

No budget notes.

#### **Comments on Add Packages**

#### Funding Allocation for FY 2006-07 Budget Innovations

In FY 2006-07, an additional \$492,000 was dedicated to fund activities that engage more people in the neighborhood system. These activities fall into several broad areas, including:

- Neighborhood Grants
- The Diversity and Civic Leadership Proposal
- Increased communications dollars for neighborhoods
- Increased operations dollars to mitigate rising insurance costs for coalitions
- Reinforcement of ONI's efforts to serve coalitions, including BIP #8 support

An update on each of these budget innovations is described below, including the application of a funding formula for additional coalition funding, an update on the Diversity and Civic Leadership (DCL) initiatives, and updates to ONI's infrastructure that were necessary to support these innovations.

Additionally, updates on the Small Business Funding Initiative, additional Graffiti Abatement funding, and 9-1-1 Disabled Resident Tracking are also provided.

#### Additional Coalition Funding (total: \$330,000)

A funding formula was used to distribute additional funding for initiatives that were to be provided at a neighborhood coalition level, which include:

- Increased funding for insurance (\$35,000)
- Increased communication dollars (\$95,000)
- Neighborhood Grants (\$200,000)

#### Insurance funds (\$35,000)

Funding has been distributed to coalitions in July 2006, which have allowed coalitions to provide general liability insurance for directors and officers.

#### Communication funds (\$95,000)

In an effort to provide additional opportunities for community members to become engaged in neighborhood association activities, additional resources for increased methods and modes of communication were allocated to coalitions in July 2006. The coalitions individually determined how to spend them to improve communication with community members.

#### Grant funds (\$200,000)

A long-time priority for the neighborhood system is the ability to implement a neighborhood grants program that would allow community organizations an opportunity to build their capacity, attracting new members and sustaining those that are already involved. ONI staff has worked with the neighborhood coalition offices to develop a uniform Request for Proposals (RFP) that were used to solicit grant proposals. Each coalition will be evaluating proposals during the month of December, with grants being awarded shortly after the first of the year.

#### Diversity Civic Leadership (DCL) Proposal (total: \$115,000)

There are two main components of this proposal, the Leadership Academy and Community Engagement Initiative:

#### Leadership Academy (\$70,000)

ONI staff has worked with the participants of the DCL committee to develop a Request for Proposal (RFP), which outlines the desired specifications for creating a Leadership Academy. A draft RFP is currently being reviewed by the City Attorneys Office, and will be put out for bid within the next month.

#### Neighborhood and Community Engagement Initiative (\$45,000)

The DCL committee has recommended that four projects be funded through neighborhood coalition offices, with the condition that half of those funds are distributed to under-represented groups that are being targeted. To date, ONI has received five proposals from coalition offices and is in the process of selecting four projects that will be funded at \$11,250 each.

#### ONI Infrastructural support for budget innovations (total: \$42,500)

Funding for infrastructure to support and implement budget innovations have been directed towards:

- **Support for BIP #8, Community Connect**, staffing needs within City Hall such as rent, computers, phones, etc.
- Support for unrecognized Neighborhood Associations, including expenses such as booking meeting rooms, mailings, and production of maps.
- Staff and resources needed to support budget innovations, including contract re-writes and/or amendments, technical assistance, and RFP development
- Connectivity and Safety upgrades. It is anticipated that all eight coalition offices will be upgraded from a VPN connection that's run over DSL to a more reliable and secure T-1 connection by December 31<sup>st</sup>. Additionally, ONI has begun implementing recommendations from its Safety Committee, including the installation of gates at the City Hall office, which delineate public and employee spaces.

#### Graffiti Abatement Enhancements (total: \$80,000)

An additional \$80,000 has been dedicated to:

- **Hire an additional graffiti abatement crew** (consisting of a crew leader and 2-3 crew members) and allowing for removal coverage on Saturdays
- Enhance Neighborhood Graffiti Clean Ups. To date, several events have taken place through partnerships between neighborhood and community groups along side ONI's abatement contractors.
- **Graffiti Tracking Intelligence System.** ONI recommends that funds for this project be redirected to purchase remote data gathering devices which will allow abatement crews to more efficiently document and upload graffiti images and related information into a database.

#### 9-1-1 Disabled Resident Tracking (total: \$50,000)

This program began as a pilot project in FY 2005-06 with the intent of creating a list of Multnomah County residents who have disabilities that may hinder them from safely evacuating a building in the event of an emergency. The funds have been used to increase staffing for the ONI Disability Program from .50FTE to 1.0 FTE. Staff is on track in implementing its work plan.

# Small Business Funding (total: \$100,000)

A limited term position will administer these funds. That position is in the final steps of the hiring process.

# Financial Planning Division Analysis FY 2006-07 Fall BuMP FY 2005-06 Performance Snapshot

Office of Neighborhood Involvement

Analysis by: Bob Tomlinson

| Key Performance Measures  |               | FY 2003-04 | FY 2004-05 | FY 2005-06 | FY 2005-06 | FY 2006-07 |
|---|---------------|------------|------------|------------|------------|------------|
| Goal/Program/M easure   | Type          | Actual     | Actual     | Goal       | Actual     | Goal       |
| Crime Prevention  |               |            |            |            |            |            |
| Number of Crime Watch Programs                                      |               |            |            |            |            |            |
| Developed and Maintained  | Workload      | 550        | 589        | 650        | 647        | 680        |
| Developed and Maintained  | Workload      | 330        | 307        | 050        | 047        | 000        |
| Information & Referral  |               |            |            |            |            |            |
| Number of Calls and Email Inquiries                                 |               |            |            |            |            |            |
| Responded To  | Effectiveness | 191,658    | 191,444    | 203,330    | 172,690    | 167,000    |
| Number of Calls and E-mail Inquiries                                |               |            |            |            |            |            |
| Received  | Workload      | 218,538    | 206,773    | 231,847    | 183,954    | 220,000    |
| Administration  |               |            |            |            |            |            |
| Administration Staff as Percent of Total                            |               |            |            |            |            |            |
| Bureau Staff  | Efficiency    | 6.6%       | 7.0%       | 9.3%       | 5.6%       | 6.8%       |
| Administration Budget as Percent of Total                           | =             |            |            |            |            |            |
| Bureau Budget   | Efficiency    | 5.7%       | 6.4%       | 5.8%       | 6.1%       | 6.3%       |
| S   | J             |            |            |            |            |            |
| Neighborhood Resource Center  |               |            |            |            |            |            |
| Community Newsletters &   |               |            |            |            |            |            |
| Communications Efforts  | Effectiveness | 0          | 0          | 63,000     | 855,076    | 825,000    |
| Number of Attendees at Leadership                                   |               |            |            |            |            |            |
| Development Events & Activities                                     | Effectiveness | 0          | 0          | 675        | 3,088      | 2,900      |
| Number of Community Involvement                                     |               |            |            |            |            |            |
| Projects or Events Initiated, Maintained,                           |               |            |            |            |            |            |
| or Completed  | Workload      | 0          | 0          | 0          | 1,919      | 512        |
| Number of Technical Assistance                                      |               |            |            |            |            |            |
| Contracts with Neighborhood   | *** 11 1      | 0          | 0          | 0          | 45.055     | 47.000     |
| Associations and the Public   | Workload      | 0          | 0          | 0          | 45,955     | 47,000     |
| Number of Efforts to Involve  |               |            |            |            |            |            |
| Traditionally Under-Represented Groups such as Communities of Color | Workload      | 0          | 0          | 0          | 451        | 210        |
| Number of Neighborhood Association and                              | workload      | U          | U          | U          | 431        | 212        |
| Coalition Meetings Attended by                                      |               |            |            |            |            |            |
| Contractor Staff  | Workload      | 0          | 0          | 0          | 1,209      | 2,400      |
| Contractor Starr  | Workload      | U          | U          | U          | 1,209      | 2,400      |
| Neighborhood Livability Services                                    |               |            |            |            |            |            |
| Mediation Case Intakes  | Workload      | 531        | 563        | 650        | 570        | 500        |
| Number of Liquor License Applications                               |               |            |            |            |            |            |
| Processed   | Workload      | 332        | 355        | 350        | 460        | 350        |
| Number of Graffiti Tags Removed                                     | Workload      | 27,552     | 27,845     | 27,000     | 24,350     | 25,000     |
| Number of Residential Siting Cases                                  |               |            |            |            |            |            |
| Needing Conflict Resolution   | Workload      | 29         | 26         | 25         | 17         | 20         |
|   |               |            |            |            |            |            |

The goal was met or the trend is positive

Is a concern

#### **Summary of FY 2005-06 Performance**

ONI's performance measures trend well overall, however there are several new measures that only have a couple of years' data so trends cannot be identified at this time. Of the other measures, the number of calls and email inquiries responded to and the administration staff as a percent of total bureau staff are the only ones causing concern.

#### FY 2005-06 Budget Notes

The Mayor and Commissioner of Public Utilities were to lead an effort to raise private donations for graffiti abatement on large commercial properties. Council appropriated \$80,000 in one-time General Fund resources to match, on a dollar-for-dollar basis, any donations obtained for graffiti abatement from private sources. ONI would amend the graffiti abatement contract for the amount of private donations received plus the city match.

No private donations were raised after conversations were held with private business advocacy/interest groups. The Mayor's and Commissioner of Public Utilities' staff agreed to allow the use of the \$80,000 in one-time General Fund resources for enhanced graffiti abatement services. Youth Employment Institute, Inc. (YEI) and Good Bye Graffiti (GG) were asked to prepare proposals to utilize the additional \$80,000. YEI submitted a proposal to provide additional graffiti abatement crews through the remainder of the fiscal year for \$65,000. Goodbye Graffiti submitted a proposal to provide for increased sites and additional services to commercial property in the City for \$15,000. Amendments to both contracts were approved by Council.

FY 2005-06 Financials

|                        |                                 | FY 2005-06     | FY 2005-06       |               |
|------------------------|---------------------------------|----------------|------------------|---------------|
|                        |                                 | Revised        | Year-End         | Percent       |
|                        | Item                            | Budget         | Actuals          | Variance      |
| <del></del>            |                                 | -              |                  |               |
| Re                     | sources                         |                |                  |               |
| ■ Ge                   | eneral Fund Discretionary       | \$4,489,989    | \$4,022,129      | -10.4%        |
| ■ Ge                   | eneral Fund Overhead Recovery   | 126,985        | 113,753          | -10.4%        |
| ■ Fu                   | nd Transfers                    | 126,214        | 59,214           | -53.1%        |
| Int.                   | eragency Revenue                | 715,021        | 650,933          | -9.0%         |
| ■ Loc                  | cal Sources                     | 245,328        | 244,409          | -0.4%         |
| ■ Mi                   | iscellaneous                    | 1,360,080      | 1,505,686        | 10.7%         |
| ■ Ser                  | rvice Charges & Fees            | 146,541        | 160,455          | 9.5%          |
| То                     | tal Resources                   | \$7,210,158    | \$6,756,579      | -6.3%         |
| Ex                     | penditures                      |                |                  |               |
| ■ Per                  | rsonal Services                 | \$3,988,058    | \$3,943,323      | -1.1%         |
| ■ Ext                  | ternal Materials & Services     | 2,470,645      | 2,074,366        | -16.0%        |
| ■ Int                  | ernal Materials & Services      | 741,455        | 728,890          | -1.7%         |
| ■ Fu                   | nd Transfers                    | 10,000         | 10,000           | 0.0%          |
| To                     | tal Expenditures                | \$7,210,158    | \$6,756,579      | -6.3%         |
| Revenue target was met | t, or expense was within budget | Revenue budget | was not within 5 | 5% of target, |

#### FY 2005-06 Financial Variance

Expenditures: External materials & services are below historical percentages. This can be explained by the large amount of encumbrances ONI had in FY 2005-06. Most of the encumbrance came from the Visioning Grants. The \$250,000 of Visioning Grants were awarded in FY 2005-06 as advances. Advances do not show as expenditures, so it appears that expenditures were below historical rates. Removing the visioning grants from the total would result in a historically average expenditure rate.

Revenues are within 5% of historical rates.

# Financial Planning Division Analysis FY 2006-07 Fall BuMP Bureau with Significant Issues

# Bureau of Housing and Community Development - General Fund

Report Date: 11/6/2006 Analysis by: Mike Johnson

| <b>General Fund Summary</b>                 |   |                                |                               |  |
|---|---|--------------------------------|-------------------------------|--|
| Revised Budget as of AP 3                   | Significant Requests  | New Position<br>Requests       | FPD Overall<br>Recommendation |  |
| General Fund Discretionary:<br>\$ 6,676,103 | (1) Homeless Services enhancement                                     | (1) Two limited term positions | Approve partial               |  |
|   | (2) Housing enhancement   | (2) One limited term position  | Approve partial               |  |
|   | (3) Minority Homeownership initiative                                 |                                |                               |  |
|   | (4) Schools/Family/Housing initiative                                 | (4) One limited term position  | Approve partial               |  |
|   | (5) Prior year grant carryover and Lead abatement grant appropriation |                                | Approve, with concerns        |  |
|   | (6) Economic Opportunity  |                                | Approve with                  |  |
|   | enhancement   |                                | concerns                      |  |
| Total budget: \$15,509,623                  |   |                                |                               |  |

Total Recommended GF Discretionary Requests:\$ 2,812,982Total Recommended Other Requests:\$ 6,014,467Total Revised GF Discretionary Budget after BuMP:\$ 9,489,085Total Revised Budget after BuMP:\$ 24,337,072

#### **Summary of Significant Requests in Fall BuMP**

#### General Fund Requests

#### **Recommended Requests**

- 1. Homeless Services enhancement (\$2,195,000 of one-time discretionary)
- Immediate "safety off the streets" during winter months for homeless women as well as programming to help end the homelessness of 120 women. Funding would support 10-15 emergency beds for women, programming like Key Not A Card (KNAC) and a waitlist case manager to help increase the availability of services for homeless women (\$735,000).

On November 1, the City Council adopted a resolution adding \$165,000 to the BHCD budget for women's homeless shelter services for the current winter. The BHCD request is for an enhanced level of service above the \$165,000.

Financial Planning recommends funding this request at \$300,000 at this time, which should be sufficient to start the program and fund it through the remainder of FY 2006-07. Components of this program have been identified, but there doesn't yet seem to be a framework or plan for implementing those components. The program needs to be fleshed out in terms of implementation, expectations for current year expenditures and how results will be measured. If this can be accomplished in time for the Winter BuMP, then the request for additional resources needed (up to the \$735,000 total request amount) could be considered at that time.

Expansion and enhancements of current successes with KNAC programs that have demonstrated success in ending homelessness for the most chronically homeless individuals and families. This request has been incorporated into the SAFE initiative. Funding would be allocated to providers who have proven success ending the homelessness of individuals and families (\$700,000). In their Sustainability Plan, KNAC is identified by the bureau as a program under evaluation. The plan recommends shifting the program to ongoing funding if an evaluation supports continuation. In addition, \$400,000 was added for KNAC in the FY 2005-06 Winter BuMP, and it does not appear that the amount was fully expended in FY 2005-06. The City Council also added \$1.4 million for KNAC in the FY 2006-07 budget.

Financial Planning recommends that the increase to this program be held to \$400,000 (the same amount that was added in the Winter BuMP for FY 2005-06), but is concerned about the potential ongoing obligation that is being created.

• Enhance 10-year plan to end homelessness support by providing funding to fill gaps in resources for programs that are in alignment with the 10-year plan to end homelessness. Funding would be flexible to support services as well as housing assistance for chronically homeless individuals and other homeless households. Funding would be allocated to providers who have proven success ending the homelessness of individuals and families (\$355,000).

This request sounds like ongoing services, as it is funding for providers that have shown success, which would recommend them for ongoing funding under the bureau's Sustainability Plan. The request would be an expansion of services with one-time funding, and increases the need for either one-time backfill or ongoing resources in FY 2007-08.

Financial Planning recommends the request, with the understanding that it supports existing service providers, and with the assumption that the funding will be fully expended in FY 2006-07.

• Open an interim/temporary "day space" for the homeless related to the SAFE initiative. Funding amount (\$45,000) is through FY 2006-07; the remainder will be part of a budget request for FY 2007-08. The request is in line with the bureau's 10-year plan to end homelessness.

Approve.

• Two limited duration (24 month) positions for a development officer & support staff to develop a city-wide campaign to raise awareness as well as locate untapped resources. Staff will be involved in the development and implementation of a city-wide strategy to leverage private resources to advance the 10-year plan to end homelessness through coordinated public/private partnerships and to support Project Homeless Connect by providing contributions and services (\$360,000).

The funding level requested is for two years. This will carry the request into FY 2008-09. This type of request is outside of normal BuMP process policy regarding limited term positions – they aren't normally approved for beyond the current fiscal year.

Financial Planning recommends funding for the remainder of FY 2006-07 (\$93,364), and that the bureau request either ongoing funding (if this is to be an ongoing effort) or one-time funding in the FY 2007-08 budget process.

Net Adjustment: \$1,148,364

- 2. Housing enhancement (\$280,000 of one-time discretionary)
- Single Family Rehab Program Code compliance repairs for 20 low-income seniors. The bureau has an existing housing rehabilitation effort (\$60,000).

Approve.

• Development of comprehensive healthy homes program and implementation plan, working with the Planning Bureau (\$20,000).

Approve.

• One limited duration (24 month) position to oversee the development of city-wide strategy, preservation and acquisition plan for 950 units of housing (\$160,000).

The funding level requested is for two years. This will carry the request into FY 2008-09. This type of request is outside of normal BuMP process policy regarding limited term positions – they aren't normally approved for beyond the current fiscal year. The funding for the acquisition of housing is not included in the request, but there are several resources available for acquisition in the BHCD and PDC budgets.

Financial Planning recommends funding for the remainder of FY 2006-07 (\$40,254), and that the bureau request either ongoing funding (if this is to be an ongoing effort) or one-time funding in the FY 2007-08 budget process.

Net Adjustment: \$120,254

- 3. *Minority Homeownership initiative* (\$1,000,000 of one-time discretionary)
- Financial Assistance to homebuyers to close the minority homeowner gap. Execute contracts with eligible respondents during the most recent competitive BHCD/PDC housing development RFP process.

This request utilizes the existing BHCD/PDC process for requesting housing subsidies for the construction of low to moderate income housing. In theory, this would add funding to the pipeline. However, it does not guarantee that this funding would get expended in FY 2006-07.

Financial Planning recommends the request, with the understanding that it utilizes an existing program delivery structure, and with the assumption that the funding will be fully expended in FY 2006-07.

*Net Adjustment:* \$1,000,000

- 4. Schools/Family/Housing initiative (\$2,278,048 of one-time discretionary)
- Develop a homeownership second mortgage revolving fund through a contract with the Portland Housing Center (\$500,000). In order to fund each block of 40-50 new mortgages each year, the funding model indicates that a city resource contribution for a loan guarantee to be held by one of the fund pool partners would be sufficient. Of the two options for the guarantee, it appears that the 10% or approximately \$160,000 amount (there will be some variance to this amount depending upon the size of the pool) is a good option.

There are still some questions at this time regarding the need for an additional loan loss reserve, the structure of City participation, and program support - but these questions can be resolved in a few weeks. Financial Planning recommends funding this request at \$200,000 at this time, which should be sufficient to start the program by providing the loan reserve and funding for potential program support to the Portland Housing Center.

• Rent Assistance and/or moving assistance to retain low income families and school enrollment. The request is for \$600,000 to serve 200 families.

Components of this program have been identified, but there as yet doesn't seem to be a framework or plan for implementing those components. Financial Planning does not recommend this request at this time, but if the program can be fleshed out in terms of:

Program delivery
Implementation
Expectations for current year expenditures
How results will be measured

in time for the Winter BuMP, then the request could be considered at that time. Financial Planning would further recommend that only the amount that could reasonably be spent in FY 2006-07 be considered.

• Small to midsize grants for community activities that are school-centered to increase school enrollment. (\$1,000,000)

Components of this program have been identified, but there as yet doesn't seem to be a final plan for implementing those components. Discussions are underway among BHCD, the Children's Investment Fund, and the Portland Schools Foundation to determine options for administering this program. Financial Planning does not recommend this request at this time, but if the administration of the program can be agreed to and a timeline for the delivery of grants established in time for the Winter BuMP, then the request could be considered at that time. Financial Planning would further recommend that only the amount that could reasonably be spent in FY 2006-07 be considered.

• Schools/Family/Housing Coordinator (\$178,048)

The funding level requested is for two years. This will carry the request into FY 2008-09. This type of request is outside of normal BuMP process policy regarding limited term positions – they aren't normally approved for beyond the current fiscal year.

Financial Planning recommends funding for the remainder of FY 2006-07 (\$44,364), and that the bureau request either ongoing funding (if this is to be an ongoing effort) or one-time funding in the FY 2007-08 budget process. There appears to be a need for staffing to develop the implementation portion of the Schools/Family/Housing initiative.

Net Adjustment: \$244,364

5. Prior year grant carryover and Lead Abatement Grant appropriation (\$6,014,467)

This request reflects the carryover of a number of encumbered and unspent categorical grant funds from FY 2005-06 (for specific projects and programs already approved and committed but were not completed last fiscal year) and the appropriation of the \$3 million Lead grant accepted by the City Council in October.

Historically, the bureau has significantly underspent (25%-60%) its Revised Budget and most years doesn't spend more than the Adopted Budget.

| Budgeted | FY 2001-02    | FY 2002-03    | FY 2003-04    | FY 2004-05    | FY 2005-06    |
|----------|---------------|---------------|---------------|---------------|---------------|
| Adopted  | \$ 7,796,659  | \$ 8,983,073  | \$ 9,362,037  | \$ 8,243,547  | \$ 9,748,700  |
| Revised  | \$ 12,100,380 | \$ 13,568,496 | \$ 18,559,527 | \$ 20,281,851 | \$ 15,837,209 |
| Actual   | \$ 8,290,347  | \$ 8,841,773  | \$ 15,068,013 | \$ 15,710,592 | \$ 8,409,341  |

Financial Planning has concerns that the bureau is adding to its budget significantly more than it will eventually spend in this fiscal year. Financial Planning will continue to work with the bureau to identify alternatives (such as budgeting new grants differently and potentially waiting until the Spring BuMP to address carryovers).

Financial Planning recommends approval of the request, because approximately \$4.3 million of the request relates to two lead abatement grants that the bureau indicates need to be addressed in the Fall BuMP.

*Net Adjustment:* \$6,014,467

#### 6. Economic Opportunity enhancement (\$300,000)

This request adds to existing program by growing the capacity of the higher performing projects and starting 2-4 new ones. Approximately 100-200 new participants could be served depending on foundation match. Increase the capacity of current contractors and leverage additional resources. For FY 2006-07, this program is supported by \$500,000 in GF one-time funding. This request will expand the program (again with one-time funding) to \$800,000. This is a program that BHCD recommends being shifted to ongoing funding in their Sustainability Plan. This request increases the need for either one-time backfill or ongoing resources in FY 2007-08.

Financial Planning recommends the increase to this program but is concerned about the potential ongoing obligation that is being created.

Net Adjustment: \$300,000

## Review of FY 2006-07 Year-end Projection

It is anticipated that External Materials & Services will be under expended again, due to some contractors being slow in submitting their request for reimbursements, and contracts that extend beyond the fiscal year.

#### **Comments on Budget Notes**

The Bureau of Housing & Community Development will develop a financial plan by October 1 for sustainable funding of programs currently funded with one-time resources. The goal of this plan should be to minimize and eventually eliminate (within three years) the reliance on one-time funding for ongoing programs in order to minimize the risk to those served by these programs. In addition to addressing the loss of federal grant funding and local one-time resources, this financial plan should include a work plan to better coordinate housing and homeless services with the other service provider organizations in Multnomah County. One-time funds provided in FY 2006-07 should be considered a bridge to such a coordinated plan. The bureau should anticipate that the one-time bridge funding provided in FY 2006-07 will not necessarily be available in whole or in part in future years.

The bureau submitted their sustainability plan on time in October. The document contains a review of their three campaigns and their use of one-time funding for programs. The uses of one-time funding by

the campaign fall into two primary areas – pilot programs and stopgap funding. One of the challenges the bureau has is weaning programs (both pilots that they want to make permanent and programs that lost another funding source) off of one-time funding if that is the only other source of funding they are able to find.

The bureau prefers having General Fund resources in their mix of funding due to the lack of strings attached compared to grant funds. The bureau's mix of funding includes more General Fund resources than in the past, which will continue given the bureau's current strategic plan.

The bureau provided a table listing a number of efforts currently funded with one-time resources, and even provided a couple of more examples of identified needs in the community that are not funded. With the exception of rental housing development and homebuyer financial assistance programs, the bureau recommends shifting the programs to ongoing funding. Without another source of ongoing funding, this shift will have to be to the General Fund. Based upon the list submitted, this would \$2.5-3 million in ongoing needs currently funded one-time. This list did not include the backfill of CDBG grant funding with one-time resources, nor does it include any of the new initiatives or program expansion requested in this BuMP.

The report includes a section listing steps to sustainability. These consist of planned efforts at the federal, state and local levels. At the federal level, the efforts will include defending existing federal funds from further cuts, seeking additional funding and flexibility in existing funding, and seeking in-kind resources (land or facilities). At the state level, the focus is on the repeal of prohibitions to local real estate transfer taxes. The major local level effort has been the development of a 30% housing set aside from tax increment financing resources at PDC.

The bureau has been able to secure the additional tax increment resources at the local level, which will assist in the development of additional affordable housing resources in urban renewal areas. Without changes to state law, however, this funding source would not be available for needs outside of urban renewal areas. This brings into question the ability to reduce the bureau's need for one-time funding for affordable housing preservation and development outside of urban renewal areas.

Efforts at the federal level may to be successful in staving off further cuts, given the change in the political climate. However, additional resources may still be difficult to obtain. While the political climate has also changing somewhat at the state level, it remains to be seen where the real estate transfer tax issue falls among many state legislative priorities.

A positive note at the local level is the resurgent economy, which will put ongoing General Fund resources into the FY 2007-08 budget discussion. BHCD will need to tailor their budget request to seek ongoing funding for ongoing programs (regardless of the use of one-time funding for those programs in the past) in order for the City Council to make decisions on the best use of those ongoing resources.

#### Comments on FY 2006-07 Add Packages

Homeless Services: \$896,760

Of the total amount budgeted, \$840,189 has been contracted.

Housing: \$1,800,000

Proposals received through a competitive process are going through evaluation and selection. The bureau projects that \$600,000 will be spent in FY 2006-07.

Economic Opportunity: \$500,000

Of the total amount budgeted, \$474,413 has been contracted. The full amount is projected to be spent in FY 2006-07.

### Financial Planning Division Analysis FY 2006-07 Fall BuMP FY 2005-06 Performance Snapshot

# **Bureau of Housing and Community Development**

Analysis by: Mike Johnson

| <b>Key Performance Measures</b>              |               | FY 2003-04<br>Actual | FY 2004-05<br>Actual | FY 2005-06 Goal | FY 2005-06<br>Actual | FY 2 | 006-07 Goal |
|--|---------------|----------------------|----------------------|-----------------|----------------------|------|-------------|
| Goal/Program/Measure                         | Type          |                      |                      |                 |                      |      |             |
| Goal: Increase housing opportunities         |               |                      |                      | •               |                      |      |             |
| Program: Housing Programs                    |               |                      |                      |                 |                      |      |             |
| Average amount of outside capital            |               |                      |                      |                 |                      |      |             |
| leveraged per unit of new housing            |               |                      |                      |                 |                      |      |             |
| <b>•</b>                                     | Efficiency    | \$100,052            | \$107,786            | \$92,000        | \$84,000             | \$   | 84,000      |
| Average BHCD funds invested per              |               |                      |                      |                 |                      |      |             |
| unit on new housing                          | Efficiency    | \$32,000             | \$14,964             | \$32,000        | \$17,458             | \$   | 40,000      |
| Average BHCD funds invested per              |               |                      |                      |                 |                      |      |             |
| unit on rehab housing                        | Efficiency    | \$11,500             | \$8,637              | \$11,000        | \$9,500              | \$   | 8,833       |
| City residents rating housing                |               |                      |                      |                 |                      |      |             |
| affordability good or very good              | Effectiveness | 40%                  | 37%                  | 44%             | 37%                  |      | 40%         |
| Goal: Expand economic opportunities          |               |                      |                      |                 |                      |      |             |
| Program: Economic Opportunity                |               |                      |                      |                 |                      |      |             |
| Microenterprise Annual Business              |               |                      |                      |                 |                      |      |             |
| Revenue Increase                             | Effectiveness | NA                   | NA                   | NA              | 50%                  |      | 20%         |
| Workforce Number of Youth &                  |               |                      |                      |                 |                      |      |             |
| Adults placed and retained                   | Effectiveness | NA                   | NA                   | NA              | 1,134                |      | 300         |
| Microenterprise Number of                    |               |                      |                      |                 |                      |      |             |
| Participants Served                          | Efficiency    | NA                   | NA                   | NA              | 322                  |      | 300         |
| Workforce % of Wage Increase                 |               |                      |                      |                 |                      |      |             |
| from Previous Employmnt                      | Efficiency    | NA                   | NA                   | NA              | 25%                  |      | 25%         |
| Goal: End the institution of homelessness by |               |                      |                      |                 |                      |      |             |
| Program: Homeless Facilities and Serv        | ices          |                      |                      |                 |                      |      |             |
| Homeless or at risk individuals              |               |                      |                      |                 |                      |      |             |
| placed in more stable or permanent           | Ecc.          | 1 422                | 1.505                | 1 400           | 1.205                |      | 1.004       |
| housing                                      | Effectiveness | 1,433                | 1,535                | 1,400           | 1,295                |      | 1,024       |
| Number of unduplicated single                |               |                      |                      |                 |                      |      |             |
| adults provided emergency shelter            | W/1-11        | 0.200                | 10.016               | 0.700           | 10.001               |      | 2 420       |
| and transitional housing                     | Workload      | 9,200                | 10,016               | 9,700           | 10,091               |      | 3,430       |
|  |               |                      |                      |                 |                      |      |             |
| The goal was met or the trend is positive    | ve .          |                      |                      |                 |                      | Is a | concern     |

#### **Summary of FY 2005-06 Performance**

For Housing performance measures, the Effectiveness rating of the perception of housing affordability has seen a slight decrease, given rapidly rising prices in the housing market. The perception of housing affordability may not be a fair barometer of the bureau's effectiveness, as that perception can exist outside of the bureau's target population, and market forces are influencing perception of cost on the entire housing pool. Efficiency measures for average BHCD funds spent per rehabilitated housing unit have declined since FY 2001-02. Average outside capital leverage per unit on rehabilitated housing trends downward for the same period.

In Homeless Services, there are some interesting trends in both the Effectiveness and Workload Measures. There is a steady decline in the number of homeless or at risk individuals placed in stable or

more permanent housing from FY 2003-04 - from 1,433 to 1,024. There is also a steady increase in the number of unduplicated single adults provided shelter and transitional housing between FY 2003-04 and 2005-06 (9,200 to 10,091) and then a steep drop off to 3,430 for the current year. These trends are explained to a certain extent by policy and data collection changes. The bureau is now focusing on permanent housing and long-term stability.

Economic Opportunity measures are relatively new, making it difficult to identify trends.

#### FY 2005-06 Financials

|   | FY 2005/06<br>Revised<br>Budget | FY 2005/06<br>Year-End<br>Actuals | Percent<br>Variance   |
|---|---------------------------------|-----------------------------------|-----------------------|
| Resources   |                                 |                                   |                       |
| Service Charges & Fees                              |                                 | \$20,642                          |                       |
| ► Local Sources                                     | 337,216                         | 60,200                            | -82.15%               |
| ► Interagency Revenue                               | 2,513,499                       | 2,145,793                         | -14.63%               |
| Fund Transfers                                      | 8,955,724                       | 3,806,061                         | -57.50%               |
| Bond and Note Proceeds                              |                                 | 1,824,000                         |                       |
| Miscellaneous                                       | 272,800                         | 552,645                           | 102.58%               |
| General Fund Discretionary                          | 3,757,970                       | 3,757,970                         | 0.00%                 |
| Total Resources                                     | \$15,837,209                    | \$12,167,311                      | -23.17%               |
| Expenditures  |                                 |                                   |                       |
| Personal Services                                   | \$2,239,285                     | \$2,091,268                       | -6.61%                |
| <ul><li>External Materials &amp; Services</li></ul> | 13,074,101                      | 8,843,750                         | -32.36%               |
| Internal Materials & Services                       | 266,567                         | 289,113                           | 8.46%                 |
| Bond Expense  | 257,256                         | 246,431                           | -4.21%                |
| Total Expenditures                                  | \$15,837,209                    | \$11,470,562                      | -27.57%               |
| evenue target was met, or expense was within budget | Revenue was not budget          | within 5% of target               | t, or expense exceede |

External Materials & Services is where contracts with sub-recipients are recorded. Some contractors were slow in submitting their request for reimbursements, and some contracts cross fiscal years. Appropriations not spent in one year are generally carried over into the current year to continue the projects.

The reasons for the resource variances are directly related to the reasons for the expenditure variances – slower than normal billings from outside agencies and large carryover balances on existing contracts.

# Financial Planning Division Analysis FY 2006-07 Fall BuMP Bureau with Significant Issues

#### **Bureau of Environmental Services**

Report Date: November 9, 2006 Analysis by: Bob Tomlinson

| Fund 151, 161, 552 Summ            | ary                                  |                          |                               |
|------------------------------------|--------------------------------------|--------------------------|-------------------------------|
| Revised Budget as of AP 3          | Significant Requests                 | New Position<br>Requests | FPD Overall<br>Recommendation |
| General Fund Discretionary:        | (1) Watershed Investment Fund        | (1) None                 | All Requests                  |
| \$500,000                          | (\$500,000)                          |                          | Recommended                   |
|                                    | (2) Water/Sewer Billings &           | (2) None                 |                               |
|                                    | Customer Svcs to Water Bureau        |                          |                               |
|                                    | (\$93,858)                           |                          |                               |
|                                    | (3) Clean River Rewards Program      | (3) One Limited          |                               |
|                                    | (\$58,754)                           | Term FTE                 |                               |
|                                    | (4) Invasive Species Work (\$35,000) | (4) One Limited          |                               |
|                                    |                                      | Term FTE                 |                               |
|                                    | (5) Provide Operating Funding for    | (5) None                 |                               |
|                                    | CIP Funded Position (\$57,600)       |                          |                               |
|                                    | (6) Water Pollution Control Lab      | (6) None                 |                               |
|                                    | Work (\$123,080)                     |                          |                               |
|                                    | (7) Resources for CSO & Facility     | (7) None                 |                               |
|                                    | Planning (\$899,000)                 |                          |                               |
|                                    | (8) Resources for Parks Interagency  | (8) None                 |                               |
|                                    | for ESA (\$63,000)                   |                          |                               |
| <i>Total budget:</i> \$720,449,600 |                                      |                          |                               |

Total Recommended GF Discretionary Requests:\$ 500,000Total Recommended Other Requests:\$ 2,996,439Total Revised GF Discretionary Budget after BuMP:\$ 1,000,000Total Revised Budget after BuMP:\$ 723,946,039

#### **Summary of Significant Requests in Fall BuMP**

BES has a couple of significant Fall BuMP requests. The impact on BES of the transfer of Utility Customer Services (UCS) from the Revenue Bureau to the Water Bureau will mainly be to the Clean River Rewards (stormwater discount) Program (CRRP). The CRRP program is starting this fall and the transfer of UCS may further delay the startup of the program. Another impact on BES is re-directing its interagencies from one bureau to the other. BES is also increasing its interagency with the Water Bureau for \$93,858 for purchase of a vehicle and additional staff support for CRRP.

BES is requesting \$500,000 in General Fund financing for the Watershed Investment Fund. This appropriation was identified in the FY 2006-07 Adopted Budget and issuance is contingent on meeting the criteria of a Budget Note. Comm. Adams has approved the four watershed projects that will be funded by this request. A concern is the possibility of these capital projects not being completed by the end of the current fiscal year and funding needing to be carried over to the next fiscal year.

BES's Fall BuMP also includes several carryovers related to capital projects and recognition of several grants.

#### General Fund Requests

#### **Recommended Requests**

1. Implement Watershed Investment Fund Budget Note: \$500,000 One-Time General Fund A FY 2006-07 Budget Note directed investment of \$500,000 from General Fund resources to create the Portland Watershed Investment Fund (PWIF). The purpose of the PWIF is to support implementation of additional high-priority projects that provide immediate and lasting improvements to watershed health throughout Portland. PWIF provides the Watershed Division with immediate resources to implement projects in addition to those already underway as part of the 2005 Portland Watershed Management Plan.

The proposed watershed projects need to meet several criteria, including be completed by the end of this fiscal year (6/30/07), leverage non-city resources, and implement one or more of the adopted Portland Watershed Plan strategies. Commissioner Adams approved the following four projects:

- Invasive Species Management in Columbia Slough (\$100,000)
- Demonstration stormwater retrofit on unimproved street in the Fanno/Tryon Watershed (\$160,000)
- Willamette Moorings Habitat Enhancement at the mouth of Stephens Creek on the Willamette River (\$165,000)
- Stormwater Demonstration Project Improvements to the ecoroof and installation of additional stormwater management systems at the Hostel on SE Hawthorne (\$75,000)

Net Adjustment: \$500,000 One-Time General Fund

#### Other Requests

#### **Recommended Requests**

1. Move Water & Sewer Billings and Customer Services from the Revenue Bureau to the Water Bureau: \$93,858

This request moves appropriation from the Revenue Bureau to the Water Bureau to reflect the customer service section reorganization. There is an additional \$93,858 included to the Water Bureau (from Contingency) for purchasing a vehicle and staff support.

Net Adjustment: \$93,858

2. Addition of one Limited Term OSSIII for Clean Rivers Rewards Program: \$58,754 & One LT FTE

This request is for budget appropriation for one Limited Term FTE for the Clean River Rewards Program through FY 2006-07. Funding is from contingency.

Net Adjustment: \$58,754 & One Limited Term FTE

3. New Limited Term FTE for Invasive Species Work: \$35,000 & One LT FTE

This request is for resources for a new position for invasive species control strategies. The position is a Limited Term Community Outreach Information Assistant through FY 2006-07. Funding is from miscellaneous revenues.

Net Adjustment: \$35,000 & One Limited Term FTE

#### 4. Provide Operating Funding for CIP Funded Position: \$57,600

This adjustment is to provide Operating Budget resources for a position originally funded through the CIP. This position also replaces a contract position, so professional services funding is being used for the same effort.

Net Adjustment: \$0 Technical Adjustment

5. Reconcile Water Pollution Control Lab Work Plan with Budget Decisions: \$123,080
This request will provide appropriation for the addition of an add package that was not reflected in the final FY 2006-07 Adopted Budget. This happened because the reconciliation workplan did not reflect lab and field operations' add packages for Columbia Slough sediment testing. Funding is from contingency.

Net Adjustment: \$123,080

- 6. Provide Continuation of Resources for CSO and Facility Planning: \$899,000
  - \$290,000 carryover for modeling support costs to cover a system planning contract with CH2M HILL.
  - \$233,000 carryover for critical work for the CBWTP Facilities Plan Update project that was delayed by in-house support being directed to other projects to such a degree that work that was planned for FY 2005-06 will need to be performed in FY 2006-07.
  - \$376,000 carryover for obtaining additional work for Asset Management Planning Support under the System Planning contract with CH2M HILL. These additional services are needed in FY 2006-07.

Net Adjustment: \$899,000 Carryover

7. Provide Continuation of Resources for Parks Interagency for ESA: \$63,000

As of June 30, 2006 Parks work was not finished on the following projects, so BES contract funds were carried over for the Parks IA agreement. The work was finished by September 30<sup>th</sup>, resulting in three months of contract payments that haven't been reimbursed by BES.

- Riparian Conditions Survey: Vegetation surveys will be included which need to be standardized with previous surveys done at the height of the growing season. Therefore, fieldwork will not begin until mid-June and should have been completed by September 30.
- Vegetation Inventory of Washington Park and other sites: As above this work needs to be done during the standard data collection season. Funds were spent by September 30.
- Large Wood for Streams: Funds to collect and store large wood have mostly been spent. Several BES projects have requested wood. Projects were completed by September 30.
- Urban Forestry Inventory: City nature has selected the STRATUM program, developed by the U.S. forest Service to inventory and value Portland's street trees. The long promised software for Windows computers is finally being delivered for use this summer. Funds allocated for this inventory were spent by September 30, 2006.

Net Adjustment: \$63,000 Carryover

#### Review of FY 2006-07 Year-end Projection

#### **Sewer System Operating Fund (151)**

<u>Revenues</u> - Sewer operating revenues (by object code total) are within acceptable levels for required reporting on budget to actuals.

Licenses and Permits are projected to be 30% over plan due to continuing construction permit business.

<u>Expenditures</u> - All major object code expenditures are within acceptable limits for the Fund. External Materials and Services are forecast to be slightly under the reporting threshold because of historical under spending within the CIP and implementation of stormwater demonstration projects.

Contingency/Ending Fund Balance is forecast to reflect the under spending of cash transfers and external materials and services.

#### **Environmental Remediation Fund (161)**

<u>Revenues</u> - Revenues are on plan. Service Charges and Fees reflect an expectation of 23% below budget due to a vacancy within the house rental income pool.

**Expenditures** - Expenditures are within budget.

#### **Sewer System Debt Redemption Fund (351)**

<u>Revenues</u> - Interest earnings are forecast to be over budget due to the timing of transfers into the fund. BES budgeted \$4,000 and is forecasting \$12,879. The percentage over plan is misleading as to the levels budgeted.

Expenditures - Expenditures are within budget.

#### **Sewer System Construction Fund (552)**

<u>Revenues</u> – Revenues are projected to be over budget due to high Connection Charge revenue projections. Permits reflect the continuing construction activity within the City.

Miscellaneous Revenue reflects a 13% gain in Investment Interest, a result of higher Beginning Balance.

<u>Expenditures</u> - External Materials and Services reflect unbudgeted bond issuance expenses from the prior year. A BuMP adjustment will be forthcoming in the winter to correct this.

Contingency/Ending Fund Balance is over plan due to the pass-through of the Beginning Fund Balance.

#### **Sewer System Rate Stabilization Fund (632)**

<u>Revenues</u> - Beginning Fund Balance is projected to be 18% over plan due to FY 2004-05 year end cash transfers of resources.

<u>Expenditures</u> - Fund Transfers are projected to be higher than budgeted because of historical experience but should be within budget by the end of the fiscal year.

#### **Sewer System Safety Net Fund (633)**

Revenues and Expenditures are within budget

#### **Sewer System Revolving Loan Fund (636)**

<u>Revenues</u> - External Revenues and total resources for the fund are forecast to be significantly under plan with some fluctuations. Liens Receivable (recorded when loans are made), are projected to be lower as loan activity has declined noticeably.

Beginning Fund Balance is within budget.

<u>Expenditures</u> - External Materials and Services are under budget due to timing of payments to property owners, but this may change as the year progresses.

#### **Comments on Budget Notes**

Note #1 - Water, Environmental Services, and the Revenue Bureau will prepare a plan for maintenance and replacement of water meters. This plan will address the level of meter maintenance, frequency of meter replacement, evaluation of the costs and benefits of automatic meter reading, cost of the meter replacement program, method of payment, and share of the costs, for both large and small meters. This joint plan is to be incorporated into each bureau's five-year financial plan that is submitted in the fall of 2006.

Status – The Water Bureau, the Bureau of Environmental Services, and the Office of Management and Finance have held two meetings to work on this issue and to come to an agreement on the levels of maintenance and replacement for water meters. Information on current replacement levels and costs have been collected and distributed to each bureau. Issues have been raised and discussed. Some areas of agreement have been reached, and others are subject to further discussion. Additional meetings to work on completion of this task are scheduled. It is anticipated that the plan for water meter maintenance and replacement will be completed in time for incorporation into each bureau's financial plan, as stated in the Budget Note.

Note #2 - The Bureau of Environmental Services (BES) is the responsible City agency for watershed issues, and it will lead a partnership with environmental organizations and the larger community to develop a prioritized plan by October 1, 2006 for completing watershed projects. BES can request up to \$500,000 in General Fund one-time funding to jump start project implementation but will incorporate a long-term watershed funding plan for projects into its future budgets.

<u>Status</u> – Commissioner Adams has identified the watershed projects that Environmental Services will implement using \$500,000 General Fund one-time requested in this BuMP for the Portland Watershed Investment Fund (PWIF).

#### **Comments on Add Packages**

Strategic System Investments (+\$2,400,040 and +1.0 FTE)

Creating a new Sewer Maintenance Crew has been delayed because equipment needs to be purchased before the crew is formed. This BuMP addresses the equipment issues.

Increased land applications of Biosolids are on track. This allows for additional dredging of the lagoon and sustainable levels to keep program running smoothly.

Hire one chemist for the Water Pollution Control Lab to handle increased lab analyses being sent to outside labs. The chemist position has not been filled. Current analysis has indicated that the lab would be shy of covering the fully-burdened costs of this position. The bureau will wait and rerun the numbers later in the fiscal year to determine if the fully-burdened FTE can be 100% percent covered by analytical work.

Investments in Green Streets, sampling Columbia Slough sediment actions, UIC related sampling/analysis. These programs are on track and sampling is completed in some areas.

#### Fire Bureau I-A - Site Assessments (\$25,000)

Revenue to BES for continuation of Environmental Site Assessments.

#### Clean River Rewards (Stormwater Discount) Program (+\$1,590,050 and +4.0 FTE)

Delayed from spring 2006 to late fall kickoff. Program savings will be realized due to startup delays.

#### Additional CIP Maintenance (+\$1,500,000)

Already included in the CIP providing maintenance projects needed funding.

#### <u>BIP #19</u> (+\$86,757 and +1.0 FTE plus I-A with PDOT +\$146,062)

This is development services improvements identified in BIP #19. The public is already commenting on the positive changes and better service.

#### Brownfields (+\$500,000)

This \$500,000 add package is to be spent to manage cleanup of private properties and will be reimbursed by the property owner when the property sells or a development loan is issued. BES is negotiating agreements for two pilot projects. It is anticipated that most or all of the money will be spent this fiscal year.

# Financial Planning Division Analysis FY 2006-07 Fall BuMP FY 2005-06 Performance Snapshot

Actual

Type

FY 2003-04 FY 2004-05

Actual

### **Bureau of Environmental Services**

Key Performance Measures Goal/Program/Measure

| FY 2005-06 | FY 2005-06 | FY 2006-07 |
|------------|------------|------------|
| Goal       | Actual     | Goal       |
| 1.06       | 1.50       | 1.50       |
| 1.86       | 1.50       | 1.50       |
| 4.3        | 4.5        | 4.5        |
| 120/       | 120/       | 100/       |
| 12%        | 12%        | 12%        |
| 50,200     | 49,000     | 51,000     |
| n.a.       | n.a.       | 50%        |
| 10,000     | 18,000     | 20,000     |
| 328,894    | 290,000    | 310,000    |

Analysis by: Bob Tomlinson

|          | Business Services Maintain the bureau's debt service coverage ratio at 1.5 or greater Time loss hours (due to injuries)                        | Effectiveness<br>Efficiency | 1.80<br>4.3    | 2.09<br>4.3    | 1.86<br>4.3    | 1.50<br>4.5    | 1.50<br>4.5    |
|----------|--|-----------------------------|----------------|----------------|----------------|----------------|----------------|
|          | Engineering Services Construction management costs as a percentage of total construction costs Number of roof drains disconnected (cumulative) | Efficiency Workload         | 12%<br>43,380  | 12%<br>45,439  | 12%<br>50,200  | 12%<br>49,000  | 12%<br>51,000  |
|          | Critical Pipe Repair/Replacement (funded)  | Effectiveness               | n.a.           | n.a.           | n.a.           | n.a.           | 50%            |
| <b>•</b> | Office of Director<br>Number of students provided with bureau<br>education programs  | Workload                    | 22,208         | 16,197         | 10,000         | 18,000         | 20,000         |
|          | Watershed Services Feet of streambank restored (cumulative) Number of individual participants in projects catalyzed or hosted by the           | Workload                    | 310,894        | 283,304        | 328,894        | 290,000        | 310,000        |
|          | Stewardship Program  | Workload                    | 11,000         | 14,265         | 6,000          | 15,000         | 15,000         |
| •        | Average resources spent in site investigations and cleanup, per site   | Effectiveness<br>Efficiency | 99%<br>\$2,130 | 99%<br>\$1,850 | 99%<br>\$2,000 | 99%<br>\$2,000 | 99%<br>\$2,500 |
|          | Number of lab analyses performed each year   | Workload                    | 45,000         | 37,537         | 45,000         | 46,000         | 50,000         |
| -        | Wastewater Treatment Percent of Biochemical Oxygen Demand (BOD) removed Millions of gallons per day wastewater                                 | Effectiveness               | 96%            | 96%            | 95%            | 85%            | 96%            |
| _        |  | Efficiency                  | 113            | 112            | 117            | 112            | 112            |
|          | Wastewater processed in million gallons per day  | Workload                    | 28,100         | 27,383         | 29,100         | 29,600         | 29,100         |
|          | Treatment Plant O&M Costs as a ratio of MGD  | Efficiency                  | n.a.           | n.a.           | \$491          | \$491          | \$518          |
|          | The goal was met or the trend is positive  |                             |                |                |                | ▶ Is           | a concern      |

#### **Summary of FY 2005-06 Performance**

BES' performance measures are trending well overall. Of concern are the number of students provided with bureau education programs and the number of individual participants in projects catalyzed or hosted by the Stewardship Program. The FY 2006-07 goals for both of these measures are back to acceptable levels.

#### **Budget Notes**

Note #1 - The Bureau of Environmental Services and the Bureau of Water Works will conduct an analysis of the feasibility, costs, and potential savings of combining their finance and administrative functions. The bureaus will submit a joint report on their findings to Council by December 2005.

<u>Status</u> - BIP Team #11 evaluated the potential cost savings from combining the Accounting, Budget, and Finance functions of the Bureaus of Environmental Services and Water Works. The team included representatives from Environmental Services, Water Works, Parks, OMF, staff for Commissioners Leonard and Adams, and the public. The team concluded that a merger of the two bureaus' Accounting, Budget, and Finance functions would not be in the overall best interests of the City at this time.

Note #2 - The Bureau of Environmental Services will work with the Office of Transportation (PDOT), Office of Sustainable Development, Bureau of Planning, and Bureau of Development Services (BDS) to prepare a Green Streets Development Opportunity Strategy. The effort will include partnerships with neighborhoods, business groups, and other interested parties. The goal is to develop a list of opportunities where the creation of green streets would fit with the character of the neighborhood, improve storm water management, and serve transportation needs. The list should include green street opportunities in higher profile areas, where visibility can assist in spreading the word about this approach to urban development. PDOT and BDS will identify and resolve permitting issues that might dampen the interest of private developers in participating in these innovative projects.

<u>Status</u> – A Cross Bureau team has been meeting since August 2005 with representatives from BES, PDOT, Water, OSD, PDC, BOP, Parks, BDS and members of Commissioner Adams Office. The charge has been to identify opportunities and challenges regarding Green Street development and to develop a Citywide Programmatic approach for the future. This green street effort is being developed in two phases:

- Phase I: Identify the opportunity factors which could enhance the existing process and identity the challenges. This phase is complete and produced the Green Street Cross Bureau Team Report Phase 1 which Council adopted.
- Phase II: A draft citywide policy has been drafted as part the Phase II report. In addition, four recommendations have been made including enhanced cross bureau CIP coordination, a neighborhood green street initiative, a design profile notebook, and a one-time funding proposal. A final report and policy will brought to City Council in late 2006 or early 2007.

#### **Financials**

| Γ          | Fund 151                      | FY 2005-06    | FY 2005-06    |          |  |
|------------|-------------------------------|---------------|---------------|----------|--|
|            |                               | Revised       | Year-End      | Percent  |  |
| L          | Item                          | Budget        | Actuals       | Variance |  |
| _          | ·                             |               | _             | ·        |  |
| _ ]        | Resources                     |               |               |          |  |
| _ 1        | Licenses & Permits            | \$649,982     | \$733,870     | 12.9%    |  |
|            | Service Charges & Fees        | 191,933,905   | 198,128,219   | 3.2%     |  |
|            | State Sources                 | 15,000        | 302,390       | 1915.9%  |  |
| <b>1</b>   | Local Sources                 | 537,542       | 599,033       | 11.4%    |  |
| <b>—</b> ] | Interagency Revenue           | 5,817,202     | 5,448,048     | -6.3%    |  |
| <b>1</b>   | Fund Transfers                | 169,964,403   | 154,553,384   | -9.1%    |  |
| <b>—</b> ] | Bond and Note Proceeds        | 0             | 1,826,528     | N.A.     |  |
|            | Miscellaneous                 | 1,675,664     | 7,246,751     | 332.5%   |  |
| -          | Total Resources               | \$370,593,698 | \$368,838,223 | -0.5%    |  |
| ]          | Expenditures                  |               |               |          |  |
| <b>•</b> ] | Personal Services             | \$39,614,857  | \$38,986,025  | -1.6%    |  |
| <b>•</b> ] | External Materials & Services | 45,594,753    | 39,433,889    | -13.5%   |  |
| <b>•</b> ] | Internal Materials & Services | 40,687,621    | 38,347,635    | -5.8%    |  |
| _ (        | Capital Outlay                | 123,661,190   | 107,845,334   | -12.8%   |  |
| <b>•</b> ] | Fund Transfers                | 136,542,994   | 124,321,276   | -9.0%    |  |
| <b>•</b> ] | Bond Expense                  | 2,599,539     | 3,069,092     | 18.1%    |  |
| • (        | Overhead Expense              | 2,687,815     | 2,687,815     | 0.0%     |  |
| 7          | Total Expenditures            | \$391,388,769 | \$354,691,066 | -9.4%    |  |

Note: No fund balances included.

Revenue target was met, or expense was within budget

Revenue was not within 5% of target, or expense exceeded budget

#### **Sewer System Operating Fund (151)**

<u>Revenues</u> - Sewer operating revenues (by object code total) were within acceptable levels for required reporting on budget to actual.

Local Cost Sharing was 111% over budget because of timing differences in the activities recording and subsequent reimbursement from State Revolving Loan funds earmarked for water quality projects. This is a three-year loan and it is difficult to balance the budget with project cost timing.

Miscellaneous Revenues were 432% over budget because of \$1.6 million received from a sale of property located next to Tryon Creek Wastewater Treatment Plant. Another \$1.6 million was received as a third party insurance settlement regarding the Portland Harbor Sediment Program.

<u>Expenditures</u> - External Materials and Services were off budget by 13% primarily due to budgeting of a multi-year pre-paid CIP lease agreement where only the current year costs were retained on the books. So a budget of \$3.4 million has about \$700,000 booked against it. Nearly \$1.0 million in unspent Non-Capital Improvement appropriation, reflecting stormwater demonstration projects and EPA grant project activities account for the balance of the variance.

Capital Outlay was off by 13% due to additional appropriations of \$25 million in the Spring Supplemental which were not totally used so excess budget is driving the variance.

Bond Expense reflects 18% over budget in spending. This was due to bond interest accruals booked in the Operating Fund. These items are non-budgetary items.

#### **Environmental Remediation Fund (161)**

<u>Revenues</u> - Miscellaneous Revenue (Interest on Investments) were 58% over budget due to higher interest from higher cash revenues. Fund Transfers were below budget by 14% because the transfers are made on a cash needs basis. Revenues were on budget overall.

Expenditures - External Materials and Services were over budget by 52% because the reversal of payments for the Lower Willamette Group was not booked for future liabilities. Internal Services were off budget by 72% due to the double-budgeting of internal services with regards to Field Monitoring and Lab Services. Capital Outlay was under budget due to project delays related to Longview City Laundry. The delay was contingent upon the adjoining property owner, who suffered damage during remedial efforts, agreeing to have the damage repaired. To correct the damage, the property owner will suffer business interruptions and has indicated to the City that these interruptions are not feasible at this time.

Bond Expense reflects 35% over budget in spending. This is due to bond interest accruals booked in the Operating Fund. These items are non-budgetary items.

#### **Sewer System Debt Redemption Fund (351)**

<u>Revenues</u> - Interest earnings were over budget. BES budgeted \$4,000 and \$70,032 is recorded. The percentage over budget is misleading based on the levels budgeted.

**Expenditures** - Expenditures were on budget.

#### **Sewer System Construction Fund (552)**

<u>Revenues</u> – Revenues were over budget due to high Permit Fee and Connection Charge revenue. Permits reflect the continuing construction activity within the City.

Cash Transfers were under budget. Transfers from Federal Grants reflect the uncertainty as to the completion of the Sewer Extension Program and the Chlorine Conversion Project within the current fiscal year (a discrepancy between the assumptions used in budgeting the entire costs versus actual costs lagging over a two year period). Interest on Investments are 91% over plan because of interest assumptions used versus the much lower current interest rates offset by the increased resources of the bond sale.

<u>Expenditures</u> - External Materials and Services reflect bond issuance charges. Bond Expense was under budget by 44% due to over-budgeting. Issuance costs were estimated as a percentage of the face of the bond.

#### **Sewer System Rate Stabilization Fund (632)**

<u>Revenues</u> - Miscellaneous Revenue (Investment Interest) were 86% of budget due to timing of resources within the fund.

Fund Transfers were 25% over budget because of excess operating resources transferred to this fund for future rate relief.

<u>Expenditures</u> - There was \$6.0 million of External Materials and Services that reflect a loan to PDOT for the purchase of streetcars. It was budgeted in a loan account "bond expense."

## Sewer System Safety Net Fund (633)

<u>Revenues and Expenditures</u> - The current activity of loan repayments (3690% over budget) reflects the continuing very small activity left in this fund.

#### **Sewer System Revolving Loan Fund (636)**

<u>Revenues</u> - External Revenues and total resources for the fund are significantly under plan. Liens Receivable (recorded when a loan is made), were 14% of budget as loan activity has declined noticeably.

**Expenditures** - Repayments of Loans fell short of expected amounts.

# Financial Planning Division Analysis FY 2006-07 Fall BuMP Bureau with Significant Issues

# **Bureau of Water Works**

Report Date: November 9, 2006 Analysis by: Bob Tomlinson

| Fund 153 Summary                   |   |                              |                               |  |
|------------------------------------|---|------------------------------|-------------------------------|--|
| Revised Budget as of AP 3          | Significant Requests                                      | New Position<br>Requests     | FPD Overall<br>Recommendation |  |
| General Fund Discretionary:<br>\$0 | (1) Move Utility Customer Services to Water (\$5,087,246) | (1) 128 authorized positions | (1) Recommended               |  |
|                                    | (2) Stormwater Program IA with BES (\$93,858)             | (2) One FTE                  | (2) Recommended               |  |
|                                    | (3) Water Security (Net \$0)                              | (3) One FTE                  | (3) Recommended               |  |
|                                    | (4) Increased Workload (\$7,500)                          | (4) Four Full Time positions | (4) Recommended               |  |
|                                    | (5) Water CIP Adjustments                                 | (5) None                     | (5) Recommended               |  |
|                                    | (6) Increased Workload (\$0)                              | (6) Extend Six               | (6) Not                       |  |
|                                    |   | Limited Term positions       | Recommended                   |  |
|                                    | (7) BTS IA (\$38,400)                                     | (7) None                     | <u>(7) Not</u>                |  |
|                                    |   |                              | Recommended                   |  |
|                                    |   |                              | All other requests            |  |
| Total budget: \$165,077,508        |   |                              | recommended                   |  |

Total Recommended GF Discretionary Requests: \$0

Total Recommended Other Requests: \$5,909,093

Total Revised GF Discretionary Budget after BuMP: \$0

Total Revised Budget after BuMP: \$ 171,025,001

#### Summary of Significant Requests in Fall BuMP

The Water Bureau's most significant request in the FY 2006-07 Fall BuMP is the transfer of Utility Customer Services from the Revenue Bureau back to the Water Bureau. This includes the transfer of 128 positions and over \$5.0 million in resources and expenditures. Losing the efficiencies that were originally identified and used to justify the transfer of Utility Customer Services to the Revenue Bureau is a concern. Water will also have to re-establish its interagencies with BES for these services.

#### Other Requests

#### **Recommended Requests**

1. Move Utility Customer Services from the Revenue Bureau to the Water Bureau - \$5,087,246 & 128 positions

This request is to transfer the Utility Customer Service component of the Revenue Bureau back to the Water Bureau effective December 14, 2006 (AP 7). This function includes water and sewer billing and collection, as well as some related services. Water's net impact in resource and requirement is a total of \$5,087,246, which includes 128 authorized positions (113 permanent full-time positions, 11 limited-term full-time positions, 2 permanent part-time positions, 4 double fill positions and 2 seasonal employees).

Net Adjustment: \$5,087,246 and 128 authorized positions

2. Stormwater Program IA with BES - \$93,858 & one FTE

This request is to add a new position and vehicle for the stormwater program in BES. Water will increase its interagency revenues from BES to cover the additional cost.

Net Adjustment: \$93,858 and one FTE

3. Water Security - \$159,000 & one FTE

Request for authority to create a full-time Water Security Specialist and funding for seasonal employees to safeguard water bureau sites, facilities, and other assets by converting contract services budget. Technical adjustment to transfer \$159,000 from Professional Services to Personal Services and add one FTE.

Net Adjustment: \$0 technical adjustment and one FTE

- 4. Position Requests for Increased Workloads \$7,500 & convert 5 PT to FT positions
  This request increases the total number of authorized positions for the Water Bureau. The adjustment includes converting four permanent part time positions to full time positions and extending six limited term positions for one more fiscal year.
  - Convert an Office Support Specialist II from .65 to 1.0 and an Accountant II from .76 to 1.0 in the Accounting Section to meet increased workload as a result of Water's involvement in the City's EBSP effort which is currently requiring about 2.5 FTE by Water Bureau staff. The financial impact for the remainder of the fiscal year is \$7,500.
  - Convert a vacant Office Support Specialist II in the Maintenance and Construction Group from .61 to 1.0 located at the Interstate Facilities to meet the increasing needs of clerical support.
  - Convert a vacant Application Analyst II from .50 to 1.0 in the Supervisory Control and Data Acquisition System (SCADA) section to address the growing maintenance need and work requested to support the water network analysis.
  - Convert a vacant Environmental Program Specialist in the Resource Protection Group from .80 to 1.0 to meet the increasing requests for Water Resource education.

*Net Adjustment:* \$7,500 and convert five part time positions to full time

5. Water CIP Adjustments - \$0 net

The following technical adjustments are for active CIP projects.

- For Equipment Purchases, decrease by \$828,100 to coincide with expected delivery dates of equipment.
- For the Retail/Wholesale Financial Model, increase \$30,000 for professional services contract work uncompleted in FY 2005-06.
- For General Building Maintenance, decrease \$100,000 due to a reduced need for internal services.
- For Dodge Park, transfer within the project for operational leases by \$4,000 in accordance with accounting practice.
- For Groundwater Well Rehabilitation, increase \$320,762 to correct budget allocation.
- For the Sandy River Conduit Relocation, decrease of \$30,000 for professional services not needed this Fiscal Year.
- For the Groundwater Well Rehabilitation, increase \$279,100 for construction contract work uncompleted in FY 2005-06.
- For Interstate Facility rehabilitation, increase operational leases by \$40,000 and decrease capital outlay by \$40,000 in accordance with accounting practices.
- For Microwave Communications, increase internal services by \$100,000 to complete installation work delayed by heavy winter snow pack.

- For Storage Tank Maintenance, increase land by \$549,000 for purchase not anticipated in FY 2006-07 budget.
- For Groundwater System Upgrade, decrease \$320,762 to correct budget allocation.

Net Adjustment: \$0 technical adjustment

#### **Not Recommended Requests**

1. Position Requests for Increased Workloads - \$0 net
Extend six limited-term GIS Technician positions through FY 2007-08. The 2-year limited term was
created in the FY 2005-06 Adopted Budget, but as a result of delays in hiring and continued turnover
during the past 16 months, Water has been unable to meet the original planned schedule.

<u>FPD Recommendation</u> - This request is not needed for FY 2006-07 since funding has already been approved for these positions through the end of FY 2006-07. This request should become part of the FY 2007-08 Requested Budget.

Net Adjustment: \$0 – Not Recommended

2. Request for IA with BTS

Establish an interagency agreement with BTS where the Water Bureau will two cell sites currently located on Water Bureau property. The current lease rate is \$1,600 per month.

<u>FPD Recommendation</u> – This request is still being processed with BTS and both bureaus are working towards an agreement to be submitted in the Winter BuMP.

Net Adjustment: \$38,400 – Not Recommended

#### Review of FY 2006-07 Year-end Projection

#### Water Fund (153)

Water has expended 12.1 percent of its operating budget in FY 2006-07 compared to the historical percent of 19.7. This variance is due to a data entry error of \$3.3 million related to aggregate allocation (account 532000) that occurred in AP3. If not for this data entry error, total expenditures would have been 17.7%. Explanations include:

Personal Services (Actual 22.7% Historical 23.5%) - No variance to report.

External Materials and Services (Actual: -14.3% Historical 17.3%) - The spending in operating supplies (account 532000) is understated by \$3,339,470 and overstated in the CIP as a result of the entry error. If not for this error, the actual percentage for external materials and services would have been 15.9 percent. The correcting journal entry was submitted in AP 4.

Internal Materials and Services (Actual: 10.5% Historical 13.4%) - No variance to report.

Capital Outlay (Actual: 0% Historical: 0%) - No variance to report.

Equipment Cash Transfer (Actual: 0% Historical 0%) - No variance to report.

#### **Comments on Budget Notes**

Note #1 - Water, Environmental Services and the Revenue Bureau will prepare a plan for maintenance and replacement of water meters. This plan will address the level of meter maintenance, frequency of meter replacement, evaluation of the costs and benefits of automatic meter reading, cost of the meter replacement program, method of payment, and share of the costs, for both large and small meters. This joint plan is to be incorporated into each bureau's five-year financial plan that is submitted in the fall of 2006.

Status - The Water Bureau, the Bureau of Environmental Services, and the Office of Management and Finance have held two meetings to work on this issue and to come to an agreement on the levels of maintenance and replacement for water meters. Information on current replacement levels and costs have been collected and distributed to each bureau. Issues have been raised and discussed. Some areas of agreement have been reached, and others are subject to further discussion. Additional meetings to work on completion of this task are scheduled. It is anticipated that the plan for water meter maintenance and replacement will be completed in time for incorporation into each bureau's financial plan, as stated in the Budget Note.

#### **Comments on Add Packages**

<u>Infrastructure Maintenance</u> - The approved decision package increased Water Bureau staffing by 56 full-time positions and 1 part-time position for a total of \$4,544,584 million to address operations, maintenance, and other infrastructure needs of the Water Bureau.

<u>Status</u> - The majority of the budget associated with this decision package is for Personal Services, and some of the budget is related to one-time set up costs for material and services, as well as vehicle purchases. To date, Water has filled 26 of the 56 full-time positions, but 10 of the positions filled were internal promotions, therefore creating other vacancies in the Bureau. Specifically, Water has filled 17 of the proposed 40 engineering positions with offers sent to four additional positions.

Water has been working closely with the Bureau of Human Resources (BHR) to consider options such as conducting an open recruitment to fill journey level positions rather than wait for graduates from the apprenticeship program. Water has been partnering with BHR to conduct job fairs. Water has been sending representatives to various cities to recruit and attract engineers to the City. BHR has given the Water Bureau authority to negotiate salary and benefit package within certain ranges. BHR continues to help by posting continuous recruitment efforts for the Engineering positions.

The Professional Services budget was reduced for CIP-related PTE contracts from about \$11 million in FY 2005-06 to \$4.2 million in FY 2006-07. Expenditures through FY 2006-07 AP4 for professional services were \$628,000, and it is anticipated the total for the year will be within plan.

### Financial Planning Division Analysis FY 2006-07 Fall BuMP FY 2005-06 Performance Snapshot

Analysis by: Bob Tomlinson

Is a concern

#### **Bureau of Water Works**

The goal was met or the trend is positive

|  | 1                         | T            | I            | I            |              | 1            |
|--|---------------------------|--------------|--------------|--------------|--------------|--------------|
| Key Performance Measures   |                           | FY 2003-04   | FY 2004-05   | FY 2005-06   | FY 2005-06   | FY 2006-07   |
| Goal/Program/M easure  | Type                      | Actual       | Actual       | Goal         | Actual       | Goal         |
| Regulatory Compliance Percent of time that State and U.S. EPA water quality standards are attained                                     | Effectiveness             | 100.0%       | 100.0%       | 100.0%       | 100.0%       | 100.0%       |
| Customer Service Percent of ratepayers rating water service good/very good Number of decorative/drinking fountains operated/maintained | Effectiveness<br>Workload | 60.0%<br>146 | 61.7%<br>147 | 62.0%<br>146 | 63.0%<br>147 | 63.0%<br>147 |
| Support  | Workload                  | 140          | 147          | 140          | 147          | 147          |
| Single family water bill as percent of six-  |                           |              |              |              |              |              |
| city average   | Effectiveness             | 88.1%        | 79.9%        | 88.0%        | 80.0%        | 80.0%        |
| Operating cost per capita  | Efficiency                | \$71         | \$63         | \$71         | \$63         | \$63         |

#### **Summary of FY 2005-06 Performance**

The Water Bureau has had some level of reorganization each of the last three years which makes performance measure tracking difficult. It is hard to identify and evaluate trends when consistent benchmarks are not available. FPD recommends that the bureau identify more meaningful performance measures that can be tracked over several years into the future.

#### **Budget Notes**

Note #1 - The Bureau of Environmental Services and the Bureau of Water Works will conduct an analysis of the feasibility, costs, and potential savings of combining their finance and administrative functions. The bureaus will submit a joint report on their findings to Council by December 2005.

<u>Status</u> - BIP Team #11 evaluated the potential cost savings from combining the Accounting, Budget, and Finance functions of the Bureaus of Environmental Services and Water Works. The team included representatives from Environmental Services, Water Works, Parks, OMF, staff for Commissioners Leonard and Adams, and the public. The team concluded that a merger of the two bureaus' Accounting, Budget, and Finance functions would not be in the overall best interests of the City at this time.

#### **Financials**

| Fund 153                |          | FY 2005-06    | FY 2005-06    |          |
|-------------------------|----------|---------------|---------------|----------|
|                         |          | Revised       | Year-End      | Percent  |
| Item                    |          | Budget        | Actuals       | Variance |
| -                       |          |               |               | •        |
| Resources               |          |               |               |          |
| Service Charges & Fees  | S        | \$82,010,321  | \$81,090,938  | -1.1%    |
| Local Sources           |          | 8,255         | 5,851         | -29.1%   |
| Interagency Revenue     |          | 2,650,980     | 1,671,996     | -36.9%   |
| Fund Transfers          |          | 57,684,134    | 38,843,117    | -32.7%   |
| ▶ M iscellaneous        |          | 2,934,314     | 21,668,390    | 638.4%   |
| <b>Total Resources</b>  | •        | \$145,288,004 | \$143,280,292 | -1.4%    |
| Expenditures            |          |               |               |          |
| Personal Services       |          | \$36,871,418  | \$36,641,148  | -0.6%    |
| External Materials & S  | ervices  | 27,094,304    | 16,570,128    | -38.8%   |
| Internal Materials & Se |          | 22,889,806    | 21,149,917    | -7.6%    |
| Capital Outlay          | or vices | 21,454,704    | 7,272,348     | -66.1%   |
| Fund Transfers          |          | 37,403,790    | 36,698,270    | -1.9%    |
| Bond Expense            |          | 2,479,359     | 1,878,482     | -24.2%   |
| Overhead Expense        |          | 2,208,678     | 2,208,678     | 0.0%     |
| Total Expenditures      |          | \$150,402,059 | \$122,418,971 | -18.6%   |

Note: No fund balances included.

Revenue target was met, or expense was within budget

Revenue was not within 5% of target, or expense exceeded budget

#### **Historical Trends**

#### **Fund 153 Resources**

<u>Interagency Revenue</u> (63%) - Capital: Interagency revenues were \$1.0 million lower than the revised budget primarily due to a budget adjustment in the Spring Bump for \$0.6 million with the Bureau of Environmental Services related to the downtown light rail project. The revenue related to this project will be received from the Bureau of Environmental Services in FY 2006-07. Interagency revenues were also lower than the revised budget by \$0.4 million as anticipated due to reduced capital equipment reimbursements from BES and PDOT projects.

<u>Fund Transfers</u> (67%) - Capital: Cash transfers from the Water Construction Fund were lower than the revised budget by \$16.9 million. It was anticipated in the Spring Bump that cash transfers would be lower than the revised budget by \$18.3 million for anticipated decreases in CIP capital expenditures due to significant delays in bidding and awarding contracts for several projects. This assumption was included in development of the bureau's FY 2006-07 preliminary financial plan/budget request. Increased purchases in June, primarily for fleet vehicles, resulted in the \$1.4 million variance in capital spending compared to the Spring BuMP year-end projection.

Cash transfer related to grants were lower than the revised budget by \$2.0 million primarily due to delayed grant receipts for the PDOT Transit Mall Project and delay of the PDOT I205 Light Rail project.

<u>Miscellaneous Revenues</u> (738%) - Operating: Miscellaneous revenues were \$18.7 million higher than the revised budget primarily due to the recording of the Powell Valley acquisition. There was \$16.8 million for the Powell Valley transaction recorded as a non-exchange transaction and \$1.9 million was recorded as miscellaneous revenue for the cash contribution. Other non-cash contractor contributions for \$1.1

million were also recognized. Non-exchange transactions are recorded to a non-budgetary account (499500) and are excluded from the CAFR budget to actual statements.

There was also an increase in miscellaneous revenues compared to budget of \$0.4 million as projected in the Spring Bump for additional interest earnings. An additional \$0.2 million was also recognized for interstate sales and refunds.

Capital: A reduction in the revenue expected from FEMA of \$1.8 million related to the interstate fleet facility and the conduit project also reduced miscellaneous revenues compared to budget. There was \$0.1 million received for capital asset sales.

#### **Fund 153 Requirements**

External Materials & Services and Capital Outlay (61% and 34%) - Operating: The variance in operating expenditures compared to the revised budget was \$2.6 million. The variance is due to less spending on professional and miscellaneous services of \$1.2 million, \$1.1 million for utility savings, and \$0.3 million in other miscellaneous expenses.

Capital: External Materials & Services and Capital Outlay were lower than the revised budget by a combined \$22.1 million due to significant delays in bidding and awarding contracts to several projects.

<u>Bond Expense (76%)</u> - The \$0.6 million variance is primarily due to reduced accrued interest expense due to the delay in the bond sale to September. This assumption was also included in development of the Bureau's FY 2006-07 preliminary financial plan/budget requests.

#### **Fund 554 Resources**

<u>Beginning Balance</u> (127%) - The variance is due to additional revenue received for system development charges, interest earnings, and construction revenue reimbursements from the operating fund. There were also less expenditure transfers to the operating fund due to reduced capital expenditures.

<u>Service Charges & Fees</u> (198%) - System development charges were greater than the revised budget by \$2.6 million due to increases in subdivision development. The Spring BuMP's year-end fund projection anticipated a \$1.8 million increase in system development charges.

<u>Bond and Note Proceeds</u> (0%) - There were no bond proceeds because the bond sale planned for the Fall 2005 was postponed to September 12, 2006.

<u>Miscellaneous Revenue</u> (115%) - The \$0.2 million variance is due to a combination of \$0.5 million lower interest earnings due to the delay of the bond sale and \$0.7 million that was to record the Powell Valley CIP which was recorded as a non-exchange transaction. Non-exchange transactions are recorded to a non-budgetary account and for consistency should be excluded from the budgetary reporting.

#### **Fund 554 Requirements**

Fund Transfers (66%) - See Water Operating Fund above.

#### **Fund 355 Resources and Requirements**

<u>Fund Transfers</u> (90%) and <u>Bond Expense</u> (90%) - The bond sale planned for Fall 2005 was postponed to the Fall of 2006. Therefore, the cash transfer from the operating fund to the sinking fund was less than the budget due to the reduction in debt service requirements. In addition, there was no cash transfer from the

construction fund to the sinking fund because there were no earnings on bond proceeds due to the postponed bond sale.

#### **Fund 631 Resources**

 $\underline{\text{Miscellaneous Revenues}}$  (192%) - Miscellaneous Revenues are \$30,000 higher than the revised budget due to an increase in interest earnings resulting from higher interest rates.

#### Financial Planning Division Analysis FY 2006-07 Fall BuMP Bureau with Significant Issues

# **Bureau of Housing & Community Development - HIF**

Report Date: 11/3/2006 Analysis by: Mike Johnson

| Housing Investment Fund Summary |                                     |                          |                               |  |  |
|---------------------------------|-------------------------------------|--------------------------|-------------------------------|--|--|
| Revised Budget as of AP 3       | Significant Requests                | New Position<br>Requests | FPD Overall<br>Recommendation |  |  |
| General Fund Discretionary:     | (1) Carryover of bond proceeds for  | None                     | Approve                       |  |  |
| \$ 3,328,122                    | Headwaters housing project          |                          |                               |  |  |
|                                 | (2) Carryover of bond proceeds for  |                          | Approve                       |  |  |
|                                 | Housing Opportunity Bonds           |                          |                               |  |  |
|                                 | (3) Carryover of prior year General |                          | Approve                       |  |  |
|                                 | Fund one-time funds for housing and |                          |                               |  |  |
|                                 | homeless services                   |                          |                               |  |  |
| Total budget: \$12,016,226      |                                     |                          |                               |  |  |

Total Recommended GF Discretionary Requests: \$0

Total Recommended Other Requests: \$5,871,979

Total Revised GF Discretionary Budget after BuMP: \$0

Total Revised Budget after BuMP: \$17,888,205

# **Summary of Significant Requests in Fall BuMP**

#### Other Requests

#### **Recommended Requests**

1. Carryover of bond proceeds for Headwaters housing project (\$1,070,000)

The Headwaters mixed income housing project near Tryon Creek will be completed by the end of 2006. Draws on bond proceeds were slower than anticipated in the FY 2006-07 budget. The net adjustment should appropriate the remaining available proceeds for use in FY 2006-07.

Approve

*Net Adjustment:* \$1,070,000

2. Carryover of bond proceeds for Housing Opportunity Bonds (\$1,696,000)

Projects using the Housing Opportunity Bonds were originally anticipated for completion during 2006, but projects have not been completed as anticipated. This led to draws on bond proceeds being slower than anticipated in the FY 2005-06 budget. The net adjustment should appropriate the remaining available proceeds for use in FY 2006-07.

Approve

*Net Adjustment:* \$1,696,000

3. Carryover of prior year General Fund one-time funds for housing and homeless services (\$3,105,979)

These are funds from FY 2004-05 and FY 2005-06 one-time General Fund allocations for housing and homeless services projects. The funds were not spent in those fiscal years, and dropped to fund balance. In some cases, the funding is waiting for a suitable project, in others the appropriation was

for multiple years. This action appropriates these funds into accounts that identify them as prior year housing (\$1,625,687) or prior year homeless services (\$1,480,292). The funds will be available to transfer to BHCD as needed for the projects they were intended for. This \$3.1 million is in addition to the \$3.3 million added to the fund from one-time General Fund in the FY 2006-07 budget.

#### **Approve**

*Net Adjustment:* \$3,105,979

# Review of FY 2006-07 Year-end Projection

The year-end projection assumes that both construction projects will be completed, and that BHCD will spend all available resources.

#### FY 2006-07 Add Packages Housing: \$1,300,000

\$350,000 contracted to date. One \$400,000 award made, the contract is pending. An additional \$550,000 is projected to be contracted during the next few months.

#### Homeless Services: \$1,100,000

\$700,000 for Key Not a Card programs is under contract. An additional \$300,000 is set-aside or has contracts pending.

#### FY 2005-06 Financials

|   | FY 2005/06<br>Revised<br>Budget | FY 2005/06<br>Year-End<br>Actuals | Percent<br>Variance |
|---|---------------------------------|-----------------------------------|---------------------|
| Resources   |                                 |                                   |                     |
| Service Charges & Fees                              | \$20,250                        |                                   | -100.00%            |
| Interagency Revenue                                 |                                 | 21,271                            |                     |
| Fund Transfers                                      | 2,882,122                       | 2,882,122                         | 0.00%               |
| Bond and Note Proceeds                              | 500,000                         |                                   | -100.00%            |
| Miscellaneous                                       | 465,000                         | 655,697                           | 41.01%              |
| <b>Total Resources</b>                              | \$3,867,372                     | \$3,559,090                       | -7.97%              |
| Expenditures  |                                 |                                   |                     |
| <ul><li>External Materials &amp; Services</li></ul> | \$26,187,870                    | \$11,173,620                      | -57.33%             |
| Internal Materials & Services                       | 67,400                          | 145                               | -99.78%             |
| Fund Transfers                                      | 533,097                         | 533,096                           | 0.00%               |
| Bond Expense  | 47,750                          | 33,300                            | -30.26%             |
| Total Expenditures                                  | \$26,836,117                    | \$11,740,161                      | -56.25%             |
| evenue target was met, or expense was within budget | Revenue was not budget          | t within 5% of target             | t, or expense excee |

Bond and Note proceeds were not expended due to the sunset of the Smart Growth housing program. External Material & Services were under expended due to slower than anticipated draws on bond proceeds for both the Headwaters and Housing Opportunity Bond projects (this also impacted the under expenditure in Bond Expense), as well as under expenditures on BHCD housing and homeless services projects. Internal Materials & Services were under expended due to indirect charges from BHCD not occurring.

# Financial Planning Division Analysis FY 2006-07 Fall BuMP Bureau with Significant Issues

# **Office of Management & Finance – Facilities Services**

Report Date: 11/3/2006 Analysis by: Mike Johnson

| Facilities Service Fund Summary   |                                       |                          |                               |  |
|-----------------------------------|---------------------------------------|--------------------------|-------------------------------|--|
| Revised Budget as of AP 3         | Significant Requests                  | New Position<br>Requests | FPD Overall<br>Recommendation |  |
| General Fund Discretionary:       | (1) Portland Communications Center    | None                     | Approve – change              |  |
| None                              | UPS Upgrade                           |                          | funding                       |  |
|                                   | (2) Upgrade fitness facilities in the |                          |                               |  |
|                                   | Portland Building and 1900 Building   |                          | Not Approve                   |  |
|                                   | (3) Carryover major maintenance       |                          |                               |  |
|                                   | projects                              |                          | Approve                       |  |
|                                   | (4) Carryover major maintenance       |                          |                               |  |
|                                   | projects and request additional       |                          | Approve                       |  |
|                                   | funding                               |                          |                               |  |
|                                   | (5) Increases to FY 2006-07 major     |                          | Approve – pending             |  |
|                                   | maintenance and capital projects      |                          | approval in bureau            |  |
|                                   |                                       |                          | budgets where                 |  |
|                                   |                                       |                          | appropriate                   |  |
|                                   | (6) New major maintenance and         |                          | Approve – pending             |  |
|                                   | capital projects                      |                          | approval in bureau            |  |
|                                   |                                       |                          | budgets where                 |  |
|                                   |                                       |                          | appropriate                   |  |
| <i>Total budget:</i> \$49,984,310 |                                       |                          |                               |  |

Total Recommended GF Discretionary Requests:\$ 50,000Total Recommended Other Requests:\$ 1,122,595Total Revised GF Discretionary Budget after BuMP:\$ 50,000Total Revised Budget after BuMP:\$ 51,156,905

#### **Summary of Significant Requests in Fall BuMP**

#### General Fund Requests

#### **Recommended Requests**

1. Portland Communications Center UPS Upgrade (\$150,000)

After a Uninteruptible Power Supply (UPS) failure at the Portland Communications Center in April, 2006, System Design Consultants (SDC), an established UPS expert, was contracted to evaluate the existing UPS system. The immediate issue causing the April failure was addressed but an overall inspection and analysis of the system indicates some deficiency. The consultant recommends replacement of the smaller of the existing two UPS with a new and larger model as well as replacement of the wet-cell battery string with more reliable sealed batteries. Facilities Services is requesting \$150,000 in one-time General Fund Discretionary to pay for this upgrade.

Since BOEC is the primary user of the Portland Communications Center, Financial Planning recommends that the Public Safety Fund pay an appropriate share of this request as opposed to having the General Fund pay the full amount. The current assumption is that BOEC uses 90% of the system, making the funding split \$135,000 Public Safety Fund, \$15,000 General Fund one-time.

Net Adjustment: \$150,000

#### **Not Recommended Requests**

1. Upgrade fitness facilities in the Portland Building and 1900 Building (\$200,000)

The Bureau of Human Resources has indicated to Facilities Services that the fitness facilities in the Portland Building and 1900 Buildings are in need of upgrade. The present system of monthly dues is not adequate to keep the facilities and equipment in good condition. An alternative would be to use one-time General Fund money to upgrade these facilities. The \$200,000 figure is an early estimate of the cost.

There are currently 159 employees paying between \$5.50 and \$14.00 per month to use these facitilities. These "dues" generate approximately \$25,000 per year against approximately \$100,000 in operating costs. The loss is absorbed by the buildings' major maintenance reserves. There is no reserve for replacing or upgrading either the equipment or the facilities. The City Council has raised the issue of whether or not employees should be charged at all for the use of the facilities, given the City's emphasis on wellness.

There is not a formal arrangement regarding the operations and maintenance of these two facilities. There is a committee that advises on dues and program schedules, and the Bureau of Human Resources provides coordination.

Financial Planning recommends that before funds are spent on upgrading the facilities, OMF come up with a management plan for the fitness facilities that includes the following:

- Whether or not employees should be charged for use
- What funding mechanism should be used to recover operating costs and provide for future equipment replacement and upgrades, including the options of membership dues, surcharge on building rent (CityKids model), or continued use of building reserves.
- Identify ownership of the program and facilities between the Bureau of Human Resources and Facilities Services, as necessary
- Consider the use of building major maintenance funds for near term one-time facilities upgrades

If OMF can come up with a plan by the Winter BuMP, then perhaps the request could be reconsidered at that time, or it could be considered as part of the FY 2007-08 budget process.

Net Adjustment: \$0

#### Other Requests

#### **Recommended Requests**

1. Carryover major maintenance projects (\$2,589,660)

This action would carry over major maintenance projects from FY 2005-06 that are either in progress or have not yet been started. The funding for these projects comes from the Facilities Fund major maintenance reserve. For the most part, these carryover projects are from FY 2005-06. However, the Portland Building roof replacement/Eco roof (\$888,150) is a serial carryover, with the funding traveling from FY 2004-05 to FY 2006-07.

Approve.

Net Adjustment: \$2,589,660

2. Carryover major maintenance projects and request additional funding (\$886,100)

This action would carry over major maintenance projects from FY 2005-06 that are in progress and also require further funding in order to be completed. The funding for these projects comes from the Facilities Fund major maintenance reserves for the buildings involved.

These projects are:

- Kerby Garage ADA requirements Carryover is \$19,500, add \$28,600 (original project budget \$28,000);
- City Hall cooling tower corrosion abatement Carryover is \$11,000, add \$19,000 (original project cost \$11,000);
- City Hall Stair tread repair Carryover is \$38,000, add \$40,000 (original project budget \$46,000);
- Justice Center facility upgrade Carryover is \$525,000, add \$205,000 (still within project budget of \$974,000)

Approve.

Net Adjustment: \$886,100

3. Increases to FY 2006-07 major maintenance and capital projects (\$565,000)

These are projects that were included in the FY 2006-07 budget, and are in need of adjustment. All except for \$100,000 of these requests are related to the reallocation of space in the 1900 Building. The increases involve either costs left out of the original estimate, or are additional major maintenance work being done ahead of schedule to take advantage of the movement of tenants. Most of the funding will come from building major maintenance reserves.

Approve – pending approval in bureau budgets where appropriate.

Net Adjustment: \$565,000

4. New major maintenance and capital projects (\$819,468)

These are new major maintenance or capital projects either developed by Facilities Services or requested by bureaus. Most of the funding comes from the major maintenance reserves of the buildings involved. \$390,000 of the amount represents requests by bureaus that will require an approval in the Fall BuMP for that bureau.

Approve – pending approval in bureau budgets where appropriate.

Net Adjustment: \$819,468

# Review of FY 2006-07 Year-end Projection

The year-end projection reflects the actual revenue projected to be received by the end of the year for the balance of the Union Station Transportation grant.

The increase in the year-end projection for External Materials & Services is primarily due to the carrying over of projects to this fiscal year that were either not started or finished in FY 2005-06. Approximately \$1.3 million is due to new projects which were not included in the Adopted Budget, but which bureaus have requested during the first quarter of the year or Facilities Services has determined are major maintenance needs.

Internal Materials & Services are projecting higher due primarily to internal charges and additional services requested by bureaus for services not previously budgeted. The decrease in the year-end projection for contingency is due to the major maintenance projects being carried over from FY 2005-06 and the new major maintenance projects added for this year.

# **Comments on FY 2006-07 Add Packages**

# Space Plan – tenant relocations

Status: This project is on track; however, revisions may be needed to compensate for the proposed move of Utilities Customer Services to the Water Bureau rather than the Revenue Bureau.

# 1900 Building Operation and Maintenance Efficiencies

Status: Complete

### Records Center Improvements Study

Status: Nearly complete. The Records Center holding City archives is currently 97% full. This is a study to determine future needs for the Records Center and to identify options for meeting those needs.

#### Other FPD Observations & Comments

The FY 2006-07 Fall BuMP reflects an ongoing trend of major maintenance and capital projects being added by bureaus outside of the budget cycle. The unplanned workload leads to delays in other projects in the original Facilities Services workplan. These delays are part of the explanation for the continued large project carryovers that this fund experiences each year.

# Financial Planning Division Analysis FY 2006-07 Fall BuMP FY 2005-06 Performance Snapshot

# **Office of Management & Finance – Facilities Services**

Analysis by: Mike Johnson

| <b>Key Performance Measures</b>                         |               | FY 2003-04<br>Actual | FY 2004-05<br>Actual | FY 2005-06 Goal | FY 2005-06<br>Actual | FY 2006-07<br>Goal |
|---|---------------|----------------------|----------------------|-----------------|----------------------|--------------------|
| Goal/Program/Measure                                    | Type          |                      |                      |                 |                      |                    |
| Goal: Strengthen stewardship of the City's resources    |               |                      |                      |                 |                      |                    |
| Program: Property Management                            |               |                      |                      |                 |                      |                    |
| Number of internal leases                               | Workload      | 55                   | 55                   | 55              | 86                   | 86                 |
| Number of external leases                               | Workload      | 77                   | 77                   | 77              | 24                   | 23                 |
| Portfolio management - Total square footage per propety |               |                      |                      |                 |                      |                    |
| management employee  Program: Project Management        | Efficiency    | 363,420              | 363,240              | 363,420         | 358,500              | 358,500            |
| Value of capital projects completed                     | Workload      | \$5,941,000          | \$5,603,495          | \$15,400,000    | \$5,806,051          | \$19,570,000       |
| Program: Facilities Maintenance                         |               |                      |                      |                 |                      |                    |
| Percentage of City facilities                           |               |                      |                      |                 |                      |                    |
| maintained in good                                      | Effectiveness | 90%                  | 90%                  | 90%             | 90%                  | 90%                |
| Carbon footprint - CO2 emissions                        |               |                      |                      |                 |                      |                    |
| from energy use   | Efficiency    | 8,637                | 8,637                | 8,637           | 8,637                | 8,637              |
| Square foot of portfolio per                            |               |                      |                      |                 |                      |                    |
| Operations & Maintenance                                | Efficiency    | 275,407              | 275,407              | 275,407         | 275,407              | 275,407            |
| Number of work orders completed                         |               |                      |                      |                 |                      |                    |
| ➤ for scheduled maintenance                             | Workload      | 2,603                | 3,060                | 2,800           | 3,390                | 3,050              |
| Number of work orders completed                         |               |                      |                      |                 |                      |                    |
| for customer service requests                           | Workload      | 7,686                | 7,391                | 8,000           | 6,928                | 8,000              |
|   |               |                      |                      |                 |                      |                    |

The goal was met or the trend is positive

Is a concern

### **Summary of FY 2005-06 Performance**

Project management either completed or started a portion of the projects budgeted for FY 2005-06. The variance between the actual amount completed and the budgeted amount is due to the complexities of project scheduling, and ad hoc work requested from bureaus that are made during the year and require a re-prioritizing of projects, such as assisting the Water Bureau with various projects at the Interstate facility. A large amount of the funds not spent in FY 2005-06 is requested for carry over in the Fall BuMP.

Along with responding to customer requests, Operations and Maintenance has focused on scheduled maintenance for the various buildings managed by Facilities Services, which is reflected in the increase in scheduled maintenance work orders.

#### FY 2005-06 Financials

|   | FY 2005/06<br>Revised | FY 2005/06<br>Year-End | Percent<br>Variance    |
|---|-----------------------|------------------------|------------------------|
| Resources   | Budget                | Actuals                | variance               |
| Service Charges & Fees                              | \$1,648,280           | \$2,118,380            | 28.52%                 |
| Local Sources                                       | 722,030               | 791,888                | 9.68%                  |
| ► Interagency Revenue                               | 26,944,090            | 21,831,787             | -18.97%                |
| ► Fund Transfers                                    | 3,419,081             | 2,550,672              | -25.40%                |
| ► Miscellaneous                                     | 150,000               | 708,896                | 372.60%                |
| <b>Total Resources</b>                              | \$32,883,481          | \$28,001,623           | -14.85%                |
| Expenditures  |                       |                        |                        |
| Personal Services                                   | \$2,923,459           | \$2,810,207            | -3.87%                 |
| <ul><li>External Materials &amp; Services</li></ul> | 23,951,841            | 13,010,753             | -45.68%                |
| Internal Materials & Services                       | 3,679,118             | 2,146,877              | -41.65%                |
| Fund Transfers                                      | 19,047                | 19,047                 | 0.00%                  |
| Bond Expense  | 7,654,012             | 7,284,133              | -4.83%                 |
| Overhead Expense                                    | 814,887               | 814,887                | 0.00%                  |
| Total Expenditures                                  | \$39,042,364          | \$26,085,904           | -33.19%                |
| evenue target was met, or expense was within budget |                       |                        | t, or expense exceeded |

The variance in Service Charges and Fees is primarily due to rent levels at Union Station and revenue from miscellaneous sources that is not budgeted during the year. Miscellaneous Revenue is from requested services from tenants of commercial space that Facilities Services manages. This revenue is hard to predict and, therefore, is not budgeted. Because the revenue is reimbursement for maintenance or other services that has been performed by Facilities Services staff, corresponding expenses offset the revenue.

The variance in Local Sources is primarily due to revenue from the Portland Development Commission for work performed on Station 1. This revenue was not budgeted due to the unpredictability of the work. Interagency Revenues were below budget primarily due to lower than budgeted revenues from the Fire General Obligation Bond Fund and the Parking Fund, because of delays in the actual schedule for the projects.

The Fund Transfers variance is due to less than budgeted revenue from the Federal Grants Fund. This revenue is for the Union Station Transportation Grant project, which is funding critical repairs and upgrades to Union Station. Due to the complexities of the grant process, the project has proceeded at a slower pace than projected in the budget, and, therefore, less revenue has been received from the State of Oregon for the grant. Miscellaneous Revenues that come in during the year are unpredictable and, therefore, not budgeted.

External Materials & Services variances are due primarily to unfinished projects or projects that were budgeted in FY 2005-06 but not started, and savings in repair and maintenance. Any savings in this category fall to the buildings' major maintenance reserve. The Internal Materials & Services variance is due to a change in how intra-fund expenses are handled. The expenses are offset by equivalent revenues and have no effect on the Fund's ending fund balance.

# Financial Planning Division Analysis FY 2006-07 Fall BuMP Bureau with Significant Issues

# Office of Management & Finance – Technology Services

Report Date: 11/3/2006 Analysis by: Mike Johnson

| <b>Technology Services Fund</b>     | Technology Services Fund Summary  |                          |  |  |  |
|-------------------------------------|---|--------------------------|--|--|--|
| Revised Budget as of AP 3           | Significant Requests  | New Position<br>Requests | FPD Overall<br>Recommendation                          |  |  |
| General Fund Discretionary:<br>None | (1) Data Center Electrical Powe<br>Expansion<br>(2) Council Crest Replacement R<br>Infrastructure<br>(3) City Hall Video<br>improvements<br>(4) Public Safety Systems<br>Revitalization Project (PSSRP) | -                        | Approve Approve Do not Approve Approve, with condition |  |  |
|                                     | (5) Carryover of capital and other projects (6) Enterprise Business System Project (EBSP) Increase due to accelerated schedule  |                          | Approve Approve  |  |  |
| Total budget: \$69,505,636          | (7) Revenue Bureau E-Commerce   |                          | Approve, with condition                                |  |  |

Total Recommended GF Discretionary Requests:\$ 799,346Total Recommended Other Requests:\$ 14,993,630Total Revised GF Discretionary Budget after BuMP:\$ 799,346Total Revised Budget after BuMP:\$ 85,298,612

# **Summary of Significant Requests in Fall BuMP**

#### General Fund Requests

#### **Recommended Requests**

1. Council Crest Replacement RF Infrastructure: \$499,346

This project would equip the replacement Council Crest tower with new antennas, RF feedlines and combiners. The current plan calls for building the new tower adjacent to the existing tower and moving equipment from one tower to the other. By purchasing and installing new equipment, the service affecting outages during transition from the old tower to the new tower will be mitigated. Installing new equipment on the new tower will also facilitate an improved organization and sharing of lines, combiners and antennas, providing improved future flexibility in the use of the tower to support new systems and requirements.

BTS appropriated funds from major maintenance reserves in FY 2005-06 to replace this tower. The scope of the project did not include this equipment replacement. This request is essentially a jump-start on the type of equipment upgrade that will occur under the PSSRP project, due to the fact that

the tower is already in the process of being replaced. While this request could also come from major maintenance reserves, those reserves aren't anywhere near sufficient to pay for upgrading all 800 MHz equipment. The major maintenance funds will need to be supplemented eventually in order to make the PSSRP project work.

Approve.

Net Adjustment: \$499,346

#### 2. Data Center Electrical Power Expansion: \$300,000

The Data Center on the third floor of the Portland Building is at capacity in terms of electric power usage that has an emergency backup. The ability to add servers to the Data Center is very limited. Additionally, only one of the five air conditioning units in place on the third floor is fed by emergency power. The existing generator for the building is also at capacity. BTS has moved several lower priority systems off of emergency power in order to keep loads within capacity. The proposed solution adds a second generator and batteries to sustain 10 minutes without any power, providing an additional 144 kilowatts of power to the Data Center. It will enable additional servers, network gear and the air conditioning units to operate on normal and emergency power.

Since the Data Center is at capacity and there are upcoming critical needs for additional server capacity with the EBS project, this request is a priority. BTS does not have sufficient reserves built up on the computer side of their operation to pay for this equipment.

That is the real issue, the lack of adequate reserves for computers and related equipment. There are major maintenance and equipment reserves on the radio side of BTS. It is critical that BTS begin establishing reserves that are based upon recovery from all users. This will allow equipment needs like this request to be spread to all BTS customers, and not just the General Fund.

Approve.

Net Adjustment: \$300,000

#### 3. Public Safety Systems Revitalization Project:\$4,203,663

This request is to move one-time General Fund resources to the Technology Services Fund for use on the Public Safety Systems Revitalization Project (PSSRP). Only \$1,259,635 of the total amount of \$4,203,663 will be appropriated for use in FY 2006-07. The remainder will be reserved for use in FY 2007-08, per City Council resolution. The project includes replacement of the following systems:

Public Safety Radio System Computer Aided Dispatch System Portland Police Data System Portland Fire and Rescue Systems Emergency Operations System

The amount of this request is only enough to move the project forward into FY 2007-08. This includes project management staffing (5 limited term positions) for the project, system requirements development and vendor selection for the Computer Aided Dispatch and Portland Police Data systems, implementation of the Emergency Operations System, and high level design for the 800 MHz radio system. The funding will also provide resources for developing funding solutions and regional governance opportunities.

Approve the transfer. If the City Council chooses not to transfer all of the funding in FY 2006-07, Financial Planning recommends reserving the second year of funding.

*Net Adjustment:* \$4,203,663

### **Not Recommended Requests**

1. City Hall Video Improvements: \$316,000

City Hall is limited in the locations where video broadcasts can be originated (City Council Chambers), either for broadcast via Community Media Television or via webcasting. Coverage of events at other locations requires Community Media Television or other City staff to set-up and operate the equipment. There is a small per-event charge from Portland Cable Media for this service. Remote cameras could be installed in two rooms in City Hall, for example the Rose and Lovejoy Rooms to make these venues available for video recording. There is the potential of grant funding from Mount Hood Cable Regulatory Commission when their grant cycle opens in March.

This request is not recommended. The amount requested (\$316,000) is a preliminary estimate and does not reflect the full scope of suggested venues. The small savings in per-event charges that would be realized does not warrant this level of expense.

Net Adjustment: \$0

#### Other Requests

#### **Recommended Requests**

1. Carryover of capital and other projects: \$2,887,560

This request would carry over a number of projects not completed in FY 2006-07. These projects include:

Council Crest radio tower replacement

Microwave system replacement

IRNE projects

Information security project

In addition, additional major maintenance reserves are being requested for the Core network redesign (multi-year project) for the purpose of accelerating work on the project.

Approve.

*Net Adjustment:* \$2,887,560

2. EBSP Increase due to accelerated schedule: \$7,840,000

The FY 2006-07 Adopted budget included a placeholder amount based upon the initial plan for the project. As described to the City Council on November 1, the project plan for Phase II of EBSP has been finalized. This request implements the contracts and project as approved by the City Council on that date, including Phase II implementation, training, quality assurance, and City project and operations staff. Seven new positions are added in BTS, who will charge their time to the project initially, and then continue in their roles to run the system. Resources reflect bond proceeds and interagency transfers.

Approve.

*Net Adjustment:* \$7,840,000

#### 3. Revenue Bureau E-Commerce: \$366,675

The Revenue Bureau requested in the FY 2005-06 Spring BMP the carryover of \$366,675 (of the original \$600,000) in support of e-commerce technology projects. BTS is now requesting the funds as a cash transfer from the General Fund in order to complete the project.

The Revenue Bureau originally received \$600,000 of one-time General Fund discretionary in the FY 2005-06 Fall BuMP to develop technological efficiencies in e-commerce. These efficiencies would shift the burden of data entry and accuracy verification away from the City and onto the client/citizen. The bureau reported that these efficiencies could reduce or reallocate at least 5.0 FTE, resulting in savings of \$350,000 per year. These savings, however, are contingent on the willingness of the public to utilize the online features. To date, no efficiencies have been realized.

In order to keep track of this funding, Financial Planning recommends that BTS submit a report during the FY 2006-07 Spring BuMP detailing the progress of the e-commerce efforts, and the amount of the General Fund transfer that has been spent at that time.

Approve, with the condition of the submittal of the report.

Net Adjustment: \$366,675

### **Review of FY 2006-07 Year-end Projection**

Capital Outlay is significantly higher than budgeted levels because funds budgeted last year for the Microwave System Replacement and Council Crest Tower Replacement CIPs were not spent, and are being carried over to the FY 2006-07 budget for the work to be completed.

#### **Comments on FY 2006-07 Add Packages**

Disaster Recovery and Business Continuity Plan

Status: Draft RFP is complete; contract award expected in December 2006.

#### 800 MHz Tower Maintenance

Status: Physical inspections are underway; engineering designs and procurement are the next steps.

#### 800 MHz System Replacement Study

Status: Talks are underway with the regional partners and significant movement has been taken towards a unified system to replace the three existing radio systems. This also is being tied into the Public Safety System Revitalization Plan to build the required Regional governance structure.

#### Enterprise FileNet System Study

Status: An interagency committee has begun work on the Request for Proposal for consultant selection.

# Office Product Migration (Open Source) – Pilot

Status: Start up on this project has not yet occurred.

# Office Product Migration (Open Source) – Phase I

Status: Start up on this project has not yet occurred.

#### Information Systems Analyst III Position for Open Vision Support

Status: This item is proceeding on the established timeline.

#### Centrex Reduction

Status: These savings will occur later in the year after completion of communications infrastructure to the

Fire Training Center and the evaluation of the Metro-Fi network for the purpose of generating Centrex savings.

# <u>Equipment Replacement – Deficient Equipment Fund</u>

Status: The deficient equipment fund allocation will be committed after replacement plans for this calendar year are received from the Bureaus.

# **Comments on FY 2006-07 Reinvestment Packages**

# Reinvest Targeted Reductions for Operating Supplies

Status: An example of reinvestment thus far is that to properly ensure security on wireless using certificates, BTS upgraded the operating system for Active Directory and added licenses.

# Reinvest Targeted Centrex Reductions

Status: The savings were used to establish an IRNE major maintenance account.

# Reinvest Targeted Reductions for Equipment Replacement

Status: This fund has been established and is helping address non-CIP capital equipment needs.

# **Comments on FY 2006-07 Budget Notes**

BTS will work with the Auditor and other interested bureaus to develop an enterprise document management strategy.

BTS received \$200,000 for a citywide records management system study in the FY 2006-07 budget. This study will identify the requirements to implement a citywide records management system. An interagency committee has begun work on the Request for Proposal for consultant selection.

# Financial Planning Division Analysis FY 2006-07 Fall BuMP FY 2005-06 Performance Snapshot

Office of Management & Finance – Technology Services

Analysis by: Mike Johnson

| <b>Key Performance Measures</b>  |               | FY 2003-04<br>Actual | FY 2004-05<br>Actual | FY 2005-06<br>Goal | FY 2005-06<br>Actual | FY 2006-07<br>Goal |
|--|---------------|----------------------|----------------------|--------------------|----------------------|--------------------|
| Goal/Program/Measure   | Type          |                      |                      |                    |                      |                    |
| Goal: Maximize the cost-effective use of technology  |               |                      |                      |                    |                      |                    |
| Program: Strategic Support  IT procurement via contracts, strategic sourcing Program: Operations   |               | NA                   | 95.00%               | 75.00%             | 99.00%               | 75.00%             |
| Number of Email Accounts  Supported  | Workload      | 5,144                | 5,246                | 5,100              | 5,256                | 5,400              |
| First Call Resolution: Percent of problems resolved by Help Desk Resolution Time: Percent of calls | Effectiveness | 22.60%               | 30.30%               | 33.00%             | 55.00%               | 50.00%             |
| resolved within four hours   | Effectiveness | 55.10%               | 63.00%               | 60.00%             | 60.00%               | 60.00%             |
| Problem Call Aging   | Effectiveness | 6.40                 | 4.00                 | 6.00               | 4.00                 | 6.00               |
| Internet Availability Percentage Number of Desktops Supported per                                  | Effectiveness | 99.90%               | 100.00%              | 99.90%             | 99.61%               | 99.90%             |
| Technician  Program: Strategic Technology  | Efficiency    | 104                  | 107                  | 106                | 109                  | 110                |
| Application and Development  Hours Billed  | Efficiency    | 44,542               | 42,957               | 64,688             | 48,181               | 50,440             |
| <ul><li>Visitors per day to PortlandOnline</li></ul>   | Effectiveness | 7,500                | 12,000               | 10,000             | 20,000               | 10,000             |
| Content items managed in   | Litectiveness | 7,500                | 12,000               | 10,000             | 20,000               | 10,000             |
| PortlandOnline Program: Telecommunications   | Effectiveness | 30,000               | 71,000               | 70,000             | 75,000               | 70,000             |
| <ul> <li>Percent Uptime for Phone Switch<br/>Average Trouble Ticket Resolution</li> </ul>          | Effectiveness | 100.00%              | 100.00%              | 100.00%            | 100.00%              | 100.00%            |
| Time in minutes Average annual # of Trouble  | Effectiveness | 63                   | 7                    | 10                 | 8                    | 10                 |
| Tickets resolved per Technician<br>Program: 800 MHz Operations                                     | Efficiency    | 74                   | 71                   | 80                 | 252                  | 80                 |
| Percentage of time system operated without failure <i>Program: Information Security</i>            | Effectiveness | 99.99%               | 99.99%               | 99.98%             | 100.00%              | 99.98%             |
| Desktops/Servers running current virus protection  Program: Radio Shop                             | Effectiveness | NA                   | 42.00%               | 90.00%             | 71.00%               | 90.00%             |
| Number of pieces of electronic equipment maintained  | Workload      | 6,470                | 6,520                | 6,470              | 6,585                | 6,470              |

The goal was met or the trend is positive

# **Summary of FY 2005-06 Performance**

Percentage of IT equipment procurement via contracts & strategic sourcing - the predicted performance measure was 75%. The bureau believes some procurement of IT equipment is still occurring in the bureaus on a small scale. Speed for order processing via Help Desk for minor IT equipment purchases (days) - the predicted performance measure was 10 days. Over the past year, the average has been a maximum of five days. Most requests are processed within two days.

Problems resolved (first call resolution) increased from 30% in FY 2004-05 to 55% in FY 2005-06, which was also significantly higher than the budgeted 33%. The percentage of calls resolved within 4 hours remained stable at around 60% and is comparable to the previous year. The bureau continued to perform with increased productivity and effectiveness of IT Operations employees in both the number of e-mail accounts supported and desktop computers per technician: each category had actuals that were approximately 3% more than the goal.

Improved processes, better proactive tools and higher quality of work were contributing factors to the stability in availability percentage of the mission critical elements of City infrastructure and systems. Improvement occurred from 99.57% to 99.69% in the Police Data System availability, and achieved 99.61% internet availability, which means a total of approximately 8 hours and 6 minutes downtime during the whole year.

The Strategic Technology program saw lower then expected bureau-specific billable allocations caused by retirement and staff leaving for alternative employment.

The Telecommunications program did not see a material deviation from the FY 2005-06 projections with the exception of the "Average Trouble Ticket Resolution Time in Minutes." The considerable increase in reported average time was due to the tracking of problems related to the installation and implementation of the new Automated Call Distribution (ACD) system prior to its acceptance by the City.

Performance measure estimate for systems running current virus protection engine was 90% vs. an actual of 71%. This variance was attributed to the decision to focus testing and deployment of a newer product which includes added capabilities to address the growing problem of spyware.

The Radio Shop program did not see any material deviation from the FY 2005-06 projection. This program saw a slight increase in the total number of Electronic Equipment components maintained while staffing stayed constant. The reported equipment per technician ratio has greatly increased due to a more accurate methodology of reporting being made available. In effect, the prior years were considerably under reported.

#### FY 2005-06 Budget Notes

# 800 MHz System replacement

The Office of Management and Finance will develop financial plans for the replacement of the 800 MHz Communications System and the Computer Aided Dispatch System. These plans will be submitted to Council by December 2005 and include details of any participation of entities outside the City with respect to acquisition, major maintenance, and/or future replacement.

Talks are underway with the regional partners and significant movement has been taken towards a unified system to replace the three existing radio systems. This also is being tied into the Public Safety System Revitalization Plan to build the required Regional governance structure.

# Chief Technology Officer Advisory Council

The Bureau of Technology Services will develop and implement a plan to increase bureau involvement in its budget development, rate setting, and associated financial issues. The bureau will also create a Citywide information technology strategic plan and assist other bureaus with the development of bureau-wide strategic plans.

The Bureau of Technology Services has convened a Chief Technology Officer Advisory Council charged with assisting the bureau in its budget development, rate setting, and associated financial issues. This Council will assist the bureau to update the Citywide Technology Services strategic plan. Technology Services will assist other bureaus with the development of bureau-level information technology strategic plans as requested. A City-wide update to the Strategic Plan has been delayed as the work on the Enterprise Business System Project and the Public Safety planning (CAD, PPDS, 800MHZ, and POEM systems) has been occupying the same senior level managers from Technology Services and the City bureaus.

FY 2005-06 Financials

|   | FY 2005/06<br>Revised<br>Budget | FY 2005/06<br>Year-End<br>Actuals | Percent<br>Variance    |
|---|---------------------------------|-----------------------------------|------------------------|
| Resources   |                                 |                                   |                        |
| Service Charges & Fees                              | \$3,720,820                     | \$3,861,941                       | 3.79%                  |
| Local Sources                                       | 206,768                         | 208,953                           | 1.06%                  |
| Interagency Revenue                                 | 39,491,411                      | 38,417,782                        | -2.72%                 |
| Fund Transfers                                      | 1,075,483                       | 1,020,956                         | -5.07%                 |
| Bond and Note Proceeds                              | 618,430                         |                                   | -100.00%               |
| Miscellaneous                                       | 767,000                         | 916,368                           | 19.47%                 |
| <b>Total Resources</b>                              | \$45,879,912                    | \$44,426,000                      | -3.17%                 |
| Expenditures  |                                 |                                   |                        |
| Personal Services                                   | \$19,578,819                    | \$18,101,372                      | -7.55%                 |
| <ul><li>External Materials &amp; Services</li></ul> | 17,368,232                      | 14,252,126                        | -17.94%                |
| ► Internal Materials & Services                     | 5,984,430                       | 5,056,829                         | -15.50%                |
| Capital Outlay                                      | 4,891,921                       | 2,704,682                         | -44.71%                |
| Fund Transfers                                      | 392,574                         | 392,575                           | 0.00%                  |
| Bond Expense  | 2,245,239                       | 2,302,981                         | 2.57%                  |
| Overhead Expense                                    | 844,595                         | 844,595                           | 0.00%                  |
| Total Expenditures                                  | \$51,305,810                    | \$43,655,160                      | -14.91%                |
| evenue target was met, or expense was within budget | Revenue was not budget          | within 5% of target               | t, or expense exceeded |

Miscellaneous Revenues are significantly higher than budgeted largely related to interest revenues and billings to outside agencies for new equipment requests. External Materials & Services are significantly below budgeted levels because the bureau anticipated customer bureau pass-through expenses that did not occur. Internal Materials & Services are significantly below budgeted levels because roughly \$900,000 of EBSP charges were not expensed due to delays in the project schedule. Capital Outlay is significantly below budgeted levels because \$1.9 million budgeted for the Microwave System Replacement and Council Crest Tower Replacement CIPs was never spent, as the work was not carried out.

# Financial Planning Division Analysis FY 2006-07 Fall BuMP Bureau with Significant Issues

# **Parks**

Report Date: 10/27/06 Analysis by: Jason Smith

# **Summary of Significant Requests in Fall BuMP**

The Parks FY 2007 fall bump request includes several significant requests including:

\$2.7 million of transfers out of the Parks Trust Fund to various ongoing and one-time needs within Parks

\$1.8 million in General Fund one-time requests for new playground and skatepark capital projects

\$496,000 in General Fund one-time request for teen related programs and associated minor capital purchases

Each request is analyzed below within its respective Parks Appropriation Unit (AU)

| Parks Operating Budget AU 133 Summary       |  |  |                               |  |  |
|---|--|--|-------------------------------|--|--|
| Revised Budget as of AP 3                   | Significant Requests   | New Position<br>Requests                   | FPD Overall<br>Recommendation |  |  |
| General Fund Discretionary:<br>\$30,722,262 | (1) Transfer from Parks Trust Fund<br>(2) Expanded Teen Programs | (1) 5 new positions using existing funding | Recommend all                 |  |  |
| <i>Total budget:</i> \$51,522,874           |  |  |                               |  |  |

Total Recommended GF Discretionary Requests:\$ 858,483Total Recommended Other Requests:\$ 2,614,956Total Revised GF Discretionary Budget after BuMP:\$ 31,580,745Total Revised Budget after BuMP:\$ 51,617,930

#### **Recommended Requests**

1. Parks Trust Fund Transfers: \$1.5 million (General Fund portion)

The Parks Trust fund was established in the early 1980's to receive proceeds from private grants, as well as donations from neighborhood associations, foundations, friends organizations and other entities that provide funding for specific purposes or projects. Each trust is managed as a separate sub account within the fund. Over time the fund has grown to include other non dedicated sources of income. A recent analysis by Parks has classified the Trust Fund accounts into three broad categories:

- A. Accounts funded from donations from outside entities for the purpose of funding specific services or activities. Examples include large corporate contributions, such as grants for Sellwood Park and for the summer concert series, as well as much smaller donations, such as contributions in support of theater training programs.
- B. Accounts funded from special events and fund raising activities with the purpose of supporting programs and services within community facilities. Examples include donated funds in support of after school programs and arts programs.

C. Accounts holding program fee revenues or a combination of fee revenues and other revenue sources (e.g., donations, fund raisers, concession revenues, rental income, interagency income) with the purpose of supporting minor equipment repair and replacement, acquisition of operating supplies, and supporting volunteer efforts.

Parks, working together with OMF, has determined that many of the revenue sources, except for the first category identified above, are not "legally restricted" as defined by Government Accounting and Standards Board (GASB) and should therefore be transferred out of the trust fund. Parks has identified \$1.5 million of recurring revenue in the trust fund that supports Parks' ongoing programs and should be transferred to Parks' General Fund appropriation unit.

The cash balance in the fund has grown over years and is currently at around \$4.31 million. The \$1.5 million transfer to the General Fund will eliminate some of this balance, but a portion that remains is truly one-time in nature and is not appropriate to go towards ongoing programs. Parks is proposing that \$785,000 of the remaining balance be set aside in order to mitigate budget cuts that could result if the Parks local option levy is not renewed in FY 2008-09. Another \$385,000 will be transferred to the PIR and Golf enterprise funds. The remainder of the accumulated balance (about \$1.46 million) Parks is proposing to maintain within the Parks trust fund.

FPD Recommendation – FPD supports Parks' proposals to redirect funds out of the Parks Trust Fund and into the General Fund and the PIR and Golf funds. FPD recommends that Parks adopt an internal policy that clearly states the appropriate use of the Trust Fund that is consistent with GASB rule 34. FPD supports Parks' proposal to set aside some of the accumulated fund balance in the trust fund to help cover any funding gap that may occur as the Parks Local option levy ends in FY 2008-09.

#### 2. Expanded Community Center Hours and Teen Programs: \$484,996

This request is for spending \$289,940 to facilitate the expansion of programs for teenagers. The package will focus on outreach to youth which may include focus groups to help determine what types of programs youth and teens desire. A component of this effort will involve working with community partners in the downtown area to engage street youth. Additional efforts will focus on training so that teens may find employment working as lifeguards or removing graffiti in parks.

Included in this proposal is a request to spend \$195,056 to purchase 3 vans and a rock climbing wall to support the effort to expand teen programs. Parks indicates that teens express a strong desire to have access to rock climbing walls. Parks does not currently own a rock climbing wall for teens and this request is for a mobile wall that can be transported between various community centers. Parks indicates that three vans are needed to facilitate the transportation of teens to offsite locations. This will allow for an expanded and diverse programming focus for teenagers.

FPD Recommendation – Although a more appropriate use of one-time funds would be to continue investing in capital maintenance needs within the Bureau, FPD realizes that increased teen programming is a focus area for Parks and that Parks is in a unique position to provide these services within the City. FPD's main concern with this proposal is that it is using one-time funding to facilitate an ongoing programmatic change. If it is determined that there is a high demand for these programs ongoing General Fund resources will likely be requested in next year's budget request. At that time FPD will assess the Bureau's readiness to provide increased ongoing programs for youth programs.

#### 3. New Position Requests: No New Funding

<u>Right of Way Agent 2</u> –This position is intended to provide assistance in managing contracts. Parks is proposing to pay for this position through new contract revenue that will result from better management and review of existing contracts.

<u>Assistant Program Specialist</u> – This position is in the Workforce Development section and will be funded by reallocating the budget for part-time employees.

<u>Maintenance Worker</u> – This position is funded by a \$100,000 annual grant from Columbia Sportswear that was added in the FY 2006-07 adopted budget.

<u>Part time Botanical Specialist</u>- This position is in the Urban Forestry program and is funded by using surplus in the part time employees budget line item.

<u>Part Time Recreation Coordinator</u> –This position is a reclass within the Community Gardens program and is funded by using surplus in the part-time employees budget line item.

FPD Recommendation – Recommend all

#### 3. New Year's Eve Celebration -\$10,000

This request is for funding a New Year's Eve celebration at Waterfront Park. In the past the City has contributed funds to a New Year's Eve celebration at Pioneer Courthouse Square but plans for this year are to move the celebration activities to Waterfront Park. In recent years funding for celebrations has been provided in a General Fund special appropriation on a one-time basis.

FPD Recommendation – FPD recommends that one-time funding for this event be moved to the Parks Bureau for FY 2006-07. As part of the FY 2007-08 budget process Council may want to consider if this item should be budgeted as an ongoing commitment.

| Parks Capital Construction & Maintenance Fund 505 Summary |  |                          |  |  |
|---|--|--------------------------|--|--|
| Revised Budget as of AP 3                                 | Significant Requests   | New Position<br>Requests | FPD Overall<br>Recommendation  |  |
| General Fund<br>Discretionary:\$995,204                   | (1) Repair and Replace old<br>Playground Equipment<br>(2) Build new skateparks | (1) none                 | Recommend request<br>for Playground<br>improvements, but<br>recommend against<br>request to build<br>skateparks. |  |
| <i>Total budget:</i> \$28,313,966                         |  |                          |  |  |

Total Recommended GF Discretionary Requests:\$ 727,000Total Recommended Other Requests:\$ 3,235,096Total Revised GF Discretionary Budget after BuMP:\$ 1,722,204Total Revised Budget after BuMP:\$ 32,276,062

#### **Recommended Requests**

1. Playground Investments: \$727,000

Parks is requesting \$727,000 of General Fund one-time resources to replace and/or repair several aged and deteriorated playground structures at Parks throughout the City. This request is consistent with the Bureau's and Council's increased focus on addressing deferred maintenance needs within the City. FPD recommends that this request be approved.

FPD Recommendation - Recommend

2. Other Appropriation Increases: \$3,325,096
Other substantial changes to the Parks Construction Fund include a request to carryover \$297,616 of

grant supported appropriation from FY 2005-06, increasing beginning fund balance by \$1.3 million to support a SDC related land purchase and the carryover of several minor capital projects, and increasing appropriation by \$1.6 million for projects funded by PDC and the Parks Levy.

FPD Recommendation – Recommend

#### **Requests Not Recommended**

1. Construction of two new Skateparks: \$1,092,000

This request is to provide \$1,092,000 of General Fund one time resources to construct skateparks at Gabriel Park in Southwest Portland and Ed Benedict Park in East Portland. Although skateparks are an important element for enhancing the City's Parks system, FPD does believe that they are the highest area of infrastructure need within the Parks system at this time.

FPD Reccomendation – FPD does not recommend building new skateparks at this time. The Parks system is currently facing millions of dollars in deferred maintenance needs. The 2005 asset inventory for community centers identified \$4.7 million of immediate capital improvement needs. The Parks Maintenance Facilities are in dire need of \$8 million worth of improvements just to meet health, safety and energy code requirements.

An alternative to investing in existing infrastructure would be to invest General Fund onetime resources for acquiring and developing parkland within park deficient areas. There are several areas within Portland that currently have little or no access to park or recreation facilities. These park deficient areas have long been a priority of the Parks Bureau and are identified within the Parks 2020 Vision plan. Several of these park deficient areas are in lower to moderate income areas such as Outer East Portland and parts of Northeast Portland.

| Parks Local Option Levy Fund 230 Summary |  |                          |                               |  |  |
|--|--|--------------------------|-------------------------------|--|--|
| Revised Budget as of AP 3                | Significant Requests   | New Position<br>Requests | FPD Overall<br>Recommendation |  |  |
| General Fund Discretionary:<br>None      | (1) Establish Levy Reserve using<br>Parks Trust Fund Balance<br>(2)Fund UPCC project encumbered<br>in FY 2005-06 | (1) none                 | Approve all requests          |  |  |
| Total budget: \$17,865,484               |  |                          |                               |  |  |

Total Recommended GF Discretionary Requests: \$0

Total Recommended Other Requests: \$ 3,963,523

Total Revised GF Discretionary Budget after BuMP: \$0

Total Revised Budget after BuMP: \$21,829,007

#### **Recommended Requests**

1. Transfer from the Parks Trust Fund: \$785,000

As noted above, Parks is proposing major changes to how the Parks Trust Fund is managed. Many revenue sources that were previously booked in the trust fund are now being transferred to the General Fund, along with the Golf Fund and PIR Fund. Over the years a large fund balance has accumulated within the Trust Fund. Parks has determined that about \$785,000 of the accumulated funds are non dedicated and available for one time uses. Parks is proposing that these funds be transferred to the Parks Levy fund and be set aside as a reserve for future years. The Parks Levy will end in June 2008 and if the Levy is referred to voters for renewal it will not be until November of 2008. Even if the levy is approved for renewal in November 2008 there will be a 12 month period

where funds will not be collected. This \$785,000 reserve that Parks is proposing allows for a partial funding bridge to maintain services during the 12 month period. Alternatively, if the levy is not approved by voters in November 2008, this reserve allows the City some additional time to seek solutions to the longer term funding gap.

FPD Recommendation- FPD recommends that this request be approved.

2. Carryover funds to support capital projects: \$1,122,886

The majority of this request (1,053,000) is to complete work at the University Park Community Center. The funds for the project were encumbered in the Parks Construction fund in FY 2005-06. The other minor items will fund capital planning related to other Parks Levy supported projects.

FPD Recommendation- FPD recommends that this request be approved.

3. Increase Fund Contingency: \$2,840,637

This request is to increase the amount of contingency budgeted based on last year's higher than expected ending fund balance.

FPD Recommendation- FPD recommends that this request be approved.

| Golf Enterprise Fund 154 Summary      |                                    |                          |                               |  |  |
|---------------------------------------|------------------------------------|--------------------------|-------------------------------|--|--|
| Revised Budget as of AP No.           | Significant Requests               | New Position<br>Requests | FPD Overall<br>Recommendation |  |  |
| General Fund Discretionary:           | (1) Transfer from Parks Trust Fund | (1) 1                    | Approve all requests          |  |  |
| None <i>Total budget:</i> \$6,864,633 |                                    | Greenskeeper II          |                               |  |  |

Total Recommended GF Discretionary Requests: \$ 0
Total Recommended Other Requests: \$ -113,493
Total Revised GF Discretionary Budget after BuMP: \$ 0

Total Revised Budget after BuMP: \$ 6,751,140

# **Recommended Requests**

# 1. Transfer from the Parks Trust Fund: \$123,235

As noted above, Parks is proposing to transfer funds out of the Parks trust fund and into the General Fund, the PIR fund, and the Golf fund. The request for golf involves transferring an accumulated fund balance in the Youth Trust of \$123,235. The Youth Trust receives funding from a 50 cent surcharge on each round of golf played at City courses. The surcharge generates about \$186,000 annually. The surcharge has been in effect since 1991 and has been used to fund youth programs within the Parks Bureau. A recent ordinance passed by Council temporarily redirects the surcharge for Golf enterprise purposes.

FPD Recommendation – FPD supports transferring the accumulated balance in the Youth Trust to the City's Golf Fund. FPD further supports the recent decision to redirect funds from the youth surcharge for Golf enterprise purposes only. This will help to improve the financial condition of the Golf Fund.

2. Add a Greenskeeper II position: \$68,868

As part of the FY 2005-06 budget 5 vacant greenskeeper positions were eliminated in the City's Golf

program. One of these 5 positions, a greenskeeper 2 position at the Eastmoreland golf course, was erroneously eliminated. This request is to authorize that the position be added back into the current budget.

FPD Recommendation – In the current fiscal year play has increased at City courses and revenue is up over last year. In addition, the recent change to temporarily redirect the 50 cent youth surcharge into the Golf operation will help to improve the financial situation in the Golf Fund. In light of these changes, FPD recommends that this request be approved to give the golf operation more capacity to maintain the playability of the courses.

#### 3. Decrease Fund Balance: (\$236,728)

This request is to decrease the amount of beginning fund balance budgeted based on last year's lower than expected ending fund balance.

FPD Recommendation - Recommend

| PIR Enterprise Fund 156 Summary                             |  |                          |   |  |
|---|--|--------------------------|---|--|
| Revised Budget as of AP No.                                 | Significant Requests   | New Position<br>Requests | FPD Overall<br>Recommendation   |  |
| General Fund Discretionary: None  Total budget: \$1,983,366 | (1) Transfer from the Parks Trust<br>Fund<br>(2) \$12,000 General Fund Request to<br>Support Teen Racing | (1) none                 | 1)Approve transfer<br>from Parks Trust<br>Fund.<br>2)Teen Racing<br>package should be<br>implemented using<br>PIR Enterprise<br>Revenue |  |

Total Recommended GF Discretionary Requests:\$ 12,000Total Recommended Other Requests:\$ 495,349Total Revised GF Discretionary Budget after BuMP:\$ 0Total Revised Budget after BuMP:\$ 2,490,715

# 1. Transfer from the Parks Trust Fund: \$305,731

As noted above, Parks is proposing to transfer funds out of the Parks Trust Fund and into the General Fund, the PIR fund, and the Golf fund. The request for PIR involves transferring an accumulated fund balance in the North Portland Trust of \$265,581. In addition, an ongoing revenue stream of \$40,150 is being transferred from the Trust Fund to PIR for the North Portland Trust and the PIR Timing Tower. These funds will be used to support noise reduction efforts in North Portland.

FPD Recommendation- FPD recommends that this request be approved.

#### 2 Increase Evening Drag Racing for Teens

This request is for \$12,000 of General Fund resources to support opening more hours at PIR for teen drag racing. Because of a improving financial situation at PIR FPD recommends that PIR use existing revenue to support this change.

FPD Recommendation – Recommend change using existing PIR revenue

#### 3 Increase Fund Balance – \$189,618

This request is to increase the amount of beginning fund balance budgeted based on last year's higher than expected ending fund balance.

FPD Recommendation - Recommend

# Comments on FY 2006-07 Budget Notes and Add Packages

#### **Budget Notes**

<u>Parks Maintenances Facility Budget Note</u> – Parks has completed a preliminary study that identifies several options for repairing or constructing a new maintenance facility. This study is currently being reviewed by Council. Budget changes for this item are not included in the Fall BuMP.

<u>Interstate Firehouse Cultural Center</u> – Parks reports that the IFCC board has raised \$43,000 to date and Parks has matched this with \$43,000 transferred to IFCC.

<u>East Portland Pool</u> – The project is currently on schedule to begin construction by August 2007 to meet its June 2008 opening date.

<u>Golf</u> – Parks has recently completed a five year business plan for the Golf Fund. This plan includes nine strategies for improving the financial condition of the Golf Fund over the next five years. As noted above, proceeds from the 50 cent Youth Trust surcharge will be temporarily redirected to the Golf fund. This will help considerably in improving the financial condition of the Golf program.

#### Add Packages

Major Maintenance – For FY 2006-07 Council allocated \$795,000 to Parks from the General Fund to support major maintenance projects. Parks has identified the following projects for FY 2006-07. As of accounting period 3 these funds have not been spent.

| Parks Major Maintenance for FY 06-07               |    |         |
|--|----|---------|
| Dishman Foundation North                           | \$ | 100,000 |
| Duniway Track                                      | \$ | 208,300 |
| UV Pool Disinfection Mt Scott and SWCC             | \$ | 150,000 |
| Restroom Repair                                    | \$ | 100,000 |
| Overhead or transferred to other existing projects | \$ | 236,903 |
| TOTAL EV 00 00                                     | •  | 707 000 |
| TOTAL FY 06-07                                     | Ş  | 795,203 |

# Financial Planning Division Analysis FY 2006-07 Fall BuMP FY 2005-06 Performance Snapshot

Parks Analysis by: Jason Smith

| <b>Key Performance Measures</b>                | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | FY 2003-04<br>Actual | FY 2004-05<br>Actual | FY 2005-06<br>Goal | FY 2005-06<br>Actual | FY 2006-07<br>Goal |
|--|--|----------------------|----------------------|--------------------|----------------------|--------------------|
| Goal/Program/Measure                           | Туре                                   |                      |                      |                    |                      |                    |
| Goals: Improve the quality of life in neighbor | orhoods and famil                      | ly friendly city     |                      |                    |                      |                    |
| Program: Recreation                            |  |                      |                      |                    |                      |                    |
| Number of Summer Swim Lessons                  |  |                      |                      |                    |                      |                    |
| Taught   | Workload                               | 27,254               | 23,086               | 23,000             |                      | 24,400             |
| Percentage of Youth Participating              | Effectiveness                          | 58.0%                | 57.3%                | 57.0%              | N/A                  | 58.0%              |
| Citizens' Rating of Recreation                 |  |                      |                      |                    |                      |                    |
| Programs                                       | Effectiveness                          | 71.0%                | 70.0%                | 69.0%              |                      | 72.0%              |
| Average Daily Attendance                       | Workload                               | 15,176               | 15,933               |                    | 15,168               | 16,500             |
| Goals: Deliver efficient, effective, and acco  | untable municipo                       | al services          |                      |                    |                      |                    |
| Program: Support                               |  |                      |                      |                    |                      |                    |
| Number of Full-time Positions                  | Workload                               | 425                  | 410                  | 420                | 412                  | 400                |
| Number of Part-time FTE                        | Workload                               | 285                  | 281                  | 290                |                      | 275                |
| ▶ Percent Employee Satisfaction                | Effectiveness                          |                      | 61.0%                | 70.0%              | 49.0%                | 67.0%              |
| Goals: Improve the quality of life in neighb   | borhoods                               |                      |                      |                    |                      |                    |
| Program: Social                                | 7.00                                   |                      |                      |                    |                      |                    |
| Volunteer Hours Documented                     | Efficiency                             | 440,526              | 454,777              |                    | 457,307              | 470,000            |
| Goals: Improve the quality of life in neighb   | borhoods and pro                       | tect the natura      | l and built en       | vironment          |                      |                    |
| Program: Environment                           | *** 11 1                               | 40.500               | 40.400               | 40 700             | 4.4 700              | 40 700             |
| Number of Inspections Performed                | Workload                               | 13,509               | 13,469               | 13,500             |                      | 13,500             |
| Average Backlog of Permits                     | Effectiveness                          | 3                    | 3.25                 | 3                  | 3.2                  | 3                  |
| Total number of acres maintained               | Workload                               | 10,511               | 10,480               | 10,643             | 10,613               | 10,600             |
| Parks Grounds Maintenance - Citize             |  | 00.00/               | 70.00/               | 70.00/             | NT / A               | 00.00/             |
| Satisfaction                                   | Effectiveness                          | 80.0%                | 79.0%                | 72.0%              | N/A                  | 80.0%              |
| Park Condition Rating                          | Effectiveness                          | 78.0%                | 79.0%                | 76.0%              | N/A                  | 80.0%              |
| Goals: Improve the quality of life in neight   | borhoods and fam                       | illy friendly cit    | y                    |                    |                      |                    |
| Program: PIR                                   |  |                      |                      |                    |                      |                    |
| P.I.R. Number of Use Days                      | Workload                               | 643                  | 640                  | 675                | 591                  | 650                |
| P.I.R. Attendance (est.)                       | Workload                               | 253,772              | 263,561              | 279,784            | 350,000              | 263,000            |
| Goals: Improve the quality of life in neighb   | borhoods and fam                       | illy friendly cit    | у                    |                    |                      |                    |
| Program: Golf                                  | <b>7</b> 00 .                          |                      |                      |                    |                      |                    |
| Total Course Acres Maintained                  | Effectiveness                          | 680                  | 680                  | 680                | 680                  | 680                |
| ► Total Golf Rounds Played                     | Effectiveness                          | 408,861              | 377,349              | 400,000            | 369,784              | 380,000            |
| Goals: Improve the quality of life in neighb   | borhoods and fam                       | illy friendly cit    | у                    |                    |                      |                    |
| Program: Capital                               | *** 11 1                               | 1 77 4               | 170                  | 1 77 7             | 100                  | 100                |
| Number of Developed Parks                      | Workload                               | 171                  | 178                  | 175                | 180                  | 182                |
| Number of Active Projects                      | Workload                               | 35                   | 50                   | 30                 | N/A                  | 55                 |

Note: N/A indicates that Parks was unable to provide data at this time.

Is a concern

#### **Performance Measures**

Employee satisfaction within the Parks Bureau continues to decline dramatically. Last year's decline was attributed to a major reorganization that took place, but it is disconcerting that this trend is continuing. Some key data are not available at this time due to overlapping with Audit Services citizen satisfaction data collection. FPD has several concerns about the adequacy of Parks' performance measures. Parks has indicated to FPD that they are currently working to improve their performance measures and plan to use them more extensively for internal management in the future.

The goal was met or the trend is positive

# **Budget Notes**

For FY 2005-06, Council added \$1.0 million of General Fund one-time resources to Parks' budget for addressing major maintenance needs. \$436,000 was also added as an ongoing funding stream for major maintenance. Of the total \$1.4 million allocated, \$1.1 million is being carried over to the current year budget in the Fall BuMP. FPD has concerns about Parks' progress to date in completing infrastructure projects in a timely manner. FPD will be closely monitoring progress in utilizing these funds throughout the remainder of the year.

|                               | FY 2005/06<br>Revised<br>Budget | FY 2005/06<br>Year-End<br>Actuals | Percent<br>Variance |
|-------------------------------|---------------------------------|-----------------------------------|---------------------|
| Resources                     |                                 |                                   |                     |
| Service Charges & Fees        | \$9,966,110                     | \$9,783,275                       | -1.83%              |
| Local Sources                 | 48,884                          | 38,085                            | -22.09%             |
| Interagency Revenue           | 7,721,042                       | 7,345,572                         | -4.86%              |
| Fund Transfers                | 321,757                         | 273,369                           | -15.04%             |
| Miscellaneous                 | 204,317                         | 57,685                            | -71.77%             |
| General Fund Discretionary    | 31,253,637                      | 31,070,359                        | -0.59%              |
| Total Resources               | \$49,515,747                    | \$48,568,345                      | -1.91%              |
| Expenditures                  |                                 |                                   |                     |
| Personal Services             | \$29,899,157                    | \$29,752,365                      | -0.49%              |
| External Materials & Services | 12,216,189                      | 11,366,247                        | -6.96%              |
| Internal Materials & Services | 6,877,280                       | 7,020,136                         | 2.08%               |
| Capital Outlay                | 104,221                         | 10,791                            | -89.65%             |
| Fund Transfers                | 418,900                         | 418,806                           | -0.02%              |
| Total Expenditures            | \$49,515,747                    | \$48,568,345                      | -1.91%              |

Parks utilized 99.4% of their General Fund allocation in FY 05-06. Parks experienced a \$182,000 shortfall in expected program revenue for FY 05-06. This is a notable improvement from last year when program revenues fell short of projections by \$325,000.

Parks Capital Construction and Maintenance AU 766 Financials

|                               | FY 2005/06   | FY 2005/06   |          |
|-------------------------------|--------------|--------------|----------|
|                               | Revised      | Year-End     | Percent  |
|                               | Budget       | Actuals      | Variance |
| Resources                     |              |              |          |
| Service Charges & Fees        | \$2,819,595  | \$4,188,461  | 48.55%   |
| Local Sources                 | 3,350,400    | 631,795      | -81.14%  |
| Interagency Revenue           | 7,771,793    | 2,533,017    | -67.41%  |
| Fund Transfers                | 3,813,982    | 2,845,638    | -25.39%  |
| Miscellaneous                 | 1,057,741    | 969,404      | -8.35%   |
|                               | \$18,813,511 | \$11,168,315 | -40.64%  |
| Expenses                      |              |              |          |
| Personal Services             | \$1,297,573  | \$1,011,291  | -22.06%  |
| External Materials & Services | 3,244,036    | 2,254,700    | -30.50%  |
| Internal Materials & Services | 544,896      | 631,595      | 15.91%   |
| Capital Outlay                | 13,575,085   | 2,364,253    | -82.58%  |
| Fund Transfers                | 967,142      | 967,142      | 0.00%    |
| Bond Expense                  | 0            | 350          |          |
| Overhead Expense              | 109,657      | 109,657      | 0.00%    |
| A                             | \$19,738,389 | \$7,338,988  | -62.82%  |

Year end actuals for FY 2005-06 show Parks' capital expenditures at only 62% of budget. Inaccurate

budgeting and timely completion of capital projects within the Construction Fund is a recurring problem for Parks. FPD has noticed an increased emphasis at Parks toward addressing this problem and expects that performance will improve in the current fiscal year.

Other notable items to note include lower than expected revenue in the Local Sources revenue category, which is predominantly funding from PDC. PDC budgeted projects were only partially completed in FY 2005-06. In addition, service charges and fees are nearly 50% higher than expected in FY 2005-06. This results from higher than expected System Development Charges.

|                               | FY 2005/06<br>Revised<br>Budget | FY 2005/06<br>Year-End<br>Actuals | Percent<br>Variance |
|-------------------------------|---------------------------------|-----------------------------------|---------------------|
| Resources                     |                                 |                                   |                     |
| Service Charges & Fees        | 1,507,748                       | 1,792,516                         | 18.89%              |
| Miscellaneous                 | 2,000                           | 10,912                            | 445.60%             |
| TOTAL                         | 1,509,748                       | 1,803,428                         |                     |
| Expenses                      |                                 |                                   |                     |
| Personal Services             | 600,538                         | 574,263                           | -4.38%              |
| External Materials & Services | 603,878                         | 602,607                           | -0.21%              |
| Internal Materials & Services | 239,680                         | 150,037                           |                     |
| Capital Outlay                | 7,597                           |                                   | -100.00%            |
| Fund Transfers                | 1,596                           | 1,596                             | 0.00%               |
| Bond Expense                  | 24,166                          | 30,894                            | 27.84%              |
| Overhead Expense              | 27,297                          | 27,297                            | 0.00%               |
| TOTAL                         | 1,504,752                       | 1,386,694                         |                     |

Increased program revenue, in combination with lower than budgeted M&S expenditures, has greatly improved PIR's financial condition over last year. Ending fund balance for FY 2005-06 increased to \$525,000. If the current trend continues the fund may be in a position to begin making needed capital investments.

**Parks Local Option Levy Financials** 

|                               | FY 2005/06   | FY 2005/06   |          |
|-------------------------------|--------------|--------------|----------|
|                               | Revised      | Year-End     | Percent  |
|                               | Budget       | Actuals      | Variance |
| Resources                     |              |              |          |
| Taxes                         | \$9,803,590  | \$10,862,080 | 10.80%   |
| Interagency Revenue           | 200,000      | 200,000      |          |
| Miscellaneous                 | 40,000       | 378,763      | 846.91%  |
| TOTAL                         | 10,043,590   | 11,440,843   |          |
| Expenditures                  |              |              |          |
| Internal Materials & Services | \$11,854,264 | \$6,453,727  |          |
| Fund Transfers                | 7,114        | 7,114        | 0.00%    |
| Overhead Expense              | 24,676       | 24,676       | 0.00%    |
| TOTAL                         | 11,886,054   | 6,485,517    |          |

Parks Levy capital related expenditures decreased significantly in FY 2005-06. This is due to a delay in capital expenditures. \$1 million is being requested as a carryover to complete this project in FY 2006-07. The City economist is projecting FY 2006-07 property tax revenue to increase by \$1 million over

| <b>Golf Enterprise Fund Financials</b> | Golf Ent | erprise | Fund | Finan | icials |
|--|----------|---------|------|-------|--------|
|--|----------|---------|------|-------|--------|

|  | FY 2005/06<br>Revised<br>Budget | FY 2005/06<br>Year-End<br>Actuals | Percent<br>Variance    |
|--|---------------------------------|-----------------------------------|------------------------|
| Resources  |                                 |                                   | <u> </u>               |
| Service Charges & Fees                               | \$6,757,576                     | \$5,856,940                       | -13.33%                |
| Interagency Revenue                                  | 40,000                          | 18,969                            | -52.58%                |
| Fund Transfers                                       | 125,000                         | 125,000                           |                        |
| Miscellaneous  | 225,212                         | 242,851                           | 7.83%                  |
|  | \$7,147,788                     | \$6,243,760                       | -12.65%                |
| Expenditures   |                                 |                                   |                        |
| Personal Services                                    | \$2,585,981                     | \$2,495,893                       | -3.48%                 |
| External Materials & Services                        | 1,722,336                       | 1,750,948                         | 1.66%                  |
| Internal Materials & Services                        | 623,674                         | 617,292                           | -1.02%                 |
| Capital Outlay                                       | 266,475                         | 3,357                             | -98.74%                |
| Fund Transfers                                       | 804,139                         | 795,639                           | -1.06%                 |
| Bond Expense   | 199,800                         | 199,800                           | 0.00%                  |
| Overhead Expense                                     | 113,912                         | 113,912                           | 0.00%                  |
| •  | \$6,316,317                     | \$5,976,841                       | -5.37%                 |
| Revenue target was met, or expense was within budget | Revenue was no budget           | t within 5% of targe              | t, or expense exceeded |

The Golf Fund finished FY 2005-06 with a \$380,000 ending balance. The increased balance results from increased greens fee revenue, a one time sale of property, and a onetime transfer from the Youth Trust Fund that occurred in AP 13 of last year. Without the one time items the Golf program would have finished the year with a fund balance of just over \$50,000. Service charges and fees were far behind budget, but above the previous year's actuals. On the expenditure side, a reduction in minor capital outlay also helped to maintain a minimum fund balance. The temporary redirection of the 50 cent youth surcharge, along with higher than expected play in the current fiscal year, should allow the fund to maintain a positive fund balance for FY 2006-07.

# Financial Planning Division Analysis FY 2006-07 Fall BuMP Bureau with Significant Issues

# **General Fund Special Appropriations**

Report Date: 11/9/2006 Analysis by: Jason Smith

| AU 401 Summary  Revised Budget as of AP 3 | Significant Requests                  | New Position | FPD Overall    |
|---|---------------------------------------|--------------|----------------|
| Revised Budget as 01 A1 3                 | Significant Requests                  | Requests     | Recommendation |
| General Fund Discretionary:               | (1) Street Access for Everyone        | (1) None     | N/A            |
| \$23,739,070                              | (\$460,000)                           |              |                |
|   | (2) Downtown Services Contract        |              |                |
|   | (\$200,000)                           |              |                |
|   | (3) Oregon Symphony (500,000)         |              |                |
|   | (4)Vintage Street Car (\$250,000)     |              |                |
|   | (5) Family Justice Center (\$113,750) |              |                |
| Total budget: \$24,095,405                | , , ,                                 |              |                |

Total Recommended GF Discretionary Requests:\$ 1,787,159Total Recommended Other Requests:\$ 136,086Total Revised GF Discretionary Budget after BuMP:\$ 25,526,229Total Revised Budget after BuMP:\$ 26,018,650

# **Summary of Significant Requests in Fall BuMP**

Additional General Fund Requests

# **Recommended Requests**

1. RACC – Art Work for Portland Boulevard Name Change: \$12,000

This request is to provide additional one-time funds to the Regional Art and Culture Council to provide art work commemorating the name change of Portland Boulevard to Rosa Parks Way.

Net Adjustment: \$12,000

2. Increase ongoing contract for Downtown Services: \$200,000

Council ordinance 180454, which was passed in September, approved the continuation of the City's contract with the Portland Business Alliance for downtown restroom cleaning and security services. Higher costs for existing services as well as the addition of new service areas increases the ongoing costs associated with the City's contract by \$200,000.

Net Adjustment: \$200,000

3. Rebudget Lone Fir Cemetery: \$150,000

This item is the City's contribution to site improvements and landscaping at the Lone Fir Cemetery. The item was included in the FY 2005-06 budget, but was never expended because of a delay in the property transfer between Multnomah County and Metro. Metro now has ownership of the property and City funds will be transferred in December.

Net Adjustment: \$150,000

#### 4. Carryover for Jail Beds: \$325,000

The 2005-06 contract with Multnomah County requires payments of \$325,000 each on November 1, 2005; January 1, 2006; April 1, 2006; and July 1, 2006. Since the final payment is in FY 2006-07, \$325,000 in FY 2005-06 funds need to be carried forward to the current fiscal year to make the payment. The 2006-07 contract is in the process of being authorized. Funds to make the remaining payments in FY 2006-07 are included in the Adopted Budget. FPD recommends approval of this action.

Net Adjustment: \$325,000

# 5. Carryover for COPPEA Training Fund: \$152,963

The City's labor contract with COPPEA employees requires bureaus to provide an annual contribution for employee training. The contract requires that \$125,000 be provided annually for training and that unspent funds be carried over between fiscal years. This includes funds eligible for carryover over the previous two years. The General Fund portion of this obligation is \$16,877.

Net Adjustment: \$152,963

# 6. Schools and Family Housing Initiative - \$100,000

This request would carryover the remaining funding from the Portland Schools Initiative originally intended for a task force working directly with Portland Public Schools and focusing on the Blanchard site's use or potential re-use. This request is to reallocate funds that are left from last year's Blanchard site initiative for the larger Schools and Family Housing Initiative. Commissioner Sten's Office is the lead on this project.

Net Adjustment: \$100,000

# 7. Carryover for Charter Review: \$38,845

This request is to carry over funds to support the remaining work of the Charter Review Commission.

Net Adjustment: \$38,845

#### 8. Mental Health Panel: \$15,000

The Mayor's Office requests this \$15,000 special appropriation for a contract facilitator for the Mayor's Mental Health & Public Safety Implementation Panel, which will review the current intersection of the mental health and public safety system and make recommendations for change during a 90-day process. No further support for the panel is anticipated, but the panel's recommendations may result in FY 2007-08 budget requests.

Net Adjustment: \$15,000

#### 9. Human Relations Project: \$60,000

The Mayor's Office requests this \$60,000 special appropriation for a contract project manager who will work with community stakeholders to develop a Human Relations Commission as directed in Resolution 36446. The FY 2007-08 budget request will be determined during this process.

Net Adjustment: \$60,000

#### 10. Immigration and Racial Profiling: \$30,000

The Mayor's Office requests this \$30,000 special appropriation for a contract coordinator to work with the Racial Profiling and Immigrant & Refugee Task Force as directed in Resolution 36447. The task force is anticipated to start in December. No further support for the task force is anticipated; its work will transition into the Human Relations Commission (above).

Net Adjustment: \$30,000

#### 11. Diverse Empowered Employees of Portland (DEEP): \$14,000

The Mayor's Office requests this special appropriation for a pilot project for DEEP, a network of employee affinity groups designed to help further the creation of a more diverse workforce by supporting recruitment and retention of diverse employees. The \$14,000 request will fund web site set-up, a kickoff event, and marketing costs. (\$11,000 of the request will need to be moved into internal materials and services in the winter BuMP if this request is approved.) Ongoing costs of \$30,000 are anticipated starting in FY 2007-08 and will be requested in the FY 2007-08 budget request if the pilot is successful.

Net Adjustment: \$14,000

#### 12. Mayor's Secret Service Fund: \$2,000

This new special appropriation provides funding for the Mayor's Secret Service Fund as identified in Article 1 of the City Charter section 2-105

Net Adjustment: \$2,000

#### 13. Family Justice Center: \$113,750

This request is to fund a study, facilitation, associated travel, and any one-time start up costs associated with creating a center for victims of domestic violence in our community. The center would provide a place where victims of domestic violence would be able to come to one location to talk to an advocate, get a restraining order, plan for their safety, talk to a police officer, and meet with a prosecutor, receive medical assistance, council with a chaplain, get help with transportation, and obtain nutrition and pregnancy-services counseling.

Net Adjustment: \$113,750

# 14. Street Access for Everyone (SAFE): \$10,000

The Obstructions as Nuisances Ordinance sunsets November 2006. The SAFE workgroup has addressed stakeholder concerns and created a package of reforms. Funding for these programs is requested by the Mayor's Office but will be directed to appropriate bureaus in other portfolios. The Mayor's Office asks that the funds outlined below be set aside in a special appropriation until Council reviews the SAFE ordinance December 13.

The request includes three components. The first component is recommended by FPD and is addressed below.

A \$10,000 pedestrian traffic study, to be performed by PDOT, in the downtown and Hawthorne areas so that these business districts can be included in the SAFE-affected zones.

# 15. Vintage Street Car: \$250,000

This special appropriation will provide funds to preserve and retain four vintage trolleys at the request of Vintage Trolley, Inc. This proposal includes the participation of the City, TriMet, Willamette Shore Consortium and Vintage Trolley, Inc. The \$250,000 will create an endowement fund that will preserve the cars in perpetuity. TriMet will agree to operate one vintage trolley on the transit mall on weekends.

Net Adjustment: \$250,000

#### **Requests Not Recommended**

1. Portland Jazz Festival: \$100,000

This special appropriation would provide a one time grant to the Portland Jazz Festival for increase programming, ensure an educational component to the festival within Portland Schools and assist with the Jazz Festival's long range planning.

FPD does not recommend additional funding for this request. During last year's budget process the Council allocated an additional \$300,000 to the Regional Arts and Culture Council (RACC) to provide an alternative funding source to art organizations facing extraordinary opportunities. FPD recommends RACC as a more appropriate source of funding for the Portland Jazz Festival proposal.

Net Adjustment: \$100,000

### 2. Street Access for Everyone (SAFE): \$450,000

The following section outlines the final two parts of recommendations put forward by the SAFE workgroup. FPD does not recommend funding for these proposals at this time.

\$250,000 for public-access restrooms and benches supports the goal to make daytime life less hostile to those without a home. This is one of five strategies for which the group consensus was subject to the understanding that the five be implemented together. Funds will be used to open existing restrooms, identify locations for additional restrooms and seating areas, and develop a plan for ongoing maintenance of the facilities, but FPD has not seen any detail on how the estimate was developed and the public service impact expected in FY 2006-07. An implementation team will be convened by the Mayor's Office and charged with presenting its recommendations in January 2007. Additional funding will be needed in FY 2007-08 to implement the recommendations, possibly as much as \$2 million with an unknown proportion of ongoing funds. FPD recognizes that the strategy is part of a larger recommendation but suggests that the team's January recommendations include both a refined FY 2006-07 funding request for consideration in the winter BuMP and a detailed request for FY 2007-08 funding so that Council may understand the full impact.

\$200,000 for a day labor contact office pilot project supports the goal to provide more help for the homeless, mentally ill, disconnected youth, and day laborers. Funds would cover the cost of the facility and a contract staff person. This is not part of the five core strategies, and its FY 2007-08 ongoing costs are not yet known. FPD recommends that this request be further developed and included in the FY 2007-08 budget process.

Net Adjustment: \$0

# **Bureaus with BuMP Submittals**

# Financial Planning Division Analysis FY 2006-07 Fall BuMP Bureau with BuMP Submittal

# **City Attorney**

Report Date: November 13 Analysis by: Jason Smith

| AU 312 Summary                             |                                   |                          |                               |
|--|-----------------------------------|--------------------------|-------------------------------|
| Revised Budget as of AP 3                  | Significant Requests              | New Position<br>Requests | FPD Overall<br>Recommendation |
| General Fund Discretionary:<br>\$1,522,564 | (1) Increase IA with Cable Office | (1) None                 | Recommend change              |
| Total budget: \$6,704,170                  |                                   |                          |                               |

Total Recommended GF Discretionary Requests:\$ 0Total Recommended Other Requests:\$ 10,000Total Revised GF Discretionary Budget after BuMP:\$ 1,522,564Total Revised Budget after BuMP:\$ 6,714,170

# **Summary of Significant Requests in Fall BuMP**

The City Attorney's office has no changes for the Fall Bump except to realize new revenue to support legal work requested by the City's Cable office. This request is dealt with in more detail in FPD's review for Cable.

# Review of FY 2006-07 Year-end Projection

The City Attorney's office is currently on track to finish the year within their allocated FY 2006-07 budget.

# Comments on FY 2006-07 Budget Notes and Add Packages

# **Budget Notes**

N/A

#### **Add Packages**

**Attorney and Paralegal for Delinquent Business License Collection** – These positions were funded with General Fund one time resources for the third year in a row. So far this year collections are down slightly from the previous year, but are still on track to bring in at least \$300,000.

*IA with BES for Portland Harbor Superfund work* – The hiring process is complete and work has started on the project.

#### Other FPD Observations & Comments

The City Attorney's office has indicated that they are working with a consultant to make much needed office technology improvements and expect to have new systems implemented in the current fiscal year.

# Financial Planning Division Analysis FY 2006-07 Fall BuMP FY 2005-06 Performance Snapshot

Bureau Name Analysis by: FPD Analyst's Name

| Key Performance Measures                    |                 | FY     | 7 2003-04<br>Actual | <br>2004-05<br>Actual | FY 20 | 005-06 Goal | F  | Y 2005-06<br>Actual | FY 2  | 006-07 Goal |
|---|-----------------|--------|---------------------|-----------------------|-------|-------------|----|---------------------|-------|-------------|
| Goal/Program/Measure                        | Type            |        |                     |                       |       |             |    |                     |       |             |
| Goal: Deliver efficient, effective and acco | untable municip | al ser | vices               |                       |       |             |    |                     |       |             |
| Program: Legal Services                     |                 |        |                     |                       |       |             |    |                     |       |             |
| Litigation Cases                            | Workload        |        | 1,525               | 1,789                 |       | 1,940       |    | 2,074               |       | 2,200       |
| Legal Documents Pages                       | Workload        |        | 21,365              | 22,101                |       | 23,500      |    | 23,727              |       | 24,000      |
| Hourly Rate                                 | Workload        | \$     | 118                 | \$<br>124             | \$    | 125         | \$ | 125                 | \$    | 138         |
| Contracts Review and Approval               | Workload        |        | 4,325               | 4,483                 |       | 4,723       |    | 4,004               |       | 4,750       |
| Number of Trainings provided to             |                 |        | NA                  | NA                    |       | 133         |    | 164                 |       | 155         |
| City Staff                                  | Workload        |        |                     |                       |       |             |    |                     |       |             |
|   |                 |        |                     |                       |       |             |    |                     | I     |             |
| The goal was met or the trend is p          | ositive         |        |                     |                       |       |             |    | ► Is a c            | conce | rn          |

# **Summary of FY 2005-06 Performance**

The number of trainings provided to City staff exceeded the expectation for FY 2005-06. The hourly rate for the Attorney's office is based on the number of Attorney FTE hours divided by the Attorney's total budget. This rate is expected to increase in FY 2006-07 due to support costs that were included in FY 2006-07 add packages.

# **City Attorney's Office Financials**

|  | I  | Y 2005/06<br>Revised<br>Budget |      | FY 2005/06<br>Year-End<br>Actuals | Percent<br>Variance  |
|--|----|--------------------------------|------|-----------------------------------|----------------------|
| Resources  |    |                                |      |                                   |                      |
| Service Charges & Fees                             |    | 0                              | \$   | 52,725                            |                      |
| Interagency Revenue                                |    | 2,958,779                      |      | 2,958,779                         | 0.00%                |
| Miscellaneous                                      |    | 0                              |      | 2,858                             |                      |
| General Fund Discretionary                         |    | 1,871,911                      |      | 1,871,911                         | 0.00%                |
| General Fund Overhead Recovery                     |    | 1,312,745                      |      | 1,140,177                         | -13.15%              |
| Total  |    | 6,143,435                      |      | 6,026,450                         | -1.90%               |
| Expenditures                                       |    |                                |      |                                   |                      |
| Personal Services                                  | \$ | 5,082,964                      | \$   | 5,045,837                         | -0.73%               |
| External Materials & Services                      |    | 365,366                        |      | 293,161                           | -19.76%              |
| Internal Materials & Services                      |    | 695,105                        |      | 687,452                           | -1.10%               |
| Total  | \$ | 6,143,435                      | \$   | 6,026,450                         | -1.90%               |
| venue target was met, or expense was within budget |    | Revenue was no                 | ot w | vithin 5% of targe                | t, or expense exceed |

Expenditures in external materials and services finished the year at 80% of budget. As the City Attorney's office invests in office technology upgrades, FPD expects that this line item will be utilized at a higher level.

# Financial Planning Division Analysis FY 2006-07 Fall BuMP Bureau with BuMP Submittal

# Fire & Police Disability & Retirement

Report Date: November 13, 2006 Analysis by: Nancy Hartline

| Fund 651 Summary                   |                      |                          |                               |  |  |
|------------------------------------|----------------------|--------------------------|-------------------------------|--|--|
| Revised Budget as of AP 3          | Significant Requests | New Position<br>Requests | FPD Overall<br>Recommendation |  |  |
| General Fund Discretionary:        |                      |                          | Accept all requests           |  |  |
| \$0                                |                      |                          |                               |  |  |
| <i>Total budget:</i> \$113,965,154 |                      |                          |                               |  |  |

Total Recommended GF Discretionary Requests: \$0

Total Recommended Other Requests: \$ 0 (2 requests move \$ between objects)

Total Revised GF Discretionary Budget after BuMP: \$0

Total Revised Budget after BuMP: \$ 113,965,154

# Review of FY 2006-07 Year-end Projection

#### Resources

The beginning balance of \$11.5 million is \$0.6 million greater than budgeted, so tax anticipation notes are \$0.6 million less than budgeted. Property taxes and interest revenue are projected at budget this early in the year.

#### Requirements

Retirement and Disability program expenses are again projected below budget: \$0.7 million or 1.0% for Retirement and \$1.6 million or 12.7% for Disability. The Retirement projection is \$5.2 million above the FY 2005-06 actual, while the Disability projection is the same as the FY 2005-06 actual. The Administration program is projected on budget and slightly above FY 2005-06.

The number of retirements in FY 2005-06 was less than the budgeted number, but FY 2006-07 retirements to date are one-third of the total projected, compared to average first-quarter retirements for the last five years of 18% of total actual retirements. This may indicate that more retirements may occur in FY 2006-07 than are expected and bring Retirement expenses closer to budget.

Disability costs are difficult to project in FY 2006-07, both because of the Charter change on the General Election ballot and because of Administrative Rule changes regarding vocational rehabilitation. Another change is the number of return-to-work positions added in the FY 2006-07 budget or requested in this BuMP that have not yet been filled. For now, the program's expenditures mirror FY 2005-06 costs, but medical costs are the primary area under budget.

The ending balance projection of \$5.6 million is roughly half of the beginning balance.

Passage of the FPD&R ballot measure is not expected to significantly affect FY 2006-07 resources or requirements, but additional Administration expenses for hearings officers, legal services, and perhaps disability consulting of up to \$250,000 may be needed.

# Financial Planning Division Analysis FY 2006-07 Fall BuMP FY 2005-06 Performance Snapshot

# Fire & Police Disability & Retirement

Analysis by: Nancy Hartline

| <b>Key Performance Measures</b>   |               | FY 2003-04 | FY 2004-05 | FY 2005-06 | FY 2005-06 | FY 2006-07  |
|---|---------------|------------|------------|------------|------------|-------------|
| Goal/Program/Measure  | Type          | Actual     | Actual     | Goal       | Actual     | Goal        |
| Goal: Provide public safety employees retire                                  | ment benefits |            |            |            |            |             |
| Program: Retirement System Benefits   |               |            |            |            |            |             |
| <ul><li>Percentage of pension estimates<br/>processed within a week</li></ul> | Efficiency    | 84.0%      | 90.0%      | 84.0%      | 86.0%      | 90.0%       |
| Number of pension recipients  | Workload      | 1,621      | 1,649      | 1,733      | 1,656      | 1,740       |
| ► Number of New Plan retirees   | Workload      | 60         | 48         | 61         | 69         | 78          |
| <ul><li>Number of pension estimates</li></ul>                                 | Workload      | 232        | 236        | 232        | 320        | 232         |
| ► Medical cost savings  | Effectiveness | \$591,427  | \$981,360  | \$667,230  | \$620,099  | \$1,174,317 |
| Program: Disability & Death Benefits  | <b>T</b> .00  |            | ****       | ****       | ****       | ** *** ***  |
|   | Effectiveness | 16.2%      | 28.0%      | 16.2%      | 24.6%      | 28.0%       |
| Savings as a percent of total medical costs                                   |               |            |            |            |            |             |
| Number of medical bills   | Workload      | 9,810      | 9,375      | 9,828      | 7,384      | 8,292       |
| <ul> <li>Number of members on short-term disability</li> </ul>                | Workload      | 290        | 359        | 307        | 250        | 294         |
| ■ Number of New Plan members on long-<br>term disability                      | Workload      | 108        | 103        | 111        | 93         | 91          |
| ■ Number of new time-loss claims  | Workload      | 271        | 269        | 286        | 218        | 204         |
| Number of new no-time-loss claims   | Workload      | 171        | 134        | 153        | 168        | 122         |
| The goal was met or the trend is positive                                     |               |            | <u> </u>   |            | ▶ Is       | a concern   |

# **Summary of FY 2005-06 Performance**

For the Retirement program, FPD&R exceeded its goal for processing pension estimates within a week, even with a significant increase in the number of pension estimates requested. The number of pensioners was also less than projected, leading to lower than budgeted expenses for the program, but the number of New Plan retirees was greater than expected and offset some of the savings from the lower total number of pensioners.

The Disability program did not meet its goal for medical cost savings, but the total medical costs were 33% under budget. Savings as a percent of total medical costs exceeded its goal but was less than the prior year's percentage. The number of medical bills was 21% less than the prior year's figure, probably a result of the Administrative rule change requiring members to select an attending physician. The decline in members on short-term disability – 70% of the number a year earlier – is a reflection of both a 19% decline in the number of new time-loss claims and higher exits from short-term disability due to enhanced return to work opportunities. The number of members on long-term disability declined 10% from the prior year because of fewer transfers from short-term disability and more exits than transfers.

|                                     | Financials<br>FY 2005/06<br>Revised<br>Budget |             | FY 2005/06<br>Year-End<br>Actuals |             | Percent<br>Variance |  |
|-------------------------------------|---|-------------|-----------------------------------|-------------|---------------------|--|
| Resources                           |   |             |                                   |             |                     |  |
| Beginning Balance                   | \$  | 9,848,181   | \$                                | 11,358,813  | 15.3%               |  |
| Taxes                               |   | 80,101,160  |                                   | 81,034,998  | 1.2%                |  |
| Service Charges & Fees              |   |             |                                   | 18          |                     |  |
| Interagency Revenue                 |   | 7,200       |                                   | 7,200       | 0.0%                |  |
| Fund Transfers                      |   | 750,000     |                                   |             | -100.0%             |  |
| Bond and Note Proceeds              |   | 20,000,000  |                                   | 16,153,720  | -19.2%              |  |
| Miscellaneous                       |   | 800,000     |                                   | 1,542,797   | 92.8%               |  |
| <b>Total Resources</b>              | \$  | 111,506,541 | \$                                | 110,097,546 | -1.3%               |  |
| Requirements                        |   |             |                                   |             |                     |  |
| External Materials & Services       |   |             |                                   |             |                     |  |
| Retirement Program                  | \$  | 69,940,355  | \$                                | 68,683,039  | -1.8%               |  |
| Disability & Death Benefits Program |   | 15,158,028  |                                   | 11,098,690  | -26.8%              |  |
| Administration Program              |   | 889,951     |                                   | 868,682     | -2.4%               |  |
| Total External Materials & Services |   | 85,988,334  |                                   | 80,650,411  | -6.2%               |  |
| Internal Materials & Services       |   | 1,514,262   |                                   | 1,392,634   | -8.0%               |  |
| Fund Transfers                      |   | 2,925       |                                   | 2,925       | 0.0%                |  |
| Bond Expense                        |   | 20,531,264  |                                   | 16,420,837  | -20.0%              |  |
| Overhead Expense                    |   | 101,332     |                                   | 101,332     | 0.0%                |  |
| Contingency/Ending Balance          |   | 3,368,424   |                                   | 11,529,407  | 242.3%              |  |
| <b>Total Requirements</b>           | \$  | 111,506,541 | \$                                | 110,097,546 | -1.3%               |  |

Revenue target was met, or expense was within budget Revenue wasn't within 5% of target, or expense exceeded budget

Beginning balance, property taxes, and interest revenue were all above budget, providing a total of \$3.2 million in extra resources. Program expenses (materials and services) were \$5.5 million below budget due to savings in all programs but primarily in Disability & Death Benefits. Short-term disability, long-term disability, medical, and vocational rehabilitation costs were all below budget and contributed to the Disability Program being almost \$4.1 million or 26.8% below budget. The ending balance of \$11.5 million is slightly above the \$11.4 million beginning balance and \$0.6 million greater than the budgeted beginning balance for FY 2006-07.

# Financial Planning Division Analysis FY 2006-07 Fall BuMP Bureau with BuMP Submittal

# **Bureau of Water Works - Hydroelectric Power Division**

Report Date: November 9, 2006 Analysis by: Bob Tomlinson

| Fund 152 Summary   |                      |                          |                               |
|--|----------------------|--------------------------|-------------------------------|
| Revised Budget as of AP 3  | Significant Requests | New Position<br>Requests | FPD Overall<br>Recommendation |
| General Fund Discretionary: \$0 <i>Total budget:</i> \$1,130,201 | None                 | None                     |                               |

Total Recommended GF Discretionary Requests:\$ 0Total Recommended Other Requests:\$ 0Total Revised GF Discretionary Budget after BuMP:\$ 0Total Revised Budget after BuMP:\$ 1,130,201

# Summary of Requests in Fall BuMP Other Requests

# **Recommended Requests**

#### 1. BHR COPPEA Training Fund

The Bureau of Human Resources has indicated that it needs to adjust their IA with Hydroelectric Power by \$231 so that they can carry over unspent funds dedicated for professional development per the COPPEA labor contract. This has no net effect on the Fund.

Net Adjustment: \$0

# Review of FY 2006-07 Year-end Projection

#### Revenues

<u>Beginning Fund Balance</u> (132.2%) - The Beginning Fund Balance is \$67,490 higher than budgeted primarily due to staff vacancy savings realized in FY 2005-06.

Interagency Revenue (100.0%) - No variance to report.

Fund Transfers (100.0%) - No variance to report.

Miscellaneous Revenue (101.5%) - No variance to report.

#### **Expenditures**

<u>Personal Services</u> (83.6%) - The Hydroelectric Power AU did not fill its new Assistant Hydroelectric Power Project Manager position until the middle of AP 4, so this object code will not be fully expended at year end.

External Materials and Services (96.8%) - No variance to report.

<u>Internal Materials and Services</u> (96.5%) - No variance to report.

Fund Transfers (100.0%) - No variance to report.

GF Overhead Expense (100.0%) - No variance to report.

| No budget notes.  |
|---|
| Comments on Add Packages  |
| No add packages.  |
| Other FPD Observations & Comments   |
| The Portland Hydroelectric Project finished its Contract Year 2005-06 (9/1/2005 through 8/31/2006) with a total amount of power generation that was roughly 98% of its historical average. This level of power generation is 2.0% above the amount that was projected in the FY 2006-07 budget. |
|   |
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**Comments on Budget Notes** 

# Financial Planning Division Analysis FY 2006-07 Fall BuMP FY 2005-06 Performance Snapshot

# **Hydroelectric Power Division**

Analysis by: Bob Tomlinson

|     | Key Performance Measures                  |               | FY 2003-04 | FY 2004-05 | FY 2005-06 | FY 2005-06 | FY 2006-07 |
|-----|---|---------------|------------|------------|------------|------------|------------|
|     | Goal/Program/M easure                     | Type          | Actual     | Actual     | Goal       | Actual     | Goal       |
| Н   | Iydroelectric Power Administration        |               |            |            |            |            |            |
| ■ P | ower Sold to PGE                          | Effectiveness | 79,488     | 65,612     | 84,200     | 83,969     | 84,200     |
| _ T | ransfer of Hydropower Profits to          |               |            |            |            |            |            |
| _ G | General Fund                              | Efficiency    | \$200,000  | \$300,000  | \$200,000  | \$815,000  | \$200,000  |
| ■ H | Iydropower Project Monitoring Reports     | Workload      | 2          | 2          | 2          | 2          | 2          |
|     |   |               |            |            |            |            |            |
|     | The goal was met or the trend is positive |               |            |            |            | In a       | concern    |

# **Summary of FY 2005-06 Performance**

In FY 2005-06, by amending the Portland Hydroelectric Project's Power Sales Agreement with PGE, Hydroelectric Power was able to increase its annual transfer of profits to the General Fund from the budgeted \$200,000 up to \$815,000. This transfer returns to normal trends in FY 2006-07.

# **Budget Notes**

#### None

# **Financials**

| Fund 152                      | FY 2005-06  | FY 2005-06  |          |
|-------------------------------|-------------|-------------|----------|
|                               | Revised     | Year-End    | Percent  |
| Item                          | Budget      | Actuals     | Variance |
|                               |             |             |          |
| Resources                     |             |             |          |
| Fund Transfers                | \$1,440,247 | \$1,380,054 | -4.2%    |
| Interagency Revenue           | 40,000      | 44,954      | 12.4%    |
| Bond and Note Proceeds        | 0           | 712,337     | N.A.     |
| Miscellaneous                 | 599,100     | 454,404     | -24.2%   |
| <b>Total Resources</b>        | \$2,079,347 | \$2,591,749 | 24.6%    |
|                               |             |             |          |
| Expenditures                  |             |             |          |
| Personal Services             | \$266,222   | \$220,391   | -17.2%   |
| External Materials & Services | 884,022     | 823,085     | -6.9%    |
| Internal Materials & Services | 170,960     | 159,680     | -6.6%    |
| Fund Transfers                | 818,409     | 818,409     | 0.0%     |
| Bond Expense                  | 15,364      | 690,467     | 4394.1%  |
| Overhead Expense              | 58,026      | 58,026      | 0.0%     |
| Total Expenditures            | \$2,213,003 | \$2,770,058 | 25.2%    |

Note: No fund balances included.

#### **Revenues**

Beginning Fund Balance (112.1%) - Beginning Fund Balance is \$326,241 which is \$35,101 higher than budgeted due to savings realized in FY 2004-05.

<u>Interagency Revenue</u> (112.4%) - In FY 2005-06, there were a few Water Bureau projects that called for more Hydropower involvement than in the past. Most of that activity had to do with Hydropower's work on the Mt. Tabor Hydroelectric Project.

Fund Transfers (32.1%) - No variance to report

<u>Bond and Note Proceeds</u> - This \$712,337 represents the issuance costs associated with the Series 2006 Hydropower Revenue Refunding Bonds which were issued on April 5, 2006. The authorization for this un-budgeted revenue is tied to the authorization in State Budget Law for the refunding of existing bonds.

<u>Miscellaneous Revenues</u> (97.4%) - No variance to report. Additional corrections entered into IBIS in AP 13-5 bring the Year-End Actual for this object code to \$583,513.

#### **Expenditure**

<u>Personal Services</u> (82.8%) - The Personal Services object code was 17.2% or \$45,831 less than the budgeted amount. This was primarily due to the fact that Hydropower's OSS-II staff position was left vacant.

External Materials and Services (93.1%) - No variance to report

<u>Internal Materials and Services</u> (93.4%) - No variance to report

Fund Transfers (100.0%) - No variance to report

General Fund Overhead Expense (100.0%) - No variance to report

Bond Expense (4494.1%) – Bond Expense of \$690,467 includes \$21,307 which is actually a non-cash entry for the un-amortized discount associated with the Hydropower Revenue Bonds. Another \$19,630 relates to the debt service on the Pension Debt Redemption Bonds. The final \$649,530 represents the issuance costs associated with the Series 2006 Hydropower Revenue Refunding Bonds which were issued on April 5, 2006. The authorization for this un-budgeted expense is tied to the authorization in State Budget Law for the refunding of existing bonds.

<u>Contingency (Ending Fund Balance)</u> (0%) - Ending Fund Balance is \$277,041. That is 76% higher than the budgeted contingency for this fund. This is due to a higher than budgeted Beginning Fund Balance, savings in the AU expenditures, and greater than projected interest earnings in the fund.

# **Office of Management & Finance – Parking Facilities**

Report Date: 11/1/2006 Analysis by: Mike Johnson

| Parking Facilities Fund Summary |                      |                          |                               |  |  |
|---------------------------------|----------------------|--------------------------|-------------------------------|--|--|
| Revised Budget as of AP 3       | Significant Requests | New Position<br>Requests | FPD Overall<br>Recommendation |  |  |
| General Fund Discretionary:     | None                 | None                     | Approve                       |  |  |
| None                            |                      |                          |                               |  |  |
| Total budget: \$17,085,967      |                      |                          |                               |  |  |

Total Recommended GF Discretionary Requests: \$
Total Recommended Other Requests: \$0
Total Revised GF Discretionary Budget after BuMP: \$

Total Revised Budget after BuMP: \$ 17,085,967

#### Review of FY 2006-07 Year-end Projection

No issues.

#### **FY 2005-06 Performance Snapshot**

| <b>Key Performance Measures</b>   |               | FY 2003-04<br>Actual | FY 2004-05<br>Actual | FY 2005-06<br>Goal | FY 2005-06<br>Actual | FY 2006-07<br>Goal |
|---|---------------|----------------------|----------------------|--------------------|----------------------|--------------------|
| Goal/Program/Measure  | Type          |                      |                      |                    |                      |                    |
| Goal: Strengthen collaborative business Program: Parking Operations  Annual net revenue per space Program: Commercial Space | Effectiveness | \$ 1,180             | \$ 1,322             | \$ 1,318           | \$ 1,753             | \$ 1,399           |
| Percentage of total square footage vacant more than six months Percentage of rent collections                               | Effectiveness | N/A                  | 15%                  | 12%                | 15%                  | 19%                |
| current   | Effectiveness | N/A                  | 100%                 | 100%               | 100%                 | 98%                |
| The goal was met or the trend is positive   |               |                      |                      |                    | ▶ Is a               | concern            |

#### **Summary of FY 2005-06 Performance**

The increase in net revenue per space is due in large part to the rate increase for short-term parking to \$1.25 per hour as well as a reduction in administrative costs with the elimination of BGS and the Parking Manager splitting his time between Parking and Spectator Facilities.

In the Commercial Space program, 98% of rent collections were current during the 2005-06 fiscal year. The remaining two percent is anticipated to be collected in FY 2006-07. In the area of space rental, 15% of the square footage was vacant for more than six months. The OMF Facilities Property Management division is working to fill this vacant space.

#### FY 2005-06 Financials

|  | FY 2005/06<br>Revised<br>Budget | FY 2005/06<br>Year-End<br>Actuals | Percent<br>Variance     |
|--|---------------------------------|-----------------------------------|-------------------------|
| Resources  |                                 |                                   |                         |
| <ul><li>Service Charges &amp; Fees</li></ul>         | \$9,097,845                     | \$10,131,366                      | 11.36%                  |
| Interagency Revenue                                  | 734,091                         | 701,149                           | -4.49%                  |
| Miscellaneous  | 49,013                          | 214,269                           | 337.17%                 |
| <b>Total Resources</b>                               | \$9,880,949                     | \$11,046,784                      | 11.80%                  |
| Expenditures   |                                 |                                   |                         |
| <ul><li>Personal Services</li></ul>                  | \$98,612                        | \$60,507                          | -38.64%                 |
| External Materials & Services                        | 2,876,089                       | 2,815,491                         | -2.11%                  |
| <ul><li>Internal Materials &amp; Services</li></ul>  | 3,319,276                       | 1,906,836                         | -42.55%                 |
| Capital Outlay                                       | 155,302                         | 139,367                           | -10.26%                 |
| Fund Transfers                                       | 4,101,069                       | 4,101,069                         | 0.00%                   |
| Interfund Loan Expense                               | 2,306,000                       | 2,313,050                         | 0.31%                   |
| Overhead Expense                                     | 93,288                          | 93,288                            | 0.00%                   |
| Total Expenditures                                   | \$12,949,636                    | \$11,429,608                      | -11.74%                 |
| Revenue target was met, or expense was within budget | Revenue wasn't with             | nin 5% of target, or e            | expense exceeded budget |

Service Charges & Fees were 11% above budget because of the parking rate increase to \$1.25 per hour that went into effect in early 2006. The Miscellaneous Revenues were 337% above budget due to interest earnings on a larger than anticipated fund balance, and a higher interest rate.

In Personal Services, the position that manages the Parking Facilities Fund was budgeted for the first time in the Parking Fund in FY 2005-06. When the person filling that position left City employment around mid-year, the management responsibility was assumed by an employee in Facilities Services and the charges for management billed for the balance of the year as an internal service charge. The majority of the under spending in Internal Materials & Services is the result of the unspent balance of budgeted major maintenance projects. In addition, the parking manager is currently reevaluating technology projects scheduled for the garages.

The under expenditure in Capital Outlay represents the installation costs for the pay-on-foot project at the Naito-Davis parking garage. This project is currently on hold until both the parking manager and Star Park, the City's parking operator, are comfortable that the new payment method can be successful.

Office of Management & Finance – Spectator Facilities **Report Date: 11/1/2006** 

Date Submitted to FPD: 10/25/2006 Analysis by: Mike Johnson

| Spectator Facilities Fund Summary         |                         |                          |                               |  |
|---|-------------------------|--------------------------|-------------------------------|--|
| Revised Budget as of AP 3<br>\$14,716,665 | Significant Requests    | New Position<br>Requests | FPD Overall<br>Recommendation |  |
| General Fund Discretionary:               | (1) PGE Park            | None                     | Approve                       |  |
| None                                      | (2) Adjust fund balance |                          | Approve                       |  |
| <i>Total budget:</i> \$14,716,665         |                         |                          |                               |  |

**Total Recommended GF Discretionary Requests:** 

**Total Recommended Other Requests:** \$ (401,719)

Total Revised GF Discretionary Budget after BuMP:

**Total Revised Budget after BuMP:** \$ 14,314,946

#### **Summary of Significant Requests in Fall BuMP**

#### Other Requests

#### **Recommended Requests**

#### 1. PGE Park (\$0)

Increase the PGE Park miscellaneous services account to pay for directed wage program that was implemented by Council in 2006. Reduce contingency by the same amount to balance the fund.

Net Adjustment: \$0

### 2. *Adjust fund balance* (\$401,719)

Reduce beginning fund balance to account for actual FY 2005-06 ending fund balance. The balance was lower than expected due to the purchase of the PGE Park scoreboard which was not anticipated when the budget was developed. Reduce contingency by the same amount to balance the fund.

*Net Adjustment:* (\$401,719)

# Review of FY 2006-07 Year-end Projection

The Internal Materials & Services projection is approximately 12% below the FY 2006-07 budget due to staff time being split between the Parking Fund and the Spectator Facilities Fund. At this point in time, it does not appear that the Spectator Facilities will need to use the contingency account to cover any additional expenses.

# FY 2005-06 Financials

|         |                           | FY 2005/06<br>Revised<br>Budget | FY 2005/06<br>Year-End<br>Actuals | Percent<br>Variance |
|---------|---------------------------|---------------------------------|-----------------------------------|---------------------|
| Resor   | urces                     |                                 |                                   |                     |
| ► Servi | ice Charges & Fees        | \$5,280,000                     | \$4,731,557                       | -10.39%             |
| Loca    | 1 Sources                 | 2,075,173                       | 2,075,173                         | 0.00%               |
| ▶ Misc  | ellaneous                 | 201,100                         | 388,913                           | 93.39%              |
| To      | tal Resources             | \$7,556,273                     | \$7,195,643                       | -4.77%              |
| Ехре    | enditures                 |                                 |                                   |                     |
| ► Exte  | rnal Materials & Services | \$851,700                       | \$652,239                         | -23.42%             |
| ► Inter | nal Materials & Services  | 425,468                         | 358,266                           | -15.79%             |
| ► Capi  | tal Outlay                | 650,000                         | 463,052                           | -28.76%             |
| Fund    | Transfers                 | 109,210                         | 109,210                           | 0.00%               |
| ► Bond  | l Expense                 | 6,213,876                       | 5,421,367                         | -12.75%             |
| Over    | head Expense              | 87,668                          | 87,668                            | 0.00%               |
| To      | tal Expenditures          | \$8,337,922                     | \$7,091,802                       | -14.95%             |

Revenue target was met, or expense was within budget 
Revenue wasn't within 5% of target, or expense exceeded budget

Service Charges & Fees were 11% below the budgeted amount due to the continued decline in Portland Trail Blazer ticket sale revenue (user fees) and related parking revenue. Miscellaneous Revenues were up due to a combination of higher then budgeted interest earnings and a larger than expected fund balance throughout most of the fiscal year.

In External Materials & Services, the expectation was that additional resources would be spent for the Oregon Arena Corporation Bankruptcy Trial and the PGE Park operating agreement. Since these items were completed early, savings resulted. Internal Materials & Services was down due to splitting the manager's time between Parking and Spectator Facilities, as well as savings in the OMF interagencies.

Capital outlay was 28% below budget due to several large capital projects being delayed because of the large premium seat renovation at the Rose Garden, which took up a large part of the Rose Quarter staff's time. In addition, the projects that were completed at the Rose Quarter parking garages and the Memorial Coliseum were classified as repair and maintenance. Bond Expenses were lower due to the Rose Quarter bond refinancing.

# **Bureau of Housing & Community Development - CDBG**

Report Date: 11/3/2006 Analysis by: Mike Johnson

| Housing & Community Development Fund Summary |  |                          |                               |  |  |
|--|--|--------------------------|-------------------------------|--|--|
| Revised Budget as of AP 3                    | Significant Requests   | New Position<br>Requests | FPD Overall<br>Recommendation |  |  |
| General Fund Discretionary:                  | (1) Appropriate the balance of the   | None                     | Approve smaller               |  |  |
| None   | prior year Community Development<br>Block Grant of \$4,924,710 from FY<br>2005-06. |                          | amount                        |  |  |
| <i>Total budget:</i> \$13,990,079            |  |                          |                               |  |  |

Total Recommended GF Discretionary Requests: \$0

Total Recommended Other Requests: \$1,120,000

Total Revised GF Discretionary Budget after BuMP: \$0

Total Revised Budget after BuMP: \$15,110,079

#### **Summary of Significant Requests in Fall BuMP**

#### Other Requests

#### **Recommended Requests**

1. Appropriate the balance of the prior year Community Development Block Grant (CDBG) of \$4,924,710 from FY 2005-06

The bureau is requesting to carry over unspent grant authority from FY 2005-06 for specific projects and programs already approved and committed but not completed last fiscal year. The bureau has traditionally made these carryover requests in the Fall BuMP. Because CDBG is a reimbursement-type entitlement grant, carrying the funds over isn't necessary to ensure the funds are not lost. There is no time limit on the grant, and there is no cash on hand to be spent. Historically, the bureau has significantly underspent (25%-60%) it's Revised Budget and most of the time doesn't spend more than the Adopted Budget.

| Budgeted | FY 2001-02    | FY 2002-03    | FY 2003-04    | FY 2004-05    | FY 2005-06    |
|----------|---------------|---------------|---------------|---------------|---------------|
| Adopted  | \$ 16,465,000 | \$ 15,908,984 | \$ 16,632,980 | \$ 16,475,000 | \$ 15,468,646 |
| Revised  | \$ 23,267,648 | \$ 20,983,972 | \$ 26,134,613 | \$ 22,396,791 | \$ 19,705,770 |
| Actual   | \$ 16,631,607 | \$ 12,940,288 | \$ 15,246,087 | \$ 16,554,394 | \$ 12,697,106 |

At this time, Financial Planning is recommending the carryover of approximately 8% of the total FY 2006-07 budget for the HOME grant fund, as opposed to the 35% requested by the bureau. If additional appropriations are actually needed, they can be requested in the Spring BuMP.

Net Adjustment: \$1,120,000

#### Review of FY 2006-07 Year-end Projection

Given the analysis above, even with the recommended minor supplemental budget action, the bureau would still project to be under expended in External Materials & Services in this fund.

# FY 2005-06 Financials

|                               | FY 2005/06<br>Revised<br>Budget | FY 2005/06<br>Year-End<br>Actuals | Percent<br>Variance |
|-------------------------------|---------------------------------|-----------------------------------|---------------------|
| Resources                     |                                 |                                   |                     |
| Federal Sources               | \$17,773,520                    | \$10,662,121                      | -40.01%             |
| Miscellaneous                 | 1,932,250                       | 2,034,985                         | 5.32%               |
| <b>Total Resources</b>        | \$19,705,770                    | \$12,697,106                      | -35.57%             |
| Expenditures                  |                                 |                                   |                     |
| External Materials & Services | \$17,211,538                    | \$10,442,421                      | -39.33%             |
| Internal Materials & Services | 1,956,179                       | 1,788,590                         | -8.57%              |
| Bond Expense                  | 246,430                         | 246,431                           | 0.00%               |
| Total Expenditures            | \$19,414,147                    | \$12,477,442                      | -35.73%             |

Federal revenue sources weren't received and External Materials & Services was significantly under expended due to projects and contracts not being completed as budgeted. This is an ongoing historical trend.

# **Bureau of Housing & Community Development - HOME**

Report Date: 11/2/2006 Analysis by: Mike Johnson

| <b>HOME Fund Summary</b>            |   |                          |                               |
|-------------------------------------|---|--------------------------|-------------------------------|
| Revised Budget as of AP 3           | Significant Requests  | New Position<br>Requests | FPD Overall<br>Recommendation |
| General Fund Discretionary:<br>None | (1) Appropriate the balance of the prior year HOME entitlement grant of \$2,692,021 from FY 2005-06 | None                     | Approve smaller amount        |
| <i>Total budget:</i> \$ 7,949,526   |   |                          |                               |

Total Recommended GF Discretionary Requests: \$0

Total Recommended Other Requests: \$636,000

Total Revised GF Discretionary Budget after BuMP: \$0

Total Revised Budget after BuMP: \$8,585,526

#### **Summary of Significant Requests in Fall BuMP**

#### Other Requests

#### **Recommended Requests**

1. Appropriate the balance of the HOME entitlement grant of \$2,692,021 from FY 2005-06

The bureau is requesting to carry over unspent grant authority from FY 2005-06 for specific projects and programs already approved and committed but were not completed last fiscal year. The bureau has traditionally made these carryover requests in the Fall BuMP. Because HOME is a reimbursement-type entitlement grant, carrying the funds over isn't necessary to ensure the funds are not lost. There is no time limit on the grant, and there is no cash on hand to be spent. Historically, the bureau has significantly underspent (25%-60%) its Revised Budget and most of the time doesn't spend more than the Adopted Budget.

| Budget  | FY 2001-02    | FY 2002-03    | FY 2003-04    | FY 2004-05    | FY 2005-06    |
|---------|---------------|---------------|---------------|---------------|---------------|
|         |               |               |               | \$ 5,671,189  |               |
| Revised | \$ 11,813,068 | \$ 12,591,911 | \$ 15,267,145 | \$ 14,846,449 | \$ 13,128,500 |
| Actual  | \$ 4,226,076  | \$ 2,693,863  | \$ 6,251,898  | \$ 7,096,013  | \$ 7,177,468  |

At this time, Financial Planning is recommending the carryover of approximately 8% of the total FY 2006-07 budget for the HOME grant fund, as opposed to the 34% requested by the bureau. If additional appropriations are actually needed, they can be requested in the Spring BuMP.

Net Adjustment: \$ 636,000

#### Review of FY 2006-07 Year-end Projection

Given the analysis above, even with the recommended minor supplemental budget action, the bureau would still project to be under expended in External Materials & Services in this fund.

#### FY 2005-06 Financials FY 2005/06 FY 2005/06 Revised Year-End Percent **Budget** Actuals Variance Resources Federal Sources \$12,648,832 \$6,601,179 -47.81% 576,289 Miscellaneous 479,668 20.14% **Total Resources** \$13,128,500 \$7,177,468 -45.33% **Expenditures** External Materials & Services \$12,689,838 \$6,778,758 -46.58% Internal Materials & Services 438,662 390,608 -10.95% **Total Expenditures** \$13,128,500 \$7,169,366 -45.39% Revenue target was met, or expense was within budget Revenue wasn't within 5% of target, or expense exceeded budget

Federal revenue sources weren't received and External Materials & Services, and Internal Materials & Services were significantly under expended due to projects and contracts not being completed as budgeted. This is an ongoing historical trend.

# Office of Management & Finance – Fire Facilities Construction

Report Date: 11/1/2006 Analysis by: Mike Johnson

| Fire Facilities General Obligation Bond Construction Fund Summary       |                      |          |                |  |  |  |  |
|---|----------------------|----------|----------------|--|--|--|--|
| Revised Budget as of AP 3 Significant Requests New Position FPD Overall |                      |          |                |  |  |  |  |
| Revised Budget as of the S  | Significant Requests | Requests | Recommendation |  |  |  |  |
| General Fund Discretionary:   | None                 | None     | Approved       |  |  |  |  |
| None  |                      |          |                |  |  |  |  |
| Total budget: \$21,875,300  |                      |          |                |  |  |  |  |

Total Recommended GF Discretionary Requests: \$
Total Recommended Other Requests: \$
Total Revised GF Discretionary Budget after BuMP: \$

Total Revised Budget after BuMP: \$21,901,300

#### Review of FY 2006-07 Year-end Projection

There is a higher than anticipated fund balance carried forward from FY 2005-06, but overall for FY 2006-07 the fund balance is anticipated to be lower than originally forecast due to the third debt sale not occurring this fiscal year as planned. This will lead to lower than anticipated interest earnings. The cancellation of the current Station 1 project in July will lead to lower than budgeted revenue from Local Sources (funds will not be received from the Portland Development Commission) and expenses in Capital Outlay (the Station 1 remodel will now occur in FY 2008-09).

| FY 2005-06 Financials         |             |             |          |  |  |  |  |  |
|-------------------------------|-------------|-------------|----------|--|--|--|--|--|
|                               | FY 2005/06  | FY 2005/06  |          |  |  |  |  |  |
|                               | Revised     | Year-End    | Percent  |  |  |  |  |  |
|                               | Budget      | Actuals     | Variance |  |  |  |  |  |
| Resources                     |             |             |          |  |  |  |  |  |
| Service Charges & Fees        |             | \$700       |          |  |  |  |  |  |
| Local Sources                 | 782,500     | 132,505     | -83.07%  |  |  |  |  |  |
| Interagency Revenue           | 116,300     | 116,300     | 0.00%    |  |  |  |  |  |
| Fund Transfers                |             | 5,760       |          |  |  |  |  |  |
| Miscellaneous                 | 136,000     | 287,167     | 111.15%  |  |  |  |  |  |
| <b>Total Resources</b>        | \$1,034,800 | \$542,432   | -47.58%  |  |  |  |  |  |
| Expenditures                  |             |             |          |  |  |  |  |  |
| External Materials & Services | \$97,194    | \$6,745     | -93.06%  |  |  |  |  |  |
| Internal Materials & Services | 2,479,184   | 905,258     | -63.49%  |  |  |  |  |  |
| Capital Outlay                | 6,498,000   | 4,937,517   | -24.01%  |  |  |  |  |  |
| Fund Transfers                | 9,317       | 9,317       | 0.00%    |  |  |  |  |  |
| Overhead Expense              | 74,148      | 74,148      | 0.00%    |  |  |  |  |  |
| Total Expenditures            | \$9,157,843 | \$5,932,985 | -35.21%  |  |  |  |  |  |

Revenue target was met, or expense was within budget Revenue wasn't within 5% of target, or expense exceeded budget

Local Sources were down due to the slow down and ultimate cancellation of the Fire Station 1 project, which reduced payments from the Portland Development Commission. Miscellaneous was up due to higher than anticipated interest earnings.

In External Materials & Services, costs originally budgeted there were instead expended from Capital Outlay. Internal Materials & Services were down due to slower than anticipated progress on Stations 1, 18 and 45. Capital Outlay was under spent due to slower than anticipated progress on Stations 15, 24, 27 and 43.

# Office of Management & Finance - Health Insurance Fund 701

Report Date: November 8, 2006 Analysis by: Ruth Roth

| Fund 701 Summary            |                                     |                          |                               |  |  |  |  |
|-----------------------------|-------------------------------------|--------------------------|-------------------------------|--|--|--|--|
| Revised Budget as of AP 3   | Significant Requests                | New Position<br>Requests | FPD Overall<br>Recommendation |  |  |  |  |
| General Fund Discretionary: | (1) True-up budgeted beginning fund | (1) none                 | (1) Recommended               |  |  |  |  |
| \$0                         | balance – adjustment of \$965,145   |                          |                               |  |  |  |  |
| Total budget: \$49,964,206  |                                     |                          |                               |  |  |  |  |

Total Recommended GF Discretionary Requests:\$ 0Total Recommended Other Requests:\$ 968,145Total Revised GF Discretionary Budget after BuMP:\$ 0

Total Revised Budget after BuMP: \$50,929,351

# **Summary of Request in Fall BuMP**

#### **Recommended Requests**

1. True-up Beginning Fund Balance: \$968,145

The Health Fund ended FY 2005-06 with an ending balance of \$9,103,285 or \$965,145 more than the FY 2006-07 Health Fund beginning fund balance. Because the Health Fund is carefully scrutinized by the Labor Management Benefits Committee, it is essential that IBIS accurately reflect the true financial condition of the fund. For this reason, the budgeted FY 2006-07 beginning fund balance should be trued-up to the actual beginning fund balance. With this true-up to actual balance, contingency will increase and it is projected that there will be a slight increase in interest earnings above the budgeted amount due to a higher average fund balance from which interest earnings accumulate.

Net Adjustment: \$965,145

#### Review of FY 2006-07 Year-end Projection

With two months of health claims data represented in Fund 701 as of AP 3, revenues and expenditures appear on track with budgeted levels. As additional data becomes available, the year end projection will be updated.

|         | Fina   |                      |                      |                         |
|---------|--|----------------------|----------------------|-------------------------|
|         |  | FY 2005/06           | FY 2005/06           |                         |
|         |  | Revised              | Year-End             | Percent                 |
|         |  | Budget               | Actuals              | Variance                |
|         | Resources                                      |                      |                      |                         |
|         | Service Charges & Fees                         | \$24,341,495         | \$22,974,464         | -5.62%                  |
|         | Interagency Revenue                            | 308,122              | 308,122              | 0.00%                   |
|         | Fund Transfers                                 | 455,372              | 455,372              | 0.00%                   |
|         | Miscellaneous                                  | 3,088,468            | 2,654,466            | -14.05%                 |
|         | Total Resources                                | \$28,193,457         | \$26,392,424         | -6.39%                  |
|         | Expenditures                                   |                      |                      |                         |
|         | Personal Services                              | \$604,461            | \$570,547            | -5.61%                  |
|         | External Materials & Services                  | 34,077,708           | 31,441,683           | -7.74%                  |
|         | Internal Materials & Services                  | 539,992              | 496,007              | -8.15%                  |
|         | Bond Expense                                   | 23,171               | 29,623               | 27.85%                  |
|         | Overhead Expense                               | 188,003              | 188,003              | 0.00%                   |
| Revenue | e target was met, or expense was within budget | Revenue was n budget | ot within 5% of targ | et, or expense exceeded |

Overall, the Health Fund revenue was 94% of budgeted levels. Service charges and fees in this fund primarily consist of City Contributions for self insured active employees as well as self pay contributions for COBRA and retiree participants. The slight variance in this category was due to enrollment levels being slightly under projected levels.

Miscellaneous income lagged budget due to lower prescription rebates as well as lower flexible spending account residuals than originally budgeted.

On the expenditure side, medical and prescription claims (external materials and services) payments were 7% under budget due to good experience. Overall, the loss ratio for the City Core plan at year- end was 94.7%.

The Health Fund balance was "drawn down" by \$7.6 million in FY 2005/06. Of this amount, \$2,075,381 was used to pay the difference between the City CAP contribution for the active employee Kaiser insured medical plan participants and the actual Kaiser premium costs; \$3,874,178 was used to pay the difference between the City CAP contribution for City CORE enrollees and the cost of medical claims; \$163,000 covered the costs of a portion of life insurance and long term disability insurance for certain represented employees per collective bargaining agreements.

The Health Fund ended FY 2005-06 with a fund balance of \$7, 968,093. Of this amount \$1.4 million will be used to cover claims between \$100,000 and \$250,000 in FY 2006-07 while \$2.4 million is required for the Incurred But Not Reported Reserve (IBNR). This leaves an unallocated reserve of approximately of \$4.2 million.

# Office of Management & Finance - CityFleet

Report Date: 11/2/2006 Analysis by: Mike Johnson

| <b>CityFleet Fund Summary</b>       |  |                          |                               |
|-------------------------------------|--|--------------------------|-------------------------------|
| Revised Budget as of AP 3           | Significant Requests   | New Position<br>Requests | FPD Overall<br>Recommendation |
| General Fund Discretionary:<br>None | (1) Cash Transfers for new, replacement, upgrades for vehicle and equipment purchases. | None                     | Approve                       |
| <i>Total budget:</i> \$ 42,169,188  |  |                          |                               |

Total Recommended GF Discretionary Requests:

Total Recommended Other Requests: \$505,261

Total Revised GF Discretionary Budget after BuMP: \$

Total Revised Budget after BuMP: \$42,674,449

#### **Summary of Significant Requests in Fall BuMP**

### Other Requests

#### **Recommended Requests**

1. Cash transfers for new, replacement, upgrades for vehicle and equipment purchases. (\$491,145)

This increase reflects requests from other City bureaus for vehicle replacements, vehicle upgrades, new vehicles, and equipment.

Net Adjustment: \$491,145

# Review of FY 2006-07 Year-end Projection No issues.

#### **Comments on FY 2006-07 Add Packages**

#### Fuel Management System, Phase I

Status: The Fuel Control terminals for six sites have been purchased. Installation of the first unit at the Interstate Facility has begun. The host server has been purchased, and BTS is working to install E.J. Ward fuel system software. With this purchase of fuel software, City Fleet will better manage vehicle inventory.

#### Fuel Management System, Phase II

Status: VIT's and Canceivers (fuel boxes) are currently being installed on Water Bureau vehicles and equipment. This is the second phase of the fuel software purchase and installation.

#### **Bio Diesel Cost Reductions**

Status: CityFleet is purchasing B20 Bio-diesel for all diesel-powered City vehicles and equipment. To date, 140,000 gallons have been purchased. The City has been using a blend of 20% (B20) Bio-diesel in the diesel-powered vehicles fueling at the City's four diesel-fueling sites since august 2004. Increasing the blend levels greater than 20% is under review. A Motor Fuels Solicitation was developed for all fuel types that ties the City's fuel cost to the OPIS rack price to ensure that the City consistently pays the lowest possible cost for fuel.

# **Other FPD Observations & Comments**

Bureaus make a number of requests for new and replacement vehicles and equipment in the Fall BuMP, as opposed to planning for these expenditures in the annual budget process. It would be a better business practice and develop a more efficient vehicle acquisition process if vehicle replacements and upgrades were planned in the budget process.

### Financial Planning Division Analysis FY 2006-07 Fall BuMP FY 2005-06 Performance Snapshot

# Office of Management & Finance - CityFleet

Analysis by: Mike Johnson

Is a concern

| <b>Key Performance Measures</b>            |                 | FY 2003-04<br>Actual | FY 2004-05<br>Actual | FY 2005-06<br>Goal | FY 2005-06<br>Actual | FY 2006-07<br>Goal |
|--|-----------------|----------------------|----------------------|--------------------|----------------------|--------------------|
| Goal/Program/Measure                       | Type            |                      |                      |                    |                      |                    |
| Goal: Strengthen stewardship of the City's |                 |                      |                      |                    |                      |                    |
| resources                                  |                 |                      |                      |                    |                      |                    |
| Program: Lease Equipment                   | Ecc.            | NTA                  | 2.00/                | 2.50/              | 2.00/                | 4.00/              |
| Percentage of fleet vehicles leased        | Effectiveness   | NA                   | 3.0%                 | 2.5%               | 3.0%                 | 4.0%               |
| Program: Maintenance and Repair            |                 |                      |                      |                    |                      |                    |
| Percentage availability of all             |                 |                      |                      |                    |                      |                    |
| vehicles                                   | Effectiveness   | 94.0%                | 95.0%                | 90.0%              | 95.0%                | 90.0%              |
| Percentage of preventative                 |                 |                      |                      |                    |                      |                    |
| maintenance completed                      | Effectiveness   | NA                   | 75.0%                | 85.0%              | 65.0%                | 85.0%              |
| Percentage of used oil recycled            | Effectiveness   | 100.0%               | 100.0%               | 100.0%             | 100.0%               | 100.0%             |
| Program: New & Replacement                 |                 |                      |                      |                    |                      |                    |
| Equipment                                  |                 |                      |                      |                    |                      |                    |
| Percentage of replacement vehicles         |                 |                      |                      |                    |                      |                    |
| on schedule                                | Effectiveness   | 30.0%                | 65.0%                | 90.0%              | 50.0%                | 65.0%              |
| Percentage of new vehicles issued in       | n               |                      |                      |                    |                      |                    |
| 2 months                                   | Effectiveness   | 20.0%                | 51.0%                | 60.0%              | 50.0%                | 100.0%             |
| Program: Parts & Fuel Management           |                 |                      |                      |                    |                      |                    |
| Percentage diesel-powered vehicles         |                 |                      |                      |                    |                      |                    |
| using B20 bio-diesel                       | Effectiveness   | NA                   | 97.0%                | 97.0%              | 100.0%               | 97.0%              |
| doing D20 010 dieser                       | 2110011 (011000 | 1111                 | <i>&gt;</i>          | <i>&gt;</i> / / .  | 100.070              | 77.070             |
|  |                 |                      |                      |                    |                      |                    |
|  |                 |                      |                      |                    |                      |                    |
|  |                 |                      |                      |                    |                      |                    |

**Summary of FY 2005-06 Performance** 

There was an increase in vehicle rentals and leasing compared to prior years. Several Bureaus have leased more vehicles and equipment either for business practice needs or because ordered items have not been received. Acquisition delays have also contributed to an increased need in lease and rental vehicles and equipment. CityFleet is working with bureaus and Purchasing to reduce these delays.

The Maintenance and Repair program exceeded its performance goal for the percent of availability of vehicles. The goal was to have 90% of vehicles available and in FY 2005-06 availability was 95%. Scheduled preventative maintenance is still lower than CityFleet's goal of 85%. This rate is driven by bureau's willingness to bring vehicles in. Preventative maintenance is a value to bureaus because it ultimately saves the bureaus money, as repairs are not as costly.

As noted under Lease Equipment, the effectiveness of the New & Replacement Equipment program reduces leased vehicle costs. In FY 2005-06, 50% of the new vehicles were outfitted and ready for bureau use within two months of delivery. Similar results were seen for on-schedule vehicle replacements. CityFleet's goal is to have 100% of the purchased new vehicles ready within two months of purchase, and 65% of replacements on schedule. An increased effort and process changes will be need to meet these goals.

The goal was met or the trend is positive

Bio-diesel is being provided and used by the bureaus at the City's fueling sites and 100% of the vehicles that can run bio-diesel instead of traditional diesel are utilizing this fuel source.

FY 2005-06 Financials

|                               | FY 2005/06<br>Revised<br>Budget | FY 2005/06<br>Year-End<br>Actuals | Percent<br>Variance |
|-------------------------------|---------------------------------|-----------------------------------|---------------------|
| Resources                     |                                 |                                   |                     |
| Service Charges & Fees        | \$130,000                       | \$193,333                         | 48.72%              |
| Interagency Revenue           | 23,460,466                      | 22,674,601                        | -3.35%              |
| Fund Transfers                | 25,000                          | 7,815                             | -68.74%             |
| Miscellaneous                 | 1,090,955                       | 1,453,405                         | 33.22%              |
| <b>Total Resources</b>        | \$24,706,421                    | \$24,329,154                      | -1.53%              |
| Expenditures                  |                                 |                                   |                     |
| Personal Services             | \$5,865,994                     | \$5,601,259                       | -4.51%              |
| External Materials & Services | 11,004,173                      | 9,735,922                         | -11.53%             |
| Internal Materials & Services | 1,472,994                       | 1,436,057                         | -2.51%              |
| Capital Outlay                | 7,080,417                       | 4,910,853                         | -30.64%             |
| Fund Transfers                | 30,422                          | 30,422                            | 0.00%               |
| Bond Expense                  | 293,244                         | 374,887                           | 27.84%              |
| Overhead Expense              | 787,192                         | 787,192                           | 0.00%               |
| Total Expenditures            | \$26,534,436                    | \$22,876,592                      | -13.79%             |

Revenue target was met, or expense was within budget Revenue wasn't within 5% of target, or expense exceeded budget

For Service Charges and Fees, the volume of work orders exceeded budgeted projections. In Fund Transfers, CityFleet is the recipient of a grant from the EPA to reimburse CityFleet up to \$25,000 for purchasing ultra low sulfur diesel and bio-diesel in FY 2005-06. CityFleet was only reimbursed \$7,815 of the \$25,000. Miscellaneous Revenue was higher than budgeted, for several reasons. Revenues from other governmental agencies were greater than expected. Interest revenue was higher than expected, because interest is earned mainly from CityFleet's replacement fund balance and the balance was greater than expected. In addition, interest earnings exceeded budgeted projections due to the actual interest rate being greater than the rates utilized in the Adopted budget.

Expenditures for External Materials and Services were 12% less than budget, mostly due to under expenditures in the maintenance and repair accounts. Capital Outlay is lower than budget, because of the amount of time between the purchase order placement and the vehicle delivery. CityFleet will carryover approximately \$2.4 million in capital appropriations from FY 2005-06 to FY 2006-07 to cover the actual payment of equipment in FY 2006-07. In the Bond Expense category the variance represents a non-cash interest accrual for the PERS debt.

# Office of Management & Finance – Printing & Distribution

Report Date: 11/2/2006 Analysis by: Mike Johnson

| Printing & Distribution Fund Summary  |                                  |      |         |  |  |  |  |
|---|----------------------------------|------|---------|--|--|--|--|
| Revised Budget as of AP 3 Significant Requests New Position Requests Recommendation |                                  |      |         |  |  |  |  |
| General Fund Discretionary:   | (1) Bureau interagency increases | None | Approve |  |  |  |  |
| None  |                                  |      |         |  |  |  |  |
| <i>Total budget:</i> \$9,246,003  |                                  |      |         |  |  |  |  |

Total Recommended GF Discretionary Requests: \$

Total Recommended Other Requests: \$ (121,874)

Total Revised GF Discretionary Budget after BuMP: \$

Total Revised Budget after BuMP: \$ 9,124,129

### **Summary of Significant Requests in Fall BuMP**

#### Other Requests

#### **Recommended Requests**

1. Bureau Interagency increases: (\$173,959)

Several bureaus are requesting new and replacement copiers, and increases for copying and printing services.

Net Adjustment: \$173,959

#### Review of FY 2006-07 Year-end Projection

Revenues from outside sources is trending down from the budgeted estimate, but this is offset somewhat by interagency revenues trending higher. Capital Outlay is trending higher due to bureau requests for equipment and unanticipated print shop equipment replacement, the latter of which will draw from the fund's equipment reserve.

#### **Other FPD Observations & Comments**

Bureaus make a number of requests for replacement copiers in the Fall BuMP, as opposed to planning for these expenditures in the annual budget process. It would be a better business practice and develop a more efficient copier acquisition process if copier replacements were planned in the budget process.

# Financial Planning Division Analysis FY 2006-07 Fall BuMP FY 2005-06 Performance Snapshot

Office of Management & Finance – Printing & Distribution

Analysis by: Mike Johnson

| <b>Key Performance Measures</b>                                 |               | FY 2003-04<br>Actual | FY 2004-05<br>Actual | FY 2005-06<br>Goal | FY 2005-06<br>Actual | FY 2006-07<br>Goal |
|---|---------------|----------------------|----------------------|--------------------|----------------------|--------------------|
| Goal/Program/Measure  | Type          |                      |                      |                    |                      |                    |
| Goal:Maximize the cost-effective use of                         |               |                      |                      |                    |                      |                    |
| technology  |               |                      |                      |                    |                      |                    |
| Program: Copy Services  |               | 22 204 567           | 24 577 424           | 24 000 000         | 24.106.620           | 24.500.000         |
| Total number of in-bureau copies<br><i>Program: Duplicating</i> | Workload      | 23,294,567           | 24,577,424           | 24,000,000         | 24,186,638           | 24,500,000         |
| Percentage of work shipped on time                              |               |                      |                      |                    |                      |                    |
|   | Effectiveness | 98.5%                | 99.3%                | 98.0%              | 99.5%                | 98.0%              |
| Total number of work orders                                     |               |                      |                      |                    |                      |                    |
| completed   | Workload      | 29,000               | 25,353               | 26,500             | 26,845               | 26,000             |
| Total number of copy center sheets                              |               |                      |                      |                    |                      |                    |
|   | Workload      | 15,418,876           | 16,159,244           | 16,000,000         | 14,795,318           | 16,000,000         |
| Total number of press impressions                               |               |                      |                      |                    |                      |                    |
| •   | Workload      | 10,378,644           | 11,776,540           | 11,000,000         | 11,738,827           | 11,000,000         |
| Program: Microfilm  |               |                      |                      |                    |                      |                    |
| Percentage of work shipped on time                              |               |                      |                      |                    |                      |                    |
|   | Effectiveness | 98.5%                | 99.4%                | 98.0%              | 100.0%               | 98.0%              |
| Basic Copy Center Rate  | Efficiency    | \$ 0.027             | \$ 0.028             | \$ 0.029           | \$ 0.028             | \$ 0.029           |
| Goal:Strengthen stewardship of the City's                       |               |                      |                      |                    |                      |                    |
| Program: Distribution   |               |                      |                      |                    |                      |                    |
| Total number of pieces mailed per                               |               |                      |                      |                    |                      |                    |
| distribution employee   | Efficiency    | 841,781              | 1,025,275            | 800,000            | 1,032,991            | 800,000            |
| The goal was met or the trend is positive                       |               |                      |                      |                    | Is a con             | ncern              |

#### **Summary of FY 2005-06 Performance**

The performance measures for the Copy Center and Duplicating mirror the level of service requested by bureaus. Nearly all services Printing & Distribution provides are variable and, consequently, fluctuate with the business needs of the bureaus and agencies they serve. Increased efficiency in Distribution is evident in the higher number of pieces of mail processed by each distribution employee.

## FY 2005-06 Financials

|                               | FY 2005/06  | FY 2005/06  |          |
|-------------------------------|-------------|-------------|----------|
|                               | Revised     | Year-End    | Percent  |
|                               | Budget      | Actuals     | Variance |
| Resources                     |             |             |          |
| Service Charges & Fees        | \$280,886   | \$261,916   | -6.75%   |
| State Sources                 | 271,502     | 301,962     | 11.22%   |
| Local Sources                 | 810,515     | 758,121     | -6.46%   |
| Interagency Revenue           | 6,223,208   | 5,679,721   | -8.73%   |
| Miscellaneous                 | 15,127      | 65,337      | 331.92%  |
| <b>Total Resources</b>        | \$7,601,238 | \$7,067,057 | -7.03%   |
| Expenditures                  |             |             |          |
| Personal Services             | \$1,753,216 | \$1,671,626 | -4.65%   |
| External Materials & Services | 4,318,064   | 3,761,919   | -12.88%  |
| Internal Materials & Services | 673,044     | 635,644     | -5.56%   |
| Capital Outlay                | 378,697     | 347,424     | -8.26%   |
| Fund Transfers                | 9,093       | 9,093       | 0.00%    |
| Bond Expense                  | 99,374      | 127,039     | 27.84%   |
| Overhead Expense              | 281,163     | 281,163     | 0.00%    |
| Total Expenditures            | \$7,512,651 | \$6,833,908 | -9.03%   |

Revenue target was met, or expense was within budget Revenue wasn't within 5% of target, or expense exceeded budget

The budgeted estimate for printing service revenue from State Sources was \$30,000 below the amount actually received from the State of Oregon. It is difficult to predict customers' requirements for variable services such as printing. The variance in the Miscellaneous category is primarily due to the larger-than-budgeted FY 2005-06 beginning fund balance, which provided more cash than planned early in the fiscal year earning interest. Also, higher interest earning rates contributed to the increase.

The variance in External Materials & Services is due to lower spending for some pass-through costs, primarily vended printing. The higher than anticipated costs in Bond Expense is due to an accrual of PERS debt interest that will actually be paid in future years.

# Office of Management & Finance – Risk Management

Report Date: 11/1/2006 Analysis by: Mike Johnson

| Worker's Compensations and Insurance & Claims Funds Summary             |                             |                |         |  |  |  |
|---|-----------------------------|----------------|---------|--|--|--|
| Revised Budget as of AP 3 Significant Requests New Position FPD Overall |                             |                |         |  |  |  |
| 110 / 150 a 2 a a got as of 111 c                                       | Requests                    | Recommendation |         |  |  |  |
| General Fund Discretionary:   | (1) Incentive Plan credits  | None           | Approve |  |  |  |
| None  | (2) Fund balance adjustment |                |         |  |  |  |
| Total budget: \$46,418,944  |                             |                |         |  |  |  |

Total Recommended GF Discretionary Requests: \$

Total Recommended Other Requests: \$ (312,102)

Total Revised GF Discretionary Budget after BuMP: \$

Total Revised Budget after BuMP: \$46,106,842

# Summary of Significant Requests in Fall BuMP

#### Other Requests

#### **Recommended Requests**

1. Incentive Plan credits: \$104,782

Reduce interagencies for various bureau for incentive the plan credits earned in FY 2005-06 for claims reductions. Reduce the Contingency by the same amount.

Incentive plan credits are rebates to bureaus who participate in a program to reduce worker's compensation and insurance claims. The rebates are given based upon a bureau's success in reducing cliams.

*Net Adjustment:* (\$104,782)

2. Fund balance adjustment: \$207320

Reduce the budgeted beginning balance in the Worker's Compensation Fund by \$207,320 to the actual beginning balance number and reduce Contingency by the same amount.

*Net Adjustment: (\$207,320)* 

# Review of FY 2006-07 Year-end Projection

External Materials & Services are projecting approximately 30% higher due to projections from the latest actuarial analysis.

Interagency Reimbursements are anticipated to be slightly lower due to the incentive program credits earned by the participating bureaus.

### Financial Planning Division Analysis FY 2006-07 Fall BuMP FY 2005-06 Performance Snapshot

| Office of Management & Finance – Risk Management Anal  |               |            |            | Analy      | sis by: Mike | Johnson    |
|--|---------------|------------|------------|------------|--------------|------------|
| <b>Key Performance Measures</b>  |               | FY 2003-04 | FY 2004-05 | FY 2005-06 | FY 2005-06   | FY 2006-07 |
| G 1/D /M   | T             | Actual     | Actual     | Goal       | Actual       | Goal       |
| Goal/Program/Measure   | Type          |            |            |            |              |            |
| Goal: Strengthen stewardship of the<br>City's resources<br>Program: Tort/General Liability                           |               |            |            |            |              |            |
| Incurred cost of general liability claims per \$100 of payroll   | Effectiveness | \$ 0.36    | \$ 0.72    | \$ 0.49    | \$ 0.80      | \$ 0.72    |
| Incurred cost of fleet liability claims per 100,000 miles driven Program: Tort/General LiabilityLoss Prevention      | Effectiveness | \$ 3,687   | \$ 2,889   | \$ 3,458   | \$ 4,622     | \$ 2,889   |
| Number of general liability claims per 200,000 hours worked  | Efficiency    | 12.51      | 10.88      | 11.58      | 12.88        | 10.88      |
| Number of fleet liability claims per 100,000 miles driven<br>Program: Worker's Compensation<br>Administration/Claims | Efficiency    | 1.22       | 0.96       | 1.22       | 1.20         | 0.96       |
| Number of workers compensation claims per 200,000 hours worked  Program: Worker's Compensation                       | Effectiveness | 7.43       | 6.57       | 7.7        | 6.78         | 6.57       |
| Administration/Claims  Incurred cost of workers compensation claims per \$100 of payroll                             | Effectiveness | \$ 0.63    | \$ 0.59    | \$ 0.92    | \$ 0.74      | \$ 0.59    |
| The goal was met or the trend is positive  |               |            |            |            | ▶ Is         | a concern  |

#### **Summary of FY 2005-06 Performance**

While the incurred cost of general liability claims per \$100 of payroll in FY 2005-06 increased by 11% over the previous year, FY 2004-05's increase over FY 2003-04 was 200%. The actuary has determined that the claims experience in FY 2004-05 and FY 2005-06 is indicative of a higher level of general liability claims costs into the future. This will put significant upward pressure on rates charged to bureaus. The cost of fleet liability claims per miles driven rose by 60%, due primarily to much higher vehicle repair costs. This trend will also create an upward impact on rates. The numbers of both general liability and fleet liability claims rose from FY 2005-06 after experiencing a drop in FY 2004-05.

Through loss control efforts the number of worker's compensation claims per hours worked has decreased or held steady the last four years. However, the cost of those claims has risen substantially due to higher medical costs. The claims administration staff has mitigated these increased costs by carefully investigating all claims to verify that they come under the City's responsibility and by effectively working the claims to get the injured employees back to work as soon as safely possible. This effort should moderate the need for rate increases.

# FY 2005-06 Financials

|  | FY 2005/06         | FY 2005/06          |          |  |
|--|--------------------|---------------------|----------|--|
|  | Revised            | Year-End            | Percent  |  |
|  | Budget             | Actuals             | Variance |  |
| Resources  | <b>410.022.700</b> | <b>440.022.5</b> 00 | 0.0004   |  |
| Interagency Revenue  | \$10,932,780       | \$10,932,780        | 0.00%    |  |
| Fund Transfers   | 10,000             | 10,000              | 0.00%    |  |
| Internal Loan Proceeds   | 2,306,000          | 2,306,000           | 0.00%    |  |
| Miscellaneous  | 942,299            | 1,641,053           | 74.15%   |  |
| <b>Total Resources</b>   | \$3,248,299        | \$3,947,053         | 21.51%   |  |
| Expenditures   |                    |                     |          |  |
| Personal Services  | \$1,827,464        | \$1,824,666         | -0.15%   |  |
| <ul><li>External Materials &amp; Services</li></ul>  | 9,326,407          | 6,796,598           | -27.13%  |  |
| Internal Materials & Services  | 2,236,069          | 2,214,036           | -0.99%   |  |
| Capital Outlay   | 20,000             |                     | -100.00% |  |
| Fund Transfers   | 17,731             | 17,731              | 0.00%    |  |
| Bond Expense   | 105,978            | 121,222             | 14.38%   |  |
| Overhead Expense   | 287,567            | 287,567             | 0.00%    |  |
| Total Expenditures   | \$13,821,216       | \$11,261,820        | -18.52%  |  |
| Revenue target was met, or expense was within budget  Revenue wasn't within 5% of target, or expense exceeded budget |                    |                     |          |  |

The Miscellaneous category reflects higher than anticipated interest earnings for both funds. External Materials & Services are lower due to fewer claims being accrued at the end of the fiscal year than were anticipated. Bond Expense is higher than anticipated due to an accrual of PERS debt interest that will actually be paid in future years.

# Office of Management & Finance - PPA Health Insurance Fund 721

Report Date: 11/3/06 Analysis by: Ruth Roth

| Fund 721 Summary                   |  |                          |                               |  |  |  |
|------------------------------------|--|--------------------------|-------------------------------|--|--|--|
| Revised Budget as of AP 3          | Significant Requests   | New Position<br>Requests | FPD Overall<br>Recommendation |  |  |  |
| General Fund Discretionary:<br>\$0 | (1) Transfer \$57,152 from General<br>Fund Contingency to the PPA Health<br>Fund per arbitration award | (1) none                 | (1) Recommended               |  |  |  |
| Total budget: \$11,228,876         | _  |                          |                               |  |  |  |

Total Recommended GF Discretionary Requests:\$ 57,152Total Recommended Other Requests:\$ 0Total Revised GF Discretionary Budget after BuMP:\$ 57,152Total Revised Budget after BuMP:\$ 11,286,028

#### **Summary of Request in Fall BuMP**

### **Recommended Requests**

1. Transfer \$57,152 from General Fund Contingency to Pay Arbitration Award

This request is the result of Arbitrator Levak's decision on the interest arbitration that PPA filed regarding the rates that the City charged PPA members for the Citynet plan in FY 2004-05. PPA claimed that the rates were too high since they included the runout costs of the prior City Select plan that ended July 1, 2004. In addition, PPA claimed that the medical trend rate incorporated into the Citynet rate was too high. Arbitrator Levak found in favor of the PPA and ordered that the overcharge of the PPA 5% premium co-payment (\$48,677) should be refunded plus 9% interest. The interest component was calculated by the City Treasurer to be \$8,473.93

Net Adjustment: \$57,152

#### Review of FY 2006-07 Year-end Projection

As of AP 3, there is insufficient medical and prescription claims data to determine if a variance will exist at year end. As additional data becomes available, the year end projection will be updated.

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|----------|---|---|
| F        | Y |   |

|                               | FY 2005/06  | FY 2005/06  |          |
|-------------------------------|-------------|-------------|----------|
|                               | Revised     | Year-End    | Percent  |
|                               | Budget      | Actuals     | Variance |
| Resources                     |             |             |          |
| Service Charges & Fees        | \$8,285,518 | \$8,017,618 | -3.23%   |
| Miscellaneous                 | \$173,701   | \$530,703   | 205.53%  |
| <b>Total Resources</b>        | \$8,459,219 | \$8,548,321 | 1.05%    |
| Expenditures                  |             |             |          |
| External Materials & Services | \$7,996,140 | \$7,766,363 | -2.87%   |
| Internal Materials & Services | \$308,122   | \$308,122   | 0.00%    |
| Overhead Expense              | \$41,263    | \$41,263    | 0.00%    |
| Total Expenditures            | \$8,345,525 | \$8,115,748 | -2.75%   |

Revenue target was met, or expense was within budget

Revenue was not within 5% of target, or expense exceeded budget

Overall, the PPA Health Fund achieved 105% of budgeted revenues. City contributions for PPA members and the PPA health plan 5% co-pay were 3% under budget due to enrollment being less than originally projected as well as the fact that the administrative fee component of the premium charge was recorded in miscellaneous revenues rather than city contributions.

Miscellaneous revenue was \$530,703 compared to a budget of \$173,701. This variance was due to fact that the administrative fee component of the PPA premium charge was recorded as miscellaneous revenue. The budget for FY 2006-07 has been modified to reflect this practice. In addition, interest earnings were higher than budgeted.

On the expenditure side, medical and prescription claims, along with administrative expenses were close to budgeted levels, with a variance of less than 3%.

# **Regional Arts and Culture Council**

Report Date: November 9, 2006 Analysis by: Bob Tomlinson

#### **Comments on FY 2006-07 Budget Notes**

Note #1 - RACC serves as Council's designated administrator of, and grantor for, area arts and culture programs. Council staff and RACC will work to amend the current RACC contract to further empower RACC to make decisions on behalf of Council and to entrust RACC with the responsibility of comprehensive support for, and communication with, the city's vibrant and diverse arts and culture community. Council will no longer consider stand-alone requests for funding from arts and culture organizations. The \$300,000 ongoing additional funding will allow RACC to expand the diversity of grant programs, offering new grant opportunities throughout the year outside existing granting cycles. These new grant opportunities shall include a citizen-advisory process in crafting guidelines and selecting recipients. The \$300,000 ongoing additional funding may be disbursed to RACC upon Council approval of the amended contract. RACC shall also develop a report to Council on the year-to-year needs of our arts and culture nonprofits and identify options beyond existing City resources for supporting them.

<u>Status</u> - RACC has developed draft grant guidelines and an application process that will allow arts and culture organizations to apply for special opportunities and/or emergency funds. The draft guidelines have been circulated for feedback to a variety of people involved in the arts and culture community. RACC is evaluating the results and incorporating suggestions into the guidelines, which will be finalized by early December. The grant process will be ongoing, responding to the needs and opportunities presented by applicants.

RACC is scheduled to meet with Council on December 13<sup>th</sup> when they will present the finalized grant materials and report on other ongoing arts programs.