

Fall BMP FY 2012-13 Analysis

City of Portland, Oregon

Prepared by:

Office of Management and Finance

Financial Planning Division

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Table of Contents

Public Safety Service Area.....	4
Bureau of Emergency Communications (BOEC)	5
Fire & Police Disability & Retirement Fund.....	8
Portland Police Bureau	11
Portland Fire & Rescue.....	22
Portland Bureau of Emergency Management (PBEM)	28
Parks, Recreation & Culture Service Area.....	31
Portland Parks and Recreation	32
Public Utilities Service Area	43
Bureau of Environmental Services.....	44
Water Bureau.....	55
Community Development Service Area.....	67
Bureau of Development Services.....	68
Portland Housing Bureau	74
Bureau of Planning and Sustainability	84
Office of Neighborhood Involvement (ONI).....	91
Portland Development Commission	97
Office of Equity and Human Rights	100
Transportation & Parking Service Area.....	103
Portland Bureau of Transportation.....	104
Elected Officials Service Area.....	118
Office of the City Auditor	119
Council Offices	125
City Support Services Service Area	135
Office of the City Attorney.....	136
Office of Government Relations	138
Office of Management and Finance – Financial Services, Human Resources, Office of Chief Administrative Officer, Revenue Bureau, Citywide Projects - Public Safety Systems Revitalization Program (PSSRP) and the Public Safety General Obligation Bond Fund.....	140
Bureau of Internal Business Services	160
Bureau of Technology Services	171

General Fund Special Appropriation 175

Public Safety Service Area

Financial Planning Division Analysis

FY 2012-13 Fall BMP

Bureau of Emergency Communications (BOEC)

Analysis by: Yung Ouyang

Recommended Requests

1. *EC_001/General Fund Vacancy Savings, (\$73,762)*

This request reduces personnel services based on Council direction during the budget process to capture bureau vacancy savings. The amount of vacancy savings was calculated by Financial Planning as per guidance that was provided earlier in the fiscal year. It reflects the City of Portland's portion of savings from keeping the four (4) Emergency Communications Dispatchers and one (1) Emergency Communications Support Specialist positions vacant for three months.

FPD Recommendation: (\$73,762)

2. *EC_002/Partner Vacancy Savings, (\$19,243)*

The other user jurisdictions pay 21% of the bureau's operating costs, and this request reflects their portion of savings from the five vacant positions mentioned above in the first request.

FPD Recommendation: (\$19,243)

Comments on Prior Year Budget Notes, Decision Packages, and Non-Technical BMP Changes

Prior Year Budget Notes

Computer Aided Dispatch (CAD)-Next O&M Costs – As directed by Council, OMF increased BOEC's FY 2012-13 General Fund appropriation target by about \$1.05 million for additional costs to operate and maintain the new CAD system.

Prior Year Decision Packages and Non-Technical BMP Changes

Reduction in Overtime – BOEC's Adopted Budget includes a \$108,553 reduction in overtime salary costs, with \$87,265 coming from the General Fund and \$21,288 from the other user jurisdictions. At year-end, the bureau's overtime costs were \$181,610, or 32%, above the budgeted amount due to the implementation of the new CAD system and additional overtime worked due to vacancies. However, the bureau's spending on Personal Services as a whole was almost \$510,000, or almost 4%, below budget due to salary and benefits savings from those very same vacancies.

Eliminate Storage Area Network (SAN) Standby Support for VCAD – After the new CAD system had stabilized, BOEC, the Bureau of Technology Services, and the other user jurisdictions determined that the SAN standby support for the system was not needed and agreed to eliminate it during the Fall BMP. \$18,108 of the reduction was from the City's General Fund, with the remaining \$4,415 coming from the other jurisdictions. Since the elimination of the support, there have been no issues with the SAN system and no negative impact to the VCAD system or to the operations of the bureau.

Prior Year Reconciliation

Emergency Communications Fund (202)	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Beginning fund balance	5,221,424	5,221,427	0.00%
Service Charges & Fees	200,000	185,174	-7.41%
Federal, State, and Local Sources	6,720,863	6,335,857	-5.73%
▶ Miscellaneous Sources	50,000	35,297	-29.41%
Interfund Cash Transfer Revenues	12,888,779	12,888,779	0.00%
Interagency Revenues	0	37	I/A
Total Resources	25,081,066	24,666,570	-1.65%
Requirements			
Personal services	13,714,817	13,187,185	-3.85%
External Materials & Services	836,320	813,142	-2.77%
Internal Materials & Services	4,382,414	4,114,691	-6.11%
Debt Retirement	1,330,111	1,324,372	-0.43%
Interfund Cash Transfer Expenses	1,170,547	1,170,547	0.00%
Contingency / Ending fund balance	3,646,857	4,056,634	11.24%
Total Requirements	\$25,081,066	\$24,666,570	-1.65%

▶ FPD analyst concern

The Emergency Communications Fund ended the year at less than 2% below budget. On the expenses side, all major object categories were within 10% below budget, while on the revenues side, only Miscellaneous Sources was more than 10% below the budgeted amount. This line item represents interest on the fund balance and varies with the balance and interest rates. The variance is minimal considering the budget's size.

Prior Year Performance Measure Reporting

BOEC notes that in line with expectations, there have been some reductions in performance with the implementation of the new CAD system and the learning curve that goes along with becoming accustomed to the new process. But on the whole, data for FY 2011-12 are reasonably close to goals and prior years.

Percent of emergency 9-1-1 calls answered within 20 seconds – The bureau met its goal of 97%, but the trend has been downward for the last several years (99% in FY 2009-10 and 98% in FY 2010-11).

Average time to answer emergency 9-1-1 calls (seconds) – Similarly, at three (3) seconds, BOEC exceeded its FY 2011-12 goal of four (4) seconds, but that is longer than the two (2) seconds that the bureau has been able to achieve during FY 2008-09, FY 2009-10, and FY 2010-11.

Percent of police “emergency priority” calls dispatched within 30 seconds – The trend for this measure is also downward. Only 74% of calls were dispatched within 30 seconds, far from the 90% goal. The bureau had attained the goal in FY 2008-09, and prior to FY 2011-12, the bureau had been close to reaching the goal.

The decline is attributable to the inherent learning curve related to the implementation of the new CAD system, and performance is expected to improve over the next year.

Percent of trainee class certified within 18 months of hire – At 78%, BOEC exceeded its goal of certifying 75% of its trainee class within 18 months of hire. This is much higher than the 50% rate in FY 2008-09 and is consistent with data from FY 2009-10. There is a gap in the data for FY 2010-11 because of the self-imposed hiring freeze connected to training on the new CAD system.

Financial Planning Division Analysis

FY 2012-13 Fall BMP

Fire & Police Disability & Retirement Fund

Analysis by: Kezia Wanner

Summary of Significant Issues

Voluntary Correction Program Legal Challenge

In 2008 the bureau discovered that an additional pension benefit mandated by Oregon statute to partially or fully offset state taxes had been incorrectly calculated for approximately 900 FPDR members, resulting in over-payments. To rectify the situation the bureau worked with the Internal Revenue Service (IRS) to assess the options and develop a strategy for repayment of most of the \$2.9 million overpayment back to FPDR. The strategy developed by the bureau and approved by the IRS' Voluntary Correction Program provided two methods for repayment: 1) lifetime actuarial reduction for FPDR One participants and 2) withholding annual COLA increases until the repayment is complete for FPDR Two participants. Lump-sum repayment was also available to both groups. A lawsuit was filed by a group of FPDR members challenging the repayment strategy; until the courts rule definitively or issue an injunction FPDR plans to continue the recoupment. A hearing is scheduled in mid-December regarding the legal challenge. The bureau continues to proceed with recovering the overpayments from pensioners and pursuing authorization from participants who have not yet authorized recovery. To date, over one third of the participants have authorized recovery of their pension overpayments.

Position Vacancy Savings

City Council approved a Citywide process of reallocating three months of vacancy savings related to each vacant position as part of the FY 2012-13 Adopted Budget. For General Fund bureaus, the intent is to reallocate the vacancy savings back to the General Fund, and for non-General Fund bureaus, the savings will be reallocated to the bureaus' contingency accounts. Exception requests are permissible; commissioners-in-charge either allow or disallow them. FPDR has experienced one vacancy in the current year through the calculation period. Although the bureau did not submit a vacancy savings package in the Fall BMP, nor submit an exception request, the Commissioner's memo explicitly granted FPDR a blanket exception to the vacancy savings process.

Comments on Prior Year Budget Notes, Decision Packages and Non-Technical BMP Changes

FY 2011-12 Decision Packages and Non-Technical BMP Changes

FPDR Technology Upgrade

The bureau manages one capital project, which is to rebuild their member information and beneficiary payment database. The database that they are currently migrating from is one which will cease to have vendor support in the near future; therefore the bureau determined the need to upgrade to a modern platform. The total budget for the project is \$240,000 but it is projected that total project costs will be approximately \$237,000 when the project is complete in October 2012.

FY 2011-12 Reconciliation

FPDR Fund - 800	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	17,005,428	18,179,294	6.9%
Taxes	105,700,575	104,761,975	-0.9%
Charges for Services	0	34	na
Interagency Revenue	142,000	142,000	0.0%
Fund Transfer - Revenue	753,970	753,970	0.0%
Bond and Note	26,799,000	16,922,981	-36.9%
Miscellaneous	1,337,927	1,291,180	na
Total Resources	\$151,738,900	\$142,051,434	-6.4%
Requirements			
Personnel Services	1,718,200	1,704,039	-0.8%
External Materials and Services	106,606,111	102,280,637	-4.1%
Internal Materials and Services	5,740,724	5,448,734	-5.1%
Capital Outlay	275,000	138,934	-49.5%
Bond Expenses	27,012,042	16,998,192	-37.1%
Fund Transfers - Expense	1,087,008	1,087,008	0.0%
Contingency	9,299,815	14,393,890	54.8%
Total Requirements	\$151,738,900	\$142,051,434	-6.4%

FPDR Reserve Fund -801	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	\$750,000	\$750,000	0.0%
Fund Transfers- Revenue	\$750,000	\$750,000	0.0%
Total Resources	\$1,500,000	\$1,500,000	0.0%
Requirements			
Fund Transfers - Expense	\$750,000	\$750,000	0.0%
Contingency	\$750,000	\$750,000	0.0%
Total Requirements	\$1,500,000	\$1,500,000	0.0%

FY 2011-12 Performance Measure Reporting

Some bureau performance measures that are experiencing trend or performance changes are:

- Number of retirements from active service (DR_003) – the FY 2012-13 projected number of new retirees is 56, down from FY 2011-12 actual retirements that numbered 74. The reason for the

decrease is attributable to the single advantageous retirement month in the current year (due to the 27 pay-period look-back phenomenon) as opposed to two advantageous retirement months in the prior fiscal year. The trend has shown that the 27 pay-period look-back presents a material financial incentive for eligible employees to retire within the months affected by the phenomenon.

- Number of long-term disability recipients (DR_0014) – the number of actual recipients in the program for FY 2010-11 and FY 2011-12 was 92 and 90 respectively. The projected number of participants in the current year is 70. This decrease is largely due to retirements and few members moving to monthly disability benefits.

Financial Planning Division Analysis

FY 2012-13 Fall BMP

Portland Police Bureau

Analysis by: Tess Jordan

Summary of Significant Issues

Current challenges to the Portland Police Bureau include:

- Heavy reliance on one-time funding that is not anticipated to recur within the five-year forecast. In the previous fiscal year, unfunded ongoing programs totaled \$5.5 million. In the current year, the same programs received \$2.1 million in funding, resulting in two budget notes to keep searching for an additional \$960,000.
- The City's evolving agreement with the Department of Justice (DOJ) in response to its findings that the bureau engages in a pattern and practice of using excessive force in encounters involving people with actual or perceived mental illness. The agreement – and associated costs – has yet to be finalized, as does the City's flexibility in determining from which bureaus resources can be reallocated in support of the agreement.
- Preparation for reduced resources in FY 2013-14.

The bureau's Fall BMP includes a request to move \$692,906 from Compensation Set-Aside to fund two ongoing, unfunded programs either managed or funded through the Police Bureau (the Service Coordination Team and Central City Concern's CHIERS mobile response van). The reduced funds required (\$692,000 vs. \$960,000) reflect reductions to service levels. FPD recommends this action under the assumption that the evolving DOJ agreement mandates the programs be maintained. This action will reduce the bureau's resources for staffing, necessitating more careful understanding and management of overtime spending. The risks associated with this action are discussed under Recommended Request PL_10, below.

Recommended Requests

1. *PL_01/Encumbrance Carryover, \$203,600*

The bureau ended FY 2011-12 with roughly \$624,000 in encumbrances, of which roughly \$521,000 is eligible expenses. Encumbrance carryover will support FY 2011-12 Quartermaster purchases, annual licensing of property investigation software, office furniture, and property evidence inventory management software. Quartermaster purchases constitute \$400,000 of the bureau's requested encumbrances and represent the final purchases in the bureau's transition to a new uniform. Fully expending available dollars within each fiscal year is a bureau strategy given reduced ongoing funding for external materials and services.

FPD Recommendation: \$203,600

2. *PL_03/Program Revenue Carryover, \$393,073*

This package recognizes external revenues in excess of budget, primarily driven by charges for service (fees collected by the Records Division for distributing police reports). Citywide Financial Policy 2.06 states that "bureaus shall retain all excess bureau-generated revenue. Surpluses above the budgeted revenue estimate will be available to the bureau for appropriation through the budget monitoring process."

FPD Recommendation: \$393,073

3. *PL_04/Fund 222 Beginning Fund Balance Adjustment, \$435,528*

This package recognizes roughly \$130,000 in program donations and \$384,000 in federal asset forfeiture (assets seized in cases tried in federal court). Materials and services expenditures are increased correspondingly.

FPD Recommendation: \$435,528

4. *PL_05/One-Time Reduction for Salary Savings, (\$103,606)*

This request reduces personnel services based on Council direction during the budget process to capture bureau vacancy savings. The amount of vacancy savings was calculated by Financial Planning as per guidance that was provided earlier in the fiscal year. For the Police Bureau, vacancy savings reflects three months of salary savings on vacant *non-sworn* positions only, and three positions vacant on July 1, 2012 and three positions vacated in subsequent accounting periods.

FPD Recommendation: (\$103,606)

5. *PL_06/Red Light Camera Revenue Adjustment, (\$0)*

This is a technical request that adjusts the location of program revenues and expenses. The City's FY 2012-13 Adopted Budget removes red light camera revenue and expenses from the Traffic Safety Account, managed by PBOT. This program has been roughly revenue neutral, averaging \$30,000 in net revenue over the past five years (out of more than \$2 million gross revenues). The Adopted Budget exchanged \$300,000 in external revenue to the bureau (red light camera revenue that came to PBOT which then transferred the funds to Police) with a \$300,000 increase in ongoing General Fund, under the direction that the revenues would now be collected and distributed via the General Fund. Since budget adoption, OMF has determined that managing this program revenue through the General Fund creates unnecessary complication in terms of General Fund forecasting and the Police Bureau's program management, and it would be more efficient to assign the external revenue source directly to the Police Bureau. This package therefore reverses PL_48 in the current year Adopted Budget, assigning the Police Bureau control of the program and the ability to expand or contract the program as bureau operations dictate.

FPD Recommendation: \$0

6. *PL_08/Technical Adjustments, \$0*

Reallocates budget to support interagency agreements with Parks, Risk Management and Fleet.

FPD Recommendation: \$0

7. *PL_09/Grant Adjustments: \$239,780*

This package recognizes revenues and expenses for two Urban Area Security Initiative grants managed via POEM, and recognizes General Fund match requirements for two Oregon Association of Chiefs of Police grants.

FPD Recommendation: \$239,780

8. *PL_10/Compensation Set-Aside Redirection: \$692,906*

In response to two budget notes directing the Police Bureau, FPD and City Council to pursue full-year funding for the Service Coordination Team and the CHIERS mobile response van, this package requests Compensation Set-Aside be assigned to the Police Bureau for contract payment, with the understanding that the bureau's eligibility for year-end Compensation Set Aside will be correspondingly reduced. In the current year both programs have been revised; reducing service levels has decreased the funding gap from its initial \$957,534 down to \$692,906.

Compensation Set-Aside was established to prevent bureaus from over-spending should they incur personnel costs above and beyond what was included in their CAL Target. It contains an amount equal to the discretionary General Fund cost increases associated with cost-of-living allowances (COLA) and health benefit cost inflation. To redirect Compensation Set-Aside this early in the year is a risky strategy given the bureau's narrow budget margins and the unanticipated cost drivers that could yet occur. However, the bureau began the fiscal year with vacancies, and it anticipates 15-25 retirements in December (due to a 27 pay period look back). FPD's AP 3 projection indicates that the bureau may spend in excess of its personal services allocation by \$1.4 - \$2.2 million (requiring \$1.4 - \$2.2 million in Compensation Set-Aside that the bureau is eligible to receive), leaving a balance of \$0.8 - \$1.6 million in unrequested Compensation Set-Aside intended to support Police staffing in FY 2012-13. A portion of the estimated unrequested Compensation Set-Aside could be redirected on a one-time basis. Details behind this projection are included in the final page of this BMP analysis. It should be noted that the bureau's projections anticipate the need for up to \$2.6 million in Compensation Set-Aside.

Risks to redirecting Compensation Set-Aside include:

- In the current year, citywide Compensation Set-Aside is in part funded by the citywide vacancy savings initiative. If vacancies prove insufficient to generate the \$2.3 million target, then the availability of Compensation Set-Aside for all bureaus will decrease. Via the Fall BMP, FPD expects to recover roughly \$936,000. The City is on track to generate the \$2.3 million target; however, future vacancies (and corresponding savings) are difficult to predict.
- Each retirement will decrease the bureau's personnel spending, but retirements have been historically difficult to anticipate. Spending will be higher if retirements are lower. FPD&R estimates 23. If retirements are not realized, the bureau will either overspend or need to reduce operations (primarily use of overtime).
- The year-end projection assumes no staff-intensive events such as Occupy Portland, or election-related security costs in excess of \$120,000.
- The overtime projection assumes year end spending 14% above budget. This would require that overtime during the remainder of the year drops below the level realized in the first quarter (falling from an average of \$822,000 monthly to \$715,000 monthly). The bureau will need to aggressively manage towards this lower monthly target. This can be challenging, given the myriad of operational issues that impact overtime spending.
- The PPB may need to delay hiring in order to meet budget if unplanned overtime needs at the Occupy Portland level arise.

FPD's recommendation to redirect Compensation Set-Aside assumes that allowing the programs to sunset is not an option, given the City's ongoing negotiation with the Department of Justice on the Police Bureau's use of force, specifically concerning the mentally ill population (which includes addicts). These programs provide treatment and supportive housing for addicts with criminal behavior, care for inebriated individuals who may harm themselves or others, and transportation to the sobering station. All are intended to reduce criminal activity as well as reduce interaction between Police and the mentally ill/addicted. If allowing these programs to sunset proves viable, FPD would support that option given the City's current fiscal constraints.

FPD Recommendation: \$692,906

Year-End Projection Details

Personal Services	Budget	AP 1-3	15 retirements	25 retirements	15 retirements	25 retirements	Notes
Salaries	87,779,331	22,028,440	87,245,473	86,106,077	533,858	1,673,254	Post-BMP budget. Projection based on actual vacancies + expected hiring
Payouts	2,000,000	377,378	2,303,000	2,653,000	(303,000)	(653,000)	Assumes \$35,000 payout per retirement
Overtime	7,837,620	2,465,664	8,900,000	8,900,000	(1,062,380)	(1,062,380)	Assumes spending slows but remains 14% above budget.
Premium Pay	3,299,904	744,867	3,372,183	3,372,183	(72,279)	(72,279)	Straightline of AP 1-3 +\$400k for 6 mos education premium (begins Jan 2013)
Benefits	26,708,458	7,292,733	27,676,128	27,676,128	(967,670)	(967,670)	Projection from Sept 26 payroll
Total	127,625,313	32,909,081	129,496,783	128,707,388	(1,871,470)	(1,082,075)	
Revenue shortfall (2 decision packages not implemented)					(350,000)	(350,000)	
Total bureau shortfall					(2,221,470)	(1,432,075)	
Eligible Compensation Set-Aside					3,000,000	3,000,000	
Potential remaining Compensation Set-Aside					778,530	1,567,925	

Not Recommended Requests

1. *PL_02/Personal Services Balance Carryover, \$253,493*

This package requests the return of unused personal services dollars. The bureau ended FY 2011-12 with \$253,493 remaining in its personnel services budget. However, its personal services budget was adjusted via the FY 2011-12 Spring BMP with \$2.98 million in Compensation Set-Aside, plus another \$500,000 in Compensation Set-Aside targeting retirement costs, and \$500,000 out of Citywide contingency to defray Occupy Portland costs. In total, the bureau's personal services budget was increased by \$3.98 million. Ultimately, the bureau's need was for an additional \$3.72 million.

FPD recommends the balance of FY 2011-12 personal services dollars be returned to the General Fund, in alignment with City policy that carryover requests are grants for materials and services only. Personal services are recurring expenses that should be fully supported within each fiscal year's budget. The Police Bureau has been challenged by unanticipated contract costs, and variable annual costs for retirement payouts and overtime. However, FPD recommends that Citywide policy be upheld and this money fall to balance. The bureau can then request the funds via contingency at a later date, an option also open to all other City bureaus.

FPD Recommendation: \$0

2. *PL_07/In-car Video Camera Systems: \$664,823*

This request includes outfitting 40 new police vehicles with in-car video systems (\$597,884 one-time) and related infrastructure associated with data management (\$66,939 ongoing). This investment offers the possibility of greater accountability both on the part of the community and police officers. A 2002 study by the International Association of Chiefs of Police found that officers using the system in 20 states reported that video systems de-escalate situations (when civilians are informed that a camera is recording the incident), increase officer professionalism, and aid in resolving complaints against officers and in officer training. However, FPD recommends against this request due to a lack of available funding.

FPD Recommendation: \$0

Comments on FY 2011-12 Budget Notes, Decision Packages and Non-Technical BMP Changes, and Service Improvement Plans

Budget Notes

Budget Note: Police Overtime Funding

Contingency overtime funding for Occupy Portland or election-related expenses has not been included in the Police Bureau FY 2012-13 Budget. The bureau is expected to come back to Council with an estimate of election-related costs by September 30 so that Council can establish a funding plan if necessary.

The bureau reports spending \$60,000 on election-related expenses to date this fiscal year, and anticipates spending another \$60,000. The bureau has not requested additional funds to offset this expense.

Budget Note: Sobering Station & CHIERS

Funding in the FY 2012-13 Budget currently dedicated to the Sobering Station and CHIERS will be used to functionally keep the sobering station activities open at their current levels for a period of one year and CHIERS for a period of four to six months. Council will work on finding funding for and accessing services provided by CHIERS for the remainder of the fiscal year.

Budget Note: Service Coordination Team

The FY 2012-13 Budget includes full funding for the Service Coordination Team for eight months. The Portland Police Bureau and the Office of Management and Finance are directed to work with the City's community partners to identify the balance of funding needed to keep the program fully operational for the entire fiscal year, and return to Council in the FY 2012-13 Fall Budget Monitoring Process with funding options.

In the current fiscal year, the CHIERS and SCT budgets were reduced by roughly \$960,000. Subsequent reductions in service provision have decreased the gap to continuing some version of services throughout the year to \$692,906. Funding is suggested via a redirection of the Police Bureau's Compensation Set-Aside allocation (see PL_10 above). If allowing these programs to sunset proves viable, FPD would support that option given the City's current fiscal constraints.

Program	FY 2012-13	FY 2012-13	Percent Funded	Original Shortfall	FY 2012-13 Reduced	Funds Required
SCT	1,897,636	1,268,345	67%	(629,291)	1,723,434	455,089
Hooper	639,000	639,000	100%	-	639,000	0
CHIERS	432,000	103,754	24%	(328,246)	341,571	237,817
Total	2,968,636	2,011,099	68%	(957,537)	2,704,005	692,906

Budget Note: Restructuring of Operational Zones

Council directs bureaus with operational zones in the City, including the Police Bureau, Fire & Rescue, Parks & Recreation, Bureau of Transportation, and the Office of Neighborhood Involvement, to review the borders of those zones and collaborate with the Bureau of Planning and Sustainability on aligning those boundaries where appropriate.

This citywide initiative is not yet underway. The Police Bureau's operational zones (patrol districts) are established by call volume, and divide the City into 60 districts with roughly equal call volumes (but highly unequal land area). Geographically smaller patrol districts represent areas of relatively higher call density. Call volume is a unique operational driver that will not easily align with the operational zones of other bureaus.

Decision Packages and Non-Technical BMP Changes

Bargaining Decision Packages (ongoing budget increases):

- PPA Fitness premium and drug testing: Costs in FY 2011-12 were \$75,140 (15%) above budget allocation, due to replacement of physical ability test with biometric screening.
- PPA Shift differential incentives: Costs in FY 2011-12 were \$21,086 (5%) above budget allocation.
- PPA 2% salary increase: Costs were in line with budget allocation (total of roughly \$1.7 million).
- PPOA costs: Costs were in line with budget allocation (total of roughly \$200,000).

Position Reductions:

Fifteen non-sworn positions were eliminated in the FY2012 Fall BMP (one Senior Administrative Specialist, one Police Administrative Support Specialist, one Fleet Coordinator and 12 Background Investigators. Sworn positions are currently filling the Fleet Coordinator role and eight of the Background Investigator roles. Impacts were in line with expectations.

One-Time Additions:

In FY 2011-12, the Police Bureau received over \$5.5 million in one-time funding. Programs included:

- Service Coordination Team : \$1,897,636 Reduced in current year
- CHIERS and Sobering Station: \$1,061,077 Reduced in current year
- Mobile Crisis Unit: \$105,984 Maintained in current year
- Prostitution Coordination Team DA: \$125,000 Maintained in current year
- IPR facilitation: \$50,000 Maintained in current year
- Training Center Pre-Development: \$250,000 Project now in development phase; budgeted within OMF Facilities
- Graffiti Abatement Officer: \$63,600 Eliminated in current year
- External Materials and Services: \$2,000,000 Eliminated in current year

The service accomplishments and metrics of each program are described in the bureau’s Fall BMP submission.

FY 2011-12 Reconciliation

General Fund

	Revised Budget	Year End Actuals	Percent Variance
Resources			
Licenses & Permits	1,781,000	1,556,748	-12.6%
Charges for Services	906,314	1,214,465	34.0%
Federal, State, and Local Sources	5,474,400	5,973,048	9.1%
Interagency Revenues	3,561,091	3,151,585	-11.5%
Miscellaneous Sources	718,936	938,968	30.6%
<i>External Revenues</i>	<i>12,441,741</i>	<i>12,834,814</i>	3.2%
General Fund Discretionary	158,292,448	157,442,282	-0.5%
Total Resources	\$170,734,189	\$170,277,095	-0.3%
Requirements			
Personal services	129,475,309	129,221,816	-0.2%
External Materials & Services	11,128,355	10,812,311	-2.8%
Internal Materials & Services	30,115,925	30,056,883	-0.2%
Capital Outlay	14,600	186,086	1174.6%
Total Requirements	\$170,734,189	\$170,277,095	-0.3%

▶ FPD analyst concern

In FY 2011-12, total Police Bureau resources and requirements realized were within 1% of its General Fund budget. No line items within the General Fund reconciliation generate concern to FPD.

The bureau collected external revenues in excess of budget, primarily driven by Charges for Service (fees collected by the Records Division for distributing police reports), and by Miscellaneous Services (dominated by alarm program fees). FPD recommends the bureau's request of \$393,073 in program revenue carryover to support its encumbered materials and services purchases.

The bureau under spent its personal services allocation after a Spring BMP budget adjustment to this major budget category of \$3.98 million. FPD recommends unused personal services dollars (\$256,639) remain in the General Fund.

Total under spending across external and internal materials and services and capital outlay totals \$203,600. FPD recommends that this amount be returned to the bureau to support encumbered materials and services.

All Funds

	Revised Budget	Year End Actuals	Percent Variance
Resources			
Beginning Fund Balance	1,395,759	1,400,761	0.4%
Licenses & Permits	1,781,000	1,556,748	-12.6%
Service Charges & Fees	906,314	1,214,465	34.0%
Federal, State, and Local Sources	11,507,161	11,144,224	-3.2%
Interagency Revenues	3,561,091	3,151,585	-11.5%
Miscellaneous Sources	918,151	1,108,360	20.7%
<i>External Revenues</i>	<i>20,069,476</i>	<i>19,576,143</i>	<i>-2.5%</i>
General Fund Discretionary	158,292,448	157,442,282	-0.5%
Total Resources	178,361,924	177,018,425	-0.8%
Requirements			
Personal services	131,681,729	130,564,738	-0.8%
External Materials & Services	15,460,127	13,318,086	-13.9%
Internal Materials & Services	30,205,460	30,126,635	-0.3%
Capital Outlay	1,009,617	851,783	-15.6%
Fund Level Expenses	4,991	4,991	0.0%
Ending Fund Balance	-	2,152,192	NA
Total Requirements	178,361,924	177,018,425	-0.8%

The All Funds reconciliation includes \$5.5 million in grants and \$2.0 million in asset forfeiture revenue. Actual grant revenue was \$1.3 million below budget; asset forfeiture revenue was \$1.0 million below budget. Other revenue sources displaced a portion of this shortfall; total revenue was \$1.35 million below budget (within 1% of budget).

Across all funds, the Police Bureau reports revenues and expenses within 1% of its revised FY 2011-12 budget. Grant-related scheduling adjustments increase the budget to actuals external materials and services variance in this table to \$1.9 million. No line items within the All Funds reconciliation generate concern to FPD.

FY 2011-12 Performance Measure Reporting

Over the past year, the Police Bureau adjusted a number of its performance measures to reflect targets, rather than setting targets equal to current performance. FPD commends this effort to establish performance goals.

In general, the bureau's performance measures call for reduced crime rates, drug house complaints and incidents dispatched, and for increased officer-initiated calls for service, crime clearance rates and percent of citizens rating Police service as good or better.

The bureau's data supervisor describes dispatch calls as having trended down in the latter half of FY 2011-12, despite an increasing crime rate. The remaining performance measure targets are aspirational (e.g., a 10% + decrease in major crimes, drug houses generating complaints, burglary victimization rates).

As the bureau continues to refine its performance measures, FPD encourages the bureau's operational divisions to hone targets based upon current year staffing, work plans, and strategies, as well as external influences that can be anticipated.

Performance Measures	Actuals FY 2010-11	Actuals FY 2011-12	Target FY 2012-13	Actual 11-12 Change	Projected 12-13 Change
Part 1 (Major) Crimes	31,565	34,625	31,000	9.7%	-10.5%
Incidents Dispatched	197,178	201,951	192,000	2.4%	-4.9%
Officer-Initiated Calls for Service	214,982	164,376	209,000	-23.5%	27.1%
Traffic Collisoin Calls for Service per 1,000 Residents	25	24	23	-4.0%	-4.2%
Part 2 Crimes	32,431	34,377	33,000	6.0%	-4.0%
Telephone Reports	31,862	20,896	45,000	-34.4%	115.4%
Citizens Rating Service as Good or Better	60%	59%	60%	-1.7%	1.7%
Part I Person Crimes per 1,000 Residents	5	5	5	0.0%	0.0%
Part 1 Property Crimes per 1,000 Residents	49	54	49	10.2%	-9.3%
Total Part 1 Crimes per 1,000 Residents	54	59	54	9.3%	-8.5%
Percent of Residents who feel Safe Salking Alonge in their Neighborhood at Night	60%	60%	60%	0.0%	0.0%
Burglary Victimizaiton Rate	4%	5%	4%	25.0%	-20.0%
Ayverage Travel Time to High Priority Calls, Minutes	4.93	4.99	5.00	1.2%	0.2%
Dispatched Calls per Officer	358	395	340	10.3%	-13.9%
Percent of Person Crimes Cleared	41%	41%	43%	0.0%	4.9%
Percent of Property Crimes Cleared	14%	12%	17%	-14.3%	41.7%
Addesses Generating Drug House Complaints	552	614	540	11.2%	-12.1%

FY 2012-13 Capital Project Reporting

The redevelopment of a new Police training facility at 14912 NE Airport Way is in planning and being managed via the Facilities Bureau. The property was acquired in April 2012, after Council passed an ordinance for the property's acquisition and the sale of \$15 million in 10-year revenue bonds to pay for its purchase and renovation. The property and building purchase price was \$6.4 million; the remodeling budget is \$8.48 million (including \$1.7 million for a shooting range). In the current fiscal year, Facilities' budget was increased to manage the renovation process. The property itself is owned by Facilities.

The building is currently in use by 24 of the Training Division's employees (housed in temporary office space). The bureau conducted its first on-site in-service training in September 2012. The building remodel is expected to begin summer 2013; the bureau does not yet know if the renovation process will require moving out of the building and into modulars on the property.

Financial Planning Division Analysis

FY 2012-13 Fall BMP

Portland Fire & Rescue

Analysis by: Kezia Wanner

Summary of Significant Issues

Portland Firefighters Association labor contract

The ordinance to ratify a four-year collective bargaining agreement (CBA) contract was heard by Council on October 10, 2012.

The additional General Fund costs resulting from the PFFA bargaining agreement are projected to be \$2,281,258 over the five-year forecast period of FY 2012-13 through FY 2016-17. The associated costs to Fire & Police Disability & Retirement Fund total \$220,700 over the four-year period of FY 2012-13 through FY 2015-16. The individual components, and related costs, of the contract terms are as follows:

	2012-13	2013-14	2014-15	2015-16	2016-17
Work week reduction	0	168,036	345,481	354,809	361,906
Harbor pilots	0	69,559	71,507	73,437	74,906
Inspector II certification for Prevention	0	146,727	150,835	154,908	158,006
Medics outside of EOPS	0	33,629	34,570	35,504	36,214
No comp time	(21,585)	(22,081)	(22,700)	(23,313)	(23,779)
Education benefit	6,000	6,000	6,000	6,000	6,000
Union release time	4,822	4,933	5,071	5,208	5,312
Acting Officer	0	2,143	2,203	2,262	2,308
Backup PIO standby	0	8,867	9,116	9,362	9,549
Banking hours cap	0	23,527	0	0	0
Total Costs per fiscal year	(10,763)	441,340	602,083	618,177	630,421
Total Costs over five-year forecast					2,281,258

The work week reduction is effective January 1, 2014. The no comp time, education benefit, and union release time terms are effective in the current fiscal year. The remainder of the items are effective July 1, 2013;

Financial Planning recommends a reduction to PF&R's current year budget in the amount of \$10,763 as they are realizing a cost benefit in the current year of the same amount due to the CBA.

Company Fire Inspection (CFIP) Program

The program was developed in FY 2000-2001 with the intention to spread routine inspection duties across the bureau's fire companies. Implementing this change required that it was negotiated through the collective bargaining process. The program has met an average of 80% of its inspection goals since FY 2006-07, in part due to optimistic assumptions used in creating the program; arguably the most significant assumption was that all companies would be able to perform the same number of inspections annually, although company emergency response activity varies significantly which affects the available time companies can perform inspection duties.

The program's lower-than-projected effectiveness has resulted in the bureau not achieving their target to inspect all of the City's 8,800 inspectable occupancies on a two-year cycle; the inspection cycle has been extended out to a three-year inspection cycle.

In the FY 2012-13 Adopted Budget, a budget note directed PF&R to provide a program status report to Council, and the bureau submitted their report to Council on October 10, 2012.

Recommended Requests

1. *FR_001/Grant Carryover, \$711,873*

PF&R is requesting to carry forward grant resources from the prior year for 2010 and 2011 Urban Area Security Initiative grants; 2009 and 2010 Metropolitan Medical Response System grants; 2010 and 2011 State Homeland Security Grants; and 2010 Port Security Grant Program. The carry forward will fund expenditures that had been originally planned in FY 2011-12 but now have moved to FY 2012-13.

FPD Recommendation: \$711,873 increase to the Grants Fund 217

2. *FR_002/General Fund Encumbrance Carryovers, \$1,825,225*

The bureau initially requested carry forward in the amount of \$1.825 million of their contract encumbrances from FY 2011-12 but after further review, Financial Planning recommends a lower amount. Financial Planning determined that medical supplies, fireworks safety public awareness advertising, office equipment, Metro mapping services, supplies/equipment, tools, and uniforms, for which the bureau requested encumbrance carryover, are costs that the bureau budgets for annually and that the bureau should be able to absorb in their current year external materials and services budget. The encumbrances recommended by FPD total \$1,527,085 which funds one-time purchase of goods or services including apparatus purchase and outfitting costs, station improvement costs, and specialized personal protective equipment (PPE).

FPD Recommendation: \$1,527,085

3. *FR_003/Recognize Excess 2011-12 Program Revenues, \$175,244*

The bureau exceeded their budgeted program revenues by approximately \$350,000 in FY 2011-12 and is requesting a portion of the funding in the current year to fund a claims settlement in the amount of \$175,000. City financial policies state that bureaus may request program revenues that exceed budget in the following fiscal year, and therefore Financial Planning is recommending the bureau's request.

The bureau has stated that if this funding request is not approved by Council, the bureau would fund the costs resulting from the claim by deferring maintenance, not replenishing supply inventories, and deferring replacement of tools/equipment.

FPD Recommendation: \$175,244

4. *FR_004/Vacancy Savings to GF, (\$147,218)*

During the period of July 1 through September 12, 2012, which is the period in which Citywide vacancy savings are being calculated for Fall BMP adjustments, PF&R experienced nine vacancies that meet the program guidelines to capture savings. These nine positions are comprised of five Fire Inspector positions, two Fire Captains, one Fire Lieutenant position, and one Public Information Officer position. The Captain and Lieutenant position savings were calculated at the entry-level firefighter salary and benefits costs per guidance from the vacancy savings process, and the Fire Inspector position savings were calculated at 50% of the budgeted amounts for the specific positions (as 50% of the position funding is derived from fee/program revenues). The Public Information Officer vacancy savings was derived from the specific position costs.

PF&R has requested exceptions for the Fire Lieutenant and Fire Captain positions (request below FR_005) for the reasons that these positions are front-line positions and “these assignments must be staffed at all times (24/7) for [PF&R] firefighters to deliver effective emergency response equitably to [the] communities and to ensure the safety of the public.”

This request reduces personnel services based on Council direction during the budget process to capture bureau vacancy savings. The amount of vacancy savings was calculated by Financial Planning as per guidance that was provided earlier in the fiscal year.

FPD Recommendation: (\$147,218)

5. *FR_005/Vacancy Exemption – Front Line Emergency Response, \$31,608*

This request adds back a portion of vacancy savings as per the process outlined in a July 26, 2012 memo from the Financial Planning Manager to City budget managers and contacts. As stated: “If a bureau has an *operational* issue that arises during the year and believes that a position should be exempted from the required vacancy savings, the bureau should present that issue to its commissioner-in-charge. The commissioner-in-charge has authority to grant a full or partial exemption from the vacancy savings requirement for each particular position.” The vacancy savings added back to bureau budgets results from these commissioner-granted exceptions.

In light of this guidance, Financial Planning does not make any recommendation on the commissioner-granted exceptions.

FPD Recommendation: determination to approve or deny the request is at the discretion of City Council.

Comments on Prior Year Budget Notes, Decision Packages and Non-Technical BMP Changes

FY 2011-12 Budget Notes

The Office of Management and Finance, working with Portland Fire & Rescue (PF&R) shall hire an independent expert consultant to prepare a report for Council consideration comparing PF&R staffing and deployment levels to like metropolitan fire and rescue departments. Particularly, the report shall address the efficient and innovative methods of recognized service delivery. The report shall also provide data to assist Council in determining whether the new response vehicles being purchased with funds from the 2010 Public Safety General Obligation (GO) Bond shall be staffed utilizing existing or new personnel. The report shall be prepared and presented to Council within six months of the budget adoption in a Council Work Session.

Status: PF&R entered into a contract with the private consulting firm, Tri-Data, to produce the staffing study. The study was completed in December 2011 and the findings/recommendations were presented to City Council at a January 24, 2012 work session. One of the recommendations from the report was to reassign existing personnel from Rescue vehicles 11 and 19 to staff the new RRVs and in accordance with this recommendation, PF&R implemented a pilot Rapid Response Vehicle (RRV) program in April 2012 with the four SUV-type vehicles purchased with the GO Bond funds. PF&R additionally received \$408,412 in one-time funding in the FY 2012-13 Adopted Budget to continue to fund the RRV program in the current year. The RRV pilot program is a six-month program that ends in the current month of October 2012 after which time PF&R will report to Council regarding the results of the pilot program by October 31, 2012.

FY 2011-12 Decision Packages

One-time funding for Station Staffing

The bureau received \$654,556 for station (staffing) funding to continue operating one fire station that had been funded in FY 2010-11 with one-time resources, and was at risk of closing without the continuation of funding. Council has allocated \$669,809 one-time funding to support a continued level of staffing and preventing a station closures in FY 2012-13.

One-time funding for Rescue Units

Council allocated one-time resources in FY 2011-12 to fund \$567,370 for one rescue unit and seven limited-term firefighter positions and \$348,203 for a second rescue unit and four limited-term firefighter positions. The rescue unit funding has been reallocated by Council in FY 2012-13 to fund the RRV pilot program.

FY 2011-12 Reconciliation

Fire General Fund - Fund 100	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Licenses and Permits	\$1,290,000	\$1,888,317	46.4%
Charges for Services	\$1,200,000	\$1,222,763	1.9%
Intergovernmental Revenues	\$505,000	\$495,691	-1.8%
Interagency Revenue	\$2,658,622	\$2,444,300	-8.1%
▶ Miscellaneous Revenues	\$276,200	\$229,239	-17.0%
General Fund Discretionary	\$92,341,264	\$89,000,527	-3.6%
General Fund Overhead	\$175,141	\$175,141	0.0%
Total Resources	\$98,446,227	\$95,455,978	-3.0%
Requirements			
Personnel Services	\$85,042,925	\$83,918,479	-1.3%
External Materials and Services	\$6,104,330	\$5,311,292	-13.0%
Internal Materials and Services	\$5,677,722	\$5,665,537	-0.2%
Capital Outlay	\$1,621,250	\$560,670	-65.4%
Total Requirements	\$98,446,227	\$95,455,978	-3.0%

▶ FPD analyst concern

The bureau realized a significantly higher level of license and permit revenues (46.4% or approximately \$600,000) than what was budgeted; this is primarily due to the increase in construction activity which drives the level of required permitting. Alternately, intergovernmental, interagency agreement, and miscellaneous received revenues, on aggregate, was approximately \$271,000 below budget.

Fire - Grants Fund 217	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Intergovernmental Revenues	\$2,881,562	\$1,900,563	-34.04%
Total Resources	\$2,881,562	\$1,900,563	-34.04%
Requirements			
External Materials and Services	\$1,237,696	\$1,257,099	1.57%
Capital Outlay	\$1,643,866	\$647,016	-60.64%
Total Requirements	\$2,881,562	\$1,904,115	-33.92%

The bureau under spent their prior year Grant Fund allocation of \$2.9 million by 34% which was due to delay in purchase and changes to project schedules. In this Fall BMP, the bureau requests to re-appropriate \$711,873 in grant funding (FR_001) received from Urban Area Security, Metropolitan Medical Response System, State Homeland Security, and Port Security grants.

FY 2011-12 Performance Measure Reporting

Some PF&R performance measures that are experiencing trend or performance changes are:

Total number of structure fires (FR_0026) and total number of fire incidents (FR_0022) – The total number of all fires and structure fires increased on the magnitude of the 20% from FY 2010-11 to FY 2011-12 actual data. The increase is largely due to the four causal factors of 1) burning discarded/abandoned materials such as ash or cigarettes, 2) unlawful burning including arson, 3) heat source too close to combustible materials, and 4) mechanical failures or malfunctions.

Code Enforcement Inspections and Total Code Violations Found (FY 0039 and FR_0042) – the number of inspections was lower in FY 2011-12 by 832 from the prior year and the total code violation found in FY 2011-12 was 1,644 lower than the prior year. The bureau attributes the decreases to vacant inspector positions and fewer inspectors available and therefore fewer inspections getting done.

Response Reliability (FR_0049) – the bureau reports consistent trend of approximately 90% reliability for the current year target and two prior year actuals. This does not take into account any changes that might be affected by the RRV pilot program in effect April through October 2012. PF&R will report reliability impacts resulting from the pilot program in a report to Council by October 31, 2012.

Total number of request for service in the city of Portland, regardless of the fire agency responding (FR_0050) - the bureau is reporting an increase from 68,610 in FY 2010-11 to 71,457 in FY 2011-12, with the increased sustained in the projection for FY 2012-13. The bureau is currently reviewing the data protocols, and evaluating whether data has been under or over reported, and the review may result in adjustments to the data and/or to the collection methodologies.

FY 2011-12 Capital Project Reconciliation

The Fire Apparatus replacement project receives funding from the Public Safety GO Bond. OMF manages the apparatus replacement project on behalf of PF&R, the beneficiary of the program. The prior year budget of \$3.03 million, which included both GO Bond Fund and Grants Fund resources, and which was under spent by 58% ; the unspent balance of funds was then reallocated to the current year. The current year budget is \$5.8 million.

Financial Planning Division Analysis

FY 2012-13 Fall BMP

Portland Bureau of Emergency Management (PBEM)

Analysis by: Yung Ouyang

Recommended Requests

PBEM requests to true-up appropriations for various grants. All requests are recommended by Financial Planning (FPD).

Reductions

Request No.	Name	Amount
EM_001	UASI 2009 Grant – Reduce Appropriation	(\$1,431,334)

Increases

Request No.	Name	Amount
EM_002	UASI 2010 Grant - Increase Appropriation	\$17,508
EM_003	UASI 2011 Grant - Increase Appropriation	\$4,395,540
EM_004	EMPG Grant FY 11-12 – Increase Appropriation	\$78,928

5. *EM_005/Internal Adjustments, \$0*

PBEM requests to transfer \$9,328 from External Materials & Services (operating supplies and miscellaneous expenditures) to fund an increase in its Interagency Agreement (IA) with CityFleet for additional vehicle replacement, fuel, and maintenance costs.

FPD Recommendation: \$0

6. *EM_006/HR Vacancy Savings – General Fund, (\$44,423)*

This request reduces personnel services based on Council direction during the budget process to capture bureau vacancy savings. The amount of vacancy savings was calculated by Financial Planning as per guidance that was provided earlier in the fiscal year. The bureau has three (3) vacant positions: 1) an Assistance Financial Analyst that is 39% General Fund funded, 2) a Program Specialist that is 100% General Fund funded, and 3) a Program Manager that is 50% General Fund funded. The total savings to the General Fund of leaving these positions vacant for three months is \$44,423.

FPD Recommendation: (\$44,423)

7. *EM_007/HR Vacancy Savings – General Fund Exception, \$14,654*

This request adds back a portion of vacancy savings as per the process outlined in a July 26, 2012 memo to City budget managers and contacts. As stated: “If a bureau has an operational issue that arises during the year and believes that a position should be exempted from the required vacancy savings, the bureau should present that issue to its commissioner-in-charge. The commissioner-in-charge has authority to grant a full or partial exemption from the vacancy savings requirement for each particular position. The vacancy savings added back to bureau budgets result from these commissioner-granted exceptions. In

light of this guidance Financial Planning does not make any recommendation on the commissioner-granted exceptions.

PBEM has received from the Mayor’s Office an exemption for the Program Manager position, and this decision package adds \$14,654 back to the bureau’s budget. PBEM’s original request was for \$15,430, but after discussions with Financial Planning, the bureau and FPD has come to agreement on the current figure. The bureau is a small one with only 17 FTEs, and about 11 of these FTEs are General Fund supported. Reducing budgets for vacancy savings on a large number of vacant positions relative to bureau size can be difficult for small bureaus that operate on tight budgets.

FPD Recommendation: \$14,654

Comments on Prior Year Budget Notes, Decision Packages, and Non-Technical BMP Changes

PBEM has no Budget Notes, Adopted Budget Decision Packages, or Non-Technical BMP Requests to report on.

Prior Year Reconciliation

General Fund	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Miscellaneous Sources	0	2,036	I/A
General Fund Discretionary	671,186	623,121	-7.16%
General Fund Overhead	1,081,541	1,081,541	0.00%
Interagency Revenues	17,000	17,000	0.00%
Total Resources	\$1,769,727	\$1,723,697	-2.60%
Requirements			
Personal services	1,168,637	1,161,739	-0.59%
External Materials & Services	112,105	111,408	-0.62%
Internal Materials & Services	488,985	450,550	-7.86%
Total Requirements	\$1,769,727	\$1,723,697	-2.60%

▶ FPD analyst concern

There are no issues of concern in regards to PBEM’s spending in the General Fund. The bureau ended the year at 2.6% below budget. All major object revenue categories were either above or on budget, while all major object expense categories were below budget.

Grants Fund	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Federal, State, and Local Sources	6,563,827	8,753,399	33.36%
Total Resources	\$6,563,827	\$8,753,399	33.36%
Requirements			
Personal services	809,545	645,249	-20.29%
External Materials & Services	5,723,682	6,169,614	7.79%
Internal Materials & Services	30,600	57,808	88.91%
Total Requirements	\$6,563,827	\$6,872,671	4.71%

▶ FPD analyst concern

Expenses

On the whole, PBEM's spending in the Grants Fund was almost 5% above its budget. The bureau's spending on Personnel Services in the Grants Fund ended the year at 20% below budget due to federal award timelines that changed regional spending priorities. Conversely, External Materials & Services spending was about 8% above budget due to a reallocation of resources for regional spending projects and the same federal timelines. Similarly, spending on Internal Materials & Services ended the year at about 89% above budget. PBEM notes that forecasting for this major object category in the Grants Fund is difficult at the inception of a grant, and that budget reallocations are administered throughout the grant's life-cycle for accurate spending. Reconciliation during this Fall BMP should take care of the issues with several grants that closed within the last quarter of FY 2011-12.

Revenues

The bureau received an additional federal grant award for last year that increased its resources to 33% above the budgeted amount.

Prior Year Performance Measure Reporting

All of PBEM's performance measures are new, making comparisons of FY 2011-12 figures to prior years' data impossible.

Number of Emergency Coordination Center (ECC) Equipment Checks to Ensure ECC Readiness – Although the target for this measure was 69 checks, and PBEM only conducted 52 during FY 2011-12, it is simply a matter of a change in practice. Enhanced monthly, quarterly and yearly checks were consolidated into the weekly checks that expand and contract in complexity based on a yearly schedule. The change was implemented so that fewer trips need to be made to the ECC.

Number of Neighborhood Emergency Team (NET) Volunteers Trained – One student dropped out of the training program causing PBEM to train 69 community members, which is one (1) shy of its target of 70.

Number of Courses on Incident Management, ECC Operations, Communications, Resource Management, Damage Assessment, and WMD Awareness Delivered to City Employees and Regional Partners – The bureau delivered 21 courses last year, or 75% more than its target of 12. The increase resulted from an incorporation of regular WebEOC training and an increased regional focus on communications capability.

Parks, Recreation & Culture Service Area

Financial Planning Division Analysis

FY 2012-13 Fall BMP

Portland Parks and Recreation

Analysis by: Claudio Campuzano

Summary of Significant Issues

In addition to vacancy savings and encumbrance carryover, the bureau has requested \$271,725 from General Fund contingency including \$243,810 to address recent security concerns and \$27,915 to fund program carryover that was not requested as part of the FY 2011-12 Spring BMP. In light of the already limited General Fund contingency (\$314,207) and a lack of excess beginning balance, Financial Planning is not recommending new discretionary for bureaus, and, to the degree that the request is of sufficient priority, that the bureau reallocate existing discretionary resources to fund it.

Recommended Requests

1. *PK_001/Beginning Fund Balance Adjustment, \$10,499,393*

This request trues up beginning fund balances to the projected FY 2011-12 ending fund balances. The most significant adjustments are in the System Development Charge (SDC) subfund of the Parks Capital Improvement Program Fund (\$8.5 million) and the parent fund, fund 402 (\$1.8 million). Of the increases, \$7.5 million is budgeted in contingency. The bulk of the remaining \$3.0 million supports carryover from FY 2011-12.

FPD Recommendation: \$10,499,393

2. *PK_002/Fall – Technical Adjustments, \$0*

This request contains a series of net zero changes to fund budgets.

FPD Recommendation: \$0 (as requested)

3. *PK_003/Fall – New Revenue Requests, \$11,129,261*

This request increases resources in various funds. Highlights of the requests are as follows:

General Fund: \$288,000 is received through a cash transfer from the Fire GO Bond Fund for the transfer of the Madison Street dock to Fire. An additional \$88,715 of program revenue is budgeted to support various programs. A reduction of \$85,000 is budgeted to reflect the reduction of Endangered Species Act support from BES.

SDC: \$4.9 million revenue projection true-up based on significant growth at end of FY 2011-12

PDC: \$6.3 million revenue true-up of PDC funding, \$1.0 million of which is budgeted in contingency. The original amounts are based on the PDC request budget; the true-up ties to the PDC Adopted budget.

This includes an additional \$3.7 million in the River District, \$3.8 million for South Waterfront Greenway, and a reduction of \$1.175 million in the Lents district.

Other changes: \$200,000 of donation revenue is budgeted for the Pittock Terrace rehabilitation. This funding is budgeted in contingency. The Golf Fund is moving \$143,000 from contingency to fund projected additional costs.

FPD Recommendation: \$11,129,261

4. *PK_004/Encumbrance Carryover Request, \$59,024*

This request is to carry over several encumbrances from FY 2011-12 that were not spent in that year. Of a total of \$388,689 in encumbrances that were carried into FY 2012-13, a portion no greater than \$167,456 was covered by budget generated by accrual offsets. Of the remaining \$221,233, the bureau requested \$59,024. Several of these items were large and of a one-time nature including \$10,942 for the Forest Park Trail Study (which was funded with one-time General Fund), costs associated with the repair and improvements at Lovejoy Fountain (\$24,948), costs associated with the Tabor Yard remodel (\$12,108), new signage for the newly renamed Charles Jordan Community Center (\$3,592), Grant Pool repairs (\$2,950), and the purchase of a printer (\$4,599).

FPD Recommendation: \$59,024

5. *PK_005/Grant Carryover, (\$108,181)*

This request recognizes a series of grant carryover adjustments. This trues up FY 2012-13 funding to remaining grant awards.

FPD Recommendation: (\$108,181)

6. *PK_006/Position Request, \$0, (1.00 FTE)*

This request eliminates a position that was intended to be eliminated during the Adopted Budget process. It has been unfunded and vacant for several years.

FPD Recommendation: \$0, (1.00 FTE)

7. *PK_008/Vacancy Savings, (\$366,995)*

This request reduces personnel services based on Council direction during the budget process to capture bureau vacancy savings. The amount of vacancy savings was calculated by Financial Planning as per guidance that was provided earlier in the fiscal year.

FPD Recommendation: (\$366,995)

8. *PK_009/Vacancy Savings – Commissioner Exceptions, \$81,010*

This request adds back a portion of vacancy savings as per the process outlined in a July 26, 2012 memo to City budget managers and contacts. As stated: “If a bureau has an *operational* issue that arises during the year and believes that a position should be exempted from the required vacancy savings, the bureau should present that issue to its commissioner-in-charge. The commissioner-in-charge has authority to grant a full or partial exemption from the vacancy savings requirement for each particular position.” The vacancy savings added back to bureau budgets result from these commissioner-granted exceptions.

In light of this guidance Financial Planning does not make any recommendation on the commissioner-granted exceptions.

FPD Recommendation: \$81,010

Not Recommended Requests

1. *PK_007/Additional Security in PP&R Facilities \$243,810*

This request consists of \$64,110 for security cameras in community centers, \$41,400 for long-range two-way radios, and \$138,300 for Park Ranger coverage on playgrounds and in community centers.

This request increases the number of seasonal Park Rangers from 12 to 30. This request is for one-time funding. As such, it would add to the City's 'ongoing unfunded' list; the service level expectation will be increased making the choice *not* to continue funding in the outyears perceived as a cut.

In light of the very minimal budgeted General Fund contingency and the outyear unfunded issue arising from the increased seasonal staffing, Financial Planning does not recommend additional funding at this time. Instead, this request should be prioritized within the bureau's existing base and be considered during the FY 2013-14 budget development.

Should Council prioritize these security issues for additional funding in the Fall BMP, the true one-time costs of the camera and DVR installation and the two-way radio purchase would likely not generate unfunded outyear impacts. Financial Planning shall continue to explore any potential outyear impacts of the video equipment and radio purchases as well as the staffing model discussed in the request.

FPD Recommendation: \$0

2. *PK_010/General Fund One-Time Program Carryover, \$27,915*

This is the unspent and unencumbered portion of a one-time General Fund addition to the Parks budget in FY 2011-12. It funds seasonal staff and contracts for the Forest Park Wildlife Study. Ideally, the bureau would have reduced the budget in FY 2011-12 Spring BMP by the estimate of underspending and increased the FY 2012-13 budget during the Approved process, per the BMP guidelines. Having failed to do this, the funds have fallen to the General Fund balance. In light of General Fund beginning balance constraints, it is not feasible to fund this request at this time without impacting budgeted contingency or making some other General Fund reduction to offset it. To the degree that the bureau has requested and received vacancy savings in excess of what is needed to immediately hire into positions, those savings could be redirected to this need should it rise to that level of bureau priority.

FPD Recommendation: \$0

Comments on Prior Year Budget Notes, Decision Packages and Non-Technical BMP Changes

FY 2011-12 Budget Notes

Typically the Fall BMP requires bureaus to provide updates on prior year budget notes. PP&R does not have any such notes to update. However, in the FY 2012-13 Adopted Budget, a note was include directing the

bureau “to work with local school districts to assess potential efficiencies in the maintenance and management of school grounds by leveraging the scale and expertise of the bureau’s grounds keeping management function.” This note required the bureau to report back during this Fall BMP. The bureau’s submittal includes a brief discussion of prior and ongoing coordination with Portland Public Schools on a number of recreational programs and capital projects. Relating specifically to the intent of the budget note, “PP&R has not fully assessed all potential efficiencies as they relate specific[ally] to landscaping, and is hoping to be able to report more information specific to landscaping and grounds maintenance in the Spring budget adjustment. PP&R will initiate discussions with other Portland school districts to evaluate opportunities for possible efficiencies in groundskeeping.”

FY 2011-12 Decision Packages and Non-Technical BMP Changes

All decision packages have been implemented or are being phased in; impacts are as anticipated.

FY 2011-12 Reconciliation

General Fund (100)

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Licenses & Permits	\$191,088	\$258,155	35.10%
Charges for Services	\$14,706,565	\$14,769,234	0.43%
Intergovernmental Revenues	\$157,950	\$134,883	-14.60%
Interagency Revenue	\$2,940,090	\$2,809,500	-4.44%
Miscellaneous	\$545,273	\$652,062	19.58%
General Fund Discretionary	\$43,298,380	\$42,973,676	-0.75%
Total Resources	\$61,839,346	\$61,597,510	-0.39%
Requirements			
Personnel Services	\$40,906,678	\$40,747,122	-0.39%
External Materials and Services	\$13,676,070	\$13,663,785	-0.09%
Internal Materials and Services	\$7,178,627	\$7,107,318	-0.99%
▶ Capital Outlay	\$77,971	\$79,284	1.68%
Total Requirements	\$61,839,346	\$61,597,510	-0.39%

▶ FPD analyst concern

There are no issues in the Parks General Fund budget. The bureau has spent nearly the entirety of its General Fund budget. Capital outlay was overspent slightly; this results from some equipment that triggered a capital purchase. While bureaus are encouraged to spend within major object categories, this is neither a violation of State budget law nor cause for an external audit finding.

Grants Fund (217)

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Intergovernmental Revenues	\$4,217,243	\$2,103,442	-50.12%
Total Resources	\$4,217,243	\$2,103,442	-50.12%
Requirements			
Personnel Services	\$728,147	\$309,506	-57.49%
External Materials and Services	\$1,519,354	\$240,796	-84.15%
▶ Internal Materials and Services	\$36,170	\$52,030	43.85%
Capital Outlay	\$1,933,572	\$1,055,841	-45.39%
Total Requirements	\$4,217,243	\$1,658,172	-60.68%

▶ FPD analyst concern

Underspending and the related reimbursements are due to projects moving forward more slowly than anticipated. The slight internal materials and services overspending is the result of late and unanticipated charges from BES related to materials testing. While bureaus are encouraged to spend within major object categories, this is neither a violation of State budget law nor cause for an external audit finding.

Parks Local Option Levy Fund (215)

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	\$4,317,897	\$4,317,897	0.00%
Taxes	\$25,642	\$11,789	-54.02%
Miscellaneous	\$21,150	\$24,328	15.03%
Total Resources	\$4,364,689	\$4,354,014	-0.24%
Requirements			
Personnel Services	\$394,304	\$394,304	0.00%
Internal Materials and Services	\$568,314	\$562,765	-0.98%
Fund Transfers - Expense	\$502,402	\$502,402	0.00%
Contingency/Ending Balance	\$2,899,669	\$2,894,543	-0.18%
Total Requirements	\$4,364,689	\$4,354,014	-0.24%

▶ FPD analyst concern

There are no issues in the fund reconciliation.

FY 2011-12 Reconciliation

Portland Parks Memorial Fund (220)

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	\$2,089,498	\$2,114,468	1.20%
Licenses & Permits	\$265,000	\$270,400	2.04%
Charges for Services	\$63,402	\$79,163	24.86%
Fund Transfers - Revenue	\$57,105	\$57,105	0.00%
Miscellaneous	\$751,189	\$643,267	-14.37%
Total Resources	\$3,226,194	\$3,164,403	-1.92%
Requirements			
Personnel Services	\$489,299	\$258,366	-47.20%
External Materials and Services	\$1,838,836	\$218,597	-88.11%
▶ Internal Materials and Services	\$198,351	\$510,697	157.47%
Capital Outlay	\$18,947	\$0	-100.00%
Fund Transfers - Expense	\$93,212	\$93,212	0.00%
Contingency/Ending Balance	\$587,549	\$2,083,531	254.61%
Total Requirements	\$3,226,194	\$3,164,403	-1.92%

▶ FPD analyst concern

The external materials and services category is significantly underspent as the result of Parks’ operational decision to overbudget at the subfund level. Subfunds represent the different endowment accounts. In order not to constrain programmatic activity by generating hard stops at the subfund level, Parks budgets the high end of spending estimates. The internal materials and services overspending is the result of charges budgeted as personnel services being booked to the bureau services account; that account rolls up into internal materials and services. The bureau recognizes the issue and is looking to true-up budget to the anticipated personnel/internal services split during the Spring BMP or Over-expenditure in future years. While bureaus are encouraged to spend within major object categories, this is neither a violation of State budget law or cause for an external audit finding.

FY 2011-12 Reconciliation

Parks Capital Improvement Program Fund (402)

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	\$8,868,160	\$8,399,994	-5.28%
Licenses & Permits	\$250,000	\$250,000	0.00%
Charges for Services	\$6,271,020	\$7,337,429	17.01%
Intergovernmental Revenues	\$5,339,034	\$2,075,771	-61.12%
Interagency Revenue	\$0	\$37,387 NA	
Fund Transfers - Revenue	\$2,460,718	\$2,460,718	0.00%
Bond and Note	\$3,684,000	\$3,131,248	-15.00%
Miscellaneous	\$732,658	\$876,787	19.67%
Total Resources	\$27,605,590	\$24,569,333	-11.00%
Requirements			
Personnel Services	\$1,669,529	\$1,460,855	-12.50%
External Materials and Services	\$3,494,927	\$2,346,642	-32.86%
▶ Internal Materials and Services	\$521,011	\$665,081	27.65%
Capital Outlay	\$11,843,545	\$2,847,967	-75.95%
Bond Expenses	\$147,933	\$99,117	-33.00%
Fund Transfers - Expense	\$362,760	\$362,760	0.00%
Contingency/Ending Balance	\$9,565,885	\$16,786,911	75.49%
Total Requirements	\$27,605,590	\$24,569,333	-11.00%

▶ FPD analyst concern

The internal materials and services overexpenditure is the result of charges incurred by Parks operations for capital-related materials and services and equipment usage charges. The bureau has indicated that it is adjusting its budgeting procedures to account for these charges going forward. While bureaus are encouraged to spend within major object categories, this is neither a violation of State budget law or cause for an external audit finding. SDC collections were very strong in FY 2011-12, combining with less than anticipated spending to result in larger than anticipated fund balances. The significant projects that did not spend as anticipated were the South Waterfront Greenway and Bridgeton trails and Oaks Bottom, Marquam, and Stephens Creek.

FY 2011-12 Reconciliation

Parks Endowment Fund (500)

Resources			
Budgeted Beginning Fund Balance	\$181,792	\$181,792	0.00%
Miscellaneous	\$920	\$1,155	25.59%
Total Resources	\$182,712	\$182,947	0.13%
Requirements			
External Materials and Services	\$17,823	\$0	-100.00%
Internal Materials and Services	\$1,100	\$600	-45.45%
Contingency	\$1,167	\$0	-100.00%
Unappropriated Fund Balance	\$162,622	\$182,347	12.13%
Total Requirements	\$182,712	\$182,947	0.13%

▶ FPD analyst concern

There are no issues in the fund reconciliation.

FY 2011-12 Reconciliation

Golf Fund (603)

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	\$1,393,529	\$1,393,529	0.00%
Charges for Services	\$8,006,683	\$7,706,698	-3.75%
Fund Transfers - Revenue	\$1,992	\$1,992	0.00%
Miscellaneous	\$35,355	\$38,238	8.15%
Total Resources	\$9,437,559	\$9,140,457	-3.15%
Requirements			
Personnel Services	\$3,107,561	\$3,104,680	-0.09%
External Materials and Services	\$3,014,634	\$2,919,016	-3.17%
Internal Materials and Services	\$463,253	\$521,241	12.52%
Capital Outlay	\$336,734	\$336,955	0.07%
Bond Expenses	\$129,484	\$124,547	-3.81%
Fund Transfers - Expense	\$1,160,683	\$1,157,938	-0.24%
Contingency/Ending Balance	\$1,225,210	\$976,080	-20.33%
Total Requirements	\$9,437,559	\$9,140,457	-3.15%

▶ FPD analyst concern

Charges for services were considerably lower than budgeted in the fund as a result of fewer than anticipated rounds of golf because of a rainy fall and spring (see Performance Measure discussion). This combined with spending very close to budget resulted in a lower than anticipated ending balance. The net \$417,448 draw on fund balance is not currently a concern based on the fact that with the retirement of debt in FY 2011-12, the fund is expected to generate net revenues in FY 2012-13.

FY 2011-12 Reconciliation

Portland International Raceway Fund (604)

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	\$611,614	\$611,614	0.00%
Charges for Services	\$1,749,925	\$1,748,772	-0.07%
Fund Transfers - Revenue	\$288	\$288	0.00%
Miscellaneous	\$7,600	\$8,621	13.43%
Total Resources	\$2,369,427	\$2,369,294	-0.01%
Requirements			
Personnel Services	\$773,997	\$774,451	0.06%
External Materials and Services	\$544,685	\$487,932	-10.42%
Internal Materials and Services	\$111,735	\$99,691	-10.78%
Bond Expenses	\$297,816	\$296,866	-0.32%
Fund Transfers - Expense	\$44,327	\$44,327	0.00%
Contingency/Ending Balance	\$596,867	\$666,027	11.59%
Total Requirements	\$2,369,427	\$2,369,294	-0.01%

▶ FPD analyst concern

There are no issues with the fund reconciliation.

FY 2011-12 Reconciliation

Golf Revenue Bond Redemption Fund (610)

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	\$640,906	\$644,048	0.49%
Fund Transfers - Revenue	\$915,165	\$912,420	-0.30%
Miscellaneous	\$1,633	\$1,636	0.18%
Total Resources	\$1,557,704	\$1,558,104	0.03%
Requirements			
Bond Expenses	\$1,557,704	\$1,557,704	0.00%
Ending Balance	\$0	\$400 NA	
Total Requirements	\$1,557,704	\$1,557,704	0.00%

▶ FPD analyst concern

All outstanding debt has been paid off. There is some uncertainty regarding the beginning fund balance, however; debt management, the bureau, and accounting are looking into the issue. There is currently a discrepancy between the balance stated in the CAFR and that which shows in SAP.

FY 2011-12 Performance Measure Reporting

A number of measures do not yet have actuals. These measures are collected as part of the Auditor's annual resident survey. This survey is not expected to be released until November. Of those measures that are reported, there are several items worth noting: First, the percent of employees satisfied or very satisfied was 68% while the target was 80%. This is likely largely the morale impact of significant FY 2012-13 budget cut planning. Next, the number of golf rounds played was targeted to be 425,000 while only 358,729 were played. This likely was related to an early fall and long, wet spring. The impact is apparent in the revenue figures in the Golf Fund noted above. The number of acres of invasive weeds treated was lower than target (2,261 vs. 2,411); this reflects a return from a spike in Parks implemented BES revegetation projects in FY 2010-11.

FY 2011-12 Capital Project Reconciliation

Of the bureaus revised \$21.0 million budget, only \$8.0 million was spent in FY 2011-12. This difference is largely related to delayed trail and greenway construction on projects including South Waterfront, Greenway Trail, Waud Bluff Trail, Columbia Sough Trail, the North Willamette Greenway Trail Plan, and Stephens Creek and Marquam trail construction. These projects composed \$4.9 million of the total \$12.9 million underspending. The bulk of the rest was in the Buildings and Pools program where three maintenance building upgrades are ongoing – Delta Park, Flavel, and Chimney Park.

FY 2012-13 Capital Project Reporting

Spending as reported in the BMP submittal is minimal in the current year. This spending is only through AP2, however; mid-way through AP4, the bureau has spent down roughly one quarter of the annual budget before revisions in the Fall BMP. The BMP itself requests an increase of \$13.6 million on the \$20.9 million capital budget. This is largely the carryover of underspending in FY 2011-12.

Public Utilities Service Area

Financial Planning Division Analysis

FY 2012-13 Fall BMP

Bureau of Environmental Services

Analysis by: Lisa Shaw

Summary of Significant Issues

Rate Revenues

Utility rates generated from sewer and stormwater charges have been below forecast for the past several years. At the end of FY 2011-12, revenues were down by over \$7.0 million relative to the Revised Budget. While it's a small amount in the context of revenues in excess of \$257 million, since more than half of those revenues are for non-discretionary expenditures (the chief being debt service on revenue bonds sold to finance capital construction) the under-collecting represents either operating cuts, additional transfers of one-time resources from the reserve fund, or a combination of the two. The bureau is able to mitigate this with rate increases, however, conservation efforts continue to push down rate revenues as the incentive for citizens to conserve increases as rates increase. BES maintains a large infrastructure, much of which requires a standard level of maintenance and operations that does not fluctuate much with demand. The bureau may reach a point where its ability to manage its large fixed costs is negatively impacted by revenues that fail to keep pace.

The bureau is encouraged to continue to work toward operating efficiencies that do not compromise service delivery. To the extent that this is not sufficient to completely mitigate the revenue shortfalls, the bureau will need to critically examine which services or service components it is not able to support and communicate with Council and the public about these trade-offs.

Recommended Requests

1. *ES_001/BES Grants Fall BMP, \$821,723*

The bureau is requesting to increase its Grants Fund appropriation by \$821,723 across all spending categories, with the largest increase, 66%, to personnel services. Of the total \$539,095 increase, \$533,550 is associated with the Portland Milwaukie Light-Rail (PMLRT) project. The bureau is not creating any new FTE; these grant funds will pay for portions of existing staff time.

Major Spending Category	Grants Fund		Revised Budget
	Adopted FY 2012-13	ES_001	
Personnel	98,142	539,095	637,237
E&MS	765,669	225,216	990,885
IM&S	42,260	20,000	62,260
Capital Outlay	1,029,757	37,412	1,067,169
Grand Total	1,935,828	821,723	2,757,551

This table displays the same request by grant/ projec:

Grant Name	ES_001
Brownfields Hazardous Materials	60,986
Brownfields Petroleum	49,750
EMSWCD Eastmoreland Golf Club	(50,000)
EPA Brownfields assessment	(16,430)
EPA Brownfields RLF 2011	4,000
METRO-Baltimore Woods	15,455
PMLRT (PBOT grant)	670,550
NOAA Open Rivers/Crystal Springs	87,412
Grand Total	821,723

The work at the East Multnomah Soil & Water Conservation District / Eastmoreland Golf Club has been delayaed by one year, so BES is reducing the current year appropriation. Additionally, the funding for the intern position which had been associated with the EPA Brownfields assessment has been reprogrammed to the Brownfields petroleum assessment.

FPD Recommendation: \$821,723

2. *ES_002/Vehicles and Equipment Fall BMP, \$736,567 from contingency*

The bureau is carrying over funds for vehicle's purchased in FY 2011-12 but not yet received. Of this amount, \$696,567 is related to the Wastewater program funding of vehicles assigned to PBOT Maintenance Division. The remaining \$40,000 is related to outfitting three aftermarket vehicles for Engineering Services. This request decreased the Sewer System Operating Fund contingency by less than 1.5%.

FPD Recommendation: \$736,567

3. *ES_003/Operating Program Adjustments Fall BMP, \$218,000 in new revenues, 3.0 FTE*

The bureau is making a series of adjustments across four program areas. A summary of the changes in the table and bullets below.

Expense/ Revenue	Funded Program	Program				Grand Total
		Business Services	Pollution Prevention	Wastewater	Watershed	
Expenses	Consulting		-	104,000	85,000	189,000
	Other M&S	95,000	-	-	41,250	136,250
	Contingency	27,750	-	-	-	27,750
	Internal Allocations	25,000	-	-	(25,000)	-
	IA: Facilities	(80,000)	-	-	-	(80,000)
	IA: Parks		-	-	(85,000)	(85,000)
	IA: PBOT		-	-	(20,000)	(20,000)
	IA: Water	50,000	-	-	-	50,000
Expense impact		117,750	-	104,000	(3,750)	218,000
Revenues	Miscellaneous	90,000	-	-	-	90,000
	Service Charge	-	140,000	(12,000)	-	128,000
Revenue impact		90,000	140,000	(12,000)	-	218,000

Business Services

- Recognizing revenues from the sale of a Portland “Loo”. The bureau will increase its IA with the Water Bureau by \$50,000 for loo-related admin support and increase to maintenance (other EM&S) by \$40,000.
- Reducing the interagency with OMF Facilities by \$80,000 to reflect the elimination of one specific landscaping maintenance contract. BES has determined that it can provide the same service less expensively with internal staff. These funds have been reprogrammed into M&S in the amount of \$55,000 and the balance in an internal allocation account.
- Adding to contingency in the amount of \$27,750 in order to recognize excess revenues and balance the request.

Pollution Prevention

- The bureau is recognizing \$140,000 in new revenues from outside customers (primarily other government agencies that do not have similar testing labs).
- The bureau is also converting 3.00 FTE from limited term to regular, ongoing. They are Environmental Technician IIs within the Fats, Oils and Grease (FOG) program.

Wastewater

- Increasing consulting services by \$104,000 for the new NPDES permit that requires several one-time studies (including two mixing zone toxic reduction studies)
- Recognizing a \$12,000 revenue reduction to refine previous revenue project on land application reviews.

Watershed

- Reducing \$20,000 interagency with PBOT for greenstreet design and review and reprogramming the appropriation into miscellaneous services (within other M&S) to provide resources for the Greenstreet Stewards Program.
- Shifting funds from Parks IA for Endangered Species work to consulting services for the same services.
- Recognizing a \$21,250 increase in M&S for work on the Johnson Creek property maintenance
- Balancing the \$25,000 internal allocation with Business Services to provide landscape maintenance services

FPD Recommendation: \$218,000, 3.00FTE

4. *ES_004/Interagencies Fall BMP, \$884,451*

The bureau is making a series of adjustments to interagencies with OMF, BDS, Parks, PBOT and Water, with an increase of \$884,451 in new IA revenues for work requested of BES. Funds are primarily programmed into external materials and services, with a small adjustment to internal materials and services; the balance of funds increase contingency by \$241,029.

Revenue increases include:

- Parks \$287,397 – This increase is primarily for engineering services for Forest Park Culvert work and Washington Park Sewer work; it also includes some coordinated site assessment services for Parks’ land acquisitions.
- Water Bureau \$597,064 – This increase is primarily related to coordinated site assessment services for Interstate, mostly waste disposal; also some re-vegetation work for Powell Butte and other site assessment for the North Denver project.

Overall, this request increases the Sewer System Operating contingency less than half a percent.

FPD Recommendation: \$884,451

5. *ES_005/CIP Fall BMP, \$14,000,000*

The bureau is transferring \$14 million from the Sewer Construction Fund into the programs and projects listed below. Work is continuing in the CSO in order to fully integrate the tunnels with the existing tunnel system, particularly in working through flow control structure challenges related to the PMLRT project.

The largest component within Maintenance and Reliability is the increase to Fanno Basin. BES has had to contract sewer services with Clean Water Services, a separate sewage management organization in Washington County, to provide temporary flow diversion and treatment while the Fanno Basin Pump Station has been repaired. Additionally, the bids for Phase I of the Sewer Structural Rehab project were delayed from the original schedule; work is being shifted into FY 2012-13.

Surface Water Management projects shifted to FY 2012-13 due to a scheduling change and a slight delay in the closing date for a land purchase agreement for property in Johnson Creek.

CIP Program	CIP Project	Increase
Combined Sewer Overflow	ECSO System Startup	1,000,000
<i>Combined Sewer Overflow Total</i>		<i>1,000,000</i>
Maintenance and Reliability	Fanno Basin System I	9,000,000
	Phase 2 Pipe Rehab	700,000
	SE Clinton-Caruthers	800,000
	Sewer Structural Rehab	1,500,000
<i>Maintenance and Reliability Total</i>		<i>12,000,000</i>
Surface Water Management	1% For Green Streets	600,000
	Johnson Creek Willing Seller	400,000
<i>Surface Water Management Total</i>		<i>1,000,000</i>
Grand Total		14,000,000

This draw on contingency reduces the Sewer System Construction Fund by just under 11.5%.

FPD Recommendation: \$14,000,000

6. *ES_006/Fund Transfers Fall BMP, \$287,813*

The bureau is making three fund level adjustments with the following bureaus/funds:

- LID Construction fund – \$331,749 transferred to Sewer Operating for costs related to Royal Highlands and Deltawood Sewer projects.
- Transportation Operating Fund – A \$28,902 reduction in transfers from PBOT reflecting lower 1% for Green contributions. PBOT paved fewer streets in FY 2011-12 than in prior years, so this trues-up what they owe as compared to the estimated amount within the Adopted Budget.
- Water Fund – A \$15,016 reduction from the Water Bureau reflecting lower 1% for Green contributions based on lower volume of work.

This request results in a net increase to Sewer System Operating contingency of less than a quarter of a percent.

FPD Recommendation: \$287,813

Comments on Prior Year Budget Notes, Decision Packages and Non-Technical BMP Changes, and Service Improvement Plans

FY 2011-12 Budget Notes

BES-PBOT Maintenance Service IA review

OMF completed the RFP process twice for an independent consultant to review best practices in sewer repair and cleaning as well as review the current bureau interagency structure. Despite vendor outreach and refining of the scope of work, no proposals were submitted. OMF will work with PBOT and BES to develop potential next steps.

FY 2011-12 Decision Packages and Non-Technical BMP Changes

The bureau's FY 2011-12 decision packages, for the most part, have been implemented, completed or substantially in progress. There are a few exceptions:

- Funding for the Columbia Blvd Wastewater Treatment Plan odor control were largely unneeded due to delays in new facility startups and replacement of caustic pumps. Fanno Basin Pump Station odor issues did not materialize to the same degree as had been expected as the station was intermittently offline and temperatures were cooler. Impacts to both facilities caused the demand for the odor control chemicals to be lower.
- Funding for waste disposal / stormwater cleaning was not needed to the extent expected. The debris volume was not as high as in previous years due to the diversity of stormwater facilities being cleaned and the variability of weather.
- Computer replacements / upgrades to Windows 7 was not completed during the year due to scheduling delays with the Bureau of Technology Services. The replacements will start roll-out in November 2012.

FY 2011-12 Reconciliation

Sewer System Operating Fund - 600	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	42,200,000	53,098,679	25.83%
Licenses & Permits	1,230,000	1,428,987	16.18%
▶ Charges for Services	257,316,969	250,028,024	-2.83%
Intergovernmental Revenues	150,000	1,037,871	591.91%
▶ Interagency Revenue	3,009,507	2,363,095	-21.48%
Fund Transfers - Revenue	132,984,823	117,209,479	-11.86%
Bond and Note		1,267,882	n/a
Miscellaneous	813,315	1,264,273	55.45%
Total Resources	\$437,704,614	\$427,698,290	-2.29%
Requirements			
Personnel Services	57,662,914	56,560,194	-1.91%
External Materials and Services	45,678,411	42,248,300	-7.51%
Internal Materials and Services	42,682,000	40,427,971	-5.28%
Capital Outlay	73,069,449	67,993,737	-6.95%
Bond Expenses	2,173,599	2,093,648	-3.68%
Fund Transfers - Expense	183,405,038	169,039,558	-7.83%
Contingency / Ending Fund Balance	33,033,203	49,334,882	49.35%
Total Requirements	\$437,704,614	\$427,698,290	-2.29%

▶ FPD analyst concern

Requirements

All expenditures are within the 10% threshold. Personnel Services actuals were the closest of the categories to the Revised Budget while External Materials and Services had the greatest under-spending proportionally having spent 92% of the Revised Budget. The \$5.1 million underspending in Capital Outlay is calculated excluding encumbered purchase orders which have carried over into the current fiscal year.

Resources

Licenses & Permits – This revenue category ended the year 116% above budget due to an increase in sewer connection permits related to major construction projects. PBO/T saw a similar up-tick in permitting revenues as well.

Charges for Services – This is the revenue category that contains the utility charge generated from sewer and stormwater rates. Although this category is only under-budget by about 3% for the year, it represents \$7.2 million unrealized and is noted at the beginning of this review as a potential future issue. Environmental Services, along with the Water Bureau, have been dealing with falling demand for several years. At the end of FY 2010-11, utility revenues were under by \$2.6 million of the Revised Budget, but down \$8.3 million from the Adopted Budget. Similarly, the FY 2009-10 actuals were down by over \$6 million. This revenue trend will likely result in program reductions to the extent that reserve funds are no longer available for short term relief.

Intergovernmental – This category ended the year 592% over budget due to unplanned state and local reimbursements. The largest single reimbursement was from Metro in the amount of \$400,000 related to the construction of culverts for fish passages in Crystal Springs Creek.

Interagency – Revenues were 21% under budget. This coincides with lagging CIP projects in PBOT that have a sewer component as well. As one of these projects are farther along in FY 2012-13, BES services will be utilized and funds will be received.

Bond and Note – These proceeds are the result of the final DEQ State Revolving Fund loan disbursements for loans taken out in 2004 for the Sewer Extension and Revegetation programs.

Environmental Remediation Fund - 608	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	1,500,000	2,681,951	78.80%
Charges for Services	5,206,868	5,456,614	4.80%
Interagency Revenue	370,000	435,569	17.72%
▶ Miscellaneous	15,000	40,177	167.85%
Total Resources	\$7,091,868	\$8,614,311	21.47%
Requirements			
▶ Personnel Services	493,596	393,006	-20.38%
▶ External Materials and Services	3,956,209	1,662,378	-57.98%
▶ Internal Materials and Services	969,168	746,638	-22.96%
Bond Expenses	295,928	893	-99.70%
Fund Transfers - Expense	135,448	135,448	0.00%
Contingency / Ending Fund Balance	1,241,519	5,675,948	357.18%
Total Requirements	\$7,091,868	\$8,614,311	21.47%

▶ FPD analyst concern

Requirements

Personnel Services – This category was only 80% spent due to two vacancies out of five budgeted positions within the Portland Harbor program.

External Materials and Services – This underspending is due to the reversal of a \$2.1 million Portland Harbor liability for future Lower Willamette Group payments. The reversal is a technical correction required by central Accounting.

Internal Materials and Services – The demand for lab work and sampling / monitoring services for the Portland Harbor group has dwindled as the investigation phase is near its end.

Resources

Miscellaneous revenues - This was over budget by primarily due to higher interest rates combined with higher cash balances.

Sewer System Debt Redemption Fund - 609	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	30,770,500	30,846,938	0.25%
Fund Transfers - Revenue	148,280,000	148,174,520	-0.07%
Bond and Note	18,000,000		-100.00%
Miscellaneous	200,000	195,710	-2.15%
Total Resources	\$197,250,500	\$179,217,168	-9.14%
Requirements			
Bond Expenses	148,474,459	148,409,067	-0.04%
Unappropriated Fund Balance	48,776,041	30,808,101	-36.84%
Total Requirements	\$197,250,500	\$179,217,168	-9.14%

▶ FPD analyst concern

Expenses were on target. Bond and Note revenues did not materialize as a previously planned bond sale was delayed to August 2013. The bureau will realized interim financing at lower interest rates.

Sewer System Construction Fund - 614	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	100,000,000	108,819,727	8.82%
Charges for Services	350,000	786,639	124.75%
Intergovernmental Revenues		9,295	n/a
Fund Transfers - Revenue	15,829,000	1,676,306	-89.41%
▶ Bond and Note	210,000,000		-100.00%
Miscellaneous	500,000	392,778	-21.44%
Total Resources	\$326,679,000	\$111,684,745	-65.81%
Requirements			
▶ External Materials and Services	206,000		-100.00%
▶ Bond Expenses	194,000		-100.00%
Fund Transfers - Expense	107,561,495	96,397,764	-10.38%
Contingency / Ending Fund Balance	218,717,505	15,286,981	-93.01%
Total Requirements	\$326,679,000	\$111,684,745	-65.81%

▶ FPD analyst concern

Resources

Charges for Service – This category collected over budget as a result of a significant increase in line and branch revenues, particularly in connection with the Lents Sewer Extension project.

Fund Transfers – This revenue was down significantly due to a reduced transfer from the Sewer Operating Fund based on cash availability.

Bond and Note – The anticipated bond sale was delayed until 2013; as a result, no revenues have been realized.

Requirements

External Materials and Services and Bond Expenses – No expenses recorded as a result of the delayed bond sale.

Sewer System Rate Stabilization Fund - 617	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	\$13,875,000	\$13,990,074	0.83%
Bond and Note	\$16,700,000	\$16,700,000	0.00%
Miscellaneous	\$160,000	\$191,771	19.86%
Total Resources	\$30,735,000	\$30,881,845	0.48%
Requirements			
▶ Fund Transfers - Expense	\$25,000,000	\$20,515,000	-17.94%
Contingency/ Ending Fund Balance	\$5,735,000	\$10,366,845	80.76%
Total Requirements	\$30,735,000	\$30,881,845	0.48%

▶ FPD analyst concern

Requirements

Fund Transfers – Transfers to the Sewer Operating Fund were lower than planned due to reduced coverage needs in the Sewer Operating Fund. Maintaining minimum fund balances in the Rate Stabilization Fund will continue to be an issue for the bureau, hampering the bureau’s future ability to mitigate revenue short falls in the Sewer Operating Fund

Grants Fund - 217	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
▶ Intergovernmental Revenues	\$2,916,878	\$2,181,535	-25.21%
Total Resources	\$2,916,878	\$2,181,535	-25.21%
Requirements			
Personnel Services	\$304,486	\$334,956	10.01%
▶ External Materials and Services	\$1,411,357	\$584,002	-58.62%
▶ Internal Materials and Services	\$307,175	\$275,841	-10.20%
Capital Outlay	\$893,860	\$892,684	-0.13%
Total Requirements	\$2,916,878	\$2,087,483	-28.43%

▶ FPD analyst concern

Underspending, and therefore undercollecting, is related to the following grants and projects:

- EPA Innovation Wet Weather Program – the bureau was unable to meet program targets
- EPA Brownfields Clean up – clean up costs were less than originally anticipated.
- EPA Brownfields grants – this program is dependent upon willing partners, which did not materialize to the extent the bureau was prepared for.
- EPA Brownfields Revolving Loan Fund – This program is also dependent on willing partners.

FY 2011-12 Performance Measure Reporting

The bureau maintains 14 performance measures across all program areas. Most actual are close to expectations with the following exceptions and commentary:

- *Construction Management Costs as a percentage of total Construction Costs*
Actuals increased from 7% in FY 2010-11 to 11% at the end of FY2011-12. This increase in management costs is related to the change in composition of projects, with a shift toward many smaller sized projects rather than fewer larger projects.
- *Number of students provided with bureau education*
FY 2011-12 actuals are 84% of the FY 2010-11 actuals. The 16% decrease is attributable to a combination of purposefully fewer programs in order to increase quality and focus on program development and the smaller class sizes in many of the schools that BES partners with.
- *Number of lab analyses performed each year*
Lab analysis performed increased by 10,456, or 23%. Demand for lab services from outside agencies has increased.
- *Average resources spent in site investigations*
Actual costs appear to have doubled from FY 2010-11 to FY 2011-12. In reality, however, the methodology used for the calculation has been refined to include additional related city staff and consultant time that had been previously excluded.
- *Percent of pipe identified as highest priority for repair incorporated in CIP*
This figure has more than doubled from FY 2010-11 to FY 2011-12. The 43% dip was an anomaly. Some projects had been shifted out beyond the year window and were therefore not in the calculations.

FY 2011-12 Capital Project Reconciliation

The chart below illustrates the changes in the bureau's CIP over the course of the past fiscal year. Overall the budget remained relatively stable.

During the Fall BMP, the bureau primarily shifted funding from the Sewage Treatment Systems Program into the CSO Program in order to ensure adequate funding toward the project end date of December 2011. In specific, the funds were allocated into the Balch Consolidation project, the Portsmouth Forcemain and the Sellwood Pump Station. The overall, net reduction was within the Surface Water Management program, mostly in Grey to Green land acquisition. The overall decrease was less than 1%.

The Spring BMP resulted in an increase that almost exactly offset the Fall BMP decrease. The bureau increased the System Development Program by \$345,000 for sewer work related to the Portland Milwaukie Lightrail project (PBOT as the lead bureau). During the Over-expenditure Ordinance, BES increased funding again for the Portland Milwaukie Lightrail sewer work.

CIP program	FY 11-12 Adopted	FY 2011-12 Fall Adjs	FY 2011-12 Spring Adj	FY 2011-12 Over Exp	Actuals
Non-program	-	-	-	-	194,474
Combined Sewer Overflow	26,470,000	6,600,000	-	-	32,008,755
Facilities	-	-	-	-	343,334
Maintenance and Reliability	29,683,000	-	-	-	26,712,423
Sewage Treatment Systems	27,953,000	(6,600,000)	-	-	19,868,077
Support	-	-	-	-	495,618
Surface Water Management	24,477,000	(398,953)	5,000	-	20,055,211
Systems Development	3,567,000	-	345,000	100,000	5,378,709
Total	112,150,000	(398,953)	350,000	100,000	105,056,601

The bureau spent 94% of its revised CIP budget, or \$105.1 million out of \$112.2 million. Program areas of under- and over-spending included:

- Maintenance & Reliability (90% spent) – Division Street project delay and bidding delays for both Phase I and Phase II of pipe rehabilitation projects.
- Surface Water (82% spent) – 33rd Avenue culvert delay due to delays in linked PBOT project, underground injection control work on hold pending discussions with DEQ.
- Systems Development (151% spent) – additional transportation work than anticipated, primarily in the South Waterfront.

FY 2012-13 Capital Project Reporting

The bureau is requesting to increase its total CIP budget by 16%, or nearly \$15 million for a total of \$110.3 million. Program increases include the following:

- CSO - \$1 million for system start-up
- Maintenance and Reliability - \$12 million primarily for payments to the Clean Water Services for diversions in the Fanno Basin
- Surface Water Management Program - \$1.2 million for 1% for Green Streets and to accommodate a late closing in the Johnson Creek Willing Seller Program for land acquisition.
- System Development Program – \$670,000 related to PMLRT work.

The negative actuals in the CSO and Facilities program areas is a timing issue regarding the reversal of prior year accruals. The specific projects will net to zero as soon as the invoice for the prior year has been paid and netted against the accrual. As of October 19th, most of the accruals had been reversed.

Excluding the accrual negatives, as of the end of September (AP 3), BES had spent \$2.6 million or 3% of its adopted CIP budget.

Financial Planning Division Analysis

FY 2012-13 Fall BMP

Water Bureau

Analysis by: Ryan Kinsella

Summary of Significant Issues

Update on EPA Long-Term II Enhanced Surface Water Treatment Rule (LT2)

The Oregon Health Authority (OHA) approved the City's request for a 10-year treatment variance subject to requirements in March 2012. As a result, the City will not need to build the ultraviolet treatment plant to comply with the LT2 rule. In May 2012, OHA denied requests to delay the schedule for disconnecting the Mt. Tabor and Washington Park reservoirs, and as such, the bureau revised its Five-Year CIP in the FY 2012-13 Adopted Budget in order to reflect the decision.

Through the end of FY 2011-2012, the bureau has spent approximately \$70 million on LT2 compliance projects, and the bureau plans to spend an additional \$214.2 million over the next five years. LT2 projects include Powell Butte capacity expansion, Kelly Butte and Washington Park storage, and adjustments to Mt. Tabor piping so that unenclosed storage can be disconnected from the distribution system. FY 2011-12 actual expenditures for LT2 projects were less budgeted because the bureau received the treatment variance and also delayed projects while requesting schedule extensions.

Decreased retail consumption

In FY 2011-12, the Water Bureau budgeted approximately \$122 million in revenue from retail and wholesale utility charges but only received \$115 million, resulting in approximately \$7.4 million less revenue than budgeted.

Retail consumers have purchased lesser amounts of water than initially estimated by the bureau, affecting budgeted revenues. Causes are believed to include economic and weather trends, efficiencies in water use due to plumbing code revisions and consumer conservation efforts. As estimated by external consultants assisting with current rate-structure analysis, retail water demand has declined by approximately 1% per year over the last decade, controlling for weather and unemployment and despite growth in the city's population.

In addition to capital cost increases associated with LT2 compliance, the impact of under consumption will also influence rate increases in FY 2013-14. FPD recommends that as the bureau prepares rates for the FY 2013-14 budget, consideration should be given to decreased consumption trends of retail consumers, and correspondingly, the bureau should adjust its utility charge revenues

Fluoridation

In September, Council directed the Water Bureau to begin fluoridation of the city's water supply by March of 2014. The estimated capital cost is approximately \$5 million with ongoing operations and maintenance costs of \$575,000 beginning in FY 2014-15. The bureau estimates one-time rate increases of 0.3% to 0.4% due to capital costs and an ongoing rate increase of 0.3% beginning in FY 2014-15.

The bureau had not budgeted for the fluoridation project and so, in addition to drawing from contingency, the bureau will also need to adjust the five-year CIP in the FY 2013-14 budget process in order to accommodate project costs.

A referendum petition was filed against the fluoridation project ordinance. If the referendum qualifies for the ballot, then legislation of the ordinance is suspended until the election and the bureau will cease all current planning efforts. Adjustments to the FY 2012-13 budget would no longer be necessary.

Recommended Requests

1. *WA_001/ Internal Adjustments, \$0*

This request adjusts budgeted amounts so that funds better align with current projects, including the following:

- Increase BTS interagency agreement (IA) for the interactive voice response component of the phone system upgrade - \$92,142
- Transfer resources from the Resource Protection Group to the bureau's Financial Planning Division to cover contracted costs for the Rate Structure Study - \$10,000
- Increase IA with Parks Bureau for summer concert sponsorship - \$5,000
- Increase IA with Bureau Planning and Sustainability for conservation-related work - \$2,000
- Increase IA with Bureau of Environmental Services for the Deltawood Safety Program - \$10,000
- Increase IA with Portland Bureau of Transportation for three additional parking spaces - \$5,940
- Transfers consultant services resources from Operations to Property Management to decommission non-operating property prior to surplus sale - \$50,000
- Reduce the Insurance interagency as a result of the Risk Loss Prevention Incentive Program; commensurate increase to the safety budget to continue the effort - \$34,346

FPD Recommendation: adjustments as requested

2. *WA_002 / Carryover Request, \$0*

The bureau requests two carryovers from its FY 2011-12 budget. The first carryover of \$30,000 will fund the IA with the Revenue Bureau for modifications to the utility billing system and will allow for the production of voluntary monthly billing statements. The second carryover will increase the professional services budget in order to develop models of the impact of climate change on Bull Run Watershed in collaboration with the University of Idaho and Oregon State University.

FPD Recommendation: adjustments as requested

3. *WA_003 / IA with BES, \$50,000*

The bureau requests to create an IA with BES in order to receive any payment for maintenance services that may be required during transfer of the Portland Loos to BES. IA payments will be based on actual service costs.

FPD Recommendation: adjustments as requested

4. *WA_004 / CIP Adjustments, \$0*

The bureau requests to increase its FY 2012-13 CIP by \$2.2 million, drawing from bureau contingency in order to complete projects continuing from FY 2011-12. The increase will fund work on the following projects in FY 2012-13:

- Westside Header Phase 2 and Carolina Phase 1 distribution mains; SE Light Rail Betterments - \$1,675,000
- Vernon and Taylor Ferry pump station/tank project - \$125,000
- PGE Property Acquisition for a Habitat Conservation Plan project - \$400,000

The increase in CIP will also fund field support costs for site coordination assessments conducted by BES of \$523,823, and allocate funds to provide revegetation services at the Powell Butte project site.

FPD Recommendation: adjustments as requested

5. *WA_005 / LID Adjustment, \$0*

This request allows for a cash transfer from the LID Fund to the Water Construction Fund for costs incurred as part of the Deltawood Phase 1 project. The total cost of the project is \$589,103, of which private property owners' share is \$485,785. The cash transfer will occur after the final assessment.

FPD Recommendation: adjustments as requested

6. *WA_006 / Green Streets Adjustment, \$0*

This request corrects the amount to be transferred to the Sewer System Operating Fund for Green Streets Initiative by decreasing the budgeted amount. The amount transferred is based upon 1% of the actual expenditures incurred in the bureau's prior year CIP.

FPD Recommendation: adjustments as requested

7. *WA_007 / Loan Repayment, \$433,817*

The bureau requests to repay a loan issued through the state's Infrastructure Finance Authority. The loan covered costs for portions of the Portland Columbia South Shore Well Field Improvement project that qualified for funding through the program.

FPD Recommendation: adjustments as requested

8. *WA_008 / Hydro Ops Fund Cash Transfer Accounts, \$0*

This request relates to cash transfers that need to be made from the Hydro Renewal and Replacement Fund, held by the Hydro Bond Trustee, to the Hydro Operating Fund. In order for transactions to be properly logged in SAP, a new revenue object code had to be created. This request transfers the budget authorization in this Fund from the general cash transfer object code to the newly created revenue object code that is specific to the Hydropower Trustee accounts.

FPD Recommendation: adjustments as requested

9. *WA_009 / Hydro R&R Fund Cash Transfer Accounts, \$0*

This request also relates to cash transfers that need to be made from the Hydro Renewal and Replacement Fund, held by the Hydro Bond Trustee, to the Hydro Operating Fund. In order for transactions to be properly logged in SAP, a new expense object code had to be created. This request

transfers the budget authorization in this Fund from the general cash transfer object code to the newly created expense object code that is specific to the Hydropower Trustee accounts.

FPD Recommendation: adjustments as requested

10. *WA_010 / Grant Adjustment, \$1,208,212*

The bureau received an ARRA grant of \$8,212 for energy retrofits for the Vernon Micro Generator project and \$1.2 million reimbursement from TriMet for utility relocation work related to the Milwaukee Light Rail project. This request recognizes the \$1,208,212 in additional grant revenues in FY 2012-13.

FPD Recommendation: adjustments as requested

11. *WA_011 / Fluoridation Project, \$0*

To budget for planning and development costs of the fluoridation project, the bureau is requesting a transfer of \$1 million from bureau contingency in FY 2012-13. Council passed ordinance #185612 in September 2012 directing the development of a fluoridation system, and so these costs were not originally budgeted for the in FY 2012-13 CIP. Total project costs are estimated at \$5 million, and the bureau will adjust its CIP and request funding for ongoing operations at part the FY 2013-14 Requested Budget.

FPD Recommendation: adjustments as requested

12. *WA_012 / Hydro Miscellaneous Expense Adjustment, \$0*

The Hydroelectric Power Division is obligated to fund a portion of costs for diesel spill remediation work, and as such, the bureau requests budget authority to implement an agreement with PGE. The bureau's portion of the cost is estimated at \$130,000 to \$150,000, and the bureau will transfer funding from the division's contingency to cover those costs. By meeting this need, the division will have a lower end-of-year contingency which will also reduce the amount available to be transferred to the General Fund in FY 2013-14.

FPD Recommendation: adjustments as requested

Comments on Prior Year Budget Notes, Decision Packages and Non-Technical BMP Changes, and Service Improvement Plans

FY 2011-12 Budget Notes

Monthly Billing – The bureau will require customers to receive e-bills if requesting monthly statements. Rather than transitioning to monthly meter reads, the billing system will be modified to calculate the entire quarter but customers will only be charged a third of the quarterly total each month.

LT2 - Please see “Significant Issues” section above for a more information.

PURB Review - Beginning in the Fall 2011-12 BMP, FPD now forwards bureau BMP submittals to PURB upon receipt.

Prior Year Decision Packages and Non-Technical BMP Changes

Provided below are updates to two key decision packages/non-technical BMP changes in FY 2011-12.

WA_08 - Increase interagency with BTS (Fall 2011-12 BMP). The bureau increased its IA with BTS by \$282,934 to improve the phone technology and update to touchtone bill payments. Due to delays, the credit card acceptance portion of the AVAYA phone system upgrade will be delayed into FY 2012-13. The bureau requests an IA increase of \$92,150 with BTS in this Fall BMP in order to complete the work (WA_001).

WA_12 - Grant adjustments. (Spring BMP) The bureau requested grant adjustments for ARRA federal grant for Vernon and Chiller (\$43,000), a lock replacement (\$125,000) and projects related to the Milwaukie Light Rail (\$1,000,000). These grant-funded projects were completed as scheduled.

FY 2011-12 Reconciliation

Grants Fund 217	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Intergovernmental Revenues	1,268,000	1,507,057	18.85%
Total Resources	\$1,268,000	\$1,507,057	18.85%
Requirements			
Personnel Services	300,000	359,926	19.98%
External Materials and Services	500,000	734,197	46.84%
Internal Materials and Services	50,000	69,571	39.14%
Capital Outlay	418,000	57,324	-86.29%
Total Requirements	\$1,268,000	\$1,221,018	-3.71%

▶ FPD analyst concern

The largest portions of grant revenues were received for the bureau's work on the Milwaukie Light Rail project. Variances in external materials and services and capital outlay are due to an incorrect budget allocation.

Hydroelectric Operating Fund 601	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	195,161	266,369	36.5%
Interagency Revenue	63,500	61,856	-2.6%
Fund Transfers - Revenue	125,612	50,066	-60.1%
Miscellaneous	906,250	927,133	2.3%
Total Resources	1,290,523	1,305,423	1.2%
Requirements			
Personnel Services	262,380	251,162	-4.3%
External Materials and Services	195,900	91,160	-53.5%
Internal Materials and Services	234,674	175,136	-25.4%
Bond Expenses	15,847	15,243	-3.8%
Fund Transfers - Expense	390,794	390,794	0.0%
Contingency/Ending Fund Balance	190,928	381,928	100.0%
Total Requirements	1,290,523	1,305,423	1.2%

▶ FPD analyst concern

EMS. The division budgeted for a greater amount of renewal and repair work at the Portland Hydroelectric Project than was actually needed in FY 2011-12.

Contingency. The bureau realized a greater amount of beginning fund balance compared to the amount originally budgeted in FY 2011-12. Fewer transfers were needed to cover interagency charges and external service expenditures.

Budgeted Beginning Fund Balance. Due to greater power sales than budgeted, the bureau received more revenue from PGE.

Water Fund 602	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	45,268,099	48,311,400	6.72%
Charges for Services	127,336,472	123,865,281	-2.73%
Intergovernmental Revenues	451,000	1,106,998	145.45%
Interagency Revenue	3,219,148	3,101,363	-3.66%
Fund Transfers - Revenue	137,023,978	91,921,338	-32.92%
Bond and Note	-	282,195	
Miscellaneous	1,224,681	1,613,408	31.74%
Total Resources	\$314,523,378	\$270,201,982	-14.09%
Requirements			
Personnel Services	60,784,308	57,352,092	-5.65%
External Materials and Services	20,907,530	15,004,528	-28.23%
Internal Materials and Services	21,191,076	20,523,153	-3.15%
Capital Outlay	53,062,220	47,784,984	-9.95%
Bond Expenses	2,984,026	2,065,544	-30.78%
Fund Transfers - Expense	60,134,284	60,100,967	-0.06%
Contingency/Ending Fund Balance	95,459,934	67,370,714	-29.43%
Total Requirements	\$314,523,378	\$270,201,982	-14.09%

▶ FPD analyst concern

The largest portions of bureau under spending result from rescheduling LT2 compliance projects into later years and delays in other project schedules including the Bull Run Habitat Conservation Plan, Interstate Maintenance Facility and Emergency Coordination Center. Specifically, the following LT2-related projects decreased bureau expenditures in FY 2011-12:

- UV Facility – Project discontinued due to the issuance of a 10-year variance from the Oregon Health Authority;
- Kelly Butte – Construction plans delayed until after receiving a decision on request to delay construction schedule; OHA rejected request in May 2012;
- Powell Butte – Payment requests were delayed until construction began in April 2012.

Intergovernmental Revenues. The bureau also received reimbursement of indirect costs for work performed on the Light Rail SE Corridor project (\$446,000 from PBOT grant monies), SE Powell and SE 51st project and MLK Blvd SE Grant Ave Viaduct (\$118,000 in state reimbursement).

Miscellaneous. Variance is higher than projected Miscellaneous revenues results from the sale of vehicles (\$100,000), sale of loo to City of Victoria (\$245,000) and scrap material sales (\$75,000).

Charges for Services. The bureau received \$3.5 million less in revenues than budgeted for retail water sales. Please see *Significant Issues* for further discussion.

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Hydroelectric Power Bond Revenue Fund - 611			
Resources			
Budgeted Beginning Fund Balance	4,451,694	4,418,337	-0.75%
Miscellaneous	2,794,400	2,830,021	1.27%
Total Resources	\$7,246,094	\$7,248,358	0.03%
Requirements			
Bond Expenses	2,711,765	2,711,764	0.00%
Unappropriated Fund Balance/Ending Fund Balance	4,534,329	4,536,594	0.05%
Total Requirements	\$7,246,094	\$7,248,358	0.03%

▶ FPD analyst concern

No concerns.

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Water Bond Sinking Fund 612			
Resources			
Budgeted Beginning Fund Balance	15,936,928	15,961,566	0.15%
Fund Transfers - Revenue	31,443,206	31,477,992	0.11%
Bond and Note	12,620,000	-	-100.00%
Miscellaneous	133,189	102,489	-23.05%
Total Resources	\$60,133,323	\$47,542,047	-20.94%
Requirements			
Bond Expenses	31,576,395	31,576,394	0.00%
Unappropriated Fund Balance/Ending Fund Balance	28,556,928	15,965,653	-44.09%
Total Requirements	\$60,133,323	\$47,542,047	-20.94%

▶ FPD analyst concern

Bond and Note. The bureau planned to issue bonds in the spring of 2012, but due to project scheduling delays (Powell Butte reservoir, Bull Run Habitat Conservation Plan, Interstate Maintenance Facility), the bureau reduced the bond amounts and rescheduled issuing the bonds until July 2012. As a result, transfers of resources from the Water Construction Fund were reduced.

Miscellaneous. Interest earnings were lower than projected.

Water Construction Fund 615	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	72,034,535	79,825,629	10.82%
Charges for Services	1,000,000	1,647,239	64.72%
Fund Transfers - Revenue	19,415,072	19,648,305	1.20%
Bond and Note	148,631,000	-	-100.00%
Miscellaneous	332,495	381,542	14.75%
Total Resources	\$241,413,102	\$101,502,715	-57.95%
Requirements			
Fund Transfers - Expense	137,186,465	91,996,927	-32.94%
Contingency	20,627,470	-	-100.00%
Unappropriated Fund Balance	83,599,167	9,505,787	-88.63%
Total Requirements	\$241,413,102	\$101,502,715	-57.95%

▶ FPD analyst concern

Fund Transfers. Transfer expenses to Water Fund 602 were reduced because of delays in LT2-related projects.

Bond and Note. The bureau planned to issue bonds, but due to project delays, including LT2-related projects, these bonds were delayed.

Hydroelectric Power Renewal and Replacement Fund 618	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	9,481,050	9,404,997	-0.80%
Miscellaneous	309,000	416,592	34.82%
Total Resources	\$9,790,050	\$9,821,589	0.32%
Requirements			
Fund Transfers - Expense	125,000	49,434	-60.45%
Contingency	9,665,050	9,772,155	1.11%
Total Requirements	\$9,790,050	\$9,821,589	0.32%

▶ FPD analyst concern

Fund Transfers. The actual amount of repair work that was needed at the Portland Hydroelectric Project in FY 2011-12 was less than that which had been budgeted, thereby reducing the need to transfer funds to Hydropower Operating Fund.

Miscellaneous. Actual miscellaneous revenues exceeded budget by \$104,216 in order to reflect the amounts in the finalized PHP billing statement from PGE in October 2011.

FY 2011-12 Performance Measure Reporting

Bureau performance largely aligned with the measure targets. Discussed below are three notable variances.

WA_0041 Power Sold to PGE (mwh). PHP Powerhouse No.2 will be held off-line for an entire year while a multi-level water intake structure is added to the North Intake Tower of Bull Run Dam No.2. As a result, the amount of power generated in FY 2012-13 will be approximately 50% lower than the average annual amount. Payments from PGE will decrease in FY 2013-14 due to this decrease in power sales.

WA_0042 – Transfer of Hydropower Profits to General Fund

The Hydropower Division is reducing contingency in order to budget for \$130,000-\$150,000 in costs for diesel spill remediation work in the FY 2012-13 Fall BMP. Depending upon final FY 2012-13 revenues and power generation amounts, the division may reduce the amount transferred to the General Fund in FY 2013-14. The bureau projects that the FY 2012-13 transfers will be \$500,000, which is \$250,000 more than the amount transferred in FY 2011-12.

WA_0051 Percent of calls answered within 60 seconds

During the past two years, the bureau has set a goal of 80% of calls answered within 60 seconds. In FY 2011-12, call center positions were held vacant due to lower than planned water sales, resulting in decreased responsiveness to answering calls. As a result, the response rate was 49% in FY 2011-12.

The upgrade to the new phone system, which allows for touchtone bill payments, will likely improve call center responsiveness.

FY 2011-12 Capital Project Reconciliation

CIP Program	FY 2011-12 Adopted	FY 2011-12 Revised	FY 2011-12 Actual	Percent Variance
Customer Service	2,000,000	100,000	66,792	-33.21%
Distribution	36,965,000	36,965,000	26,759,703	-27.61%
Regulatory Compliance	16,500,000	13,000,000	4,607,214	-64.56%
Supply	2,320,000	2,320,000	1,610,639	-30.58%
Support	1,100,000	1,100,000	64,837	-94.11%
Transmission/Terminal Storage	43,950,000	22,600,000	28,388,777	25.61%
Treatment	19,500,000	5,650,000	5,423,227	-4.01%
Total	122,335,000	81,735,000	66,921,189	-18.12%

FY 2012-13 Capital Project Reporting

Prior Year Variance Description

Distribution. Due to construction delays, Carolina Pump main and Westside Header Phase 2 projects will now be completed FY 2013-14, increasing the FY 2012-13 CIP by \$2,200,000 (see request WA_004).

Regulatory Compliance. Delays in fabrication of the steel components for the Dam 2 Tower project will shift \$6,000,000 in costs to future years. Expenses do not include an adjustment of \$1,400,000 for the Cedar Creek Fish Passage project.

Customer Service. Due to delays in construction of the Emergency Coordination Center, the bureau under spent in this program and will shift \$1,900,000 in costs into future years. The FY 2012-13 includes in \$6,100,000 in the program budget, and the bureau will request \$1,800,000 in the FY 2013-14.

Transmission/Terminal Storage. Program budget increased from \$22,600,000 in the FY 2011-12 Revised Budget to \$58,700,000 in the FY 2012-13 Adopted Budget. Increases include additional budget for construction costs of the Powell Butte storage and Kelly Butte reservoir, design costs for the Washington Park enclosed storage, and piping adjustments to the Mt Tabor distribution system.

Current Year Variance Description

CIP Program	FY 2012-13 Adopted	Fall BMP Revised
Distribution	41,734,800	44,734,800
Treatment	100,000	1,100,000

Distribution. In addition to carrying over construction costs for the Carolina Pump Main Phase 1 and Westside Header Phase 2 projects (\$2,200,000), funds will also be used for water system betterments related to the Orange Line light rail line project.

Treatment. Revised program budget includes the request for \$1 million to fund design costs of the fluoridation treatment process improvements at Lusted Hill (\$1,000,000). Funding for the remaining project costs (\$5,000,000 total) will be requested in the FY 2013-14 budget.

Community Development Service Area

Financial Planning Division Analysis

FY 2012-13 Fall BMP

Bureau of Development Services

Analysis by: Sara Lowe

Summary of Significant Issues

Information Technology Advancement Project:

In November of 2010, the Bureau of Development Services (BDS) received Council approval to move forward with the Information Technology Advancement Project (ITAP). The estimated total project cost was \$5.8 million (ordinance 184226). Once complete, the proposed system will include: online access to all historic permit and land use records; online access to land use permit applications and plan submittals; electronic plan review; online fee payment and permit issuance; electronic entry of inspection results; and real-time access for field staff and customers.

The original plan provided that BDS work with the Office of Management and Finance and the City Attorney's Office to negotiate a contract with a pre-approved system vendor; write an intergovernmental agreement with the State of Oregon; and secure a line of credit to fund the project. However, in 2011, the Bureau abandoned the sole contract approach and instead solicited bids from the public through the formal request for proposal process (RFP). The estimated cost included in the RFP was \$3.0 million (ordinance 184934); this only included payments to the application development contractor. The \$3.0 million contractor estimate was based on a bid provided by a development vendor prior to moving forward with the competitive solicitation. The RFP process began in February 2012 and is expected to be complete at the end of October 2012. Soon after announcing the apparent successful vendor, the Bureau will move into contract negotiations. Negotiations are projected to take several months.

Although the scope of the project has remained relatively consistent, the project's budget has fluctuated. A revised baseline budget, complete with increased professional services contract costs, has yet to be published. The most recent estimate, included in the FY 2012-13 Adopted Budget Review, cites the project's estimated cost at approximately \$11.9 million. It is expected that updated estimates will not be available until the negotiations with the application development vendor are complete, sometime in the winter of 2013. The revised baseline budget, as well as the finalized application development contract, will need to be presented to Council and the Technology Oversight Committee (TOC). It is anticipated that the updated projections will include increased costs related to the application development contract, a revised implementation date, new software licensing and hardware infrastructure cost projections, and a sufficient amount of project contingency to handle unexpected cost overruns. It should be noted that the RFP process has taken longer than anticipated, causing the project to be three months behind schedule; however, the extension was necessary to ensure proper vendor selection.

Once costs projections are solidified, the bureau will need to complete a thorough analysis to determine whether or not the bureau can afford this project using only its internal resources and the \$6.6 million line of credit. Additionally, updated cost projections will need to be integrated into the bureau's five-year financial plan.

BDS has been proactive in alerting stakeholders to potential increases in the projects total cost. FPD has been meeting with the bureau on a consistent basis, the bureau presents to the TOC monthly, and the project retains an independent Quality Assurance/Quality Control contractor responsible for monitoring project success factors. The project budget will require constant oversight to ensure that all risk factors are taken into consideration throughout the life of the project.

Recommended Requests

1. *DS_001/Fall BMP FY 2012-13 Vacancy Savings Non- General Fund, \$0*

The FY 2012-13 Adopted Budget included a provision directing the capture of bureau vacancy savings starting in the FY 2012-13 Fall BMP. Accordingly, BDS recorded 28 vacancies from, July 2012 through September of 2012. Of the 28, vacancies nine were eligible to accrue vacancy savings (formal offers sent prior to 6/30/2012 made many of the vacant positions ineligible). The non-General Fund vacancy savings accumulated from the eligible positions totaled \$199,595 and will be transferred into Development Services Fund contingency. FDP recommends accepting the transfer of these savings into contingency. It should be noted that the bureau did not request any exemptions in this reporting period.

FDP Recommendation: \$0

2. *DS_002/Staff to Support Increased Workload, \$0, 3.0 FTE*

BDS requests to hire a permanent Program Specialist, Office Support Specialist II, and Combination Inspector to handle the bureaus increasing workload. Position specifics are as follows:

- Program Specialist: Assist with organizing, developing, and implementing bureau-wide communication and outreach. The position is projected to be 70% dedicated to ITAP, with the remaining 30% focused on bureau-wide activities.
- Combination Inspector: Focus on residential inspection activities. This position is necessary to ensure the bureau continues meeting the performance measure goal of completing all inspections within 24 hours of request.
- Office Support Specialist II: Position will work to provide support for the Office of Director, Communication & Organizational Development Program, Training Program, Recruitment/Selection Program, boards and commissions, and other administrative programs.

This request, which totals \$159,075 (December 2012-June 2012) for the current year and \$199,493 ongoing, is funded using bureau contingency. Approving these positions would bring the total number of newly approved FY 2012-13 permanent positions to 20.6 FTE (17.6 were approved during the Adopted Budget process). FDP recommends approval of the requested positions based on the bureau's current financial picture and increasing workload.

FDP Recommendation: \$0, 3.0 FTE

3. *DS_003/Rent Payments to BDS, \$690*

The interagency agreement, allowing the Bureau of Environmental Services and the Portland Bureau of Transportation to make rent payments to BDS, needs to be increased by \$690 to allow for additional parking spaces acquired by the bureaus.

FDP Recommendation: \$690

4. *DS_004/Illegal Dumps and No Garbage Service Cases LA, \$40,245*

At the request of Bureau of Planning and Sustainability (BPS), BDS provides services to address illegal dumping or locations where no garbage services exist. BDS is requesting an increase of \$40,245 to their interagency agreement with BPS to allow for the continuation of services.

FPD Recommendation: \$40,245

5. *DS_005/Historic Resources Code Improvement Project LA, \$0, FTE*

BDS is requesting a \$30,000 increase to their interagency agreement with BPS. The increase, which is funded using bureau contingency, will cover services provide by BPS that are in support of the Historic Resources Code Improvement Project.

FPD Recommendation: \$0

6. *DS_006/Fall BMP FY 2012-13 Vacancy Savings General Fund, (\$10,136)*

The FY 2012-13 Adopted Budget included a provision directing the capture of bureau vacancy savings starting in the FY 2012-13 Fall BMP. As such, BDS recorded 28 vacancies from, July 2012 through September of 2012, of which nine were eligible to accrue vacancy savings (formal offers sent prior to 6/30/2012 made many of the vacant positions ineligible). The General Fund vacancy savings accumulated from the eligible positions totaled \$10,136; BDS's General Fund cash transfer appropriation will be reduced accordingly.

FPD Recommendation: (\$10,136)

Comments on Prior Year Budget Notes, Decision Packages and Non-Technical BMP Changes

FY 2011-12 Budget Notes

BDS did not have any budget notes in FY 2011-12.

FY 2012-13 Budget Note Update:

The FY 2012-13 Adopted Budget included a budget note directing BDS and the Office and Management and Finance to develop and report on internal and external project monitoring controls for the Information Technology Advancement Project in the FY 2012-13 Fall BMP. At the present time, the project is reporting to the Technology Oversight Committee (TOC), retaining independent Quality Assurance/Quality Control services that report to the TOC, and meeting regularly with FPD staff to review projected project costs and project status. It is anticipated that once the application development vendor contract is finalized, a more formal plan for monitoring project cost and status will be developed. Therefore, FPD and BDS recommend the reporting period be extended to the Spring BMP.

Decision Packages and Non-Technical BMP Changes

The bureau implemented all approved decision packages and hired into all of the positions awarded in FY2011-12; this included 13 permanent positions to assist with improving the bureaus' service level and seven limited-term positions that were allocated to various programs within the bureau.

FY 2011-12 Reconciliation

Development Services Fund - 203	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	\$515,338	\$3,711,636	620.23%
Licenses & Permits	\$18,410,488	\$21,918,394	19.05%
Charges for Services	\$6,632,427	\$8,287,583	24.96%
Intergovernmental Revenues	\$5,000	\$4,215	-15.70%
Interagency Revenue	\$883,283	\$842,146	-4.66%
Fund Transfers - Revenue	\$3,031,800	\$3,031,800	0.00%
Bond and Note	\$2,602,149	\$0	-100.00%
Miscellaneous	\$2,030,729	\$2,277,492	12.15%
Total Resources	\$34,111,214	\$40,073,267	17.48%
Requirements			
Personnel Services	\$19,216,653	\$18,348,270	-4.52%
External Materials and Services	\$2,501,387	\$955,117	-61.82%
Internal Materials and Services	\$6,860,813	\$6,133,237	-10.60%
Capital Outlay	\$10,000	\$3,520	-64.80%
Bond Expenses	\$2,285,372	\$2,245,529	-1.74%
Fund Transfers - Expense	\$2,172,972	\$2,172,972	0.00%
Contingency/Ending Fund Balance	\$1,064,017	\$10,214,622	860.01%
Total Requirements	\$34,111,214	\$40,073,267	17.48%

▶ FPD analyst concern

Resources:

An increase in construction activity in the Portland metropolitan area led to bureau license and permit revenues coming in 19% above original projections. Of the \$21.9 million collected in FY 2011-12, \$2.2 million (approx 10%) can be attributed to the OHSU Collaborative Life Sciences Project. The bureau saw a 23% increase in charges for service revenue collections; the result of a \$1.5 million increase in land use services program revenues. The increased revenue collections will allow the bureau to continue to build back their reserves and fund future bureau obligations as they relate to the ITAP project.

The bureau did not realize any bond and note proceeds (FY 2011-12 budget \$2,602,149). There was no need to secure a line of credit in FY 2011-12 to fund the application development vendor for ITAP, because the vendor was not yet selected. It is anticipated that the \$6.6 million line of credit will be taken out in FY 2012-13 and allocated out over the life of the project.

The Bureau's beginning fund balance was \$3.2 million above budget; however, that balance includes funding for a \$1.5 million interfund loan that was paid back in April of 2012 using contingency.

Expenses:

The bureau had significant under spending in external materials and services (\$1.5 million) which will be carried over into the current year to fund the ITAP contractor. Initially, the bureau assumed that that the ITAP application development contractor would be on board during FY 2011-12; however, this was not the case as the procurement process is still ongoing. The bureau should start incurring costs related to the contractor in winter/spring of FY 2012-13 and for the next several years thereafter.

Additionally, the bureau realized Internal Materials and Services savings of \$727,576. The bulk of the savings can be linked to the bureau purchasing fewer vehicles, thereby under spending their interagency agreement with Fleet by \$259,771 and \$275,265 in savings from their interagency agreement with the Bureau of Technology Services.

The excess revenue collections and bureau under spending created an ending fund balance of \$10.2 million, of which \$1.064 million was budgeted as contingency. The surplus rolled over into the current year and can be applied to reserve balances or used to support program expenses as necessary.

FY 2011-12 Reconciliation

Grants Fund 217	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Intergovernmental Revenues	\$88,000	\$85,876	-2.41%
Total Resources	\$88,000	\$85,876	-2.41%
Requirements			
Personnel Services	\$20,000	\$9,597	-52.02%
External Materials and Services	\$8,000	\$7,190	-10.13%
Capital Outlay	\$60,000	\$55,090	-8.18%
Total Requirements	\$88,000	\$71,876	-18.32%

▶ FPD analyst concern

In FY 2011-12, BDS had grant funding from two sources: \$28,000 for a transportation grant related to the Milwaukee Light Rail Project and \$60,000 to fund the purchase of equipment necessary for the implementation of the digitization portion of the ITAP project. Personnel services under spending is the result of BDS charging fewer staff hours to the Milwaukee Light Grant.

FY 2011-12 Performance Measure Reporting

Overall the bureau saw improvement in many of their performance measures. BDS increased the percentage of Commercial Inspections completed within 24 hours of request from 92% in FY 2010-11 to 95% in FY 2011-12. Additionally, BDS saw even greater gains in the Residential Inspections program, going from 80% of inspections completed in 24 hours to 93% in FY 2011-12. The overall number of commercial inspections decreased by 8,801 in FY 2011-12, but that is not expected to be the case in the current year with total inspections projected to be 52,000 (this is the result of a number of large projects starting in the prior year but requiring BDS inspection services in the current year). Additional staff approved during the budget process should be able to assist with the increased inspections; as such, the percent of inspections completed within 24 hours of request is not expected to decrease, despite the increase in the total number of inspections.

The bureau also saw increases in the number of derelict housing inspections, 2,398 in FY 2010-11 to 3,456 in FY 2011-12. The rise in completed inspections can be directly linked to the additional staff awarded in the FY 2011-12 budget to implement the enhanced inspection program.

FY 2011-12 Capital Project Reconciliation

Initially, ITAP was budgeted as a Capital Project in FY 2011-12. However, delays in procuring the application development contractor meant the project's expenditures were not eligible for capitalization based on information technology capital reporting requirements. All project costs recorded as a capital expense were moved into non-capital project codes at years-end.

FY 2012-13 Capital Project Reporting

BDS has \$3.68 million budgeted in FY 2012-13 for the bureau's only capital project, ITAP. Costs recorded prior to the establishment of the application vendor contract, sometime in the winter of 2013, will not be recorded as capital. Accordingly, it is likely that actual capitalizable costs will be much lower than what is currently projected. Future year capital costs will increase to account for the revised project timeline.

Financial Planning Division Analysis

FY 2012-13 Fall BMP

Portland Housing Bureau

Analysis by: Claudio Campuzano

Summary of Significant Issues

The Portland Housing Bureau (PHB) has requested \$343,166 in encumbrance carryover and \$41,000 in new requests. Financial Planning has not recommended the new requests – both the \$24,000 for Fair Housing education and enforcement and \$17,000 for the continuation of a permanent supportive housing evaluation at Bud Clark Commons; these requests are not recommended based on a lack of available contingency or additional ending balance to budget in the new year. To the degree that these are prioritized by Council, they could be funded out of the existing bureau budget.

Recommended Requests

1. *HC_001/Technical Adjustments, \$0*

The bureau submittal describes a number of net zero adjustments in the General Fund, Housing Investment Fund, and the grants funds.

FPD Recommendation: \$0, as requested

2. *HC_002/New Revenues, \$651,644*

This request includes a number of non-discretionary increases in the following funds:

General Fund: \$112,000 including \$75,000 received from Multnomah County to fund East County homeless outreach and a \$37,000 cash transfer from the Insurance and Claims Operating Fund for a legal settlement requiring the bureau to provide rent assistance activities.

Housing Investment Fund (HIF)/Community Development Block Grant (CDBG) Fund: Prior year balance resulting from principal and interest on Section 108 loans (\$85,822) is budgeted and transferred to the CDBG Fund where it should have been received.

Tax Increment Financing (TIF) Reimbursement Fund: \$360,000 is added in the Downtown Waterfront subfund, truing up to the forecast; these additional resources are currently unprogrammed opportunity funds.

FPD Recommendation: \$651,644

3. *HC_003/Non-General Fund Carryover, \$2,011,035*

These adjustments carry over encumbered amounts in the Grants Fund, CDBG Fund, and HOME Fund. Of significance are \$639,300 of lead remediation funding, \$468,000 in Neighborhood Stabilization funds for homebuyer assistance, \$247,400 of Emergency Solutions grant for homeless services, and \$235,027 for Housing of Persons With AIDS funding for housing rehab and rent assistance.

FPD Recommendation: \$2,011,035

4. *HC_006/Rebudget Request, \$8,470,061*

This package contains a carryover request for a number of project rebudgets for CDBG and TIF resources. Of this request, \$2.9 million of CDBG funds are being rebudgeted for projects that are anticipated to have financing packages closed during the fiscal year, but for which the final funding commitment amount has not yet been made. \$2.0 million in TIF funds is for specific, ongoing projects that did not spend on the anticipated timelines in FY 2011-12 and are rebudgeted, and \$3.6 million represents prior year housing set-aside funds being rebudgeted in the Convention Center URA in anticipation of the bureau's fall 2012 notice of funds availability (NOFA).

FPD Recommendation: \$8,470,061

5. *HC_007/Position Conversion, \$0*

This request converts a limited term Assistant Housing Business Systems Analyst to a permanent position. The position has been limited term for several years. It is 70% grant funded and 30% HIF funded.

FPD Recommendation: \$0, as requested

6. *HC_008 and HC_009/Vacancy Savings requests, (\$5,745)*

These requests reduce personnel services based on Council direction during the budget process to capture bureau vacancy savings. The amount of vacancy savings was calculated by Financial Planning as per guidance that was provided earlier in the fiscal year. PHB is returning \$5,745 to the General Fund and \$74,727 to contingency in other funds.

FPD Recommendation: (\$5,745)

7. *HC_004/General Fund Carryover, \$343,166*

This request budgets funding for encumbered, unspent amounts on FY 2011-12 contracts. The contracts requested for carryover had, for the most part, June 30, 2012 end-dates. These dates were extended by the bureau to utilize the underspending in FY 2012-13; according to the bureau, in almost all cases, that portion of the FY 2012-13 funding for those contracts was reduced in the FY2012-13 request.

While recommended in FY 2012-13, Financial Planning recommends that current year contracts not be extended to FY 2013-14 based on anticipated underspending. This recommendation is made in light of the fact that an FY 2012-13 budget note will add \$4.6 million of ongoing to the bureau's budget in FY 2013-14. Consequently, underspending should fall to balance and contracts should be funded at their annual allocation.

Note that the amount of the recommendation has been reduced slightly from the original request to reflect an adjustment made by the bureau later in the process as more information became available.

FPD Recommendation: \$339,061

Not Recommended Requests

1. *HC_005/General Fund Request, \$41,000*

This request includes two budget additions: 1) \$24,000 for fair housing education and enforcement activities and 2) \$17,000 to continue an evaluation of permanent supportive housing at the Bud Clark Commons. In both cases the activities were planned or ongoing in FY 2011-12 but were not contracted or were not requested for carryover in the Spring BMP. Neither project was funded with additional discretionary in the prior year; both were funded with savings, either internal or interagency.

The fair housing request would supplement \$24,000 in CDBG funds that are carried over from the prior year and \$22,000 in the CDBG Fund budgeted in the current year. At this point no vendor has been identified and no firm cost estimate has been developed. In light of the uncertainty around the cost of this work, the scarcity of General Fund contingency, and the possibility of funding this request with internal resources (as noted below), Financial Planning does not recommend this request.

The Bud Clark Commons study would, among other things, work to analyze the cost of residents' usage of public services before and after move-in at the facility. While Financial Planning is very supportive of this effort, the request is not currently recommended in light of scarcity of General Fund contingency. Financial Planning recommends that the bureau seek to fund the study with internal resources – either by reprioritizing the General Fund allocation or utilizing other resources for the purpose.

FPD Recommendation: \$0

Comments on Prior Year Budget Notes, Decision Packages and Non-Technical BMP Changes

FY 2011-12 Decision Packages and Non-Technical BMP Changes

There are no issues with prior year decision packages or non-technical BMP changes.

FY 2011-12 Reconciliation

General Fund

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Charges for Services	\$0	\$1,373 NA	
Intergovernmental Revenues	\$863,553	\$652,454	-24.45%
Interagency Revenue	\$0	\$14,313 NA	
Miscellaneous	\$0	\$4,614 NA	
General Fund Discretionary	\$11,412,386	\$10,988,937	-3.71%
Total Resources	\$12,275,939	\$11,661,691	-5.00%
Requirements			
Personnel Services	\$471,193	\$429,517	-8.84%
External Materials and Services	\$11,775,531	\$11,150,267	-5.31%
▶ Internal Materials and Services	\$29,215	\$81,908	180.36%
Total Requirements	\$12,275,939	\$11,661,691	-5.00%

▶ FPD analyst concern

The bureau noted that internal materials and services were overspent as the result of a \$57,000 unanticipated and unbudgeted charge from the Health Fund for COBRA benefits to separated employees. This charge happened in July, after the last opportunity to adjust the budget. These charges were anticipated as personnel services charges and were budgeted as such. While Financial Planning encourages bureaus to spend within their major object budgets, this overexpenditure represents neither a violation of State budget law or reason for an audit finding. Nonetheless, having identified the issue, Financial Planning is working with the Health Fund to develop a process whereby bureaus are better able to plan for such charges.

Intergovernmental revenues were undercollected in relation to budget as the result of lower than budgeted cost recovery from other funds. Cost recovery is a function of spending, and spending was lower than budgeted as a result of several vacancies in the CDBG-funded positions.

FY 2011-12 Reconciliation

Grants Fund

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Intergovernmental Revenues	\$5,923,819	\$4,278,667	-27.77%
Miscellaneous	\$0	\$318,944 NA	
Total Resources	\$5,923,819	\$4,597,611	-22.39%
Requirements			
Personnel Services	\$664,621	\$573,985	-13.64%
External Materials and Services	\$5,131,871	\$3,294,399	-35.81%
Contingency	\$327,120	\$0	-100.00%
Total Requirements	\$6,123,612	\$3,868,384	-36.83%

<p>▶ FPD analyst concern</p>

No significant issues are noted. As a reimbursement fund, revenues are received only in relation to expenditures. Underspending is carried over to FY 2012-13.

FY 2011-12 Reconciliation

Housing Investment Fund

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	\$1,945,649	\$2,932,326	50.71%
Charges for Services	\$269,800	\$383,746	42.23%
Intergovernmental Revenues	\$182,700	\$205,615	12.54%
Interagency Revenue	\$4,000	\$0	-100.00%
Fund Transfers - Revenue	\$3,855	\$3,855	0.00%
Bond and Note	\$7,541,105	\$400,000	-94.70%
Miscellaneous	\$721,345	\$1,605,924	122.63%
Total Resources	\$10,668,454	\$5,531,465	-48.15%
Requirements			
Personnel Services	\$730,225	\$668,830	-8.41%
External Materials and Services	\$8,978,061	\$1,572,570	-82.48%
Fund Transfers - Expense	\$322,001	\$322,001	0.00%
Contingency/Ending Balance	\$638,167	\$2,968,064	365.09%
Total Requirements	\$10,668,454	\$5,531,465	-48.15%

▶ FPD analyst concern

The bulk of undercollections in bond and note resources and underspending in the external materials and services is the result of federal Section 108 loan resources that were not allocated to projects. When PHB has solicited these funds in past Notices of Funds Availability (NOFAs), there haven't been projects proposed that could meet the 'must repay' requirement. Options for fully utilizing these resources going forward are currently under consideration.

Of the \$3.0 million ending balance, only \$745,821 has been budgeted in FY 2012-13 (inclusive of proposed Fall BMP changes). The remaining balance is largely composed of opportunity funds with some significant reserves for the Risk Mitigation Pool (\$836,000).

FY 2011-12 Reconciliation
Community Development Block Grant Fund

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Beginning Fund Balance	\$0	\$1,143,733 NA	
Charges for Services	\$0	\$200 NA	
Intergovernmental Revenues	\$14,631,361	\$10,165,519	-30.52%
Bond and Note	\$1,200,000	\$0	-100.00%
Miscellaneous	\$0	\$1,197,508 NA	
Total Resources	\$15,831,361	\$11,363,226	-28.22%
Requirements			
Personnel Services	\$1,775,863	\$1,481,959	-16.55%
External Materials and Services	\$11,106,024	\$7,306,136	-34.21%
Internal Materials and Services	\$126,095	\$95,959	-23.90%
Bond Expenses	\$489,000	\$405,546	-17.07%
Contingency	\$1,134,379	\$0	-100.00%
Ending Fund Balance	\$1,200,000	\$2,073,627	72.80%
Total Requirements	\$15,831,361	\$11,363,226	-28.22%

▶ FPD analyst concern

No significant issues are noted. As a reimbursement fund, revenues are received only in relation to expenditures. Underspending is carried over to FY 2012-13. Underspending is largely related to \$3.0 million in NOFA funds that were not awarded and two projects which were expected to close in FY 2011-12 and did not.

The variances in bond and note proceeds and miscellaneous revenues relate to errant budgeting at the line-item that rolled up to the incorrect major object. This issue has been addressed in the Fall BMP and will be correctly budgeted moving forward.

FY 2011-12 Reconciliation

HOME Fund

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Beginning Fund Balance	\$0	\$998,925 NA	
Charges for Services	\$0	\$1,401 NA	
Intergovernmental Revenues	\$6,331,862	\$4,220,326	-33.35%
Miscellaneous	\$0	\$266,676 NA	
Total Resources	\$6,331,862	\$5,487,329	-13.34%
Requirements			
Personnel Services	\$384,077	\$367,338	-4.36%
External Materials and Services	\$4,883,470	\$3,578,134	-26.73%
Contingency	\$1,064,315		-100.00%
Total Requirements	\$6,331,862	\$3,945,472	-37.69%

▶ FPD analyst concern

No significant issues are noted. As a reimbursement fund, revenues are received only in relation to expenditures. Underspending is carried over to FY 2012-13.

As with the CDBG fund noted above, the variances in bond and note proceeds and miscellaneous revenues relate to errant budgeting at the line-item that rolled up to the incorrect major object. This issue has been addressed in the Fall BMP and will be correctly budgeted moving forward.

FY 2011-12 Reconciliation

Tax Increment Financing Reimbursement Fund

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	\$119,685	\$2,290,667	1813.91%
Charges for Services	\$0	\$15,619 NA	
Intergovernmental Revenues	\$50,885,715	\$40,117,097	-21.16%
Miscellaneous	\$6,597,644	\$9,062,341	37.36%
Total Resources	\$57,603,044	\$51,485,724	-10.62%
Requirements			
Personnel Services	\$2,032,074	\$1,822,427	-10.32%
External Materials and Services	\$51,961,449	\$43,251,447	-16.76%
Internal Materials and Services	\$1,034,895	\$1,034,895	0.00%
Capital Outlay	\$1,563,882	\$0	-100.00%
Bond Expenses	\$40,000	\$15,000	-62.50%
Fund Transfers - Expense	\$73,744	\$73,744	0.00%
Contingency/Ending Balance	\$897,000	\$5,288,212	489.54%
Total Requirements	\$57,603,044	\$51,485,724	-10.62%

▶ FPD analyst concern

Beginning fund balance is greater than budgeted, reflecting a reserve to allow for a cash float while reimbursements from PDC are pending.

The large overcollection in miscellaneous revenues is related to an unanticipated loan payoff of \$3.5 million for Museum Place.

External materials and services are underspent as the result of preservation funds not being awarded in the anticipated timeframe and several ongoing projects not spending at the anticipated rate. All of these unspent funds are anticipated to be spent in FY 2012-13.

Capital outlay was budgeted on the advice of Central Accounting to address a property transfer between urban renewal areas. That advice was later revised.

FY 2011-12 Reconciliation
Headwaters Apartment Complex Fund

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	\$166,448	\$284,260	70.78%
Intergovernmental Revenues	\$814,128	\$1,015,468	24.73%
Fund Transfers - Revenue	\$254,335	\$254,335	0.00%
Miscellaneous	\$0	\$1,938 NA	
Total Resources	\$1,234,911	\$1,556,001	26.00%
Requirements			
External Materials and Services	\$1,000	\$175	-82.50%
Bond Expenses	\$977,748	\$977,735	0.00%
Fund Transfers - Expense	\$1,828	\$0	-100.00%
Contingency/Ending Balance	\$254,335	\$578,091	127.29%
Total Requirements	\$1,234,911	\$1,556,001	26.00%

▶ FPD analyst concern

Net operating income exceeded estimates in FY 2011-12. The net change to fund balance is restricted, per the master bond declaration, to pay to redeem the 2005 bond issue.

FY 2011-12 Performance Measure Reporting

A number of performance measures varied considerably from FY 2010-11 actuals and FY 2011-12 projections. In most cases, the variances were to the better. In some cases, there are different methods for data collection; the bureau continues to explore the causes of the variances. Most notable are the following: 1) an increase in the number of households served in emergency shelters increased from 1,635 to 2,294 resulting primarily from the accurate categorization of motel/hotel vouchers as ‘emergency shelter’ instead of ‘short-term rent assistance’, 2) the percent of exits to stable housing went from 31% to 38%, 3) the number of households receiving rent assistance and eviction prevention went up from 1,373 to 2,130, partly as a recategorization of some ‘transitional housing’ to ‘rent assistance, partly as a result of the bureau’s focus on short-term versus long-term assistance, and 4) the percent of households receiving placement assistance retaining long-term assisted housing with supportive services at 6 and 12 months went up from 86% to 96% and 76% to 96%, respectively.

Housing production performance figures also had a number of variances, but this type of variance is more expected given the variations in deal flow on a year-to-year basis.

Financial Planning anticipates looking further into the changes in performance figures as part of the FY 2013-14 budget development.

Financial Planning Division Analysis

FY 2012-13 Fall BMP

Bureau of Planning and Sustainability

Analysis by: Ryan Kinsella

Summary of Significant Issues

Comprehensive Plan Update

During both the FY 2012-13 Adopted Budget and this Fall BMP, the bureau redirected resources to the Comprehensive Plan program budget in order to expedite the process and comply with the October 2013 deadline. Recently the bureau completed Task 2 (factual basis) of the Comprehensive Plan and forwarded it to the Oregon Department of Land Conservation and Development for review. The bureau continues to prepare a draft plan that will be released to the public in January 2013.

The bureau maintains that the FY 2012-13 Revised Budget provides appropriate funding for this year's project timeline.

One-time Funding Update

Previous Financial Planning Division analyses have noted that the bureau relied upon one-time discretionary funding for ongoing and multiyear projects, creating a structural deficit. Whereas the bureau has improved upon this structural deficit by using ongoing funding for multiyear projects, some projects continue to be partially funded with one-time General Fund Discretionary resources. The reliance on one-time funding was continued into FY 2012-13, as the bureau received \$376,296 in one-time General Fund discretionary funding for work on the Comprehensive Plan and West Hayden Island project. Both of these projects span several years.

Initial financial forecasts indicate that bureaus will need to prepare for reductions in FY 2013-14. To the extent possible, BPS will need to plan how to complete time-sensitive or state-mandated projects within existing resources; projects funded through one-time General Fund discretionary resources may not receive funding comparable to prior year requests. Next year's planning activities include the Comprehensive Plan, Central City 2035, Portland Plan implementation, River Plan and the Natural Resource Inventory update.

Recommended Requests

1. *PN_001/Grants Carryover, \$1,979,130*

This request adjusts grant revenues to actual amount carried over into FY 2012-13.

FPD Recommendation: \$1,979,130

2. *PN_003/Solid Waste Program Carryover, \$180,000*

The bureau requests carryover funding from the Solid Waste Management Fund for two projects continued into FY 2012-13. Specifically, the bureau requests \$20,000 to launch a recognition campaign for Sustainability at Work certified businesses program. (In each of the past two years, the bureau has budgeted approximately \$1 million annually for this program.) The bureau also requests \$160,000 for outreach efforts for the Be Cart Smart program.

FPD Recommendation: \$180,000

3. *PN_004 /LA support from various bureaus, \$43,500*

The bureau requests to increase interagency agreement (IA) revenues for the following amounts:

- \$1,500 for Fix-It Fair (Housing Bureau)
- \$2,000 for Sustainability @ Work (Water Bureau),
- \$10,000 for mapping services (Housing Bureau)
- \$30,000 for Historic Resources program (Bureau of Development Services)

FPD Recommendation: \$43,500

4. *PN_005/Event Sponsorship & Recycling Rebates Carryover, \$83,339*

This carryover request recognizes revenue for Fix-It Fair sponsorships of \$10,500, BEST ticket sales of \$5,090 and recycling rebates of \$67,749 in the FY 2012-13 budget. Revenues will be used to fund bureau events and recycling-related expenses in 2012-13. Like in previous years, the bureau receives rebates from recycling haulers on behalf of bureaus. The bureau then distributes these rebates to other bureaus for the offset of waste-reduction and recycling expenses.

FPD Recommendation: \$83,339

5. *PN_006/LA services provided by city bureaus, \$40,560*

The bureau requests to increase IA expenses with the Office of Neighborhood Involvement for \$315 and the Bureau of Development Services (BDS) for \$40,560. BDS conducts nuisance abatement enforcements on behalf of the bureau for solid waste nuisance issues on private properties and illegal dumping in the public right of way. In addition, a BDS contractor collects illegal dumpings in public right of ways, which is also funded as part of the IA agreement.

FPD Recommendation: \$40,560

6. *PN_007/IGA carryover, \$138,400*

This intergovernmental agreement carryover request recognizes funding for the Central City Plan and Sustainable Food project in the FY 2012-13 budget. The Portland Development Commission has a remaining commitment of \$120,000 for the Central City Plan, and Global Philanthropy Partnership has a remaining commitment of \$18,400 for the Sustainable Food project.

FPD Recommendation: \$138,400

7. *PN_007/Recode budget appropriations between programs, \$0*

The bureau requests that a portion of the personal services expenses, which is currently budgeted under the Finance Division, to be transferred to the Administration Division.

FPD Recommendation: \$0

8. PN_009/Comp Plan, \$0, 1.1 limited-term FTE

To meet the Comprehensive Plan timeline requirements, the bureau requests to reduce resources for contracted services and to increase the budget for two limited-term staff. The bureau will add a 0.60 FTE Associate Planner position who will focus on Comprehensive Plan community outreach efforts. Funds will also support a 6-month, 0.5 FTE Supervising Transportation Planner position, who will assist with the SW Barbour plan and state highway planning as related to the Comprehensive Plan. The bureau will reduce the budget expenses of five professional service contracts by equal amounts of \$17,691 to fund these limited-term positions.

FPD Recommendation: \$0, 1.1 limited-term FTE

9. PN_010/Public Recycling Container Installation, \$372,000

This carryover request recognizes unspent funding in the Solid Waste Management Fund in FY 2012-13. In addition to funding Solid Waste program expenses that incurred in FY 2011-12 but billed in FY 2012-13, funding will also increase the external material and services budget for the costs of purchasing public recycling containers and roll carts for businesses.

FPD Recommendation: \$372,000

Not Recommended Requests

1. PN_002 / Encumbrance Carryover, \$459,093

The bureau requests the total FY 2011-12 General Fund underspending of \$459,093 as encumbrance carryover, including \$234,985 for contracted services related to the Comprehensive Plan and \$44,066 for the West Hayden Island Plan. These two projects have spanned several years and are funded with both ongoing and one-time General Fund discretionary dollars. In FY 2011-12, the bureau received \$352,028 for the Comprehensive Plan and \$172,784 for the 122nd Avenue zoning changes and the West Hayden Island project in one-time General Fund discretionary resources.

Several encumbrances for flexible service contracts, totaling \$22,568, are not intended for specific projects or were intended portions of FY 2012-13 projects/programs. Carryovers for these encumbrances are not recommended by FPD because funding is included in the bureau's FY 2012-13 base budget.

FPD Recommendation: \$436,525

Comments on Prior Year Budget Notes, Decision Packages and Non-Technical BMP Changes, and Service Improvement Plans

FY 2011-12 Budget Notes

PURB Review - Beginning in the Fall 2011-12 BMP, FPD now forwards the bureau's BMP submittal documents to PURB.

Prior Year Decision Packages and Non-Technical BMP Changes

Equity, Economic & Neighborhood Strategy – The bureau used the carried over amount of \$283,000 to fund Portland Plan-related contracts. The Portland Plan was reviewed and approved by the Planning and Sustainability Commission in the spring of 2012, and City Council approved the final Portland Plan in April 2012.

Residential Food Scrap – The bureau implemented the residential food-scrap collection program in October 2011. To assist households with the transition, the bureau provided public information via direct mail, home deliveries and public messages. Temporary employees were hired and trained to staff a hotline during the first 10 weeks of the program. An interim progress report was shared with Council in May 2012.

FY 2011-12 Reconciliation

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	3,255,826	3,469,605	6.57%
Licenses & Permits	2,595,699	2,572,010	-0.91%
Charges for Services	1,605,148	1,667,886	3.91%
Intergovernmental Revenues	18,065,002	15,295,569	-15.33%
Interagency Revenue	138,539	103,879	-25.02%
Fund Transfers - Revenue	101,082	70,787	-29.97%
Miscellaneous	69,923	154,521	120.99%
General Fund Discretionary	8,600,721	8,365,983	-2.73%
General Fund Overhead	556,665	556,665	0.00%
Total Resources	\$34,988,605	\$32,256,904	-7.81%
Requirements			
Personnel Services	11,433,504	10,970,617	-4.05%
External Materials and Services	19,001,953	15,387,902	-19.02%
Internal Materials and Services	2,796,266	2,861,082	2.32%
Bond Expenses	40,208	38,676	-3.81%
Fund Transfers - Expense	148,316	148,316	0.00%
▶ Unappropriated Fund Balance/Ending Fund Balance	1,568,358	2,850,311	81.74%
Total Requirements	\$34,988,605	\$32,256,904	-7.81%

▶ FPD analyst concern

The table above shows the total bureau budget, including resources from grants and in the Solid Waste Collection Fund; however, in terms of the bureau’s General Fund budget, the bureau spent \$111,118 less in personnel service and \$576,978 less in EMS expenses than budgeted in FY 2011-12. From this under-spending, the bureau requests \$459,093 in General Fund encumbrance carryover as part of this Fall BMP.

External Materials and Services; Intergovernmental Revenues - The bureau received less grant funding than budgeted, and as a result, spent less on grant-funded programs and projects. The bureau requests carryovers for under-spending in grants and the Solid Waste Collection fund in this BMP.

Unappropriated Fund Balance/Ending Fund Balance - Unappropriated fund balance of the Solid Waste Collection Fund was \$1,281,953 more than budgeted. FPD recommends that the bureau prepares future budgets such that the collection fees align with the specific programmatic needs and any increase in fund balance should be tied to future years' projected costs.

Grants Fund - 217	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Intergovernmental Revenues	17,092,719	14,398,896	-15.76%
Total Resources	\$17,092,719	\$14,398,896	-15.76%
Requirements			
Personnel Services	2,047,273	1,778,989	-13.10%
External Materials and Services	14,879,839	12,660,090	-14.92%
Internal Materials and Services	165,607	92,937	-43.88%
Total Requirements	\$17,092,719	\$14,532,016	-14.98%

▶ FPD analyst concern

The bureau spent less in grant funding, primarily for the Clean Energy Works Oregon, than originally budgeted. As result, intergovernmental revenues and EMS expenditures were less than budgeted.

Solid Waste Management Fund - 605	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	3,255,826	3,469,605	6.57%
Licenses & Permits	2,595,699	2,572,010	-0.91%
Charges for Services	1,605,148	1,668,266	3.93%
Intergovernmental Revenues	26,000	111,589	329.19%
Interagency Revenue	15,000	9,305	-37.97%
Fund Transfers - Revenue	101,082	70,787	-29.97%
Miscellaneous	59,423	114,109	92.03%
Total Resources	\$7,658,178	\$8,015,670	4.67%
Requirements			
Personnel Services	2,147,587	2,064,102	-3.89%
External Materials and Services	2,247,315	1,429,991	-36.37%
Internal Materials and Services	1,506,394	1,484,274	-1.47%
Bond Expenses	40,208	38,676	-3.81%
Fund Transfers - Expense	148,316	148,316	0.00%
Unappropriated Fund Balance/Ending Fund Balance	1,568,358	2,850,311	81.74%
Total Requirements	\$7,658,178	\$8,015,670	4.67%

▶ FPD analyst concern

External Materials and Services - Bureau requests carryover of \$679,399 of under-spending in the Solid Waste Management Fund, which will support costs of recycling events, the Fix-It Fair, the Sustainability at Work program, inspections for nuisance abatements, public recycling containers and compost roll carts for business.

Intergovernmental Revenues - The bureau received an additional \$86,000 of grant revenues that were not budgeted in FY 2011-12.

Miscellaneous - Miscellaneous revenues of \$114,000 include interest on investments, rebates from haulers, and fees and sponsorship for BEST Business Center, BEST Awards, Build-It Green Tour of Homes and Urban Growth Bounty Sustainable Food classes.

FY 2011-12 Performance Measure Reporting

Bureau performance largely aligned with the measure targets; however, four measures demonstrate the improved effectiveness of several efforts. First, the number of residents reached by sustainable training and outreach (SD_0003) increased from 71,290 to 138,448 --- an increase driven by the outreach efforts of the new curbside collection system changes.

In addition, solid waste generated by Portland businesses decreased by 41,692 tons from FY 2010-11 to FY 2011-12, and the city also added 679 certified green buildings in FY 2011-12, increasing the total 2,378.

Lastly, the City used a higher percentage of energy from renewable sources from 9.5% to 15%(SD_0028) and increased savings from energy efficiency projects (SD_0027) by \$1,860,000, largely as a result of using energy produced by two biogas-powered turbines at the Columbia Boulevard Wastewater Treatment Plant and administered by the Bureau of Environmental Services.

Financial Planning Division Analysis

FY 2012-13 Fall BMP

Office of Neighborhood Involvement (ONI)

Analysis by: Yung Ouyang

Recommended Requests

1. NI_001/Required Salary Savings, (\$22,332)

This request reduces personnel services based on Council direction during the budget process to capture bureau vacancy savings. The amount of vacancy savings was calculated by Financial Planning as per guidance that was provided earlier in the fiscal year. ONI has one Crime Prevention Program Coordinator position that became vacant after the new fiscal year began. The request reduces ONI's budget by the amount equal to keeping the position vacant for three months.

FPD Recommendation: (\$22,332)

2. NI_002/Neighborhood Clean-up, \$315

Planning and Sustainability is paying ONI an additional \$315 for North Portland Neighborhood Clean-ups.

FPD Recommendation: \$315

3. NI_003/North Portland Greenway Trail Interagency, \$1,166

This request trues-up the Interagency Agreement with Parks for the NoPo Greenway Trail project.

FPD Recommendation: \$1,166

4. NI_004/NPNS Tool Library and Farmer's Market, \$20,000

This request recognizes the anticipated revenue and associated costs of employees working on the North Portland Tool Library and St. John's Farmers Market projects paid for by the non-profit arm of North Portland Neighborhood Services (NPNS).

FPD Recommendation: \$20,000

5. NI_005/Carryover of Excess Revenue, \$29,958

Financial Planning recommends this request to carryover revenues collected last year that were above the budgeted amounts: \$2,690 from the sales of crime and business watch signs, \$268 from the Graffiti program, and \$27,124 of Liquor License revenues. The City's financial policies allow bureaus to appropriate program surpluses above the budgeted revenue estimate.

FPD Recommendation: \$29,958

6. *NL_006/PO Encumbrance Carryover, \$298,458*

ONI requests to carryover funding for contracts and grant agreements that continue past the end of FY 2011-12. The office had \$373,160 worth of encumbrances at year end, and subtracting \$56,561 that had been accrued provides an amount of \$316,600 in encumbrances that the office can request funds for.

About 40% of ONI's requested amount consists of East Portland Action Plan (EPAP) grants, while about 50% pertain to the Graffiti Program. ONI had underspent its materials and services budget by \$624,973 last year, a figure that takes into account net advances and recoveries, but Financial Planning is only recommending \$204,022 of the request. Per the BMP manual and guidance, carryover funding is not recommended for items that are in the office's ongoing base budget, including several contracts in the Graffiti program, which is funded ongoing starting in FY 2013-14 as a result of a current year budget note.

FPD Recommendation: \$204,022

7. *NL_007/Part-time Casual Employees at Coalition Offices, \$0*

This technical request transfers \$30,000 from External Materials & Services to pay casual/seasonal employees at the coalition offices

FPD Recommendation: \$0

8. *NL_008/Advance Encumbrance Carryover, \$354,799*

Not counting the year-end memo entry, ONI ended FY 2011-12 with a net advances balance of \$891,579. The memo entry for recoveries removed \$536,780 from this balance, leaving \$354,799 that the office can request to recover prior-year advances.

FPD Recommendation: \$354,799

8. *NL_009/Adjust Coalition Budget for ONI Funding Formula, \$0*

This technical adjustment transfers about \$29,000 between various fund centers in order to properly allocate funding between the five non-profit coalitions and the two City-run coalitions to properly reflect the application of the funding formula that was agreed upon by the involved parties.

FPD Recommendation: \$0

Not Recommended Requests

1. *NL_010/Kenton Firehouse Repairs, \$152,574*

ONI requests \$152,574 to fund major maintenance at the historic Kenton Firehouse which houses the NPNS and also serves as a community center for the neighbors. Although the building is City owned, the City has not budgeted for major maintenance at the property. The building has had an increasing problem with water seepage that ONI believes may be compromising the structure and resulting in mold growth.

OMF Facilities does not believe that the structure is compromised and has noted that only about \$36,000 is needed to deal with the mold problem. It proposes a solution that involves painting exterior stucco

with elastomeric paint, immediate tuck pointing where needed, the cleaning out and caulking of visible cracks, painting the entire stucco surface with flexible paint, and removing damaged interior wall surfaces and replacing and repainting them.

Financial Planning is recommending against the request because there is no General Fund discretionary available for purposes that are not truly emergencies. Financial Planning recommends that ONI review its current budget to see if there is \$36,000 of lower priority activities that could be deferred. If not, the office should request this as part of the FY 2013-14 budget. Financial Planning also recommends that the office seek to add ongoing building maintenance into its budget during the budget development process for the next fiscal year.

FPD Recommendation: \$0

Comments on Prior Year Budget Notes, Decision Packages, and Non-Technical BMP Changes

Prior Year Decision Packages and Non-Technical BMP Changes

Prior Year Budget Packages

Mediation and Facilitation Program – ONI received \$104,692 in one-time funds to continue ongoing mediation and facilitation services provided by Resolutions Northwest (RNW). Combined with the ongoing funding, a total of \$246,551 was granted to RNW. The funding allowed RNW to maintain staffing and also allowed a slight increase to restore some capacity lost through budget cuts. The number of cases managed was 316 mediation ones and 21 facilitation ones, which was slightly lower than originally estimated. The value of the volunteers utilized during FY 2011-12 is estimated to be about \$52,365. Post-mediation satisfaction remains high. The office notes that prior year budget cuts have result in reduced capacity and slower response times even though demand for services have remained constant and fewer volunteers are trained.

Graffiti Abatement Program – The office received a total of \$542,232 one-time to continue the Graffiti Abatement Program, including enhanced volunteer coordination. ONI hired the Graffiti Abatement Volunteer Coordinator during the spring of 2011, increasing its ability to organize and sustain volunteer activities. Twenty-six ongoing livability teams were added so that the number of areas that have individuals or organized ongoing graffiti cleanups in their areas have been expanded. Active volunteer involvement has more than doubled in the past year with approximately 1,500 active volunteers and 249 volunteer cleanups during the fiscal year. The program continued a partnership with Central City Concern to provide job training opportunities for adults in transition from homelessness to do targeted graffiti cleanups. ONI estimates approximately 39,644 volunteer hours have been dedicated to graffiti abatement in FY2011-12, leveraging approximately \$747,000. This volunteer activity is approximately a 29% increase over the prior fiscal year.

Neighborhood Small Grants – \$93,855 one-time was appropriated for Neighborhood Small Grants. Combined with ongoing funding, the office notes that the appropriation leveraged over five times the amount of resources granted to the community. Each of the seven neighborhood District Coalitions have completed outreach, orientation workshops, grant review committees, and have identified grantees they intend to fund. ONI has processed advance requests and ordinances for the two City-administered offices. Grantees will have until the end of the calendar year to complete their projects.

East Portland Action Plan Advocacy – The \$279,692 in one-time funding allowed ONI, through the East Portland Neighborhood Office, to continue staffing the EPAP Advocate position, provide operating funds for various expenses, and fund community grants and projects relating to the Action Plan. Grants and project spending included: 1) \$68,491 to 16 General Grant projects due for completion December 30, 2013; 2) \$15,580 that successfully funded ten (10) Portland Parks & Recreation summer mobile playgrounds sites in

East Portland; and 3) \$54,805 to six (6) Civic Engagement Grant projects for culturally and language-specific civic engagement train-the-trainer workshops due for completion on December 30, 2013.

Prior Year BMP Requests

North Portland Greenway Trail Alignment - \$35,000 was carried over for this interagency agreement with Parks to perform outreach on the Oregon Department of Transportation (ODOT) funded project. \$28,834 was spent during the year, with the remainder to be spent in the current year. Some outreach to the neighborhoods began at NPNS and is continuing.

Carryover of ODOT Grant for Bryant Street Overpass – NPNS received a grant in FY 2009-10 from ODOT for improvements to the Bryant Street/Interstate 5 pedestrian crossing. Under contract with ONI, the Piedmont Neighborhood Association completed the final phases of the project, expending \$45,000 of the funds, with the remaining \$5,000 expended on construction. All work was completed in FY 2011-12, resulting in a more inviting connectivity and safer access for bikes and pedestrians crossing over Interstate 5.

Carryover of funds for BTS Database Improvements – BTS completed some of the enhancements to the case management and reporting functions in the database used by liquor licensing, and the \$8,000 remaining on the project was carried forward into the current year. BTS has scheduled the remainder of project work to begin in January.

Crime Prevention HUB Relocation – The Crime Prevention program kept a position vacant and transferred the savings (\$74,180) to materials and services to fund the consolidation of program staff from various locations to the Penumbra Kelly building. The move was completed in March 2012, and ONI notes that the program has experienced improved management and coordination.

East Portland Action Plan (EPAP) Projects with Transportation and Parks - \$5,000 was transferred to PBOT for an engineering strategy plan for two elementary schools focusing on safe routes that is anticipated to be completed by December 2012. \$23,224 was transferred to Parks to fund the expansion of the Summer Mobile Playground by 10 sites and the installation of a kiosk in Raymond Park to provide multilingual outreach information that will also be completed by December.

Voluntary Emergency Registry (VER) Communications Carryover - \$16,000 was carried over to send an annual communication soliciting residents to enroll in the VER. In 2012, the effort was transitioned to the Public Alerts Additional Needs Registry. A promotional campaign and mailing are currently in process.

Graffiti Carryover – During the Spring BMP, ONI carried over \$55,000 pertaining to the Graffiti program. The office is in the process of reconfiguring the administration of the grants and anticipates the release of an RFP later during the winter.

Liquor License Carryover - \$25,000 was carried over, with a good portion being used for personnel expenses to backfill the sole program staff during an extended paid absence. Remaining project work will be determined based on the program's priorities and the funds available once staff returns during the winter.

Prior Year Reconciliation

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Service Charges & Fees	145,025	172,024	18.62%
Federal, State, and Local Sources	249,095	249,095	0.00%
Miscellaneous Sources	39,731	50,560	27.25%
General Fund Discretionary	6,648,730	5,959,435	-10.37%
General Fund Overhead	205,461	205,461	0.00%
Interagency Revenues	77,930	72,005	-7.60%
Total Resources	\$7,365,972	\$6,708,579	-8.92%
Requirements			
Personal services	3,413,556	3,381,136	-0.95%
External Materials & Services	3,377,466	2,769,233	-18.01%
Internal Materials & Services	574,950	558,209	-2.91%
Total Requirements	\$7,365,972	\$6,708,579	-8.92%

▶ FPD analyst concern

ONI ended the last fiscal year at about 9% below budget. On the requirements side, External Materials & Services (EMS) was underspent by 18%. The above calculations are CAFR actuals which take into account advances and their recoveries. SAP actuals do not, and according to that system of accounting, ONI has underspent EMS by about 13%. Most of the remaining balance is tied up in the office's encumbrance carryover of ongoing contracts. If these are counted, the office would have ended up spending about 91% of its EMS budget. In addition, the office also has a sizable amount of advances that have not been recovered; counting the year-end memo entry, ONI ended the fiscal year with \$354,799 in its net advance balance, meaning that amount of advances has not been recovered. This factor also plays into the large under-expenditure in EMS.

On the resources side, Service Charges & Fees were almost 19% above budget mostly due to the implementation of charging for temporary liquor sales licenses. The office has been slow in increasing the budget for this due to the lack of a long history. However, it has significantly increased the budget for this line item for the current fiscal year.

Miscellaneous Sources ended up about 27% above budget due to refunds from OMF for the double counting of employee opt-out costs that were not budgeted and due to a refund from Oregon State for unclaimed property pertaining to the Metropolitan Human Rights Center, a former program of the bureau's.

Prior Year Performance Measure Reporting

Most of ONI's performance measures pertain to workload. The notable non-workload ones are discussed here.

Percent of liquor licenses with complaints addressed through Time-Place-Manner (TPM) enforcement – At 95%, ONI more than met its goal of 63% as more complaints are being received and addressed through informal problem solving efforts following reviews by the program. The trend for this measure has been upward over the last several years, starting at only 48% in FY 2008-09. The office notes that as the program has expanded, the measures for it may need to change to more clearly communicate the various components of the program’s activities, and Financial Planning supports a review of the measures.

Percent of clients satisfied with mediation services – After reaching a high of 97% in FY 2009-10, the data for this measure has been decreasing slowly to 95% in FY 2011-12, which is shy of the 97% goal for that year. Budget cuts may have contributed to the decline as the capacity for speed of intake and response were negatively impacted.

Percent of calls answered in less than 25 seconds – This measure pertains to the Information and Referral program. The bureau has achieved a fairly consistent percentage of either 90% (FY 2009-10) or 91% (FY 2008-09, FY 2010-11, and FY 2011-12), with 90% being the goal for FY 2011-12.

Financial Planning Division Analysis

FY 2012-13 Fall BMP

Portland Development Commission

Analysis by: Tess Jordan

Summary of Significant Issues

In the current fiscal year PDC received both ongoing and one-time funding equivalent to its prior year appropriation (\$2.7 million and \$3.2 million, respectively). A budget note records Council's intent to support PDC's current General Fund expenses entirely via ongoing funds (increase PDC's FY 2013-14 current appropriation level target by approximately \$3.2 million). Enacting this budget note would stabilize PDC's funding. However, as with all City bureaus and entities supported by City funding, PDC will need to prepare in the current year for decreased resource availability in FY2013-14.

PDC continues to work with FPD on its reporting of program spending and accomplishments, so that the City can better understand and document the application of General Fund to PDC staff, PDC overhead, and materials and services purchases.

Recommended Requests

1. *ZD_01/Seed Fund Encumbrance Carryover, \$300,000*

This request carries over FY 2011-12 Seed Fund money not yet dispersed. The funds will support OHSU and PSU technology commercialization initiatives (\$200,000) and provide an additional \$100,000 to Bridge City Capital for mentoring and investor outreach to Portland Seed Fund graduates. The PDC General Fund contract and Intergovernmental Agreement were amended in June 2012 by both the PDC Commission and City Council to allow for this redirection of Seed Fund dollars.

FPD Recommendation: \$300,000

2. *ZD_02/EOI Encumbrance Carryover, \$117,031*

The request encompasses the remainder of unspent dollars on the City-PDC General Fund contract for F 2011-12. Encumbrances are requested for the following programs:

- Main Street \$20,101
- Small Business Technical Assistance \$83,908
- Neighborhood Prosperity Initiative \$13,021

FPD Recommendation: \$117,031

Comments on Prior Year Budget Notes, Decision Packages and Non-Technical BMP Changes, and Service Improvement Plans

Decision Packages and Non-Technical BMP Changes

FY 2011-12 Decision Packages supported 12 of the 13 PDC programs that received General Fund. PDC reported on program accomplishments in its Fall BMP submission. Highlights are summarized below.

Traded Sector programs:

- Completed the Greater Portland Export Initiative in March 2012.
- Worked with OHSU and PSU to understand entrepreneurial needs, and directed a portion of Seed Fund money to university technology commercialization efforts.
- Launched Portland Harbor Initiative to attract private investment.
- Published Oregon's Clean Energy Economy Report.
- Launched Techlandia website and the PDX 100 program (both provide resources for software firms)
- Distributed two working capital loans totaling \$150,000 to small businesses.

Neighborhood Economic Development programs:

- Establishment of six Neighborhood Prosperity Initiative districts in East Portland.
- Grew Portland's three Main Streets by 22 net businesses and 70 net FTE.
- Delivered technical assistance and training to 155 small businesses via five non-profit entities competitively selected.
- Delivered 1,650 individuals with workforce development services and 300 businesses with microenterprise support.

FY 2011-12 Reconciliation

General Fund

Program	Revised budget	Actuals	Variance
Neighborhood Economic Development			
Main Street	500,000	479,899	-4%
Portland4biz website	65,000	49,073	-25%
Small Business Technical Assistance	450,000	432,516	-4%
Venture Portland (APNBA)	282,245	282,245	0%
Neighborhood Prosperity Initiative	242,065	249,499	3%
Economic Opportunities Initiative	1,574,382	1,519,429	-3%
Neighborhood subtotal	3,113,692	3,012,661	-3%
Traded Sector Economic Development			
Cluster Research & Industry Development	425,634	658,656	55%
Cluster Retention & Catalytic Initiatives	375,000	150,230	-60%
Targeted Business Recruitment	284,000	89,743	-68%
<i>Cluster subtotal</i>	<i>1,084,634</i>	<i>898,630</i>	<i>-17%</i>
Small Business Working Capital	5,000	238,368	4667%
International Business Development	130,000	108,420	-17%
Entrepreneurial Development	115,000	89,217	-22%
Portland Seed Fund	500,000	200,000	-60%
Traded Sector subtotal	1,834,634	1,534,634	-16%
Total	4,948,326	4,547,295	-8%

PDC reduced its budget via program carryover in the FY 2011-12 Spring BMP by \$840,000. This money was carried into the current fiscal year Adopted Budget. The bureau expensed 94% of its reduced contract amount within the 2011-12 fiscal year. The bureau will spend the entirety of its reduced budget given recommended encumbrance carryover requests for \$417,031.

The budget to actual reconciliation above illustrates the fairly fluid nature of PDC's budgeting within traded sector programming. Two traded sector programs tallied expenses \$200,000+ above budget, whereas other programs report an equivalent magnitude of under spending. Many staff activities span multiple traded sector programs. In contrast, neighborhood economic development programs are more distinct, and largely consist of services provided by non-profits via PDC support (via its General Fund appropriation). FPD has allowed budget to be applied as needed within the two major intergovernmental agreement contract divisions of 1. Neighborhood, and 2. Traded sector.

Financial Planning Division Analysis

FY 2012-13 Fall BMP

Office of Equity and Human Rights

Analysis by: Kezia Wanner

Recommended Requests

1. *OE_001/Fall BMP Vacancy Savings, (\$69,401)*

The vacancy savings of \$69,401 is calculated from three months of salary and benefits costs related to three positions that experienced vacancies in the calculation period of July 1 through September 12, 2012. The three positions – Program Coordinator, Executive Assistant, and Assistant Bureau Director - were newly created as part of the FY 2012-13 Adopted Budget.

This request reduces personnel services based on Council direction during the budget process to capture bureau vacancy savings. The amount of vacancy savings was calculated by Financial Planning as per guidance that was provided earlier in the fiscal year.

FPD Recommendation: (\$69,401)

2. *OE_002/Fall BMP Vacancy Savings Exceptions, \$26,174*

This request ties to request OE_001 as it is the bureau's request to add back funding related to one of the position vacancies that has occurred between July 1 and September 12, 2012. The position requested by the bureau for exception is the bureau's Assistant Director position and the bureau states the position was essential to the progress and momentum of the newly-formed bureau.

This request adds back a portion of vacancy savings as per the process outlined in a July 26, 2012 memo from the Financial Planning Manager to City budget managers and contacts. As stated: "If a bureau has an *operational* issue that arises during the year and believes that a position should be exempted from the required vacancy savings, the bureau should present that issue to its commissioner-in-charge. The commissioner-in-charge has authority to grant a full or partial exemption from the vacancy savings requirement for each particular position." The vacancy savings added back to bureau budgets results from these commissioner-granted exceptions.

In light of this guidance, Financial Planning does not make any recommendation on the commissioner-granted exceptions.

FPD Recommendation: determination to approve or deny the request is at the discretion of City Council.

3. *OE_003/ Technical Adjustments \$0*

The technical adjustment moves \$109,000 from external materials and services (EM&S) to personnel services (PS) to cover possible over-expenditure in the bureau's personnel services budget. The bureau's FY 2012-13 Adopted Budget added three new positions and some of the positions have been filled at a higher rate of pay than was budgeted for, creating a possibility that the bureau's PS budget might be insufficient. This adjustment should mitigate the likelihood that the bureau will overspend their PS budget.

FPD Recommendation: \$109,000 adjustment from EM&S to PS

Comments on Prior Year Budget Notes, Decision Packages and Non-Technical BMP Changes

FY 2011-12 Budget Notes

The Office of Equity will be established in FY 2011-12 and funded with a combination of \$525,000 in new ongoing General Fund discretionary resources and \$617,937 of existing resources currently budgeted in the Office of Human Relations. An ordinance establishing the new office, and a work plan, must be approved by Council before the \$525,000 of new resources can be expended on staff, materials and services, and related costs. However, up to \$100,000 of the new funding may be used to assist with the development of the structure and operations of the new office. Beginning in FY 2012-13 the Office of Equity will be considered for funding through the General Fund overhead model, with the General Fund Overhead (GFOH) Committee making a recommendation to Council in the FY 2011-12 Fall BMP. Any overhead metrics necessary for the new office will be approved by the General Fund Overhead Committee.

Status: The FY 2011-12 Budget Note is still in effect in that the bureau has expressed the intention to pursue General Fund overhead funding in FY 2012-13. The bureau will need to submit a proposal to the GFOH Committee, Financial Planning Division, and City Council that clearly articulates the functions of the bureau that are generalized support functions that benefit the City as a whole.

FY 2011-12 Reconciliation

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Office of Equity and Human Rights			
Resources			
General Fund Discretionary	\$888,876	\$414,442	-53.37%
Total Resources	\$888,876	\$414,442	-53.37%
Requirements			
Personnel Services	\$568,446	\$315,174	-44.56%
External Materials and Services	\$293,397	\$59,878	-79.59%
Internal Materials and Services	\$27,033	\$39,390	45.71%
Total Requirements	\$888,876	\$414,442	-53.37%

▶ FPD analyst concern

The bureau overspent its internal materials and services due to an Interagency Agreement charge that was executed late in the fiscal year for office space sub-lease from Portland Housing Bureau. The bureau under spent its budget, on whole, by more than 53% of their General Fund discretionary allocation. The bureau's FY 2011-12 Adopted Budget reflected a full year of operations, while in reality, the bureau was not fully operational until February 2012, after a new director was hired and staff was transferred from ONI and the former Office of Human Relations.

FY 2011-12 Performance Measure Reporting

The bureau has not yet developed new performance measures and therefore has nothing to report at this time. They plan to develop performance measures, with involvement from Financial Planning, in the late fall 2012, and to submit the measures as part of their FY 2013-14 Requested Budget.

Transportation & Parking Service Area

Financial Planning Division Analysis

FY 2012-13 Fall BMP

Portland Bureau of Transportation

Analysis by: Lisa Shaw

Summary of Significant Issues

Major Projects

PBOT is balancing its participation in and the implementation of several major new projects along with its directive to maintain and provide basic transportation services. The new projects include either long-term debt service obligations, ongoing maintenance and operations costs or both. These types of ongoing costs are not eligible for grant funding and must be paid for with general transportation revenues (GTR). GTR, which is primarily a blend of State Gas Tax revenues, the City's share of Multnomah County Gas Tax Revenues, and on and off street parking revenues, is in high demand as it represents the bureau's most flexible revenue source.

Major new projects include:

- **Sellwood bridge** Currently the City's contribution to Multnomah County is budgeted for \$70 million however, this could increase to \$100 million depending upon total project cost. The contribution will be bond financed. Debt service to be paid with GTR.
- **Portland Milwaukie Light Rail** PBOT's local match contribution to TriMet is \$40 million, which has been bond financed. Debt service to be paid with GTR.
- **Streetcar (existing and extension)** In all, the bureau expects to spend \$148 million. Most of the project has been constructed using Federal grant dollars, as well as SDC and some LID funds. The ongoing maintenance and operations will be funded with a combination of fare box revenues and GTR. One-time funding from Federal grants and BETC revenues will be replaced with GTR; the FY 2013-14 budget and the FY 2013-18 Financial Forecast will be balanced with this GTR requirement.

The bureau is encouraged to continue prioritizing its use of GTR while developing additional revenue sources to supplement existing revenue streams.

Innovation

Street Light LED conversion – The bureau is in the process of refining a plan to convert 46,700 streetlights from high pressure sodium to LED lamps. This conversion will reduce energy consumption and costs and will extend the useful life of each streetlight. The project is expected to pay for itself during the financing terms and to generate savings on an annual basis after full conversion. Total savings beyond debt service obligation have not yet been quantified, but could contribute either to PBOT capital reserve placement, PBOT operations or return to the General Fund. Additional discussion under TR_021.

Recommended Requests

1. TR_001/CEID Meter District and Parking Permit Area, \$321,980, 1.50 FTE

Council approved the creation and implementation of the Central Eastside Industrial Area (CEID), Meter District / Parking Permit Area on June 21, 2012 (Resolution 36938 and ordinance 185471). The bureau pursued this action in order to mitigate ongoing business and residential parking issues.

The CEID parking area is significantly different from the proposed NW Parking District that PBOT put forth during the FY 2012-13 budget development process. Metered parking and the dense / mixed nature

of NW requires a higher level of enforcement as compared to the permit parking and primarily business focus of the CEID explains the very different start up and ongoing costs associated with the two districts:

Components	NW Parking	CEID
Parking Enforcement Officers	17.0 FTE	Approx. 2.0 FTE
# of Paystations	170	24
Approximate number of parking stalls	1,190	168
Primary focus	Metered parking	Area Permit Parking
Paystation acquisition	Purchase all new with debt financing	Repurpose existing paystations from underperforming areas

The CEID will greatly expand the existing Zone G permit parking area in three phases. The first expansion phase should start in mid-October and the remaining expansion should be completed by the end of December. The metered parking area, surrounding the Streetcar, should be in place by the end of November.

The revenues are an estimate based on a mix of full year and prorated value of \$60 per annual permit fee and a range of 6,000 to 9,000 possible permit holders. The current, smaller, Zone G area has approximately 3,000 permit holders who renew on an annual basis. The bureau will not recognize any meter fee revenue or citation revenues until they have some actual experience which can be analyzed post-implementation. Additional revenues may be recognized and / or staffing requested in the Spring BMP as needed.

FPD Recommendation: \$321,980, 1.50 FTE

2. *TR_002/East Portland Action Plan Carryover, (\$5,000)*

This request consists of two separate actions: 1. Reducing the current year appropriation for the EPAP transportation safety grant (as part of Safe Routes to School) and 2. Recognizing the carry-over from the prior year's grant by moving funds from contingency into the bureau's program budget. This adjustment avoids double counting.

FPD Recommendation: (\$5,000)

3. *TR_003; TR_013; TR_019; TR_020; TR_022; TR_023, \$1,587,991*

PBOT is requesting adjustments to several interagency agreements (IA) as described below. The net impact on the bureau is an increase to appropriation in the amount of \$1,587,991 along with several net zero adjustments.

The bureau is increasing an expense IA for additional forestry services needed:

- **Parks TR_003** – Tree trimming services for traffic operations, \$10,000 from EM&S reduction
The bureau is increasing several revenue IAs:
- **BES TR_013** – A decrease of \$20,000 in revenue from reduced green street coordination efforts and an increase of \$1 million for PBOT to provide BES with design, engineering and inspection services work on Division Street and other locations; net increase of \$980,000

- **Parks** TR_019 – Project management, engineering design and survey work for several projects (including River District, Raymond Park and Thomas Cully Development), \$179,071
- **Water** TR_020 – Leasing out additional parking spaces at the 1st and Jefferson SmartPark, \$5,940
- **BES** TR_023 – For Greenstreet work related to sidewalks, \$400,000

The bureau is reducing an expense IA with BES and reallocating the funds within Maintenance:

- **BES** TR_022 – PBOT Maintenance is adjusting the amount of its 1% for Greenstreet funding transfer to BES by (\$28,920) based on FY 2011-12 project completions and reprogramming the funding in to materials and services for maintenance.

FPD Recommendation: \$1,587,991

4. *TR_004/ Safety Incentive Program, \$0*

This request recognizes \$18,160 in safety incentive credits earned by the bureau in FY 2011-12. This action reduces PBOT's interagency with Risk; the funds have been reprogrammed into the Maintenance Division to fund additional safety initiatives.

FPD Recommendation: \$0

5. *TR_005/ Debt Service, \$1,742,373*

This adjustment corrects a mistake in the Transportation Operating Fund by budgeting the correct amount into the debt service payment accounts for the 2011 Series A financing. Funds were moved from contingency. Although technical in nature, this adjustment reduces PBOT's Operating Fund contingency by 10%.

FPD Recommendation: \$1,742,373 from contingency

6. *TR_006/ Expand Asset Management Program, \$100,000*

The bureau is requesting to move \$100,000 from contingency in order to expand PBOT's asset management data collection and analysis capabilities. The new system that will be implemented is VUEWorks; the initial contract amount is \$207,000 through July 2017, with an option to renew for another five years. Of this amount, the initial license, subscription and training will cost \$100,000. The new system will work as a companion to the Bureau's existing pavement management system, Street Saver. VUEWorks will enable PBOT to conduct predictive modeling, costing out various maintenance and replacement scenarios to determine the best, lowest cost approach to maintenance within 11 of the bureau's 12 asset classes. This adjustment reduces PBOT's Operating Fund contingency by less than 1%.

FPD Recommendation: \$100,000 from contingency

7. *TR_007/ Bank Card Fees, \$340,000 from contingency*

The bureau requests this appropriation adjustment in order to cover additional bank card transaction fees, primarily tied to the on-street Parking Operations Program. The increase is due to the implementation of Federal legislation. The Durbin Amendment, which is a provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act, was passed by Congress and signed into Federal law in July 2012. Part of this legislation established maximum transaction, or "interchange" rates. Many banks responded

by raising their existing rates to match the maximum threshold, effectively increasing the rate for the existing bank card transaction service.

Processing fees for FY 2011-12 cost the bureau just over \$1.3 million. This request represents an increase of about 25% from prior year actuals for the very same service. Funding increased ongoing costs with a one-time call on contingency is a short-term solution. PBOT will either need to dedicate additional parking revenues to cover these increased costs, or identify programmatic cuts in order to absorb the costs. This adjustment reduces PBOT's Operating Fund contingency by less than 2%.

FPD Recommendation: \$340,000

8. *TR_008/Parking Garage Program, \$513,400*

This request represents a recognition of \$513,400 in beginning fund balance and a \$62,289 draw on Parking Facilities Fund contingency in order to address the following work: signage for the new automation program; fiber connections; property management license fees and air condition replacement in the tenant spaces at 1st & Jefferson and other tenant improvements at 3rd & Alder. This adjustment reduces PBOT's Parking Fund contingency by about 1%.

FPD Recommendation: \$513,400 from contingency

9. *TR_009/GTR Project Carryover, \$5,180,858 carryover*

The bureau is reducing contingency by \$5.2 million and redistributing funds across all capital program areas and major spending categories. About half of the funds will be redistributed into external materials and services and about 43% to capital outlay. The primary projects impacted by the carryover are the Gibbs Pedestrian Bridge (Centers and Main Streets), \$1.08 million; Paving Preservation (Preservation & Rehabilitation), \$1.62 million; SW Multnomah Blvd (Centers and Main Streets), \$527,000. The balance of projects are primarily within the Centers and Main Streets program area. A summary by spending category and program are below:

CIP program	Major Spending Category				Total Adjustments
	Contingency	Personnel	EM&S	Capital	
Centers and Main Streets	(1,474,383)	131,423	1,242,960	100,000	0
Local Street Design	(10,000)			10,000	0
Neighborhood Livability	(1,520,189)	(63,467)	699,526	884,130	0
Preservation & Rehabilitation	(1,920,167)	220,167	475,000	1,225,000	0
Special Projects	(256,119)	106,119	150,000	0	0
Grand Total	(5,180,858)	394,242	2,567,486	2,219,130	0

The draw on contingency represents a reduction to the Transportation Operating Fund contingency of nearly 30%.

FPD Recommendation: \$5,180,858 from contingency

10. TR_010/Position Adds, \$76,568, 2.0 FTE

PBOT is adding two new positions related to increased permit fees. The positions are one Engineering Tech I and one Engineering Tech II. The bureau had noticed an increase in fee revenues in the prior year; the additional personnel represents a ‘true-up’ to the increased demand for service.

FPD Recommendation: \$76,568

11. TR_011/Grant Project Adjustments, \$7,579,278

The bureau is recognizing grant funds for the projects listed below. In most cases, this appropriation represents schedule changes where planned project work is shifting from FY 2011-12 to FY 2012-13.

Funded Program	Project	Adjustment by fund		
		Operating Fund	Grants Fund	Total Adjustment
T00006	Division Streetscape		106,000	106,000
T00012	Killingsworth: Commercial		90,483	90,483
T00045	Lents Town Center Foster Streetscape	-	320,601	320,601
T00051	Burgard Road Over Abandoned Railroad		768,921	768,921
T00083	Lents Town Center: Neighborhood		1,103	1,103
T00121	50s Bikeway: NE Thompson		174,185	174,185
T00185	Moody Pkwy*	1,735,000	604,219	2,339,219
T00206	Springwater		214,199	214,199
T00239	West Burn Congestion		1,020,000	1,020,000
T00266	Streetcar Track Relocation: Jasmine Block		(196,401)	(196,401)
T00267	Safe Routes to School State Grant		184,566	184,566
T00274	Red Electric Trail		126,203	126,203
T00278	SE 122nd		37,621	37,621
T00310	Yamhill Morrison Planters		237,502	237,502
T00336	Bike Share Development		355,076	355,076
T00370	Moody, Ph. II: Curry Closure		1,800,000	1,800,000
Grand Total		1,735,000	5,844,278	7,579,278

* Moody Parkway is partially funded with Systems Development Charges in addition to Federal grants that flow through the Grants Fund.

FPD Recommendation: \$7,579,278

12. TR_012/Portland Milwaukie LRT, \$5,000,000

During the FY 2012-13 Adopted Budget process, PBOT recognized \$45 million in appropriation to cover both its \$40 million local match payment to TriMet that would be made in cash and to represent the \$5 million in right-of-way property to be transferred to TriMet. Since that time, it has been determined in working with Central Accounting, that the land transfer will not have a budgetary impact, and appropriation for the transfer was not needed. PBOT could have reduced its PMLRT appropriation

back to the \$40 million needed for the cash transfer, however, PDC recently indicated that it will make its portion of the local match payment of \$10 million via PBOT's budget rather than directly to TriMet. As a result, PBOT must increase appropriation by \$5 million in order to accommodate the City of Portland's full match payment of \$50 million.

The City issued debt to fund the \$40 million PBOT match payment via the sale of 2012 Series C bonds; the sale was executed on September 20, 2012. Lightrail service between Portland and Milwaukie is slated to begin in September of 2015. The total project cost is estimated to be \$1.5 billion.

FPD Recommendation: \$5,000,000

13. *TR_015/Position Reduction, (\$134,568), (1.0) FTE*

The bureau is permanently eliminating a Supervising Engineering position that was recently vacated. Duties will be reassigned to existing staff for the remainder of the fiscal year. In FY 2013-14 PBOT is anticipating and preparing for a significant reduction in grant funding which will result in a decrease in the number of capital projects in the bureau's CIP. This is the first of many positions which may be eliminated due to funding reductions.

FPD Recommendation: (\$134,568)

14. *TR_016/Local Improvement District \$4,145,471*

PBOT is recognizing a transfer from the LID Construction Fund to the Transportation Operating Fund in order to complete the design and construction on the following neighborhood LID projects for street, sidewalk and stormwater improvements:

- Water Avenue & Yamhill \$141,756
- 136th: Prescott to Whitaker \$105,690
- 82nd & Bybee \$54,019
- Alberta Street: 76th to 79th \$119,006

Additionally, work is being done through a commercial LID surrounding streetcar work on the east side for \$3,725,000.

FPD Recommendation: \$4,145,471

15. *TR_017/Vacancy Savings, \$503,381*

This request reduces personnel services by the amount calculated by Financial Planning as per guidance that was provided earlier in the fiscal year.

FPD Recommendation: \$503,381

16. *TR_018/Vacancy Savings Exemption, \$21,985*

This request adds back a portion of vacancy savings as per the process outlined in a July 26, 2012 memo to City budget managers and contacts. As stated: "If a bureau has an operational issue that arises during the year and believes that a position should be exempted from the required vacancy savings, the bureau

should present that issue to its commissioner-in-charge. The commissioner-in-charge has authority to grant a full or partial exemption from the vacancy savings requirement for each particular position.”

In light of this guidance Financial Planning does not make any recommendation on the commissioner-granted exceptions.”

FPD Recommendation: \$21,985

17. TR_021/*Street Lighting LED Replacement, \$6,500,000*

The bureau under discussion with Portland General Electric (PGE) to convert 46,700 existing City and PGE owned /maintained streetlight lamps from high pressure sodium (HPS) to Light-Emitting Diodes (LED) in order to lower energy consumption / costs and reduce PBOT maintenance costs. The entire conversion project is expected to take three to five years and estimated to cost approximately \$17.5 million dollars. Phase I is slated to begin in this fiscal year and is estimated to cost \$6.5 million. The bureau plans to fund each phase through the sale of bonds and will pay associated debt service with the anticipated energy and maintenance savings generated from the conversion.

Streetlight energy and maintenance costs are funded via an annual transfer from the general fund. The FY 2012-13 appropriation for these payments is \$5.1 million. The bond financing mechanism and debt service schedule being finalized; it is anticipated that the bureau will submit a ordinance to Council about the bond sale before the end of the calendar year.

FPD Recommendation: \$6,500,000

18. TR_024/*Vehicle Purchase - Streetcar, \$105,000*

The bureau is purchasing a lift truck that will enable mechanics to work on the underside of the cars. The cars are too heavy for existing conventional lifts that the City has access to. Funds are from the streetcar maintenance reserve held by the non-profit Portland Streetcar Inc (PSI).

FPD Recommendation: \$105,000

Comments on Prior Year Budget Notes, Decision Packages and Non-Technical BMP Changes, and Service Improvement Plans

FY 2011-12 Budget Notes

The bureau had two budget notes:

1. BES-PBOT Maintenance Service IA review

OMF completed the RFP process twice for an independent consultant to review best practices in sewer repair and cleaning as well as review the current bureau interagency structure. Despite vendor outreach and refining of the scope of work, no proposals were submitted. OMF will work with PBOT and BES to develop potential next steps.

2. Utility License Fee Payment

PBOT received \$2.2 million in FY 2011-12; the most recent forecast through FY 2016-17 anticipates an annual transfer of \$2.2 million.

FY 2011-12 Decision Packages and Non-Technical BMP Changes

The majority of PBOT FY 2011-12 decision packages and non-technical BMP changes have either been implemented, completed or are in progress. Below highlights a subset of updates:

- Downtown Marking Initiative contract GF reduction**
Update: During the FY 2011-12 Fall BMP, Council approved \$133,374 in one-time GF support in order to meet the full contract obligation. The full annual contract of nearly \$1 million, is funded primarily with general transportation funds, 68%, and 32% with General Fund support.
- Sunday Parkways**
Update: PBOT held five events in Outer Southeast, North, Northwest, Southeast and Northeast Portland with the \$170,000 in General Fund support granted during the Adopted Budget.
- FY 2011-12 Spring BMP local match payments for capital projects**
Update: Payments from the Local Government Investment Pool (LGIP) to ODOT were made for the following projects: St. Johns/Lombard Pedestrian crossing, \$20,000; Lombard/Columbia Slough Overcrossing, \$150,000 and 82nd Avenue / Columbia intersection, \$50,000. Funds were not considered expended, but rather, recorded as “cash with fiscal agent” until ODOT drew down the funds from the escrow-like LGIP account.

FY 2011-12 Reconciliation

Transportation Operating - Fund 200	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	3,185,537	1,925,289	-39.56%
Licenses & Permits	1,639,200	2,820,796	72.08%
Charges for Services	29,046,462	37,038,023	27.51%
Intergovernmental Revenues	62,531,333	69,230,216	10.71%
Interagency Revenue	29,182,247	27,628,640	-5.32%
Fund Transfers - Revenue	26,217,767	21,846,348	-16.67%
Bond and Note	20,753,500	20,564,042	-0.91%
Miscellaneous	2,310,985	3,335,358	44.33%
Total Resources	\$174,867,031	\$184,388,712	5.45%
Requirements			
Personnel Services	66,255,543	61,401,740	-7.33%
External Materials and Services	38,197,830	30,870,025	-19.18%
Internal Materials and Services	21,939,521	20,939,425	-4.56%
Capital Outlay	25,931,281	20,912,219	-19.36%
Bond Expenses	6,785,146	4,986,524	-26.51%
Fund Transfers - Expense	6,430,163	6,411,110	-0.30%
Contingency / Ending Fund balance	9,327,547	38,867,671	316.70%
Total Requirements	\$174,867,031	\$184,388,712	5.45%

FPD analyst concern

Requirements

Personnel Services – On July 1, 2011 the bureau was carrying 60 vacancies. Although many positions were filled during the year, many more stayed or became vacant. As of June 30, 2012, the bureau had 101 vacant positions. The vacant positions had an average annual compensation (salary + benefits) of just over \$70,000.

Applying this to the average number of vacancies during the year of 80, and this represents a savings of about \$5.6 million if the positions had been vacant for the full fiscal year.

To the extent that the positions were GTR funded, the savings generated from vacancies had been a tool for the bureau to compensate for additional expenditures or reduced revenues throughout the year.

As part of the FY 2012-13 Adopted Budget, however, the City Council implemented a directive for all General Fund and non-utility bureaus to calculate and capture vacancy savings either into the City's contingency or bureau fund contingency. This directive has the dual purpose of funding \$2 million worth of general fund programs in the FY 2012-13 budget as well as mandating that bureaus regulate their position levels and manage vacancies more closely. By way of compliance, PBOT abolished 55 vacant positions at the beginning of the fiscal year. As of October 1, the bureau's vacancy level dropped by 44% with 57 remaining. Of this amount more than half are relatively recent, only becoming vacant during 2012. There appear to be 22 positions which have become vacant in 2011 or 2010 which the bureau may wish to review and abolish during the next BMP process if they do not anticipate filling them.

External Materials & Services and Capital Outlay – some capital projects have schedule changes that have pushed work into FY 2012-13 including the Eastside Streetcar Extension as well as the capital maintenance for streets was deferred. Additionally the Sewer and Sidewalk Repair program and the Parking Operations program underspent during the fiscal year.

Bond Expenses - A debt service payment for an outstanding line of credit was deferred and will be paid in FY 2012-13 instead. PBOT worked with the City's Debt Management group on updating the payment timeline in order to free up additional resources in FY 2011-12.

Resources

Beginning Fund Balance – The beginning fund balance is lower than budgeted due to a timing issue with the Operating Fund's FY 2010-11 year end loan to the Grants Fund. As has been the case since the creation of the Grants Fund (separate from individual bureau funds), bureaus must loan the Grants Fund resources at the year end to cover any portion of the fund's deficit that is the result of the bureau's outstanding grant reimbursements.

Licenses and Permit Revenues – The initial revenues for the utility permits and streetlight infrastructure licenses had been conservatively budgeted as they were new permits. The bureau now has better actual information to develop ongoing budgets. Actuals for FY 2011-12 were \$2.8 million while the current -year budget is \$1.5 million and as of the end of September, actual revenues received have been \$694,362, or nearly 50% of the total with only 25% of the fiscal year completed. By this time last year, PBOT had collected \$484,711 which represents only 17% of the total license and permit revenues the bureau would receive by year's end. The bureau may continue to refine this figure throughout the year.

Fund Transfers – As a result of many CIP project delays, the bureau did not need to transfer as many funds from the LID Construction Fund as had been originally planned. Many of these projects have shifted work into the current year (see TR_016 for project list)

Miscellaneous Revenues – Revenues were higher than anticipated in part because the budget for some categories had been included in "Charges for Service", but the actual were received into "Miscellaneous". PBOT will override the default revenue category in order to have better alignment with planned versus actual in the current and future years.

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Transportation Reserve Fund - 212			
Resources			
Budgeted Beginning Fund Balance	\$7,292	\$5,267	-27.77%
Bond and Note	\$2,500,000	\$2,500,000	0.00%
Miscellaneous	\$9,000	\$8,687	-3.48%
Total Resources	\$2,516,292	\$2,513,954	-0.09%
Requirements			
Bond Expenses	\$2,500,000	\$0	-100.00%
Contingency / Ending Fund Balance	\$16,292	\$2,513,954	15330.60%
Total Requirements	\$2,516,292	\$2,513,954	-0.09%

▶ FPD analyst concern

The ending fund balance is considerably higher than anticipated due to the lack of anticipated bond expenditures during the fiscal year. A loan to the Grants Fund was not executed by the end of June (Accounting Period 12), when the data in the table above was pulled. Central Accounting is working with the Grants Unit as well as PBOT finance staff to determine the exact amount of the loan needed to cover the portion of the Grants Fund deficit associated with PBOT capital projects which have outstanding reimbursements. Once this figure has been determined, the loan will be executed as part of Accounting Period 13.

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Gas Tax Bond Redemption - Fund 308			
Resources			
Budgeted Beginning Fund Balance	\$4,553	\$4,577	0.53%
Fund Transfers - Revenue	\$1,076,157	\$1,061,972	-1.32%
Bond and Note	\$1,673,047	\$1,673,047	0.00%
Miscellaneous		\$6,315	n/a
Total Resources	\$2,753,757	\$2,745,911	-0.28%
Requirements			
Bond Expenses	\$1,080,710	\$1,071,492	-0.85%
Unappropriated Fund Balance	\$1,673,047	\$1,674,419	0.08%
Total Requirements	\$2,753,757	\$2,745,911	-0.28%

▶ FPD analyst concern

No comments on resources or requirements. All transactions were as expected.

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Parking Facilities - Fun 606			
Resources			
Budgeted Beginning Fund Balance	7,313,322	8,267,019	13.04%
▶ Charges for Services	11,550,000	11,176,291	-3.24%
Intergovernmental Revenues		59,623	n/a
Interagency Revenue	713,871	753,563	5.56%
Fund Transfers - Revenue	385	385	0.00%
Bond and Note	1,830,660	830,660	-54.63%
Miscellaneous	63,000	154,776	145.68%
Total Resources	\$21,471,238	\$21,242,316	-1.07%
Requirements			
▶ Personnel Services	132,348	112,268	-15.17%
External Materials and Services	3,725,000	3,646,449	-2.11%
Internal Materials and Services	2,858,518	1,933,064	-32.38%
Capital Outlay	1,250,000	1,237,749	-0.98%
Bond Expenses	4,975,375	1,875,375	-62.31%
Fund Transfers - Expense	5,734,924	5,734,924	0.00%
Contingency / Ending Fund Balance	2,795,073	488	-99.98%
Total Requirements	\$21,471,238	\$14,540,316	-32.28%

▶ FPD analyst concern

Requirements

Personnel Services – the bureau had originally budgeted for 1.50 FTE (including a full time program manager, 25% of a financial analyst and 25% of an accountant). None of the financial analyst's, and less than 25% of the accountant's time was recorded to this fund. The bureau is encouraged to revisit the way in which they budget personnel expenditures to the Fund 606 so that the budget is a more accurate reflection of what is anticipated.

Internal Materials and Services - The bureau spent \$925,454 less in IM&S in FY 2011-12, primarily related to work to be conducted in the current year. Of this amount, \$513,400 represents program carryover for technology services and facilities major maintenance work. The bureau reprogrammed the balance of the anticipated underspending into the FY 2012-13 Adopted Budget.

Bond Expenses – There is a \$3.1 million variance between budget and actuals in this category. A loan to the Grants Fund was not executed by the end of June (Accounting Period 12), when the data in the table above was pulled. Central Accounting is working with the Grants Unit as well as PBO'T finance staff to determine the exact amount of the loan needed to cover the portion of the Grants Fund deficit associated with PBO'T capital projects which have outstanding reimbursements. Once this figure has been determined, the loan will be executed as part of Accounting Period 13.

Resources

Charges for service – The largest component in this category is revenues generated from parking garage fees (smaller components include rent from retail tenants and other, smaller program revenues). Although this category is within 10% of budget, it is worth noting that the mark was missed by nearly \$400,000. In the FY 2011-12 Spring BMP, PBOT anticipated receiving revenues by year-end of \$11.2 million. During the Over-expenditure ordinance (OEO), however, the bureau recognized additional \$200,000 in anticipated revenues, which suggests that they anticipated total revenues to be \$11.4 million. The OEO revenue increase appears to have been related to the projected increase in bank card transaction fees due to new Federal legislation (additional discussion on bank card transaction fees in TR_007 above) rather than new information indicating additional revenue collection.

A more conservative approach would have been for the bureau to have reduced the Parking Fund contingency by \$200,000 rather than recognize additional revenues that were unlikely to materialize. The bureau is encouraged to recognize revenues that are projected based on actual and not tied to expenditure needs.

Bond and Note – a line of credit to finance the parking garage automation project was not needed.

Transportation Grants - Fund 217	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	16,815,000		-100.00%
Intergovernmental Revenues	71,633,918	72,387,604	1.05%
Miscellaneous		134,670	n/a
Total Resources	\$88,448,918	\$72,522,274	-18.01%
Requirements			
Personnel Services	7,660,973	4,675,007	-38.98%
External Materials and Services	7,850,937	5,299,303	-32.50%
Internal Materials and Services	6,057,754	3,826,504	-36.83%
Capital Outlay	50,064,254	42,813,755	-14.48%
Bond Expenses	16,815,000	16,784,431	-0.18%
Total Requirements	\$88,448,918	\$73,399,001	-17.02%

▶ FPD analyst concern

The bureau’s expenditures in all major object categories are low, with overall spending on average of about 80%. This is in line with the 80% spending rate in represented in the CIP. The bureau is recognizing nearly \$6 million in grant funds for project carryover (detailed list of projects in TR_011). In summary, projects contributing the lower than planned expenditures are Moody Parkway, Lents Town Center, Division Streetscape and Streetcar track relocation.

FY 2011-12 Performance Measure Reporting

The bureau’s performance actuals were in line with plans with one exception:

- **Signalized intersections retimed**
The plan was 140 and the actual number retimed was 221. PBOT explained that due to the failure of existing communications equipment within the Central Eastside, the bureau increased signal retiming efforts in order to comply with the new Federal standards for changing walking speeds for pedestrian safety.

FY 2011-12 Capital Project Reconciliation

The chart below demonstrates the changes to the PBOT capital budget throughout the fiscal year.

The bureau reduced its CIP by nearly 2% during the FY 2011-12 Fall BMP. The largest programmatic change was in reducing the budget for Neighborhood Livability, primarily to Lents Town Center project. Some of this reduction has been carried over for work on the project in the current year as noted in TR_011. Additionally, the bureau shifted work out of Special Projects and into Preservation and Rehabilitation in order to fund the unexpected emergency work to mitigate the SW Broadway landslide.

PBOT increased the budget during the Spring BMP by nearly 10% as compared to the revised base. The largest single increase was to the Eastside Streetcar extension, \$13.3 million, within the Centers and Main Streets program. As of the end of June, the bureau spent \$33.2 million in FY 2011-12 on the extension out of the total estimated project cost of \$148.5 million. The extension has been completed and 'revenue service' work began on September 22nd. Also in the Spring, a \$3.4 million reduction was recognized in Preservation and Rehab, primarily for work on Vancouver over the Columbia Slough and \$2 million reduction to Lents Town Center. Special Project increases include funds for SW Harbor/River Drive; the purchase of Smartmeters and the parking garage technology upgrade.

PBOT increased the budget during the Over-expenditure ordinance by about 2%. Additional funds were recognized for the Streetcar expansion and related Streetcar track relocation work in addition to increases for streetlight replacements in the South Auditorium district.

CIP Program	FY 2011-12 Adopted	FY 2011-12 Fall Adjs	FY 2011-12 Spring Adjs	FY 2011-12 Over Exp	Revised Budget**	Actuals
Non-program	-	-	-	-	-	413,013
Centers and Main Streets	52,066,320	339,279	12,970,357	850,000	66,517,936	60,869,819
Freight and Industrial Area	2,289,045	-	(615,000)	-	1,673,045	871,147
Local Street Design	1,529,332	-	-	-	1,529,332	1,032,003
Natural Areas	-	-	-	-	0	16,519
Neighborhood Livability	17,769,271	(2,930,000)	(3,236,710)	-	11,903,561	5,113,252
Preservation & Rehabilitation	19,125,845	1,913,137	(3,550,000)	750,000	18,386,982	11,552,631
Safety and Congestion Mgmt	-	-	-	-	10,800	22,036
Special Projects	4,634,640	(1,174,279)	3,488,500	250,000	7,483,563	6,871,453
Total*	97,414,453	(1,851,863)	9,057,147	1,850,000	107,505,219	86,761,873

* NOTE: The FY 2011-12 Adopted Budget is \$5.4 million higher than the program status report submission due to the exclusion of allocated bureau overhead costs. After consultation with the infrastructure bureaus, it was decided that for consistency across all bureaus, the FPD "Capital Program Status Report" would exclude allocated bureau overhead as bureaus treat the budgeted costs differently.

** NOTE: The Revised Budget also captures grant appropriation increases that happen outside of the BMP process.

The bureau spent about 81% of its revised CIP budget or \$86.8 million out of \$107.5 million. Areas materially contributing to the under-expenditure:

- *Freight and Industrial Area.* Much of the work for the Columbia Blvd/MLK Blvd is shifting into FY 2012-13. Delays resulted from lengthier right-of-way acquisition and relocation process. The other main underspent project is Lombard-Columbia.
- *Neighborhood Livability.* As previously outlined, work for Lents Town Center has shifted into FY 2012-13, in addition to several LID sidewalk projects.

- *Preservation and Rehabilitation.* Work on the Burgard Road project is shifting into FY 2012-13. Additionally, the bureau eliminated the paving program in order to backfill program reductions in bureau operations.

FY 2012-13 Capital Project Reporting

The bureau is increasing its CIP appropriation by \$23.0 million within the program areas as listed below. A more detailed list of grant funded projects with work added in this fiscal year may be found in TR_011.

- *Non-program \$1.5 million*
For purchasing NW parking SmartMeters
- *Centers and Main streets \$13.9 million*
For work related to: Eastside Streetcar expansion; Portland Milwaukie Light Rail and West Burnside congestion
- *Neighborhood Livability \$1.0 million*
For work related to Lents Town Center, Springwater Trail, the Red Electric Trail and Safe Routes to School
- *Preservation and Rehabilitation \$7.2 million*
For work related to the Streetlight LED efficiency program and Burgard Road over abandoned railroad

Year to date actuals are low, only \$257,858, or less than 1% of the bureau's revised budget. PBOT will continue to monitor project status to determine what it has the capacity to complete in the fiscal year. The Winter and Spring BMP's will likely see refinements to the CIP budget.

Elected Officials Service Area

Financial Planning Division Analysis

FY 2012-13 Fall BMP

Office of the City Auditor

Analysis by: Kezia Wanner

Summary of Significant Issues

TRIM Citywide Implementation

The Auditor's Office convened a steering committee in November 2011 to evaluate citywide recordkeeping practices and make recommendations regarding expansion of the TRIM records management and retention system. The impetus to convene the steering committee was a desire to have best practices adopted citywide, according to the standards and practices articulated by Administrative Rule 8.12, for the "management, preservation, and storage of electronic records and electronic mail correspondence (e-mail)." The steering committee has identified findings in the four areas of business needs, compliance and responsibilities, funding and priorities. A representative from Financial Planning has participated in the steering committee meetings as staff and as such, has provided a funding recommendation and analysis and is continuing to provide the committee with select cost allocation model scenarios as requested. The TRIM Steering Committee currently plans to present a report with final findings and recommendations to Council.

Recommended Requests

1. *AU_001/ LID Cash Transfer for Water, \$482,056*

The Local Improvement District (LID) Fund is responsible for arranging and providing funding for costs incurred by City bureau's for approved local improvement district projects. The LID fund borrows from established external lines of credits and reimburses LID-sponsoring bureaus via cash transfer for reimbursable project charges. This request will transfer \$482,056 to the Water Construction Fund for reimbursement of costs incurred by Water Bureau for the Deltawood Phase I project. The LID Fund will offset the cash transfer with an increase in bond and note sale revenue.

FPD Recommendation: \$482,056

2. *AU_002/Cash Transfer to BES \$331,749*

The Local Improvement District (LID) Fund is responsible for arranging and providing funding for costs incurred by City bureau's for approved local improvement district projects. The LID fund borrows from established external lines of credits and reimburses LID-sponsoring bureaus via cash transfer for reimbursable project charges. The LID Fund will transfer \$331,749 to the Sewer Construction Fund for reimbursement of costs incurred by BES for the Deltawood Phase II and Royal Highlands LID projects. The LID Fund will offset the cash transfer with an increase in bond and note sale revenue.

FPD Recommendation: \$331,749

3. *AU_003/LID Cash Transfer to PBOT, \$4,145,471*

The Local Improvement District (LID) Fund is responsible for arranging and providing funding for costs incurred by City bureau's for approved local improvement district projects. The LID fund borrows from established external lines of credits and reimburses LID-sponsoring bureaus via cash transfer for

reimbursable project charges. The LID Fund will transfer \$4,145,471 to PBOT for reimbursement for six planned or completed LID projects. These projects include Eastside Streetcar, Northrup Streetcar, Water Avenue/Yamhill, 136th/Prescott, 82nd/Bybee, and Alberta Street projects. The LID Fund will offset the cash transfer with an increase in bond and note sale revenue.

FPD Recommendation: \$4,145,471

4. *AU_004/Vacancy Savings Reduction, (\$87,621)*

The bureau is submitting a reduction to reflect the vacancy savings calculated for five positions that had experienced vacancies during the period of July 1 through September 12, 2012. These positions include the City's Election Officer position, two Office Support Specialist II positions, an Office Support Specialist III position, and a part-time Hearings Officer position.

This request reduces personnel services based on Council direction during the budget process to capture bureau vacancy savings. The amount of vacancy savings was calculated by Financial Planning as per guidance that was provided earlier in the fiscal year.

FPD Recommendation: (\$87,621)

5. *AU_005/Vacancy Savings Exception Requests, \$36,918*

The bureau is submitting an exception request for vacancy savings reductions resulting from the vacancies that occurred regarding the City Elections Officer position and the part-time Hearings Officer position. The bureau has stated that operational needs do not allow them to maintain a vacancy in the Elections Officer position, and thereby not incur position costs, for a three-month period. Additionally the bureau has used the salary savings from maintaining a vacant part-time Hearings Officer position to fund seasonal, unbudgeted staff which is more flexible and fills the bureau's operational needs better.

FPD had made a suggestion that if the intention is to keep the staffing flexibility in the Hearings Officer division, they should abolish the part-time Hearings Officer position and allocate the funds in the personnel services commitment item for "casual, unbudgeted" positions. The bureau is anticipating a likely increase in workload and, in light of this, does not want to abolish the position.

This request adds back a portion of vacancy savings as per the process outlined in a July 26, 2012 memo from the Financial Planning Manager to City budget managers and contacts. As stated: "If a bureau has an *operational* issue that arises during the year and believes that a position should be exempted from the required vacancy savings, the bureau should present that issue to its commissioner-in-charge. The commissioner-in-charge has authority to grant a full or partial exemption from the vacancy savings requirement for each particular position." The vacancy savings added back to bureau budgets results from these commissioner-granted exceptions.

In light of this guidance, Financial Planning does not make any recommendation on the commissioner-granted exceptions.

FPD Recommendation: determination to approve or deny the request is at the discretion of City's elected officials.

6. *AU_006/Encumbrance Carryover Requests, \$118,466*

The bureau initially requested carry forward in the amount of \$118,466 of their contract encumbrances from FY 2011-12 but after further review and conversation with Financial Planning, the amount was revised downward to an amount, agreed upon by both parties, of \$46,681. The encumbrances recommended by FPD include funding for staffing services, TRIM upgrades, live captioning services, PSU Fellows program, PSU interns, and the Moss Adams financial audit contract.

FPD Recommendation: \$46,681

Comments on Prior Year Budget Notes, Decision Packages and Non-Technical BMP Changes

FY 2011-12 Decision Packages and Non-Technical BMP Changes

IPR Assistant Director Position

The FY 2008-09 Adopted Budget authorized a three-year limited term Assistant IPR Director position (0.5 FTE). This was combined with a 0.5 FTE permanent position, funded ongoing, to comprise a 1.0 FTE Assistant IPR Director. In the FY 2011-12 Adopted Budget, Council authorized ongoing funding to change the 0.5 limited-term FTE to a 0.5 permanent position. This has resulted in 1.0 FTE authorized permanent Assistant IPR Director position.

Mandatory Reductions

The FY 2011-12 Adopted Budget included \$25,117 of ongoing reductions to the bureau's General Fund allocation. The cuts were allocated across the bureau's external materials and services budgets and have not had a material impact on the bureau services or operations.

Single Audit Interagency Agreements (IAs)

The Auditor's Office created IAs totaling \$62,500, with bureaus that received federal American Recovery and Reinvestment Act (ARRA) funding in order to pay for a projected increase in the City's external financial audit due to the increased federal funds. The increase in the City's Single Audit, which is an audit of federal resourced received by the City, did not materialize to the degree that the Auditor's Office projected; therefore in FY 2011-12 the Auditor's Office only billed out and received approximately \$31,000 in IA revenues related to the Single Audit IAs. It is unknown if there will be a higher cost associated with ARRA funds for the FY 2012-13 Single Audit.

FY 2011-12 Reconciliation

Auditor's Operating Fund - GF	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Charges for Services	\$373,385	\$415,055	11.16%
Interagency Revenue	\$982,204	\$829,973	-15.50%
Miscellaneous	\$10,000	\$10,164	1.64%
General Fund Discretionary	\$4,160,970	\$3,810,283	-8.43%
General Fund Overhead	\$3,737,201	\$3,737,201	0.00%
Total Resources	\$9,263,760	\$8,802,676	-4.98%
Requirements			
Personnel Services	\$5,094,032	\$5,073,210	-0.41%
External Materials and Services	\$1,599,829	\$1,211,733	-24.26%
Internal Materials and Services	\$2,569,899	\$2,517,733	-2.03%
Total Requirements	\$9,263,760	\$8,802,676	-4.98%

▶ FPD analyst concern

The bureau received IA revenues 15.5% below budgeted amount of \$982,204. This is partly attributable to lower tow hearing revenue as well as the lower-than-projected costs related to the CAFR Single Audit. The bureau incurs the costs for the Single Audit, which was projected to be temporarily increased due to the three-year disbursement of federal ARRA funds, and developed IAs with the bureaus receiving ARRA funds in which the recipient bureaus would pay for their relative portion of the cost increases. The increased federal funding to the City has not caused increased Single Audit costs to the level anticipated, and therefore the bureaus have not had to fully pay the agreed-upon amount established by the IAs. The increased Single-Audit costs were approximately \$31,000 in the prior year, which is about half of the anticipated cost.

Assessment Collection Fund - 201	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	\$78,893	\$79,013	0.15%
Miscellaneous	\$1,000	\$2,620	162.00%
Total Resources	\$79,893	\$81,633	2.18%
Requirements			
Internal Materials and Services	\$1,532	\$1,532	0.00%
Fund Transfers - Expense	\$41	\$41	0.00%
Contingency	\$78,320	\$80,060	2.22%
Total Requirements	\$79,893	\$81,633	2.18%

Miscellaneous Revenues were 162% above budget which was largely due to the payoff of a delinquent lien. The repayments of delinquent liens are not predictable and can occur at any time; therefore the bureau is unable to accurately budget for them.

Bancroft Bond Fund - 311	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	\$11,871,718	\$11,871,718	0.00%
Bond and Note	\$1,500,000	\$1,502,512	0.17%
Miscellaneous	\$8,260,849	\$8,827,355	6.86%
Total Resources	\$21,632,567	\$22,201,585	2.63%
Requirements			
Unappropriated Fund Balance	\$14,294,374	\$14,775,233	3.36%
Bond Expenses	\$7,338,193	\$7,426,352	1.20%
Total Requirements	\$21,632,567	\$22,201,585	2.63%

Bond Expenses were overspent by a small amount (1.2%) due to the original budget for principal and interest debt service being an estimate for outstanding bonds issues at that point in time. There was a debt service payment made in June 2012 that included a bond issue sold in December 2011 which was not included in the original budget. The TSCC discourages the practice of adjusting budgets to recognize additional estimated debt service during the fiscal year.

Local Improvement District Fund - 401	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	\$4,566,277	\$4,566,277	0.00%
Charges for Services	\$773,500	\$958,517	23.92%
Fund Transfers - Revenue	\$23,022	\$23,022	0.00%
Bond and Note	\$15,033,107	\$10,329,441	-31.29%
Miscellaneous	\$434,607	\$411,860	-5.23%
Total Resources	\$20,830,513	\$16,289,117	-21.80%
Requirements			
External Materials and Services	\$5,000	\$2,950	-41.00%
Internal Materials and Services	\$1,514,330	\$1,381,078	-8.80%
Bond Expenses	\$2,713,885	\$2,440,975	-10.06%
Fund Transfers - Expense	\$12,660,081	\$8,262,095	-34.74%
Contingency	\$3,937,217	\$4,202,019	6.73%
Total Requirements	\$20,830,513	\$16,289,117	-21.80%

FY 2011-12 Performance Measure Reporting

Percent of Audit report recommendation implemented (AU_002) – Performance for FY 2011-12 was 90%, which is above the 85% target set for that fiscal year and for the current year. The bureau reports that the 80-90% range is the industry standard.

Number of checks/deposit advices processed (AU_0008) – The trend is the Auditor’s Office will be processing on the magnitude of more than 20,000 fewer checks and deposit advices in the current year, similar to the decrease experienced from FY 2010-11 to FY 2011-12. This is largely due efficiencies gained from the Automated Clearing House electronic vendor payment project.

The number of new liens assessed and number of assessments per staff (AU_0013 and AU_0026) – The FY 2012-13 target increases significantly from the FY 2010-11 and FY 2011-12 actuals which is due to final assessments for the two large Portland Streetcar LID projects. These two projects together consist of over 1,800 property assessments.

Additionally, the following performance measures will not have data reported in the Fall BMP and are currently undergoing evaluation and revision:

- Direct cost per retrieval and delivery of record from Records Center (AU_0016)
- Percentage of citizens who are satisfied or very satisfied with the service they received (AU_0017)
- Percentage of citizens who feel that the office’s (Ombudsman Program) response was timely (AU_0018)

Financial Planning Division Analysis

FY 2012-13 Fall BMP

Council Offices

Analysis by: Doug Le

Office of the Mayor

Recommended Requests

1. *MY_001/Mayor's Office Encumbrances Carryover, \$430,128*

This action will carry over funds into FY 2012-13 for agreements and contracts outstanding as of the end of last fiscal year. These agreements and contracts relate to programs managed by the Office of Youth Violence Prevention and the Education Program in the Mayor's Office.

FPD Recommendation: \$430,128

2. *MY_002/Mayor's Office Advance Recovery, \$931,490*

This request will carry over appropriation for advances made during prior years, but will be recovered and expended in FY 2012-13.

FPD Recommendation: \$931,490

Not Recommended Request

1. *MY_003/Mayor's Office Summer Youth Connect Transport, \$35,000*

This request will fund the second amendment of the Transportation Services for Youth Programs contract. The amendment was signed by all parties in late June 2012 and as a result there was not sufficient time to complete the encumbrance process by the end of the fiscal year.

While this is an important activity for the Mayor's Office, given the projected shortfall in the General Fund, FPD does not recommend carryover funding for this amendment. Instead, FPD recommends that the Mayor's Office look to fund this program within its existing budget to continue this contract in FY 2012-13.

FPD Recommendation: \$0

Comments on Prior Year Decision Packages

Cradle to Career Implementation, \$250,000

This action provides one-time General Fund resources for the Cradle-to-Career implementation. This strategy is the first county-wide initiative to address the chronic educational challenges and prolific disparities in our schools.

Status Report: Complete. Funds have been granted to the Portland Schools Foundation/All Hands Raised organization in accordance with grant agreement under Ordinance #185009.

Parkrose Restorative Justice Program, \$32,500

This funding provides financial support to Resolution Northwest for work related to the restorative justice conflict resolution services to students, faculty, and administrators at Parkrose Middle and High schools.

Status Report: Complete. Funds have been granted to Resolution Northwest in accordance to grant agreement under Ordinance #184272.

Education Program, \$450,750

This package provides one-time General Fund resources to continue the activities in the Education Program in the Mayor's Office. This funding will support the following programs:

- Summer Youth Connect - to fund interventions to increase graduation and post-secondary access through career planning and work experience
- Education Strategy Support - to provide general support for the Education Cabinet and annual Education Summit
- Youth Engagement - to continue the Multnomah Youth Commission and expand youth program aides beyond the Youth Planner Program.

Status Report: Underway. Most of the funds was used for the summer programs. Unused funds were carried over into FY 2012-13.

Establish IA with PBEM, \$6,774

This package provides interagency revenue from Portland Bureau of Emergency Management to partially fund a staff position in the Mayor's Office to coordinate issues related to emergency management services.

Status Report: Complete.

Add 0.4 Commissioner Staff Rep, \$0, 0.40 FTE

This package provides funding for an ongoing 0.4 FTE to serve as the Public Safety Counsel liaison for the Mayor's Office. The position will be funded within existing budget.

Status Report: Complete.

1.5% One-time Reduction, (\$21,954)

This action reduces the funding for a Policy Fellow position to achieve the 1.5% budget reduction. The position will be held vacant in FY 2011-12.

Status Report: Complete

FY 2011-12 Reconciliation

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Intergovernmental Revenues	125,054	\$124,967	-0.07%
Interagency Revenue	743,825	\$743,825	0.00%
Miscellaneous	3,000	\$5,016	67.20%
General Fund Discretionary	2,597,110	\$1,882,714	-27.51%
General Fund Overhead	1,174,272	\$1,174,272	0.00%
Total Resources	\$4,643,261	\$3,930,794	-15.34%
Requirements			
Personnel Services	2,306,829	\$2,302,317	-0.20%
External Materials and Services	1,946,713	\$1,237,580	-36.43%
Internal Materials and Services	389,719	\$390,897	0.30%
Total Requirements	\$4,643,261	\$3,930,794	-15.34%

▶ FPD analyst concern

The Mayor's Office spent approximately 85% of its Revised Budget by year end. The under expenditure in External Materials & Services is partially due to advances made during FY 2011-12, but not recognized in the system as expenditures until they are recovered in the next fiscal year. Additionally, the Office of Youth Violence Prevention and the Education program underspent its budget. Unspent funds were carried over into FY 2012-13.

Commissioner of Public Affairs (Saltzman)

Recommended Requests

1. *PA_001/CPA Fall BMP Vacancy, (\$10,390)*

This request reduces personnel services based on Council direction during the budget process to capture bureau vacancy savings. The amount of vacancy savings was calculated by Financial Planning as per guidance that was provided earlier in the fiscal year.

FPD Recommendation: (\$10,390)

2. *PA_002/CPA Grants Related Advance Carryover, \$13,500*

This package requests a carryover of \$13,500 related to grants advances to the Gateway Center for Domestic Violence Services that will be recovered and expended in FY 2012-13.

FPD Recommendation: \$13,500

3. *PA_004/CPA PO Encumbrance Carryover Request, \$625,012*

This request will carryover \$625,012 into FY 2012-13 to cover encumbered contracts related to the Gateway Center for Domestic Violence Services that will continue beyond the end of last year.

FPD Recommendation: \$625,012

4. *PA_005/CPA Accrual Error Related Carryover, \$99,479*

This is a request to add \$99,479 to the budget of the office of the Commissioner of Public Affairs in FY 2012-13. Due to an accounting error in FY 2011-12, the above amount was incorrectly coded as an expenditure for most of the fiscal year, essentially rendering it unavailable to be spent for any other purposes. When the error was discovered and corrected in late FY 2011-12, it was too late to encumber the funds to be carried over into next fiscal year. This is part of the resources set aside for the improvements at the Gateway Center for Domestic Violence Services.

This is considered as a new request because the funds were not encumbered at the end of last fiscal year. This incident happened due to a technical error beyond the control of Commissioner Saltzman's Office. Additionally, this funding is specifically set aside for the improvement contracts related to the Gateway Center for Domestic Violence Services, a high priority for Council. Based on the above reasons, FPD recommends the above carryover.

FPD Recommendation: \$99,479

Comments on Prior Year Decision Packages

Commissioner of Public Affairs 1.5% Reduction, (\$15,594)

This package reduces the External Materials & Services by \$15,594 to achieve the 1.5% budget reduction. Status Report: Complete.

Commissioner of Public Affairs – Mental Health Specialist, \$33,500

This package provides \$33,500 to fund a Mental Health & Addiction Specialist for victims/survivors of domestic violence at the Gateway Center for Domestic Violence Services.

Status Report: Complete. The above position is being partially funded by this package.

FY 2011-12 Reconciliation

Commissioner of Public Affairs – General Fund

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
General Fund Discretionary	\$1,927,513	\$1,055,202	-45.26%
General Fund Overhead	\$510,060	\$510,060	0.00%
Miscellaneous	\$0	\$421	N/A
Total Resources	\$2,437,573	\$1,565,262	-35.79%
Requirements			
Personnel Services	\$1,013,850	\$989,069	-2.44%
External Materials and Services	\$1,266,013	\$421,488	-66.71%
Internal Materials and Services	\$157,710	\$154,705	-1.91%
Total Requirements	\$2,437,573	\$1,565,262	-35.79%

▶ FPD analyst concern

The under expenditure in External Materials and Services relates to the multi-year contracts for work related to the Gateway Center for Domestic Violence Services. Encumbrance carry overs are being requested in this BMP to re-budget unspent appropriation into FY 2012-13. Additionally, the office receives \$263,250 in grants fund from the Department of Justice for work related to the Gateway Center for Domestic Violence Services.

Commissioner of Public Affairs (Saltzman)

Portland Children's Levy Fund

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Balance	\$4,262,455	\$4,262,455	0.00%
Taxes	\$10,828,297	\$10,785,913	-0.39%
Fund Transfer - Revenue	\$5,683	\$5,683	0.00%
Miscellaneous	\$36,000	\$40,562	12.67%
Total Resources	\$15,132,435	\$15,094,613	-0.25%
Requirements			
Personnel Services	\$458,184	\$452,082	-1.33%
External Materials and Services	\$14,165,541	\$13,494,435	-4.74%
Internal Materials and Services	\$114,769	\$36,845	-67.90%
Fund Transfers - Expense	\$25,000	\$25,000	0.00%
Ending Fund Balance	\$368,941	\$1,086,251	194.42%
Total Requirements	\$15,132,435	\$15,094,613	-0.25%

▶ FPD analyst concern

Overall the fund stayed within its budget at year end. The Internal Materials & Services category was underspent because a city-wide mailer was not completed as planned. The Ending Fund Balance shows a significant increase due to larger than projected underspending by grantees in FY 2011-12.

Commissioner of Public Safety (Leonard)

Recommended Request

1. *PS_001/Fall BMP Carryover Request, \$317*

This request will carryover \$317 into FY 2012-13 for a contract to provide service and maintenance of office printers that will continue pass the end of last fiscal year. The need for this service is expected to continue in future years on a need-to-use basis. No appropriation for this contract is included in the FY 2012-13 budget. FPD recommends the above encumbrance carryover to provide sufficient funding for this contract in the current fiscal year. FPD further recommends that this cost should be considered ongoing and included in the base budget starting in FY 2013-14.

FPD Recommendation: \$317

Comments on Prior Year Decision Packages

Commissioner of Public Safety 1.5% Budget Reduction, (\$5,000)

This decision package reduces Personal Services by \$5,000. This reduction achieves the 1.5% budget reduction by holding a 0.39 Commissioner Staff Representative position vacant for approximately two months.

Status Report: Complete.

Commissioner of Public Safety (Leonard)

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
General Fund Discretionary	\$327,198	\$291,740	-10.84%
General Fund Overhead	\$450,373	\$450,373	0.00%
Total Resources	\$777,571	\$742,113	-4.56%
Requirements			
Personnel Services	\$653,431	\$627,977	-3.90%
External Materials and Services	\$9,331	\$3,326	-64.36%
Internal Materials and Services	\$114,809	\$110,810	-3.48%
Total Requirements	\$777,571	\$742,113	-4.56%

▶ FPD analyst concern

The office ended the fiscal year with significant savings in the External Materials & Services category.

Commissioner of Public Utilities (Fritz)

Recommended Requests

1. *PU_001/Commissioner of Public Utilities – Vacancy Savings, (\$13,879)*

This request reduces personnel services based on Council direction during the budget process to capture bureau vacancy savings. The amount of vacancy savings was calculated by Financial Planning as per guidance that was provided earlier in the fiscal year.

FPD Recommendation: (\$13,879)

Updates on Prior Year Decision Package

Commissioner of Public Utilities 1.5% Budget Reduction, (\$5,136)

This decision package reduces Personnel Services by \$5,136. This reduction achieves the 1.5% budget reduction by holding a Commissioner Staff Representative position vacant for approximately a month and a half.

Status Report: Complete.

Commissioner of Public Utilities (Fritz)

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Interagency Revenue	\$93,636	\$99,046	5.78%
Miscellaneous	\$0	\$2,563	N/A
General Fund Discretionary	\$335,644	\$266,211	-20.69%
General Fund Overhead	\$467,060	\$467,060	0.00%
Total Resources	\$896,340	\$834,880	-6.86%
Requirements			
Personnel Services	\$752,300	\$703,239	-6.52%
External Materials and Services	\$12,881	\$3,664	-71.56%
Internal Materials and Services	\$131,159	\$127,977	-2.43%
Total Requirements	\$896,340	\$834,880	-6.86%

▶ FPD analyst concern

The office ended the fiscal year with significant savings in the External Materials & Services category.

Commissioner of Public Works (Fish)

Recommended Requests

1. *PW_001/FY 13 Fall BMP Encumbrance Carryover Request, \$266*

This request will carryover \$266 into FY 2012-13 to cover costs related to service and maintenance of office printers. The need for this service is expected to continue in future years on a need-to-use basis. No appropriation for this contract is included in the FY 2012-13 budget. FPD recommends the above encumbrance carryover to provide sufficient funding for this contract in the current fiscal year. FPD further recommends that this cost should be considered ongoing and included in the base budget starting in FY 2013-14.

FPD Recommendation: \$266

1. *PW_002/FY 13 Fall BMP Vacancy Savings, (\$14,372)*

This request reduces personnel services based on Council direction during the budget process to capture bureau vacancy savings. The amount of vacancy savings was calculated by Financial Planning as per guidance that was provided earlier in the fiscal year.

FPD Recommendation: (\$14,372)

Updates on Prior Year Decision Package

Commissioner of Public Works 1.5% Budget Reduction, (\$5,241)

This decision package reduces Personnel Services by \$3,792 and Internal Materials & Services by \$1,449 to achieve the 1.5% budget reduction.

Status Report: Complete.

Commissioner of Public Works (Fish)

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Interagency Revenue	\$76,000	\$66,000	-13.16%
Miscellaneous	\$0	\$3,629	N/A
General Fund Discretionary	\$342,509	\$287,937	-15.93%
General Fund Overhead	\$480,081	\$480,081	0.00%
Total Resources	\$898,590	\$837,647	-6.78%
Requirements			
Personnel Services	\$749,606	\$693,494	-7.49%
External Materials and Services	\$18,378	\$17,748	-3.43%
Internal Materials and Services	\$130,606	\$126,405	-3.22%
Total Requirements	\$898,590	\$837,647	-6.78%

▶ FPD analyst concern

The Miscellaneous category received a refund from the Opt-out benefit option that was inadvertently billed twice to the office. The Internal Materials & Services category was under spent and the under spent amount was re-directed to the Bureau of Parks & Recreation for a special project.

City Support Services Service Area

Financial Planning Division Analysis

FY 2012-13 Fall BMP

Office of the City Attorney

Analysis by: Yung Ouyang

Recommended Requests

1. *AT_001/Vacancy Savings, (\$13,546)*

This request reduces personnel services based on Council direction during the budget process to capture bureau vacancy savings. The amount of vacancy savings was calculated by Financial Planning as per guidance that was provided earlier in the fiscal year. The Office of the City Attorney has one vacant Assistant Program Specialist (APS) position. The position was formerly an Information Systems Analyst III, with a much higher salary than the APS, and the office did not reclassify the position until after the new fiscal year began. However, the office was able to show that its intention was to reclassify the position earlier. For example, during the budget development process, the office transferred funds formerly intended for the position to an Interagency Agreement with the Bureau of Technology Services.

FPD Recommendation: (\$13,546)

Comments on Prior Year Budget Notes, Decision Packages, and Non-Technical BMP Changes

The Office of the City Attorney has no Budget Notes, Decision Packages, or Non-Technical BMP Changes to report on.

Prior Year Reconciliation

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Service Charges & Fees	0	4,451	I/A
Miscellaneous Sources	0	6,367	I/A
General Fund Discretionary	1,686,115	1,260,832	-25.22%
General Fund Overhead	2,806,711	2,806,711	0.00%
Interagency Revenues	5,049,593	5,049,593	0.00%
Total Resources	9,542,419	9,127,954	-4.34%
Requirements			
Personal services	8,149,019	8,003,606	-1.78%
External Materials & Services	628,946	384,179	-38.92%
Internal Materials & Services	764,454	740,168	-3.18%
Total Requirements	\$9,542,419	\$9,127,954	-4.34%

The Office of the City Attorney ended FY 2011-12 with a 4% under-expenditure. External Materials and Services (EMS) was underspent by 39% due to delays in technology and office space projects, as well as temporary staff expenses being paid from Personal Services savings (if clerks are hired through an outside agency, as opposed to directly, they are paid through EMS). The significant under-expenditure in EMS contributed to the office only spending about 75% of its General Fund Discretionary resources.

Prior Year Performance Measure Reporting

Litigation cases – The number of cases handled in FY 2011-12 was 1,433, much lower than the target figure of 2,100 due to a change in practice, with most collection matters now handled by a collection agency. Prior to the change in practice, the trend for this measure had been increases in the number of cases over the last three years.

Contracts review and approval – The number of contracts reviewed was 20% higher than the target, but the office has been able to handle the increase with existing resources. This measure has also seen increases year after year for the past four years.

Hourly rate – The actual hourly rate for FY 2011-12 was \$150, about 7% lower than the target of \$161. The average hourly rate over the last four years is about \$148.

Financial Planning Division Analysis

FY 2012-13 Fall BMP

Office of Government Relations

Analysis by: Lauren King

Comments on Prior Year Budget Notes, Decision Packages and Non-Technical BMP Changes, and Service Improvement Plans

Prior Year Decision Packages and Non-Technical BMP Changes

Federal Assistant Funding:

The 2011-12 Adopted Budget included \$48,000 of one-time General Fund discretionary funding for a limited-term Federal Legislative Assistant. The funding for the position was supplemented through internal resources. The 2012-13 Adopted Budget again authorized one-time funding for the federal assistant position. The 2012-13 Budget included \$91,432, the full amount of the position. The Federal Legislative Assistant position assists with the preparation and implementation of the City's federal legislative agenda. Government Relations intends to request on-going funding for the position in the FY 13-14 budget for the position.

FY 2011-12 Reconciliation

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Interagency Revenue	\$84,329	\$84,329	0.00%
General Fund Discretionary	\$566,117	\$566,117	0.00%
General Fund Overhead	\$669,430	\$669,430	0.00%
Total Resources	\$1,319,876	\$1,319,876	0.00%
Requirements			
Personnel Services	\$852,004	\$832,051	-2.34%
External Materials and Services	\$320,866	\$263,981	-17.73%
▶ Internal Materials and Services	\$147,006	\$151,516	3.07%
Total Requirements	\$1,319,876	\$1,247,548	-5.48%

▶ FPD analyst concern

The bureau overspent its internal materials and services budget by 3%, or \$4,510, due primarily to the following factors: higher-than-budgeted costs for a new bureau vehicle lease and vehicle outfitting; higher-than-budgeted space rental costs; and BTS technology billable costs for computer services at the City's work station in Salem. Overall, the bureau was 5.5% under spent in FY 2011-12.

FY 2011-12 Performance Measure Reporting

Currently, Government Relations' performance measures do not convey the work of the bureau in a meaningful way. All measures consistently meet the target of 100% performance. Financial Planning intends to work with the Bureau on revising performance measures for the 2013-14 Adopted Budget.

Financial Planning Division Analysis

FY 2012-13 Fall BMP

Office of Management and Finance – Financial Services, Human Resources, Office of Chief Administrative Officer, Revenue Bureau, Citywide Projects - Public Safety Systems Revitalization Program (PSSRP) and the Public Safety General Obligation Bond Fund

Analysis by: Sara Lowe

Summary of Significant Issues

Overspending

Financial Planning is directed to monitor City financials (revenues and expenditures) at the fund, bureau, and object category. Overspending an appropriation unit is considered a violation of Local Budget Law. In FY 2011-12, the Health Fund exceeded its appropriation authority and the Office for Community Technology (OCT), which is a program now overseen by the Revenue Bureau, overspent its budget and General Fund Discretionary appropriation. The details and resulting recommendations are as follows:

Health Fund:

In FY 2011-12*, the Health Fund overspent bureau program expenses object categories by (\$1,167,407), with both the internal (\$8,811) and external materials services (\$1,178,683) categories exceeding budget (. The external materials and services overspending was primarily driven by two large self-insurance medical claims payments that occurred at the end of the fiscal year. The claims payments, or wires, occur twice a month, with the average single wire costing approximately \$1.5 million, or \$3.0 million per month. The wires that forced the overspending were far above average and represented June claims payments totaling \$4,488,763 (\$2,750,037 in the first half of the month and \$1,848,726 in the later half). It should be noted that the \$2.7 million wire was the single most expensive medical claims payment in the history of the fund.

In addition to the overspending, the fund was presented with two other issues that reduced its FY 2011-12 revenue collections. First, an accounting issue discovered during the year-end adjustment period decreased FY 2011-12 charges for service revenue collections by \$654,539. Second, Human Resources staff discovered that the rate charged to bureaus for domestic-partner benefits was doubled, resulting in an approximate \$466,000 over collection of revenues that spanned several years. The Health Fund refunded the entire amount to affected City bureaus in FY 2011-12.

Both of the issues described above, exceeding budget and reductions in revenues, combined with an inflated budget for the current years beginning balance, culminated in the need to revise downward the Health Fund's FY 2012-13 beginning fund balance by \$5,668,749. This reduction will subsequently reduce the funds budgeted contingency to \$11.5 million, of which \$9.46 million is obligated to meet reserve requirements (see table below for more detail), leaving \$2.054 million of unrestricted contingency to deal with future year rate fluctuations or unexpected expenditures.

**The figures used in this section represent financial information through AP13, slight variations may occur until the prior fiscal year is closed.*

Contingency Reserve Requirements			FY 2012-13
Incurring But Not Reported Claim Reserves			3,460,000
Large Claims Reserves			2,400,000
Medical and Prescription Contingency Reserves			3,100,000
Dental Contingency Reserve			500,000
Total			\$ 9,460,000
	FY 2012-13 Adopted Budget	Beginning Fund Balance Adjustment	Revised FY 2012- 13 Budget
Health Fund Contingency	17,182,899	(5,668,749)	11,514,150
Reserve Requirements			9,460,000
Balance of Unrestricted Contingency			\$ 2,054,150

Recommendation:

For the past several years, the Health Fund has been exclusively managed by the Bureau of Human Resources (BHR). Based on the size, accounting complexity, and issues experienced in the fund in FY 2011-12, Financial Planning (FPD) recommends expanding the level of oversight on the Health Fund to be consistent with that of all other internal service funds (i.e. City Fleet, Facilities, EBS) managed by OMF. Specifically, the Health Fund's governance structure should be modified to include oversight by OMF Business Operations so they can provide additional analytical expertise and assistance.

The Office for Community Technology - General Fund Discretionary:

In FY 2011-12, the Office for Community Technology (OCT) overspent its budget and General Fund Discretionary appropriation (\$88,216). The over expenditure was the result of the bureau recovering more of their prior-year advances than originally projected, causing the bureau's expenditures to increase above their appropriated budget, and thus overspending its General Fund discretionary appropriation. Per City Financial Policy 2.06 – Revenue, the result of the overspending is an equivalent reduction to the bureau's current year General Fund Discretionary appropriation. This reduction is allocated to the Revenue Bureau due to the FY 2012-13 Adopted Budget decision integrating OCT into the Revenue Bureau. The Revenue Bureau has requested that the General Fund reduction not be accepted and OMF agrees with that request (see MF_046).

Recommended Requests

1. *MF_004/Vacancy Savings, (\$162,460)*

The FY 2012-13 Adopted Budget includes a provision directing the capture of bureau vacancy savings starting in the FY 2012-13 Fall BMP. As such, OMF recorded 47 vacancies from, July 2012 through September of 2012, of which 28 were eligible to accrue vacancy savings (formal offers sent prior to 6/30/2012 made many of the vacant positions ineligible). OMF's vacancy savings totaled \$657,337 of which \$162,460 is attributable to the General Fund and \$494,877 is non-General Fund. FPD recommends, the General Fund savings be recognized as a one-time reduction to the bureau's budget and the non General Fund savings be transferred into the appropriate funds contingency. It should be noted that the bureau did not request any exemptions in this reporting period.

FPD Recommendation: (\$162,460)

2. *MF_012/Spectator Facilities – Adjust Beginning Fund Balance, \$910,199*

The Spectator Facilities Fund FY 2012-13 budgeted beginning fund balance is \$6,000,000; however, prior year actuals were lower than anticipated requiring the fund to adjust the current year beginning fund balance by \$910,199. The new ending fund balance will total \$6,910,425.

FPD Recommendation: \$910,199

3. MF_013/Spectator Facilities – Increase Personal Services Budget, \$0

Request transfers \$50,000 of Spectator Facilities Fund contingency to personnel services to cover costs related to the recent hiring of the Spectator Facilities Manager while still retaining the temporary interim appointment. FPD recommends approval of this request so as not to interrupt the Veterans Memorial Coliseum redevelopment negotiations.

FPD Recommendation: \$0

4. MF_014/Spectator Facilities – Professional Services Budget, \$0

Request transfers \$50,000 of Spectator Facilities Fund contingency to external materials and services for costs related to acquiring legal services to assist with VMC redevelopment negotiations. FPD recommends allowing this transfer to ensure that the city has adequate legal representation throughout the duration of the negotiations.

FPD Recommendation: \$0

5. MF_015/Bus Ops – Facilitator Encumbrance Carryover, \$14,500

General Fund Discretionary encumbrance carryover, in the amount of \$14,500, is requested to fund the continuation of contract facilitation services to be provided at the City bureau directors' planning session. Services were rendered in October 2012.

FPD Recommendation: \$14,500

6. MF_016/Bus Ops – Olympic Perf Encumbrance Carryover, \$500

General Fund Discretionary encumbrance carryover, in the amount of \$500, is requested to allow continued funding for a contract with Olympic Performance, necessary for implementation of OMF's strategic plan. OMF is expecting to publish the strategic plan in November 2012.

FPD Recommendation: \$500

7. MF_038/Revenue Bureau – Increase MultiCo BIT, \$5,268

The Revenue Bureau requests to recognize \$5,628 in new revenues from Multnomah County. Annual adjustments to the intergovernmental agreement between the City and Multnomah County are based on changes in the Consumer Price Index (CPI-U) or an increase of 2.5% percent, whichever is greater. The FY 2012-13 increase was originally budgeted at 2.5%; however, the CPI-U increase totaled 3.1%. As such, the Revenue Bureau is adjusting the agreement to capture the .6% incremental increase in revenues.

FPD Recommendation: \$5,268

8. MF_039/Revenue Bureau – Technical Adjustments, \$0

The FY 2012-13 Adopted Budget included the integration of OCT into the Revenue Bureau. The financial structure of the OCT program was reconstructed to fit within Revenue Bureau. This request includes OCT program technical adjustments targeted towards better aligning the budgets to the correct functional areas.

FPD Recommendation: \$0

9. MF_044/Revenue Bureau – OCT- MHCRC Compliance Position, \$0, 1.0 FTE

The Revenue Bureaus-Office for Community Technology program is responsible for managing the distribution and monitoring of Mt. Hood Regulatory Commission grants that annually total \$5 million. Increased availability of community grant funding and additional grant reporting requirements necessitate that more staff time is spent on administrating this program. To assist in dealing with the increased workload, the Revenue Bureau requests to hire a permanent Management Assistant., for a total FY 2012-13 cost of \$50,000, to be funded by Cable Fund contingency

FPD recommends approval of this request to ensure that OCT program is able to meet all the requirements outlined in the grants and award all available funds.

FPD Recommendation: \$0, 1.0 FTE

10. MF_046/Revenue Bureau – OCT Overspend Exemption, \$88,216

In FY 2011-12 the Office for Community Technology exceeded their General Fund Discretionary appropriation authority, as such their current year General Fund Discretionary appropriation was reduced (\$88,216) per Financial Policy 2.06. The Revenue Bureau, which now includes the OCT program, requests that programs General Fund Discretionary be restored since the overspending occurred prior to the bureau merger. FPD acknowledges that a reduction of this size would be difficult for the OCT program to absorb and that the Revenue Bureau was not responsible for managing the programs finances in the prior year.

FPD Recommendation: \$88,216

11. MF_047/Revenue Bureau –Sub-fund 209001TID Budget, \$5,052,000

Ordinance 185443 created the Portland Tourism Improvement District (TID), which assesses a two-percent tax on gross rents for hotels that have fifty or more rooms. A majority of the proceeds collected (\$4,950,000) will be forwarded to Travel Portland to fund multi-organizational marketing efforts. One percent, or approximately \$50,000, of the proceeds will fund Revenue Bureau costs related to administering the tax. This will occur through an interagency transfer to the Revenue Bureau's General fund.

FPD Recommendation: \$5,052,000

12. MF_061/Revenue Bureau –General Fund Reduction, (\$88,216)

Per Financial Policy 2.06 – Revenue, the Revenue Bureau's FY 2012-13 General Fund Discretionary appropriation is reduced (one-time). This reduction is the result of overspending by the Office for Community Technology, a program now housed within in the Revenue Bureau. OCT advance recoveries exceeded their FY 2011-12 appropriation and resulted in the bureau overspending its budget. This package is reversed by MF_043 above.

FPD Recommendation: (\$88,216)

13. MF_067/*Financial Services Encumbrance Carryover, \$239,812*

Financial Services requests to fund the following encumbrance carryover items:

- \$145,000 contract with Vanderhouwen & Associates to provide technical accounting services necessary to implement the FY 2012-13 Comprehensive Annual Financial Report (CAFR).
- \$16,322 contract with GALT Foundation to provide additional technical accounting support.
- \$5,258 for miscellaneous accounting services and supplies contracts.
- \$3,232 contract with Bloomberg to provide real-time financial information for the Treasury Unit.
- \$35,000 contract with Portland State University for a Hatfield Fellow to serve in Financial Planning.
- \$35,000 in contractor support for the Pattern Stream, budget publishing software.

OMF had sufficient under spending in the prior year to cover all of the requests above. FPD recommends funding all but two of the items: \$5,258 for miscellaneous accounting contracts and \$3,232 for the Bloomberg subscription. The accounting services and supplies contracts are ongoing contracts for which funding is included in Accounting's annual appropriation, thereby making them ineligible for carryover. The Bloomberg service is also an ongoing contract and Treasury did not bill for this service in the prior year. Because the Treasury Unit is funded by interest earnings, billing only for expenditures incurred, they should include this service as a cost in the current year and charge for the service.

It should be noted that the recommendation to approve the technical services accounting contracts (\$145,000 to Vanderhouwen and Associates and \$16,322 to Galt Foundation) is contingent upon the understanding that this is one-time funding and cannot be re-requested as encumbrance carryover in future BMPs.

FPD Recommendation: \$231,322

14. MF_069/*Financial Services Technical Accounting Support, \$145,000*

Accounting is requesting \$145,000 of one-time General Fund Discretionary to finance contractor support services to assist with the current years' CAFR. Despite Accounting starting the contracting process months ahead of the encumbrance carryover deadline, a finalized contract was delivered one day past the cut-off date. FPD acknowledges Accounting's good faith effort to comply with the set dates and requirements and will therefore view this request as encumbrance carryover.

Because OMF and Accounting had sufficient savings in the prior year, FPD recommends funding this request. However, the recommendation to approve the technical services accounting contracts is contingent upon the understanding that this is one-time funding and cannot be re-requested as encumbrance carryover in future BMPs.

FPD Recommendation: \$145,000

15. MF_070/EBS – Time and Payroll Reengineering Project, \$0

The Enterprise Business Solutions Unit is embarking on a complete reengineering of the Time and Payroll application housed within SAP. EBS has secured a contractor, EPI-Use, to head the development effort. At present, the project is estimated to cost \$975,000 (contractor only) and includes a June 2013 implementation date.

Specifically, this package requests to transfer \$975,000 from contingency to external materials and services to fund the EPI-Use professional services contract. This transfer will increase the total FY 2012-13 budget for professional services contracts to \$1,919,403. Conversely, it will reduce contingency by approximately 30% to \$1.7 million (this includes the beginning fund balance true-up). The Time and Payroll Project, when combined with other EBS efforts (see table below) will obligate 80% of the professional services budget, leaving approximately \$358,000 for miscellaneous purchased services. In the past, \$358,000 would have been insufficient to fund the level of contractor support needed for system upkeep. In prior years, EBS spent approximately \$80,000 per month (or \$960,000 annually) on time and materials professional services support contracts. The strategy for system maintenance has shifted in the last year and EBS's current goal is to ultimately eliminate its reliance on contractors for system support and move to a model where staff support the system by performing routine maintenance work. Most, if not all, of the professional services contractor funding has been reprioritized to fund projects that require specialized contractor support and deliverable-based contracts. The projects have specific start and end dates and are focused on providing increased system functionality and enhancing the customer experience (once the current in-progress projects are complete 17 of the 31 high-priority change requests should be resolved).

Estimated EBS Project Costs and Timelines

Projects	Projected Professional Services Cost	Projected Implementation Dates
Time & Payroll Re-engineering	975,000	June-13
ESS/MSS –Time & Leave Implementation (estimated @ 6 months consulting)	123,000	June-13
ESS/MSS - Learning Management System Implementation (estimated; pending proposals)	100,000	January-13
Automated Forms & Process	123,000	June-13
Public Sector Collections and Disbursement (PSCD) (estimated; project scope TBD)	100,000	June-13
Treasury Module Implementation (estimated; project scope TBD)	80,000	March-13
Citywide Reporting (estimated; project scope TBD)	60,000	December-13
Total	\$1,561,000	

FPD recommends funding this package, but requests that EBS provide quarterly updates on the projects listed above. Included in this transfer of contingency is \$243,000 of surplus funding (previously transferred from the Pension Obligation Bond Fund) that was dedicated to the already completed Business Objects project. That funding will be reappropriated to the Time and Payroll Engineering Project.

FPD Recommendation: \$0

16. MF_073/PSSRP RegJIN & FIS Project Resource Carryover, \$193,645

PSSRP requests to carryover unspent General Fund dollars from FY 2011-12 for the RegJIN (\$95,738) and FIS (\$97,907) projects to ensure that the projects' General Fund budgets and resources remain intact throughout the duration of the projects.

Financial Planning and OMF-Business Operations agreed that in addition to transferring unspent funds between the General Fund and the Technology Services Fund, this method was the best way for PSSRP to true-up prior year General Fund actuals to capture any remaining unspent dollars from the prior fiscal year for these multi-year capital projects.

FPD Recommendation: \$193,645

17. MF_074/PSSRP Beginning Fund Balance Recognition in EC Fund, \$202,148

PSSRP requests to true-up the CAD-Next project's beginning fund balance in the Emergency Communications Fund by the amount unused last year. These funds will be used to complete the Incident Connect and Zetron sub-projects (\$171,122 supporting an interagency agreement with the Bureau of Technology Services for labor).

FPD Recommendation: \$202,148

18. MF_075/PSSRP Beginning Fund Balance Recognition TS Fund, \$1,215,193

This request trues-up beginning fund balance for the portion of PSSRP cash and program contingency that is housed in the Technology Services Fund to be held for future program use.

FPD Recommendation: \$1,215,913

19. MF_076/PSSRP Technical Adjustments, \$0

The bulk of the PSSRP technical adjustments seek to better align forecasted actuals in the Technology Services Fund, where project contingency is budgeted and the Public Safety GO Bond Fund, where the Radio Replacement Project is budgeted. Specifically, the Radio Project is transferring \$1.652 million to contingency for later use and the Fire Information System and RegJIN project contingencies are reallocated.

FPD Recommendation: \$0

20. MF_077/PSSRP Beginning Fund Balance Recognition GO Bond, \$4,585,295

OMF is requesting to true-up beginning fund balance to the correct figure of \$17,815,591 to provide a more accurate overall report on the status of the fund.

FPD Recommendation: \$4,585,295

21. MF_078/BHR Encumbrance Carryover Request, \$16,965

BHR, with assistance from BTS and EBS, is in the process of developing a new benefits administration system that will allow current employees, as well as retirees, the ability to manage their health benefits on-line. However, until this project is complete, the bureau must maintain the current benefits current application. Implementation is expected in the coming months. The \$16,500 General Fund encumbrance carryover request will fund services provided by Aliquant Cooperation/Towers Watson Delaware to support the current system.

FPD Recommendation: \$16,965

22. MF_081/EBS – Beginning Fund Balance Adjustment, \$171,768

OMF is requesting to reconcile the Enterprise Business Solutions Fund beginning fund balance to the correct figure of \$4,211,030.

FPD Recommendation: \$171,768

22. MF_104/EBS – Contingency Adjustment, \$0

The EBS Funds' contingency is rebudgeted to meet reserve requirements and commitments as outlined in financial policies. Specifically, \$68,729 is moved out of the policy reserve and into major maintenance/replacement reserve. This package has a net zero effect.

FPD Recommendation: \$0

23. MF_111/Fund 207 Private for Hire Transportation Safety Reduction, (\$7,000)

The Private for Hire Transportation Safety Fund appropriation is reduced by (\$7,000), for a revised total budget of \$303,000. The Private for Hire Transportation Board approved expenses for Radio Cab to be reimbursed for repairs to existing cameras. Radio Cab's share of paying for the camera replacement was then reduced by the approved expenses, so the difference was netted out of the budget. It is anticipated that this fund will be closed by the end of FY 2012-13.

FPD Recommendation: (\$7,000)

24. MF_112/Revenue Bureau – Increase LA with Water Bureau, \$30,000

The Revenue Bureau manages and maintains Cayenta, the Water Bureau's billing system. An increase of \$30,000 to the Revenue Bureau's interagency agreement with the Water Bureau is requested to allow for the Revenue Bureau to continue with planned system modifications.

FPD Recommendation: \$30,000

25. MF_122/Health Fund Reconcile Beginning Fund Balance, (\$5,014,204)

The current year beginning fund balance for the Health Fund of \$18,689,380 is decreased (\$5,014,204) for a new FY 2012-13 budget of \$13,675,176. The reduction is the result of overspending and an under

collection of revenues in the prior year. This adjustment, which is necessary to reconcile the funds balances, will also reduce contingency by the equivalent amount, for a new total of \$12,168,965. Additional fund reconciliation may be required in the next BMP.

FPD Recommendation: (\$5,014,204)

26. *MF_123/Health Fund Self Insured Dental Program, \$5,161,010*

In FY 2011-12, the City's self-insurance benefits program expanded to include dental services. This request recognizes the collection of bureau revenues related to the dental self-insurance plan in the amount of \$5,161,010 and budgets for corresponding external materials and services expenditures related to claims payments.

FPD Recommendation: \$5,161,010

Not Recommended Requests

1. *MF_041/Revenue Bureau – Offset Special Event Revenue, \$0*

The FY 2012-13 Adopted Budgeted includes recognition of \$470,000 in new special event revenues (\$100,000 Revenue Bureau, \$200,000 Police, and \$170,000 Portland Bureau of Transportation- PBOT). The anticipation of these revenues is based on the City implementing a comprehensive special events cost recovery model. Although progress is being made, revised administrative rules that allow for cost recovery have yet to take effect and event organizers have expressed a need for additional time to incorporate the new costs into their event budgets. At this point, it is unlikely that the City will recognize a full year's worth of special event revenues. Not realizing this revenue will produce shortfalls for all of the bureaus projected to receive proceeds.

The Revenue Bureau is requesting to offset a portion of the loss, \$65,703, with excess, one-time Tax Amnesty revenues, classified as General Fund. The Tax Amnesty Program ended July 16, 2012 and received total revenues of \$615,703. Of this amount \$550,000 was committed by Council, leaving a balance of \$65,703.

Because these Tax Amnesty revenues are classified as General Fund, and there is limited General Fund available for discretionary use, FPD does not recommend funding this request. It is too early in the fiscal year to know if the Tax Amnesty revenues will be needed to meet the existing forecast. The Revenue Bureau, along with Police and PBOT will need to absorb this loss within their existing appropriation or make additional cuts in the winter BMP.

FPD Recommendation: \$0

2. *MF_043/Revenue Bureau – OCT- Broadband Strategic Plan Funding, \$80,000*

The Revenue Bureau's Office for Community Technology requests to use \$80,000 of increased fee revenues to support efforts necessary to implement the City's Broadband Strategic Plan, adopted by Council in 2011.

The revenues targeted to fund this request are generated from fees charged to wireless companies for access to the right-of-way. These proceeds are classified as franchise fees and considered General Fund Discretionary revenue. Along with franchise fees, OCT collects utility license fees (ULF). Both of these revenues streams are included in the annual General Fund forecast without distinction. In FY2012-13,

franchise fees were increased, and projections indicated an additional \$120,000 in new revenues. It is too early in the fiscal year to know if these revenues will be needed to meet the existing forecast. It should also be noted that, because these are considered General Fund Discretionary resources there is no direct correlation between how the resources are generated and how they are spent.

Due to the lack of General Fund resources currently available, FPD does not recommend funding this request. The Revenue Bureau should explore less expensive options for implementing the plan or reprioritize existing funding.

FPD Recommendation: \$0

3. MF_079/Revenue Bureau – Vacant Property Registration Program, \$129,450, 1.0 FTE

The Mayor directed the Revenue Bureau, in coordination with several other City bureaus, to develop and implement a Vacant Properties Registration Program. The current proposal will require property owners to register vacant properties and pay a fee through an online system.

This request recognizes \$83,450 in service fee program revenues and associated expenditures, including authorization to hire one permanent Program Specialist FTE. Additionally, the package includes a request for one-time General Fund totaling, \$46,000, to cover necessary program start-up costs (database development).

To date, the ordinance establishing the Vacant Property Registration Program has not been presented to Council and program requirements continue to transform. For those reasons, FPD recommends that a decision on the General Fund portion (\$46,000) of this request be deferred until the winter BMP. The program revenues (\$83,450) and expenditures associated with those revenues will be recognized.

FPD Recommendation: \$83,450

Comments on Prior Year - Budget Notes, Decision Packages and Non-Technical BMP Changes

FY 2011-12 Budget Notes

All budget notes have been implemented with the exception of those discussed below.

Enterprise Business Solution:

Council directed OMF to work with the City Bureaus to document efficiencies resulting from SAP and identify savings that can be reinvested into future automation projects. In an effort to address these directives, OMF hired a consultant to complete a comprehensive review of SAP, formed cross-functional teams to review several SAP related processes, and completed a targeted administrative services review. The results of these study are pending, as are those of the administrative services review, but the EBS team has piloted a new timekeeping interface and plans to roll out several improvements in the coming year that should enhance the user experience

PSSRP and BTS:

PSSRP, with the help of the Bureau of Technology Services, was directed to develop sustainment plans for projects still existing in the PSSRP portfolio. These plans, which would require refinement through implementation, need to include projected costs to maintain and operate the system. This effort is ongoing; some plans have greater detail than others. A draft sustainment plan for the RegJIN project should be available soon after selection of the contractor in October 2012.

Office of Equity:

Per the prior year's budget note, the Office of Equity was to be considered for funding through the General Fund Overhead model. Commissioner Fritz Office's will be forwarding a request from the Office of Equity, to integrate the bureau into the General Fund overhead model. Once received, this request will be forwarded to the General Fund Overhead Committee for consideration.

FY 2011-12 Decision Packages and Non-Technical BMP Changes

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

Financial Services – Encumbrance Carryover:

The Financial Planning Division received \$80,000 of encumbrance carryover in the prior year to install and configure the new budget publishing software, Pattern Stream. This effort continues with \$35,000 in unspent project funding, requested as encumbrance carryover in the current year.

Revenue Bureau – Enhanced Regulatory Program Performance:

The Revenue Bureau is still working to implement revised administrative rules related to Special Event cost recovery. Full implementation is not expected until FY 2013-14.

Cable Forensic Accounting -

OCT received \$150,000 in General Fund resources to fund legal proceedings that would seek to enforce telecommunications franchise agreements in FY 2009-10. Unspent funds have rolled over the past two years. The bureau carried over \$91,000 into FY 2012-13 to fund a forensic accountant who has been retained to assist with preparations for pending litigation and services provided by the City Attorney.

PSSRP -

PSSRP was approved transfer program contingency to the Emergency Communications Fund to implement the Zetron Radio solution upon completion of the pilot. The pilot was successful and solution should be rolled out to the remaining fire stations in the fall of 2012.

EBS – Benefits Interface

EBS received a cash transfer from the General Fund in the prior year to create a benefits interface for the Bureau of Human Resources. The development and implementation of this interface is currently underway.

FY 2011-12 Reconciliation
Office of Management and Finance (including PSSRP/no Special Appropriations)

General Fund - 100	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Licenses & Permits	\$1,190,278	\$1,003,745	-15.67%
Charges for Services	\$344,002	\$66,109	-80.78%
Intergovernmental Revenues	\$1,324,365	\$1,174,887	-11.29%
Interagency Revenue	\$8,460,287	\$7,837,681	-7.36%
Fund Transfers - Revenue	\$1,017,171	\$997,025	-1.98%
Miscellaneous	\$1,397,658	\$1,460,925	4.53%
General Fund Discretionary	\$13,805,475	\$12,264,030	-11.17%
General Fund Overhead	\$11,340,204	\$11,340,204	0.00%
Total Resources	\$38,879,440	\$36,144,606	-7.03%
Requirements			
Personnel Services	\$27,661,962	\$26,844,307	-2.96%
External Materials and Services	\$4,907,633	\$3,219,325	-34.40%
Internal Materials and Services	\$6,214,434	\$5,985,563	-3.68%
Capital Outlay	\$0	\$0	0.00%
Fund Transfers - Expense	\$95,411	\$95,411	0.00%
Contingency	\$0	\$0	0.00%
Total Requirements	\$38,879,440	\$36,144,606	-7.03%

▶ FPD analyst concern

The General Fund side of the Office of Management and Finance’s FY 2011-12 budget ended the year with an approximate surplus of \$2.7 million; primarily the result of personnel services and materials and services under spending. The bureau requested FY 2012-13 General Fund encumbrance carryover in the amount of \$556,327 (not including special appropriations) and PSSRP project carryover totaling \$193,645. Details are as follows:

Revenues: For the most part, General Fund program revenue collections tracked closely to budgeted levels. Charges for services revenues were 80.8% below budget; this was partially offset by increased collections in miscellaneous revenues. License and Permit collections from the Revenue Bureau were also 16% below projections due to low regulatory permit collections. The bureau only utilized \$12.1 million of its \$13.8 million General Fund discretionary appropriation. FPD has no concerns.

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

- \$817,655 savings in personnel services
- \$1,688,308 savings in external materials and services
- \$228,871 savings in internal materials and services

External materials and services surpluses can be attributed to under spending in Internal Business Services' - \$409,620 specifically procurement services, the PSSRP project -\$133,242, the Bureau of Financial Services - \$500,935, and the Revenue Bureau - \$474,037. The variance in procurement results from the Sheltered Market Program being suspended while waiting for the completion of the Prime Contractor program. A portion of the unspent General Fund is being requested as encumbrance carryover.

Personnel services expenditures were lower than budgeted in all divisions, with the greatest surplus in Financial Services - \$358,482.

Enterprise Business Solutions

Enterprise Business Solutions Fund - 708	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	\$4,059,807	\$4,059,807	0.00%
Interagency Revenue	\$12,517,888	\$12,517,743	0.00%
Fund Transfers - Revenue	\$253,710	\$253,710	0.00%
Miscellaneous	\$140,000	\$34,639	-75.26%
Total Resources	\$16,971,405	\$16,865,899	-0.62%
Requirements			
Personnel Services	\$2,469,571	\$2,309,916	-6.46%
External Materials and Services	\$1,939,179	\$1,396,197	-28.00%
Internal Materials and Services	\$4,465,130	\$4,354,177	-2.48%
Bond Expenses	\$4,393,763	\$4,393,763	0.00%
Fund Transfers - Expense	\$200,818	\$200,818	0.00%
Contingency/Ending Fund Balance	\$3,502,944	\$4,211,029	20.21%
Total Requirements	\$16,971,405	\$16,865,899	-0.62%

▶ FPD analyst concern

Revenues: All proceeds with the, exception of miscellaneous revenues, came in as budgeted. Miscellaneous revenues collections were lower than anticipated as less interest was earned than in years past.

Expenditures: The external materials and services (EM&S) surplus was largely attributable to EBS spending less on professional service contracts than originally budgeted, creating a positive variance of \$362,683. Certain projects required fewer contract services and contractor system support spending slowed in the second half of the year. Also contributing to the EM&S variance was under spending in software (surplus - \$180,696). Slight surplus in personnel services and internal materials and services increased the balance.

Spectator Facilities Fund

Spectator Facilities Fund - 607	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	\$6,990,105	\$7,369,750	5.43%
Charges for Services	\$6,360,870	\$6,405,408	0.70%
Intergovernmental Revenues	\$25,794,044	\$2,161,698	-91.62%
Fund Transfers - Revenue	\$104	\$104	0.00%
Bond and Note	\$12,142,208	\$12,142,208	0.00%
Miscellaneous	\$84,215	\$96,064	14.07%
Total Resources	\$51,371,546	\$28,175,231	-45.15%
Requirements			
Personnel Services	\$50,000	\$0	-100.00%
External Materials and Services	\$1,993,000	\$1,220,024	-38.78%
Internal Materials and Services	\$652,730	\$601,424	-7.86%
Capital Outlay	\$24,250,000	\$399,736	-98.35%
Bond Expenses	\$19,162,080	\$18,838,564	-1.69%
Fund Transfers - Expense	\$205,015	\$205,015	0.00%
Contingency/Ending Fund Balance	\$5,058,721	\$6,910,468	36.61%
Total Requirements	\$51,371,546	\$28,175,231	-45.15%

FPD analyst concern

Revenues: The FY 2011-12 Spectator Facilities Fund budget was built around the assumption that work would commence on the Veterans Memorial Coliseum Redevelopment Project at some point during the year. However, this was not case and negotiations with stakeholders continue. As a result, revenues budgeted for collection were not realized, placing intergovernmental revenue collections 92% below the budgeted amount.

Expenditures: Spectator Facilities Fund expenditures further reflect the Veterans Memorial Coliseum redevelopment negotiations not being finalized. Spending in capital outlay was 98% or \$28,850,264 below the budgeted level, with only costs associated with replacing the ice floor being actualized. The overall surplus was further compounded by under spending in external materials and services due to fewer repair services being required in the prior year.

The Spectator Facilities Manager position was previously paid for through a Facilities interagency agreement which is why there are no personnel charges included in this report. The position has since been moved and personnel services charges will be reflected in the FY 2012-13 budget.

Health Fund

Health Fund 700	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	\$17,492,180	\$17,492,180	0.00%
Charges for Services	\$45,526,701	\$48,152,028	5.77%
Interagency Revenue	\$0	\$188,750	#DIV/0!
Fund Transfers - Revenue	\$3,897	\$3,897	0.00%
Miscellaneous	\$1,141,289	\$980,786	-14.06%
Total Resources	\$64,164,067	\$66,817,641	4.14%
Requirements			
Personnel Services	\$1,135,888	\$1,115,801	-1.77%
▶ External Materials and Services	\$49,444,911	\$50,623,594	2.38%
▶ Internal Materials and Services	\$541,393	\$550,204	1.63%
Bond Expenses	\$26,660	\$22,989	-13.77%
Fund Transfers - Expense	\$829,882	\$829,882	0.00%
Contingency/Ending Fund Balance	\$12,185,333	\$13,675,171	12.23%
Total Requirements	\$64,164,067	\$66,817,642	4.14%

▶ FPD analyst concern

The table above reflects Health Fund revenues and expenditures through the close of AP12. Transactions that occurred in the fund during AP 13 are not included. A detailed accounting of FY 2011-12 Health Fund activity is discussed in the significant issues section of this report.

Revenues: Charges for service revenue collections were above budget by 5.77% thorough AP 12, an accounting adjustment that occurred in AP 13 lowered the total amount collected to \$47,497,488 (an adjustment of \$654, 540).

Expenditures: In FY 2011-12, the Health Fund overspent bureau program expenses object categories by (\$1,187,494), with both the internal (\$8,811) and external materials services (\$1,178,638) categories exceeding budget. This is a violation of Local Budget Law. The external materials and services overspending was the result of two large self-insurance medical claims payments that occurred at the end of the fiscal year. The wires that forced the overspending were far above average and represented June claims payments totaling \$4,488,763.

Spending in personnel services tracked closely to budget.

Property Management License Fund

Property Management License Fund - 204	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Beginning Fund Balance	\$0	\$41,232	#DIV/0!
Licenses & Permits	\$5,165,536	\$4,760,465	-7.84%
Charges for Services	\$2,100	\$343	-83.68%
Miscellaneous	\$3,650	\$2,631	-27.92%
Total Resources	\$5,171,286	\$4,804,670	-7.09%
Requirements			
External Materials and Services	\$5,088,377	\$4,683,825	-7.95%
Internal Materials and Services	\$82,909	\$80,705	-2.66%
Ending Fund Balance	\$0	\$40,140	#DIV/0!
Total Requirements	\$5,171,286	\$4,804,670	-7.09%

▶ FPD analyst concern

FY 2011-12 revenues and expenditures were in line with budgeted amounts. FPD has no concerns.

Private for Hire Transportation Safety Fund

Private for Hire Transportation Safety Fund - 207	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	\$219,882	\$220,699	0.37%
Miscellaneous	\$1,200	\$1,404	17.02%
Total Resources	\$221,082	\$222,103	0.46%
Requirements			
Fund Transfers - Expense	\$46	\$46	0.00%
Unappropriated Fund Balance	\$221,036	\$222,057	0.46%
Total Requirements	\$221,082	\$222,103	0.46%

▶ FPD analyst concern

The Private Hire Transportation Safety Fund remained inactive over the course of the year, the bureau plans to close the fund in FY 2012-13. This decision to stop administering the fund was dictated by industry best practice which requires taxi cab companies to independently purchase cameras. In FY 2012-13 the bureau will make a final purchase of taxi cameras in an effort to fully deplete the fund balance.

Convention and Tourism Fund

Convention and Tourism - 209	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Beginning Fund Balance	\$0	\$255,981	#DIV/0!
Taxes	\$3,625,720	\$3,522,932	-2.83%
Miscellaneous	\$3,900	\$3,834	-1.69%
Total Resources	\$3,629,620	\$3,782,747	4.22%
Requirements			
External Materials and Services	\$3,448,375	\$3,394,785	-1.55%
Internal Materials and Services	\$163,056	\$149,046	-8.59%
Fund Transfers - Expense	\$18,189	\$18,189	0.00%
Ending Fund Balance	\$0	\$220,726	#DIV/0!
Total Requirements	\$3,629,620	\$3,782,747	4.22%

▶ FPD analyst concern

Revenues and expenditures tracked closely to budgeted levels. In the FY 2011-12 Spring BMP the Revenue Bureau increased their revenue tax collection projections by \$575,000. This increase reflected higher than projected collections of Transient Lodging Taxes. Year-end actuals reveal that tax collections did continue to rise, coming in only 2.8% below the revised target.

Cable Fund

Cable - 206	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	\$4,811,493	\$6,555,453	36.25%
Licenses & Permits	\$1,486,815	\$1,605,304	7.97%
Charges for Services	\$3,857,170	\$3,938,232	2.10%
Interagency Revenue	\$356,571	\$307,821	-13.67%
Fund Transfers - Revenue	\$636	\$636	0.00%
Miscellaneous	\$58,000	\$34,324	-40.82%
Total Resources	\$10,570,685	\$12,441,770	17.70%
Requirements			
Personnel Services	\$448,703	\$451,281	0.57%
External Materials and Services	\$7,074,743	\$4,864,422	-31.24%
Internal Materials and Services	\$101,521	\$104,141	2.58%
Fund Transfers - Expense	\$28,549	\$28,549	0.00%
Contingency	\$745,000	\$745,000	0.00%
Unappropriated Fund Balance/Ending Fund Balance	\$2,172,169	\$6,248,378	187.66%
Total Requirements	\$10,570,685	\$12,441,770	17.70%

▶ FPD analyst concern

Revenues: Budgeted beginning fund balance was higher \$1.74 million higher than budgeted. Additionally, license and permit revenue collections were 7.97% above budgeted levels. Interagency revenues were slightly less than anticipated the result of successful negotiations between the Office for Community Technology and the Comcast franchise. As such, revenues that were needed to move forward with a formal hearing were not collected.

Expenditures: The Cable Fund experienced significant under spending in external materials and services, \$2.21 million, due to the bureau budgeting for recoveries on grant funding advances awarded in prior years that were not realized. Funds related to these advances will be encumbered in FY 2012-13 in anticipation of the recoveries.

Cable - General Fund

General Fund - 100	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Charges for Services	\$6,000	\$0	-100.00%
Interagency Revenue	\$10,000	\$17,000	70.00%
Miscellaneous	\$0	\$783	#DIV/0!
General Fund Discretionary	\$2,050,669	\$2,570,962	25.37%
Total Resources	\$2,066,669	\$2,588,745	25.26%
Requirements			
Personnel Services	\$606,493	\$603,600	-0.48%
▶ External Materials and Services	\$997,444	\$1,569,801	57.38%
Internal Materials and Services	\$462,732	\$415,345	-10.24%
Total Requirements	\$2,066,669	\$2,588,745	25.26%

▶ FPD analyst concern

The Office for Community Technology exceeded their FY 2011-12 General Fund Discretionary appropriation which caused them to overspend their budget. The overspending appears to be greater in the table above, (\$522,076); however once financial data on advances is incorporated, the overspending it is reduced to only (\$88,216). The yearend negative variance results from OCT recovering more of their prior-year advances than originally projected, causing the bureau's expenditures (external materials and services) to increase above their appropriated budget, and thus overspending their General Fund discretionary appropriation. The result of the overspending is an equivalent reduction to the bureau's current year General Fund Discretionary appropriation, per Financial Policy 2.06 – Revenue. This reduction is allocated to the Revenue Bureau due to the FY 2012-13 Adopted Budget decision, integrating OCT into the Revenue Bureau. The Revenue Bureau has requested that the General Fund reduction not be accepted.

PSSRP – Public Safety General Obligation Bond Fund (403)

Fund 403	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	\$21,821,774	\$21,821,774	0.00%
Fund Transfers - Revenue	\$11,408,529	\$11,408,529	0.00%
Miscellaneous	\$84,898	\$164,381	93.62%
Total Resources	\$33,315,201	\$33,394,684	0.24%
Requirements			
Personnel Services	\$356,341	\$245,687	-31.05%
External Materials and Services	\$1,488,954	\$1,027,837	-30.97%
Internal Materials and Services	\$436,100	\$130,472	-70.08%
Capital Outlay	\$6,878,750	\$996,971	-85.51%
Bond Expense	\$2,000	\$511	-74.45%
Contingency/Ending Fund Balance	\$24,153,056	\$30,993,206	28.32%
Total Requirements	\$33,315,201	\$33,394,684	0.24%

▶ FPD analyst concern

Both Portland Fire and Rescue and OMF had Public Safety GO Bond Fund appropriations in FY 2011-12. OMF's \$26.19 million appropriation represents funding for the PSSRP Radio project and expansion of the Emergency Communications Center - ECC (\$4.0million); whereas proceeds directed to the PF&R are for the Fire Apparatus Project (\$2.724 million). All of the projects experienced significant under spending in the prior year.

Expenditures: There was significant under spending in external materials and mostly notably, capital outlay. The variance in capital outlay stems lower than projected actuals on the Fire Apparatus Replacement project and no expenditures on the ECC expansion, this project alone contributed \$4.0 million to the variance.

Delays in procuring the engineering contractor for the Radio Project created a positive variance in external materials and services under spending.

Unspent funds will be carried over for current year use.

Revenues: Revenues were in-line with budgeted levels. Surplus miscellaneous revenues were the result of interest earnings coming in higher than projected.

FY 2011-12 Performance Measure Reporting

The following performance measure issues are worth noting. For full reporting, see the bureau's submission.

Human Resources: The number of hours spent by BHR staff, coordinating or presenting trainings, increased from 5,698 in FY 2010-11 to 6,759 in FY 2011-12. However, the number of employment applications received by BHR staff dropped dramatically (18,864 in FY 2010-11 to 9,939 in FY 2012-13). The decrease stems from NEOGOV, the City's recruitment application, providing the increased functionality to BHR staff by limiting the number of applications accepted.

Office of the Chief Administrative Officer: The number of high-priority change requests completed annually by the Enterprise Business Solutions team dropped from 63% in FY 2010-11 to 36% in FY 2011-12. However, there was a significant drop in the number of change requests received, with 104 submitted in FY 2010-11 and only 25 in FY 2012-13. Many of the EBS projects currently underway will resolve outstanding change requests once implemented.

FY 2011-12 Capital Project Reconciliation

All of the PSSRP projects ended FY 2011-12 under spent. All of the surplus funding will be carried over into the current year or moved into contingency for use in future year.

FY 2012-13 Capital Project Reporting

Fall BMP changes for PSSRP totaled \$6.197 million and increased the current year appropriation by 21%. The majority of changes reflect carryover of unspent project funding from the prior year, namely the Radio Project. Surplus funds from the prior year is either rebudgeted in contingency or held in reserves for use in future years, this is done in order to keep project budgets whole over the life of the project.

The Radio Projects external materials and services budget was reduced \$1.287 million in the current year to more accurately reflect projected spending.

Financial Planning Division Analysis

FY 2012-13 Fall BMP

Bureau of Internal Business Services

Analysis by: Doug Le

This analysis includes the following internal services funds: CityFeet Operating Fund, Printing & Distribution Services Operating Fund, Facilities Services Operating Fund, Insurance & Claims Operating Fund, Workers' Compensation Self Insurance Operating Fund, and BFRES Facilities GO Bond Construction Fund. This review also includes of the Bureau of Procurement Services which is funded primarily by the General Fund.

Recommended Requests

The significant requests in the Fall BMP are presented and discussed below. All other requests not mentioned here are recommended as proposed.

1. *MF_004/OMF Vacancy Savings, (\$162,460 General Fund and \$494,877 Non-General Fund)*

This request reduces personnel services based on Council direction during the budget process to capture bureau vacancy savings. The amount of vacancy savings was calculated by Financial Planning as per guidance that was provided earlier in the fiscal year. In the Office of Management & Finance there are 28 positions affected, totaling \$657,337 in vacancy savings, including \$162,460 in the General Fund. The remaining savings impacted the Internal Services Funds in OMF.

FPD Recommendation: (\$162,460 General Fund and \$494,877 Non-General Fund)

2. *MF_052/Facilities – Major Maintenance Carryover, \$7,972,704*

This request will recognize an additional \$7,972,704 in beginning balance for the Facilities Services Fund. This amount and an additional \$5,920,165 in contingency will be appropriated to fund a total of \$13,892,869 in Major Maintenance projects carryover into FY 2012-13.

FPD Recommendation: \$7,972,704

3. *MF_054/Fire Facilities General Obligation Bond Construction Fund – Land Sale Proceeds, \$600,000*

This action will appropriate the estimated sale proceeds from two surplus parcels of land purchased with bond proceeds in prior years to a capital expenditure account to be used on the Fire Station 21 project. These properties are at Capital Highway & I-5 and Beaverton/Hillsdale & Shattuck Road. Additionally, another \$1,240,126 will be transferred from the fund contingency to support the construction of Fire Station 21.

FPD Recommendation: \$600,000

4. *MF_080/Procurement Services Encumbrance Carryover, \$284,550*

This request is to carryover appropriation into FY 2012-13 for outstanding contracts that will continue pass the end of last fiscal year. Most of these encumbrances relate to the Prime Contractor Development and the Sheltered Market programs. The correct the number for the carryover should be \$264,550.

FPD Recommendation: \$264,550

5. *MF_099/Convert Position from Limited Term to Permanent, \$0, 1 FTE*

This BMP action will convert an existing limited term Administrative Assistant position to permanent. The new position will be funded by allocation within the Bureau of Internal Business Services (BIBS). No additional funding is needed for the new position. The position provides technical assistance to the BIBS Director in monitoring priorities and deadlines within the bureau as well as preparing consolidated and comprehensive updates and reports for the Director.

FPD Recommendation: \$0, 1 FTE

Not Recommended Request

1. *MF_105/Procurement FY 2013-14 Funding for the Minority Evaluator Staffing Position, \$0, 1FTE*

In the FY 2012-13 budget process, the Bureau of Procurement Services requested a continuation of one-time Interagency (IA) Revenue for the above position in this fiscal year and a budget note that would add the position to the General Fund Overhead (GFOH) model for FY 2013-14 and beyond. The final FY 2012-13 budget includes the IA funding, but no budget note for future funding. This BMP request seeks Council action to direct FPD to include the above position in the GFOH model for FY 2013-14.

While the above program is consistent with Council goals and objectives, a request for ongoing funding during the Budget Monitoring Process is not consistent with the City financial policies. Such request should be presented and discussed during the budget development process to allow Council a complete view of City resources and commitments. This is particularly important given the projected shortfall in the General Fund in FY 2013-14. Based on the above reasons, FPD does not recommend this action in the BMP and further recommends that the Bureau re-submits this request for Council consideration in the upcoming FY 2013-14 budget process.

FPD Recommendation: \$0

Comments on Prior Year Budget Notes, Decision Packages and Non-Technical BMP Changes, and Service Improvement Plans

FY 2011-12 Budget Note

ADA Compliance

Council directs Commissioner Fritz to provide the oversight of the compliance activities related to the Americans with Disabilities Act. The budgeted appropriation for these activities will remain within the Office of Management & Finance - Facilities Services.

Status Report: Underway. Facilities Services continues to work with the Commissioner's Office on all aspects of the above project as directed.

Prior Year Decision Packages and Non-Technical BMP Changes

Reduce Police Bureau Usage of Retail Fuel Cards (\$64,000)

This action will allow the Police Bureau to utilize fuel purchased and managed through the City's fuel management system as opposed to the commercially sold fuel procured on retail fuel cards. Fuel procured on the City's bulk fuel contract costs 15-20% less than fuel purchased from private sector providers.

Status Report: Complete.

Adjust Police Life-cycle for Lieutenant Vehicles (\$2,400)

This package will extend the life cycle replacement for Police Lieutenant vehicles by two years based on their usage and maintenance history.

Status Report: Complete.

Reduce Over-time and Facility Costs (\$28,260)

This effort involves a number of measures affecting CityFleet operations and facilities to reduce over-time and operation costs.

Status Report: Complete.

City Hall Security Cost Reduction (\$20,000)

This decision package aims to reduce security cost for City Hall through contracting efficiencies and scope change in new contract.

Status Report: Complete.

Restore a Previously Cut Project Manager \$89,208

This action will provide funding for the Facilities Capital Construction Project Management section to restore a previously cut position due to the current backlog of funded projects. This position will be created for a three year duration and funded by project management fees.

Status Report: Complete. The position is filled.

Purchase Kelly Building \$751,486

This package provides funding to purchase the Kelly Building located at 4747 E. Burnside from Multnomah County. The Portland Police Bureau's (PPB) Traffic Division is currently occupies approximately half of the facility.

Status Report: Complete. The building is now owned by the City. The tenants of the building include the Police Bureau, Water Bureau Security, and Office of Neighborhood Involvement Crime Prevention. A portion of the basement is now vacant and is being marketed for tenants.

ADA Compliance Assessment of City Facilities \$373,096

This action provides funding for the first phase of the Citywide ADA Compliance Assessment project. This effort is required for the City to remain in compliance with federal requirements of Title II of the Americans with Disabilities Act.

Status Report: Underway. A consultant was selected, the contract was executed and work has begun. Prioritization by bureaus was completed and site inspections will begin in FY 2012-13.

Facilities – Union Station Grant Revenue \$1,340,583

This package recognizes an additional \$1,340,583 in grant revenue for work related to the remodeling of the Union Station.

Status Report: Underway. Work is progressing as scheduled. The estimated completion date is December 30, 2012.

FY 2011-12 Reconciliation

Fund 400 – Bureau of Fire, Rescue, and Emergency Services Facilities GO Bond Construction Fund

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	3,343,513	1,834,115	-45.14%
Miscellaneous	19,033	27,695	45.51%
Total Resources	\$3,362,546	\$1,861,810	-44.63%
Requirements			
External Materials and Services	260,606	180,032	-30.92%
Internal Materials and Services	311,036	149,632	-51.89%
Capital Outlay	2,054,867	1,462,975	-28.80%
Fund Transfers - Expense	69,171	69,171	0.00%
Contingency	666,866	0	-100.00%
Total Requirements	\$3,362,546	\$1,861,810	-44.63%

▶ FPD analyst concern

The program authorized by voters in 1998 to use General Obligation (GO) bond to finance the renovation of existing and construction of new fire stations is now complete. The remaining balance of this fund and the pending sale proceeds of two surplus properties purchased by this fund will be used in the construction of Fire Station 21, which was approved by voters for GO bond funding in 2010.

Fund 701 - Facilities Services

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	26,854,082		-100.00%
Charges for Services	957,285	1,463,998	52.93%
Intergovernmental Revenues	573,004	208,542	-63.61%
Interagency Revenue	25,059,235	23,475,744	-6.32%
Fund Transfers - Revenue	3,947,323	3,947,323	0.00%
Bond and Note	19,879,213	29,599,761	48.90%
Miscellaneous		969,994	N/A
Total Resources	\$77,270,142	\$59,665,362	-22.78%
Requirements			
Personnel Services	3,641,804	3,464,772	-4.86%
▶ External Materials and Services	27,083,309	15,140,660	-44.10%
Internal Materials and Services	3,171,573	2,669,665	-15.83%
Capital Outlay	9,906,200	8,340,505	-15.81%
Bond Expenses	6,110,510	15,002,807	145.52%
Fund Transfers - Expense	1,464,088	1,464,088	0.00%
Contingency	25,892,658	13,582,865	-47.54%
Total Requirements	\$77,270,142	\$59,665,362	-22.78%

▶ FPD analyst concern

The variance in the Bond and Note under Resources and Bond Expenses under Requirements, both relate to the issuance of the refunding bond to take advantage of the lower interest rates. As in the prior years, the underspending in External Materials & Services is due to delays in several major maintenance projects such as the HVAC System at the 1900 Building, Clean & Repair City Hall Exterior, Portland Building Exterior Envelope Restoration, and North Precinct Roof Replacement. There are technical issues related to the Charges for Services, Intergovernmental Revenues, and Miscellaneous revenue categories due to coding changes when SAP was implemented. As a result, actual revenue budgeted in one category was recorded in a different category, causing a mismatch when doing a comparison of budget to actual for these revenues.

Fund 702 - CityFleet Operating Fund

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	17,699,648	0	-100.00%
Intergovernmental Revenues	100,000	158,465	58.47%
Interagency Revenue	29,526,258	27,482,256	-6.92%
Fund Transfer Revenue	2,620	2,620	0.00%
Miscellaneous	750,000	1,045,894	39.45%
Total Resources	\$48,078,526	\$28,689,235	-40.33%
Requirements			
Personnel Services	6,901,627	6,472,031	-6.22%
External Materials and Services	11,858,088	10,828,591	-8.68%
Internal Materials and Services	1,673,170	1,638,005	-2.10%
Capital Outlay	12,737,536	6,868,388	-46.08%
Bond Expenses	302,469	290,936	-3.81%
Fund Transfers - Expense	923,206	923,205	0.00%
Contingency	13,682,430	1,668,079	-87.81%
Total Requirements	\$48,078,526	\$28,689,235	-40.33%

▶ FPD analyst concern

As projected in the Spring BMP, Capital Outlay underspent its appropriation. This is funding for the purchase of replacement vehicles and the timing of the delivery by year end determines the percent spent or unspent of this category. The unspent fund is being carried over into FY 2012-13 in this BMP. On the revenue side, miscellaneous revenue is higher than projected due to an auction occurred in June 2012.

Fund 703 - Printing & Distribution Services Operating Fund

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	1,725,087	629,529	-63.51%
Charges for Services	108,676	102,183	-5.97%
Intergovernmental Revenues	1,045,948	887,705	-15.13%
Interagency Revenue	6,014,791	5,466,454	-9.12%
Fund Transfer Revenue	888	888	0.00%
Miscellaneous	71,707	77,089	7.51%
Total Resources	\$8,967,097	\$7,163,848	-20.11%
Requirements			
Personnel Services	1,988,478	1,815,944	-8.68%
External Materials and Services	3,880,834	3,618,474	-6.76%
Internal Materials and Services	780,970	717,302	-8.15%
Capital Outlay	371,250	79,849	-78.49%
Bond Expenses	102,501	98,592	-3.81%
Fund Transfers - Expense	833,687	833,687	0.00%
Contingency	1,009,377	0	-100.00%
Total Requirements	\$8,967,097	\$7,163,848	-20.11%

▶ FPD analyst concern

The Intergovernmental Revenues category is less than budgeted due to reduced level of services requested from outside customers: State of Oregon and Multnomah County because of budget shortfalls. The Capital Outlay is underspent because the actual costs of shop equipment replacement is less than projected.

Fund 704 - Insurance and Claims Operating Fund

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	24,741,852	0	-100.00%
Interagency Revenue	10,616,161	10,616,161	0.00%
Fund Transfer - Revenue	1,044	1,043	-0.10%
Miscellaneous	296,519	241,633	-18.51%
Total Resources	\$35,655,576	\$10,858,837	-69.55%
Requirements			
Personnel Services	1,230,840	1,121,571	-8.88%
External Materials and Services	10,458,399	5,318,955	-49.14%
Internal Materials and Services	2,468,320	2,465,202	-0.13%
Capital Outlay	247,000	0	-100.00%
Bond Expenses	56,480	54,327	-3.81%
Fund Transfers - Expense	467,795	467,794	0.00%
Contingency	20,726,742	1,430,988	-93.10%
Total Requirements	\$35,655,576	\$10,858,837	-69.55%

▶ FPD analyst concern

The budgeted amount for the External Materials & Services category is intentionally conservative to account for the fluctuation on claim liability. The appropriation for Capital Outlay reserved for the new Risk Management Information System is being carried over into FY 2012-13. The budget for this system is split between the Insurance & Claims Operating Fund and the Worker’s Compensation Self Insurance Fund.

Fund 705 – Workers’ Compensation Self Insurance Operating Fund

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	18,698,198	374,568	-98.00%
Interagency Revenue	3,659,121	3,659,121	0.00%
Fund Transfer Revenue	1,620	1,620	0.00%
Miscellaneous	315,173	318,798	1.15%
Total Resources	\$22,674,112	\$4,354,107	-80.80%
Requirements			
Personnel Services	1,102,256	999,497	-9.32%
External Materials and Services	3,356,383	2,495,676	-25.64%
Internal Materials and Services	613,646	584,057	-4.82%
Capital Outlay	247,000	0	-100.00%
Bond Expenses	52,831	50,816	-3.81%
Fund Transfers - Expense	224,061	224,061	0.00%
Contingency	17,077,935	0	-100.00%
Total Requirements	\$22,674,112	\$4,354,107	-80.80%

▶ FPD analyst concern

The External Materials & Services category was underspent due to the timing of the settlement of the outstanding claims payable. Similar to the explanation in the Insurance & Claims fund, the budget for Capital Expenses includes half of the estimated cost of a new Risk Management Information System. Due to project delay, this line item was not be spent in FY 2011-12.

FY 2011-12 Performance Measure Reporting

Overall the performance measures in the Bureau of Internal Business Services are trending well. FPD has the following observations:

1. Percent of apprenticeship hours worked on City contracts: The target for FY 2012-13 is 19.0% compared to FY 2011-12 year end actuals of 22.81%.
2. Percent of minority/women hours on City construction contracts: The target for FY 2012-13 is 26.0% compared to FY 2011-12 year end actuals of 31.7%.
3. Percent of time spent on scheduled vs. unscheduled repair (preventive maintenance compliance): The target for FY 2012-13 is 70.0% compared to FY 2010-11 and FY 2011-12 year end actuals of 92.0% and 96.0% respectively.

The above performance measures indicate significant gain in Procurement Services and CityFleet regarding the above activities. FPD recommends that the targets for these performance measures and others with similar results, be examined to ensure that they reflect the most realistic performance expected in the reporting year.

FY 2011-12 Capital Project Reconciliation

CityFleet

In FY 2011-12, CityFleet ended the fiscal year with 93% of its capital budget expended. No significant issues to report at this time.

Facilities Services

In FY 2011-12, Facilities Services had a variance in its capital budget by \$6.2 million or 33% of its revised budget. This is related to the Major League Soccer/Baseball project in the Spectator Facilities Fund. In FY 2011-12, the costs for the above project were captured at the project level, but the budget was not loaded at this level, so this is more of a technical issue.

Risk Management

The appropriation for the capital program was not spent this year. This funding is for the new Risk Management Information System. The project is being carried over into FY 2012-13.

FY 2012-13 Capital Project Reporting

CityFleet

In FY 2012-13, the revised capital budget for CityFleet has increased to \$11,399,335 from \$7,877,858 in the Adopted Budget. The increase is due to carryover funds for vehicles and equipment that were scheduled for receipt last year, but were delayed due to manufacturer build times and order timing. Those vehicles and equipment will be delivered to the City in this fiscal year.

Facilities Services

The revised capital budget for Facilities Services in FY 2012-13 is approximately \$4.2 million higher than the Adopted Budget due to budget adjustments in the Fall BMP related to the projected increased costs for the construction of Fire Station 21.

Risk Management

Funds were carried over for the completion of the new Risk Management Information System. The project began last year, but actual expenditures will be accumulated in FY 2012-13.

Financial Planning Division Analysis

FY 2012-13 Fall BMP

Bureau of Technology Services

Analysis by: Doug Le

Significant Issue

The Bureau of Technology Services (BTS) has \$900,591 in debt service that will expire in FY 2013-14. This is debt service for three limited tax revenue bonds, two which were issued for the 800 MHZ radio system and the third was issued for the City's Integrated Regional Networking Enterprise.

BTS requests that the revenue used to cover this debt service be re-directed to its Technology Reserve Fund, instead of refunding it to the operating bureaus. This is a one-time request for a funding bridge to provide temporary financial relief to BTS while allowing the bureau sufficient time to implement measures to close the funding gap in its Technology Replacement Reserve Fund. The section FY 2012-13 Budget Note below includes more information on the study directed by Council to address the funding gap regarding BTS technology asset replacement.

FPD Recommendation: Since this request affects FY 2013-14 budget and not this Fall BMP, FPD will defer its recommendation on this request until it has a chance to review BTS's entire requested budget for next fiscal year.

Recommended Requests

All requests in the Fall BMP are recommended as proposed. The significant requests are presented below:

1. *MF_001/BTS – Additional Beginning Fund Balance, \$4,316,849*

This request is to recognize an additional \$4,316,849 in fund balance based on the recent true up of financial data in FY 2011-12. The additional funds will be appropriated in the fund's Policy Reserves.

FPD Recommendation: \$4,316,849

2. *MF_048/BTS – Technology Reserves, \$5,212,050*

This request will transfer \$5,212,050 from the fund's Policy Reserves to the Major Maintenance/Replacement Reserves to fund CIP and Operating projects in FY 2012-13.

FPD Recommendation: \$5,212,050

FY 2012-13 Budget Note

Council directs the Office of Management & Finance to develop options and a recommendation to address the funding gap that currently exists in the area of technology asset replacement and report to Council during the FY 2012-13 Fall Budget Monitoring Process.

Status report: To address the above funding gap, BTS proposes to redirect savings from expiring debt services to its Technology Reserve Fund instead of refunding them to the operating bureaus, as explained

above under the section Significant Issue. This is a one-time request for FY 2013-14. To address the long term financial needs of the bureaus, BTS has issued a Request for Proposal to select a vendor to review and assess its financial condition, including the replacement reserve level and make recommendations. BTS anticipates that the final report will be completed by the end of FY 2012-13. BTS plans on presenting to Council the consultant's findings and recommendations as part of the FY 2013-14 Fall BMP.

Comments on Prior Year Decision Packages

Prior Year Adopted Budget Decision Packages

Part-time Employee Expense Reduction (\$57,000)

This action will reduce the interagency BTS has with the Parking Fund to support the computing equipment at various SmartPark garages owned and operated by City. BTS will reassign staff from other activities to continue support for this equipment.

Status report: Complete. The reduction was taken as part of the FY 2012-13 Approved Budget.

Reduce Professional Services (\$181,335)

This is a one-time reduction of the bureau's appropriation for professional services by \$181,335.

Status report: Complete. The reduction was taken as planned.

Hold Positions Vacant (\$245,808)

This reduction would be achieved by holding the following positions vacant in FY 2011-12:

- ComNet Project Manager: This position provides project management services for various telecommunications related to projects and initiatives during large office moves.
- Information System Analyst: This position provides onsite technical support for desktop and laptop computers.
- Director's Executive Assistant: This position provides executive level administrative support to the Director.

Status report: Complete. BTS opted to change this decision package and take ongoing reductions by eliminating three Information Systems Technician II positions previously responsible for 24/7 support of the Data Center. The Data Center is currently running with reduced hours and will be further reduced to normal business hours (8:00 AM to 5:00 PM) effective July 1, 2012.

Prior Year BMP Non-Technical Requests

BTS Voice Mail Replacement \$334,000

This request is to carryover funds to replace the Octel voice mail system.

Status report: Not yet started. The project has been delayed due to the complication related to the Avaya Project. Unspent funds were carried over into FY 2012-13.

BTS IRNE Construction (Fiber Construction) \$236,534

This request is to carryover funds for IRNE Fiber Construction.

Status report: Underway. This is an ongoing project with funds budgeted in each of the next five years. This project will lay fiber optics from the Waterfront Park to the Pittock Building.

BTS IRNE Construction (Remote Site Equipment) \$117,500

This request is to carryover funds for IRNE site equipment. The funds will be used to replace batteries at IRNE sites.

Status report: Not yet started. An IRNE construction plan is in place. BTS awaits the final award of contract to start the project. Unspent funds were carried over into FY 2012-13.

BTS Radio Site Networking \$60,000

This request is to carryover funds for integrating the existing microwave alerting system with the City's monitoring and alerting infrastructure.

Status report: Not yet started due to competing priorities in BTS. A request to carry over funds into FY 2012-13 is included in the Fall BMP.

All other non-technical requests approved in the FY 2011-12 Fall and Spring BMPs are either complete or progressing as scheduled.

FY 2011-12 Reconciliation

Fund 706 Technology Services Fund

	FY 2010-11 Revised Budget	FY 2010-11 Year-End Actuals	Percent Variance
Resources			
Budgeted Beginning Fund Balance	\$43,385,276	\$38,750,202	-10.68%
Charges for Services	\$155,547	\$125,849	-19.09%
Intergovernmental Revenues	\$5,077,447	\$4,995,644	-1.61%
Interagency Revenue	\$45,534,042	\$43,238,677	-5.04%
Fund Transfers - Revenue	\$657,357	\$657,357	0.00%
Bond and Note	\$0	\$88,766	N.A.
Miscellaneous	\$777,393	\$745,721	-4.07%
Total Resources	\$95,587,062	\$88,602,216	-7.31%
Requirements			
Personnel Services	\$26,536,928	\$24,488,196	-7.72%
External Materials and Services	\$18,348,648	\$15,217,977	-17.06%
Internal Materials and Services	\$4,136,965	\$3,878,615	-6.24%
▶ Capital Outlay	\$2,580,276	\$967,985	-62.49%
Bond Expenses	\$1,880,681	\$1,955,630	3.99%
Fund Transfers - Expense	\$14,155,825	\$14,146,074	-0.07%
Contingency	\$27,947,739	\$27,947,739	0.00%
Total Requirements	\$95,587,062	\$88,602,216	-7.31%

▶ FPD analyst concern

The fund finished the fiscal year within its budget. The variances on the Charges for Services, Intergovernmental Revenues, and Miscellaneous are due to technical issues related to coding changes when SAP was implemented. As a result, actual revenue budgeted in one category is recorded in a different category, causing a mismatch when doing a comparison of budget to actual for these revenues.

As in prior years, delays in several capital and operating projects have caused the fund to under spend its appropriations for External Materials & Services and Capital Outlay. In FY 2011-12, the under-expenditure in Capital Outlay is significant, approximately 62.5% of the budget remains at the end of the fiscal year. In addition to the delays in capital projects discussed above, the under-expenditure in Capital Outlay is also caused by the carryover of funds from the prior year due largely to project delays in that year. This trend is likely to continue in future years.

FY 2011-12 Performance Measure Reporting

Overall the performance measures in the Bureau of Technology Services are trending well. FPD has the following observations:

1. Yearly revenue processed electronically through the payment gateway: The target for FY 2012-13 is \$77 million compared to FY 2010-11 and FY 2011-12 year end actuals of \$79.2 and \$111 million respectively.
2. Total billable project hours managed by Project Management Office: The target for FY 2012-13 is 1,670 hours compared to FY 2010-11 and FY 2011-12 year end actuals of 1,759 and 2,518 hours respectively.

The performance measures above indicate a significant difference between the current year targets and year end actuals in prior years. FPD recommends that in the above cases and others with similar results, the targets for these performance measures be examined to ensure that they reflect the most realistic measures expected for the reporting year.

FY 2011-12 Capital Project Reconciliation

In FY 2011-12, BTS expended approximately 78% of its revised capital program budget. This budget includes funding for personnel services, internal and external materials & services, and capital outlay. The Automatic Call Distributor project is near completion and work on the Voice Mail Replacement project will start in FY 2012-13. Contracting and staffing issues also delayed the IRNE Fiber Construction project. Unused funds for capital projects were carried over into FY 2012-13.

FY 2012-13 Capital Project Reporting

In FY 2012-13, BTS revised capital budget is \$4,310,129 representing a 28% increase from the Adopted Budget. This is due to carryover of projects budgeted in last fiscal year, but didn't get completed by year end. Based on historical trends, it is unlikely that BTS will complete all its budgeted projects by year end.

Financial Planning Division Analysis

FY 2012-13 Fall BMP

General Fund Special Appropriation

Analysis by: Doug Le

Recommended Requests

1. SA_001/Police Activities League, \$35,000

This request will increase the funding for the Police Activities League in FY 2012-13 by \$35,000 for a new total of \$70,000. The increase was approved by Council via Ordinance #185537 dated 8/1/2012.

FPD Recommendation: \$35,000

2. SA_002/Lines for Life, \$150,000

This request will provide funding for a grant agreement with the Oregon Partnership for Life to expand the capacity of suicide counseling programs. The funding for the above grant was approved by Council via Ordinance #185572 dated 8/22/2012.

FPD Recommendation: \$150,000

3. SA_003/Advances Carryover, \$270,000

This request will carry over the appropriation for advances made in prior years, but will be recovered and expended in this fiscal year. These advances include: \$65,000 for the Needle Exchange Program, \$40,000 for the Japanese Garden Society of Oregon, \$20,000 for the Portland Rose Festival, \$100,000 for the Black Parent Initiative, \$25,000 for the Northeast Coalition of Neighborhoods, \$10,000 for the Hispanic Metropolitan Chamber and \$10,000 for the Portland Schools Foundation.

FPD Recommendation: \$270,000

4. SA_004/Encumbrances Carryover, \$450,000

This request will carry over the appropriation to fund the encumbrances that were set up last year, but will be expended in this fiscal year. These encumbrances include: \$380,000 for Portland Community College Foundation, \$42,000 for Mt Hood Community College Foundation, and \$28,000 for Clackamas Community College Foundation.

FPD Recommendation: \$450,000

Comments on Prior Year Budget Notes, Decision Packages and Non-Technical BMP Changes, and Service Improvement Plans

Decision Packages

Portland Loos, \$192,000

This is funding for two new public toilets in Portland.

Status Report: Complete. Fund has been transferred to the Water Bureau.

CARES Northwest, \$50,000

This package provides financial assistance to CARES Northwest. This organization is the designated provider for medically based child abuse assessment and intervention services for Multnomah and Washington counties in Oregon.

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

Free Tax Preparation for Families and Individuals, \$75,000

This package provides one-time funding to Cash Oregon to provide free tax preparation for families and individuals.

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

Oregon Food Bank, \$100,000

This package provides one-time General Fund resources for supplemental food purchase for the summer months.

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

VOZ Worker's Rights Education Project, \$25,000

This appropriation is to support the Day Labor Center to assist low-wage workers in Portland.

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

Portland Rose Festival, \$20,000

This program provides funding for temporary bathrooms along the parade route. The program will also provide enforcement rules regarding the prohibition of marking space in public right-of-way.

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

Sports Fields Improvements, \$300,000

This appropriation is for improving sports fields at Parkrose School District, Madison and Franklin High Schools.

Status Report: Complete. Fund has been disbursed to the above high schools.

RACC - Right Brain Initiative, \$50,000

The Right Brain Initiative helps ensure that arts education remains in Portland schools, providing students with the critical 21st century skills that they will need to succeed in school and in life. The agency estimates that this funding will leverage an additional \$50,000 from other public and private partners to allow an expansion of the program from 23 to 30 participating schools in FY 2011-12.

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

RACC - Creative Advocacy Network (CAN), \$150,000

CAN's mission is to increase public funding for the arts to ensure that every child has access to arts education and every resident has access to arts and cultural experiences. The agency intends to match dollar for dollar by private sector funding to further leverage City's investment.

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

RACC - Work for Art, \$50,000

This request will provide funding for one part-time staff position during RACC's busiest campaign to attract new donors.

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

RACC - Equity & Diversity Initiatives, \$48,417

As part of the new five-year contract with the City, RACC is working to improve its internal measuring to improve its internal measuring systems and to expand its outreach to the minority communities to better serve all Portlanders. This funding would allow RACC to invest in more cultural diversity training; translate guidelines and application materials into Spanish, Russian, Chinese, Somali and Vietnamese; and increase from 0.25 FTE to 1.0 FTE the staff that are dedicated to coordinating these diversity outreach activities

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

Police Activities League (PAL), \$30,000

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

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

Fostering Success Initiative, \$117,000

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

Status Report: The funding for this special appropriation was carried over into FY 2012-13.

Black Parent Initiative, \$100,000

The Black Parent Initiative (BPI) inspires and mobilizes black parents to ensure their children achieve educational excellence. BPI's In-Home Program provides one-on-one training and family contact in the home, using the Effective Black Parenting model, individualized service plans, classes, and support groups.

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

Future Connect Scholarship, \$500,000 Ongoing

The Future Connect Scholarship is designed to create a pathway to an Associate's Degree by helping our youth with financial burden of attending college. It also serves as an incentive for the youth who are most at-risk of not graduating college on time. This scholarship covers the cost for the first two years of study at community colleges.

Status Report: Ongoing. \$470,000 were paid out by year end, of that amount \$450,000 were encumbered and request for carry over funding is included in this Fall BMP.

East Portland SUN School Equity, \$100,000

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

Additional dollars will be leveraged by the County to provide additional start up support

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

Miracles Club, \$10,000

The Miracles Club has provided services for recovering addicts and their families, including 12-step meetings, social gathering space, and weekly family nights where parents and their children get together, play, dance and enjoy themselves in atmosphere free of drugs and alcohol. Funds will be used to support the Miracles Club peer-to-peer mentoring program.

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

Cully-Concordia Adult ESOL Classes, \$20,000

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

Status Report: Underway. Half of the funding (\$10,000) was expended in FY 2011-12, the remaining was carried over into this fiscal year.

Japanese Garden Society of Oregon, \$40,000

This funding is to support the Portland Japanese Garden in its physical and programmatic expansion that will serve regional, national, and international visitors.

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

Needle Exchange Program, \$65,000

This appropriation provides financial support for the Needle Exchange Program.

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

Janus Youth Program – Human Trafficking, \$150,000

This appropriation provides for the Janus Youth Program for victim shelter beds.

Status Report: Complete. A payment of \$113,378 has been granted to the agency.

Portland Art Museum Energy Efficiency, \$100,000

This appropriation provides financial support for the Portland Art Energy Efficiency Program in FY 2011-12.

Status Report: Complete. This item was combined with the other special appropriations managed by the Regional Arts & Culture Council.

Portland Center for the Performing Arts Foundation, \$50,000

This appropriation provides financial support of \$50,000 for the Portland Center for the Performing Arts Foundation in FY 2011-12.

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

Crisis Assessment Center, \$600,000 Ongoing

This appropriation provides financial support to Multnomah County for the operation of the Crisis Assessment & Treatment Center.

Status Report: Ongoing. \$597,500 was granted to the County in FY 2011-12.

Office of Equity, \$525,000 Ongoing

This is funding reserved for the Office of Equity.

Status Report: Complete. Funding was transferred to the Office of Equity.

First Stop Portland, \$15,000

This request offers financial assistance to Portland State University to provide logistics and planning services to visiting delegations interested in Portland's sustainability and livability practices.

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

COPPEA Professional Development, \$85,098

This request will increase the appropriation for a training set-aside in accordance with the labor agreement with the City of Portland Professional Employee Association (COPPEA). This increase will be funded by interagency revenue from bureaus with COPPEA employees.

Status Report: Complete. Affected bureaus have been charged according to the labor agreement.

FY 2011-12 Reconciliation

	FY 2011-12 Revised Budget	FY 2011-12 Year-End Actuals	Percent Variance
Resources			
Interagency Revenue	111,111	\$111,111	0.00%
General Fund Discretionary	9,323,603	\$8,922,562	-4.30%
General Fund Overhead	151,734	\$151,734	0.00%
Total Resources	\$9,586,448	\$9,185,407	-4.18%
Requirements			
Personnel Services	5,000	\$0	N/A
External Materials and Services	9,263,306	\$8,668,640	-6.42%
Internal Materials and Services	187,080	\$516,767	176.23%
Contingency	131,062	\$0	-100.00%
Total Requirements	\$9,586,448	\$9,185,407	-4.18%

▶ FPD analyst concern

Overall the Special Appropriation ended with approximately 96% of its appropriation spent by the end of FY 2011-12. However, there are the following exceptions:

1. City Membership Dues item was overspent by \$18,463 due to higher expenditure than amount budgeted.
2. Regional Arts & Culture Council (RACC) was overspent by \$160,000. Of this amount, \$150,000 of budget appropriation should have been transferred to RACC fund center from One-time Special Appropriation, but did not happen as planned. The remaining amount of \$10,000 is due to the technical adjustments of advance recovery in FY 2011-12.
3. Downtown Services was overspent by \$117,620 due to the technical adjustments of advance recovery in FY 2011-12.

The Internal Materials & Services category was overspent, because the budget for several charges in this category was included in the External Materials & Services category.