

Analysis By: Doug Le and Sara Lowe

OFFICE OF MANAGEMENT AND FINANCE

All Funds Budget Summary	Adopted FY 2012-13	Request Base FY 2013-14	Decision Pkgs FY 2013-14	Request Total FY 2013-14	Percent Change
Resources					
Beginning Fund Balance	\$174,190,351	\$151,602,421	\$0	\$151,602,421	-13.0%
Taxes	3,412,000	22,552,566	0	22,552,566	561.0%
Licenses & Permits	8,076,034	8,357,600	0	8,357,600	3.5%
Charges for Services	57,092,081	67,957,897	(20,000)	67,937,897	19.0%
Intergovernmental Revenues	11,697,246	9,839,364	46,208	9,885,572	-15.5%
Interagency Revenue	133,871,072	131,244,577	6,016,275	137,260,852	2.5%
Fund Transfers - Revenue	9,025,945	11,596,615	48,333	11,644,948	29.0%
Bond and Note Proceeds	35,000,000	33,549,756	0	33,549,756	-4.1%
Miscellaneous Sources	7,460,597	7,973,987	49,094	8,023,081	7.5%
General Fund Discretionary	14,220,146	14,084,090	1,511,541	15,595,631	9.7%
General Fund Overhead	12,500,881	11,315,727	0	11,315,727	-9.5%
Total Resources	\$466,546,353	\$470,074,600	\$7,651,451	\$477,726,051	2.4%
Expenditures					
Personnel Services	\$71,781,484	\$73,033,321	\$2,827,795	\$75,861,116	5.7%
External Materials and Services	138,310,973	157,232,135	2,604,091	159,836,226	15.6%
Internal Materials and Services	25,311,303	24,537,712	872,790	25,410,502	0.4%
Capital Outlay	60,041,379	29,086,103	0	29,086,103	-51.6%
Debt Service	21,232,054	20,713,190	0	20,713,190	-2.4%
Fund Transfers - Expense	9,087,638	11,901,111	0	11,901,111	31.0%
Contingency	139,472,757	153,571,028	1,346,775	154,917,803	11.1%
Unappropriated Fund Balance	1,308,765	0	0	0	-100.0%
Total Requirements	\$466,546,353	\$470,074,600	\$7,651,451	\$477,726,051	2.4%
Total Bureau FTE	658.55	624.05	23.08	647.13	-1.7%

Percent Change is the change from FY 2012-13 Adopted Budget to FY 2013-14 Total Requested Budget.

Key Issues

Bureau of Technology Services (BTS) Assessment Study

The FY 2012-13 Adopted Budget includes a budget note directing BTS to develop options and recommendations to address the funding gap that currently exists in the area of technology asset replacement. The bureau has issued a Request for Proposal (RFP) to select an independent consultant to assist with the above task. The scope of work in the RFP requires the selected consultant to review and comment on the following six categories:

- Organizational Structure, Service Delivery Model and Business Processes
- Staff Skills & Competency
- State of Technology within the City
- Budget
- Governance Model
- Capability Maturity Model Integration Appraisal

The CBO supports BTS effort in the above task and offers the following recommendations:

- Business Plan: The consultant recommendations should be articulated as a business plan with specific milestones to guide BTS in achieving its goals.
- Periodic Updates: To keep the business plan relevant, it should be reviewed and updated periodically. The last BTS assessment was done about 10 years ago.
- Project Budgeting and Return on Investment: One of the key services that City bureaus require of BTS is the technology project oversight. A review of the current process, used by the Technology Oversight Committee, by the consultant with recommendations on how to improve it, particularly in the areas of project budgeting and return on investment, could prevent cost overruns and ensure a sound return on tax payers' investments.
- BTS Reserves: CBO recommends a specific discussion of BTS reserves, the types and status of the reserves as well as the recommended level, based on best practice and benchmarking information from local and regional government agencies.
- Cross Training: In the category of Staff Skills & Competency, there should be a discussion about a strategy to cross-train technical staff in BTS to gain greater efficiency and contain costs. The discussion should include information on best practice and benchmarking with local and regional government agencies.

Microsoft Office 365 Implementation

Microsoft will stop supporting Office 2003, currently used by the City, in April 2014. Microsoft Office 365 has been selected to replace the current version and BTS will begin the migration of the new software in July 2013. The estimated annual cost to City bureaus will range from \$3,200 for a bureau with 25 employees to \$130,000 for a bureau with 1,000 employees. This additional cost will be absorbed in the bureaus' base budgets. CBO supports BTS' effort in keeping the City current with the latest technology update. It is worth noting that the costs of upgrading to a newer version of the Office Suite likely would have been more expensive in FY 2013-14.

Internal Service Funds Five-year Financial Plan

Over the next five years, all internal service funds show a positive ending fund balance, albeit declining in most cases, as presented in the table below. The forecast includes inflation factors published by CBO, but with no rate increases beyond inflation for the next five years. According to the forecast, which is based on the FY 2013-14 Requested Budget, all funds will have sufficient resources to fund routine operation and maintenance functions during the term of the forecast. However, there are a number of important projects, both capital and major maintenance, that are not included in the forecast such as funding to replace outdated fuel stations and a center for critical technology recovery. The bureau also reports that the Major Maintenance backlog in the current year is estimated at \$9.7 million ongoing and \$99.3 million one-time. Due to the lack of necessary resources, the backlog level five years from now will remain the same as in the current year.

The Technology Services Fund will retain a consultant to review its operation and funding structure in FY 2013-14 as discussed in item #1 above. The CBO recommends that OMF also reviews the funding structure of the remaining funds to ensure that all funds are adequately funded to carry out their missions.

Internal Service Funds Ending Fund Balance						
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	Average Annual
	Requested	Forecast	Forecast	Forecast	Forecast	Growth
Technology Services	10,096,811	8,652,578	7,439,517	6,604,044	6,271,509	-11.22%
Facilities Services	13,009,506	15,939,926	19,048,867	22,290,351	25,673,760	18.52%
Printing & Distribution	1,089,231	1,018,957	917,086	775,267	580,438	-14.56%
CityFleet	18,673,683	20,155,668	21,850,169	24,020,897	25,465,250	8.06%
Insurance & Claims	27,634,554	27,365,433	26,138,298	23,948,340	20,696,755	-6.97%
Workers Compensation	16,520,631	15,526,095	14,385,734	13,080,161	11,593,021	-8.47%
	\$87,024,416	\$88,658,657	\$89,779,671	\$90,719,060	\$90,280,733	0.92%

OMF – General Fund Base Reductions and Requested Add Backs

General Fund Base

In keeping with budget guidance, OMF General Fund divisions developed modified General Fund discretionary base budgets at 90% of Currently Service Level (CSL). This included each OMF General Fund division, across the board, reducing its General Fund discretionary base by 10% in order to achieve the Current Appropriation Level (CAL) target. OMF requested the remaining 10% of resources, including the General Fund portion of the internal service fund requests, in the form of add packages.

Reductions

OMF General Fund divisions achieved 10% reductions through a combination of cuts to staffing levels and external materials & services. The CBO classified the reductions as being either administrative or programmatic; the determination was based on the impacts of the reductions. Administrative reductions impact internal OMF services while programmatic reductions impact core services or OMF customers such as City bureaus. The reductions are as follows:

- Bureau of Financial Services (not including Public Finance and Treasury) – Eliminate 1.0 FTE in Accounting, eliminate 1.0 FTE in Grants Unit, reduce funding for overtime
- Office of the CAO (not including EBS) – Reduce funding for financial and accounting services
- Bureau of Human Resources – Eliminate 3.0 FTE dedicated to recruitment services and reduce external materials and services funding
- Revenue Bureau - Eliminate 5.0 FTE, including 2.5 tax collectors, and reduce external materials and services funding for contracts
- Citywide Projects -PSSRP – Eliminate 1.0 FTE Principal Information Systems Analyst
- Internal Business Services- Eliminate 2.0 FTE in Procurement and reduce external materials and service funding

Eliminated in the 90% - General Fund Discretionary and Cash Transfer Only

OMF Division	FTE	Administrative	FTE	Programmatic
Financial Services (not including Public Finance Debt and Treasury)	2.0	198,318		-
Office of the Chief Adm. Officer	-	94,630	-	-
Human Resources	-	39,374	3.0	285,216
Revenue Bureau	2.5	310,408	2.5	278,400
Citywide Projects - PSSRP	-	130,015	-	-
Internal Business Services (IB)	2.0	222,256	-	-
IB - Facilities	-	49,333	-	-
Total	6.5	1,044,334	5.5	563,616
Total Reductions to achieve 90% of CSL				1,607,950
% Programmatic				35%

In total, OMF General Fund divisions reduced 12.0 FTEs, including two managers, a Revenue Bureau Operations Manager and an Accounting Policy Manager. The reductions were largely administrative in nature with only 35% being considered programmatic. The programmatic cuts included the reduction of 3.0 FTE dedicated to recruitment in BHR, 2.5 FTE dedicated to tax collection activities in the Revenue Bureau, and reductions to the Portland Community Media Contract also in the Revenue Bureau.

Add Backs

Although each OMF General Fund division reduced its base budget by approximately 10%, the add-backs were not evenly distributed. For the Bureau of Human Resources, the Bureau of Financial Services (not including Public Finance and Treasury), and the Bureau of Internal Business Services - Procurement, the base level reductions mirrored the requested add backs. However, in the case of the Citywide Projects-Public Safety Systems Revitalization Project (PSSRP) and the Revenue Bureau, only a portion of the allowable 10% add-backs were requested. In the Revenue Bureau, reductions totaling \$588,808 were necessary to achieve the modified base. The bureau's reduction included eliminating 5.0 FTEs and assuming a 10% reduction to the Portland Community Media contract. Of the 5.0 FTEs half were permanently eliminated as part of internal bureau reorganization and are not requested to be added back, including a Revenue Bureau Operations Manager, a half time Office Assistant Specialist II, and a Senior Financial Analyst. The bureau is requesting to restore funding totaling \$308,490 to support the PCM contract and the remaining 2.5 tax collector positions. Citywide Projects - PSSRP chose to permanently eliminate a Principal Information Systems Analyst position and instead add back a less costly Administrative Assistant. The cost difference between these two positions totals \$53,578. By not requesting to restore the entire 10% of the General Fund discretionary reductions in the Revenue Bureau and PSSRP, OMF created the capacity to restore the General Fund portion of the IA add backs, which total \$273,070. See table on the next page.

General Fund Discretionary and Cash Transfer Only

Division	CAL	OMF Base	Variance	Allowable Add Back	Bureau Requested Add Back	Requested IA Add Backs (GF portion)	Total	Variance
Financial Services (not including Public Finance and Treasury)	1,784,862	1,784,862	-	198,318	198,318	62,246	260,564	(62,246)
Office of the Chief Adm. Officer	851,673	840,154	11,519	94,630	94,630	34,042	128,672	(34,042)
Human Resources	2,921,307	2,932,826	(11,519)	324,590	324,590	51,591	376,181	(51,591)
Revenue Bureau	5,299,269	5,299,269	-	588,808	303,490	115,255	418,745	170,063
Citywide Projects	1,226,677	1,226,677	-	130,015	76,437	9,906	86,343	43,672
Internal Business Services (IB)	2,000,302	2,000,302	-	222,256	238,600	-	238,600	(16,344)
IB - Facilities	443,993	443,993	-	49,333	48,333	-	48,333	1,000
Total	14,528,083	14,528,083	-	1,607,950	1,284,398	273,040	1,557,438	50,512

The CBO did not recommend accepting any of the approximately \$1.3 million in requested OMF General Fund discretionary add backs, and only recommend restoring a small portion of the IA add backs. Detailed CBO package recommendations are included in the decision package section below. In the case of the Revenue Bureau and the Bureau of Human Resources, the CBO recommends OMF consider alternative reductions that do not constitute a cut to core programmatic services. The central mission of OMF is to provide services to other City bureaus; these services should be protected whenever possible. The CBO recommends the bureau consider reductions streamlining OMF internal service delivery and reducing the layers of OMF management and support.

City/County Reimbursement – Tax Collection

The Office of Management and Finance – Revenue Bureau collects business license and transient lodging taxes on behalf of Multnomah County. An intergovernmental agreement (IGA) exists between the two parties, with Multnomah County paying approximately \$905,183 in FY 2012-13. However, the funds received via the IGA do not currently cover the County’s total share of tax collection expenditures. According to CFMP 2.06, charges for services that benefit specific users should recover full costs. The City subsidy to collect County business license tax in FY 2012-13 totals \$820,468. That number is based on the following calculation:

Total FY 2012-13 Revenue Bureau Business License Tax Collection Budget	4,314,128
% of Budget Attributable to the County*	40%
County Share to Recover Full Costs	1,725,651
Less IGA payment from the County	(905,183)
Total Subsidy	820,468

*Based on the total % of taxes collected on behalf to the County

The IGA includes a clause that allows for annual administrative increases of 2.5% or the CPU-I, whichever is greater. Full cost recovery can only be achieved by renegotiating the agreement and not through this inflationary mechanism.

Multnomah County and the Revenue Bureau are currently engaged in negotiations to adjust the IGA and reduce the City subsidy. If the Revenue Bureau is able to obtain full cost recovery it will substantially

increase the bureau's FY 2013-14 external program revenues and reduce the amount of ongoing General Fund discretionary support necessary to operate the bureau.

The Revenue Bureau did not recognize an increase of intergovernmental revenues in its FY 2013-14 budget submission. In order to mitigate the impacts of the City's General Fund shortfall, the City Budget Office recommends that the Revenue Bureau accelerate negotiations to ensure a preliminary agreement is reached by both parties, by April 1, 2013. The agreement should eliminate the remaining subsidy to the County. The increased external revenues would decrease OMF's need for a General Fund discretionary appropriation by an equal amount, and Council could use these funds to mitigate the General Fund shortfall.

Enterprise Business Solutions – Reducing Administration and Overhead through Technology

Throughout the FY 2013-14 budget process, the direction provided to bureaus has remained consistent: preserve core services and reduce administration and overhead. The obvious way to achieve this goal is to make cuts to administrative areas or positions; however, in this scenario, the workload still exists and is often shifted to the remaining staff. Another option is to reduce administration and overhead through the use of new technology. Currently, there are several projects underway in the Enterprise Business Solutions (EBS) Unit that aim to streamline business process, automate services, and reduce costs to the City through the expansion of SAP functionality. The division is also working to develop an SAP roadmap that outlines future system investments and projects.

Background

In 2004, the City embarked on a project to replace aging financial and human resource technology with an Enterprise Resource Planning System. The City's original estimate to complete the project totaled \$14.2 million. One of the primary project objectives was to reduce the number of bureau "shadow" systems, allowing the proposed system to serve as the single source for City financial and human resource data. The City selected SAP as its Enterprise Reporting software and development commenced in 2006. Over the next two years, the project endured a series of changes that resulted in a reduced project scope and expected deliverables.

In 2008-2009, the City implemented two SAP modules: Finance and Logistics (FILO) and Human Capital Management (HCM). Because of the changes in scope, these modules did not contain all of the originally anticipated functionality. Moreover, the total cost of the project tripled to \$47.4 million. Not included in the total project cost are expenditures related to bureaus who dedicated staff to the project.

Figure 1 Summary of project results: Planned and Actual

	Planned	Actual
Cost (phases 1 & 2):	\$14.2 million	\$47.4 million
Timeline (phase 2):	14 months	30 months
Number of functions implemented:	10 Financial 9 HR/Payroll	10 Financial 4 HR/Payroll
Number of shadow systems eliminated:	approximately 220	unknown

Source: Audit Services Division analysis

After implementation, hundreds of customer help desk tickets were generated and an unknown number of shadow systems remained. Bureaus struggled with the new time entry requirements and the production of the Comprehensive Annual Financial Report (CAFR) consumed more City accounting resources than in years past. The Enterprise Business Solutions Unit, the group formed to manage and administer the system, along with contractors spent the next two years stabilizing the system. Since FY 2009, it's estimated that the City spent an additional \$5.5 million on professional consulting services, with much of it dedicated to system stabilization.

New Strategy

Starting near the end of FY 2011-12, EBS began changing the way it utilized contractors and addressed customer needs. The responsibility of system maintenance has been shifted to EBS staff. Contractors are being brought on to assist with projects or to provide a specialized skill set not found amongst the current staff, an example would be an SAP data architect. The EBS team is taking on projects that are aimed at garnering citywide efficiencies, reducing the number of help desk tickets, decreasing the number of shadow systems, and improving the customer experience. Current and planned projects include:

- **Phase I of the Time and Payroll Project** – Goals: Reengineer the SAP Time and Payroll application so that it is easier to modify and resolve 249 customer help desk tickets. This project re-engineers the SAP code, not the actual payroll.
- **Phase II of the Time and Payroll Project/Citywide Time Capture** (request for funding included in a decision package below) – Goals: Standardize time capture citywide, eliminate dual data entry and paper based process, and reduce time keeper workload.
- **Employee Self Service/Manager Self Service – Time Request and Leave Implementation:** Goals: Simplify the time entry process, automate the leave request and approval processes, and implement tighter controls on time approval.

- **Learning Management System:** Goals: Activate SAP module currently under maintenance and eliminate aging BHR Pathlore application and associated maintenance costs. The new system will offer e-learning capabilities and reduce the number of paper based processes currently in use.
- **Automate BHR Forms and Process Improvements –** Goals: Eliminate several paper based process that currently exist citywide.
- **Public Sector Collections and Disbursements -** Goals: Activate an SAP module currently under maintenance in an effort to increase efficiencies in the utility license fee collections process, reduce bureau shadow systems, and eliminate certain paper based processes.
- **Treasury Module –** Goals: Reduce manual data entry and calculations.

Additionally, the EBS team is working with the Accounting Unit to procure software that will interface with SAP (total investment projected at \$80,000) and significantly reduce time spent on the CAFR (reduce over 2,200 staff hours ongoing). EBS also implemented Automated Clearing House (ACH) functionality that allows for electronic financial transactions. This enhanced functionality is projected to produce annual citywide savings of approximately \$67,000 annually if 50% of AP vendor invoices are converted from checks to ACH.

AKT Study/SAP Roadmap

The current SAP project workload, in coordination with several other structural and governance changes made in the last year, align with a recently released AKT study on the EBS Team and SAP application. The study includes both global and detailed recommendations. Two of the detailed recommendations are related to enhancing time capture functionality and reducing the number of shadow systems. EBS is currently involved in developing a roadmap that will address these recommendations and outline future system investments.

Recommendations

The CBO supports the work of the EBS Unit and its specific focus on projects aimed at achieving citywide benefits and efficiencies, enhancing the customer experience, and its expansion of training opportunities for users. The CBO recommends that EBS continues the work it is currently doing and considering the following recommendations when developing the SAP roadmap:

- **Reduce the number of shadow systems and duplicate applications citywide by putting into use SAP modules that the City purchased and currently pays maintenance on, but are not activated.** For example, the City retains different work order/inventory systems in the Portland Bureau of Transportation, Portland Water Bureau, and the Bureau of Environmental Services. There is associated maintenance, licensing, and support costs associated with each of these systems. FY 2013-14 support costs for the Portland Water Bureau application alone total \$210,000. However, EBS currently pays maintenance on two inactive SAP Modules that provide the same type of functionality: Plant Maintenance Module (work order) and the Inventory Module. EBS and the impacted bureaus should consider researching the feasibility and potential costs savings associated with collapsing all of these duplicate applications into SAP. Another area of

consideration would be to incorporate lien accounting into SAP. Currently, there is a lien accounting application that exist in the Auditor's Office. The same functionality may exist within the Public Sector Collections Module in SAP. Research should be completed to decide if transferring the lien application would be cost effective and produce long-term savings, while still meeting the customer needs.

- **Focus on modernizing City services, automating business process, and reducing the amount of staff time spent on administrative activities such as processing invoices.** This may include expanding the functionality available in the Public Sector Collections and Disbursements Module and streamlining the procure to pay processes.
- **Perform a base line cost/ benefit analysis for each project that is under consideration in order to determine anticipated cost savings and benefits to bureaus.** OMF should also consider completing a follow-up study once the project is complete to determine if the desired results were achieved. This process can start with the Time and Payroll Project. A baseline study was completed in FY 2011-12. After the project is implemented OMF should consider a follow-up study to determine if the amount of staff time dedicated to time and payroll activities has been reduced. This also applies to the Automated Clearing House Project, which originally anticipated annual savings. Savings generated should be reported to the City Budget Office.
- **Provide input on the BTS Assessment Study.** SAP is one of the City's largest applications and users of BTS services. There are ten BTS staff that support SAP and BTS charges make up a considerable portion of the overall EBS budget. Allowing EBS to be a part of the study will ensure they are maximizing the services available and making the most efficient use of EBS Fund resources. Moreover, one of the goals of the study is to indentify duplicate applications that exist throughout the City. BTS should share this information with EBS to determine if SAP can meet the needs of users and reduce the number of systems supported and maintained by BTS.
- **Continue to use contracts in a limited capacity or for specific projects.** This would include only bringing on contractors when a specialized skill set is required and not found in-house, have tightly controlled deliverable based information technology contracts, and ensuring that contractors provide the appropriate level of documentation and knowledge transfer to EBS staff so they can continue maintaining the system after projects are complete.

Update on Fee Study and Five Year-Forecast Requirements

The FY 2012-13 OMF Budget Review included a recommendation that OMF complete a fee study in the coming year. The recommendation aligned with Comprehensive Financial Management Policy 2.06 that states all bureaus charging fees are required to complete fee studies based upon cost-of-service principles. These studies are to be updated at a minimum of every two years and provided to City Council and the City Budget Office in the Requested Budget submission. The CBO requested the bureau identify the following:

- Where appropriate, whether the existing fee structure provides full cost recovery.
- The degree to which a service provides a general benefit in addition to the private benefit provided to a specific business, property or individual.

- The economic impact of new or expanded fees, especially in comparison with other governments within the metropolitan area.
- The true or comprehensive cost of providing a service, including the cost of fee collection and administration.
- The impact of imposing or increasing fees on economically at-risk populations and on businesses.
- The overall achievement of City goals.

Moreover, according to CFMP 2.06, charges for services that benefit specific users should recover full costs. To ensure that each service is achieving full cost recovery, the fee studies are required to break down resources and requirements for each individual service. The information by individual service allows CBO to identify any areas where one service fee is subsidizing the enforcement of another service. If these subsidies exist, the fee structure should be modified to increase the fees of the subsidized program and decrease the fees for the service that is being overcharged.

In the interim, OMF consulted the City Budget Office on the proposed fee study scope and outline. OMF chose to review only fees that were directly charged to external customers and not other City bureaus, thus excluding the majority of fees that comprise the internal service funds. The CBO agreed with this approach. The bureau compiled a comprehensive listing of all OMF fees charged to external parties and the amount of revenue generated from those fees. The bureau then grouped the fees by program area and assigned them one of the following classifications:

- Compliance and Penalty
- Cost Recovery
- Internal Service Fund
- Market Rate/Pass Through
- Partial Cost Recovery/Public Service

Additionally, the fee study provided a narrative overview for each of the fee groupings and included amongst other sections a description of the fee, service benefits, subsidized service area, and recommended actions. OMF also included and attached several specialized fee studies (Special Events Cost Recovery and a Taxi Labor Markey Study).

However, the bureau did not comply with the request to provide expenditure information associated with each of the fees, namely the regulatory fees. Without this information the CBO is unable to assess if revenues from one regulatory enforcement program are subsidizing another enforcement program. The expenditure information is a critical and necessary component of assessing full cost recovery and the study cannot be considered complete without this information.

The CBO recommends that OMF continue refining the fee study and incorporate the required expenditure information. Moreover, CBO recommends the fee study break down the resources and requirements for each individual service and make necessary adjustments to ensure the elimination of program

subsidization. This may require the bureau to increase or decrease certain fees. OMF should include the updated fee study with the FY 2014-15 Requested Budget.

PSSRP – Project Delays and Out Year Maintenance

The Public Safety Revitalization Program (PSSRP) is comprised of three large technology projects: Regional Justice Information Network (RegJIN), Fire Information System (FIS), and the Public Safety Emergency Radio System Replacement Project (Radio). All of the projects have experienced delays. Additionally, PSSRP has had a change in project office leadership four times in the last three years which is a risk for large IT projects. Status is as follows:

- **Regional Justice Information Network (RegJIN) Records Management System:** This project includes the replacement of the existing Portland Police Data System. Currently, the project is in the process of negotiating a contract with the selected application vendor. The contractor is projected to begin work in the summer of 2013 and system implementation is expected in FY 2013-14. The project's implementation date has been moved from FY 2013-14 to FY 2014-15. The delays were driven by a Commissioner's request to revise and rerelease the Request for Proposal (RFP) to select the system vendor. Estimated FY 2012-13 project-to-date actuals total \$4.5 million, or 38% of the project's \$12.6 million budget (high confidence estimate). This project is supported by the General Fund and has a current fixed cost monthly burn rate of \$29,710. Not included in this estimate are costs associated with upgrading communications networking infrastructure, as these expenditures would be the responsibility of the impacted bureaus. This has been identified as a risk to the project. At this time, there are no costs estimates available for post-implementation system maintenance.
- **Fire Emergency Management System –** This project will replatform and enhance the six modules included in the current FIS system. The projects current implementation date is FY 2013-14 and includes minor delays. Scheduling delays result from a change in development strategy. Initially a consultant was hired to train Bureau of Technology Service (BTS) programmers in the .Net architecture; however, this approach was abandoned in the summer of 2012. Instead, BTS hired an employee to mentor the BTS staff to complete the remaining development work. The February 2012 independent Quality Assurance (QA) contractor report assessed the projects overall health as a red "alert." Amongst other recommendations, the QA has recommended that the project develop a clear description of the project approach. One of the primary concerns is that the current budget will only support the replatforming of five of the six FIS modules. The project is faced with minimizing the scope or seeking additional funding. Implementing the sixth module is estimated at 25 weeks of development and approximately \$250,000. If the sixth module is not implemented it will be considered a loss of current system functionality. The PSSRP project office is currently working to address the issues highlighted in the QA report. Through FY 2012-13 project-to-date actuals are estimated at \$1.3 million, or 70% of the project's \$1.9 million budget (high confidence estimate). The total project cost estimate does not include funding for the sixth module (\$250,000). This project is supported by the General Fund and has an average monthly

burn rate of \$51,498. FIS project has to date identified that there will be no changes to the resources needed for the continuous operation and maintenance of the system.

- **Radio** –This project includes the implementation of a digital public safety voice radio system. A Request for Proposal (RFP) was recently released, in November 2012, to select the primary vendor/system integrator. The vendor is projected to begin work in the winter of 2013. However, the project is slightly behind schedule. Drafting the system integrator RFP took longer than originally anticipated and involved the development of a highly complex set of technical requirements. Through FY 2012-13 project-to-date actuals are estimated at \$16.9 million, or 32% of the project's \$53.1 million budget (moderate confidence estimate). Firm budget estimates are not expected from PSSRP until the RFP process is complete and a vendor is selected. This project is primarily funded by General Obligation (G.O.) Bonds and has a current fixed cost monthly burn rate of \$28,724. Implementation is set for FY 2014-15. At this time, there are no costs estimates available for post-implementation system maintenance.

The original OMF FY 2013-14 Requested Budget submission defined the FIS and Radio project budgets as "low confidence" estimates. The CBO has since received updated information from OMF changing the estimate classifications for both projects. The FIS project budget estimate is now classified as "high confidence" and the Radio projects budget estimate has been upgraded to the level of "moderate confidence". These estimates will serve as a baseline from which the project's status can be monitored.

The CBO recommends that the project team start developing maintenance estimates. In an FY 2011-12 Budget Note, Council directed PSSRP to begin crafting sustainment plans for the remaining projects in its portfolio and report back to Council by January 1, 2012. PSSRP responded to this request. The CBO recommends that prior to contracts being awarded; staff should develop forecasts for sustainment and continuing refining plans for the sharing of these costs if multiple jurisdictions or bureaus are projected to benefit from the system.

Spectator Facilities Fund

According to Comprehensive Financial Management Policy (CFMP) 2.03, five-year financial plans will be prepared annually for most City funds, including the Spectator Facilities Fund. The plans should include fund level resources and requirements information along with significant issues that may affect the financial health of the fund.

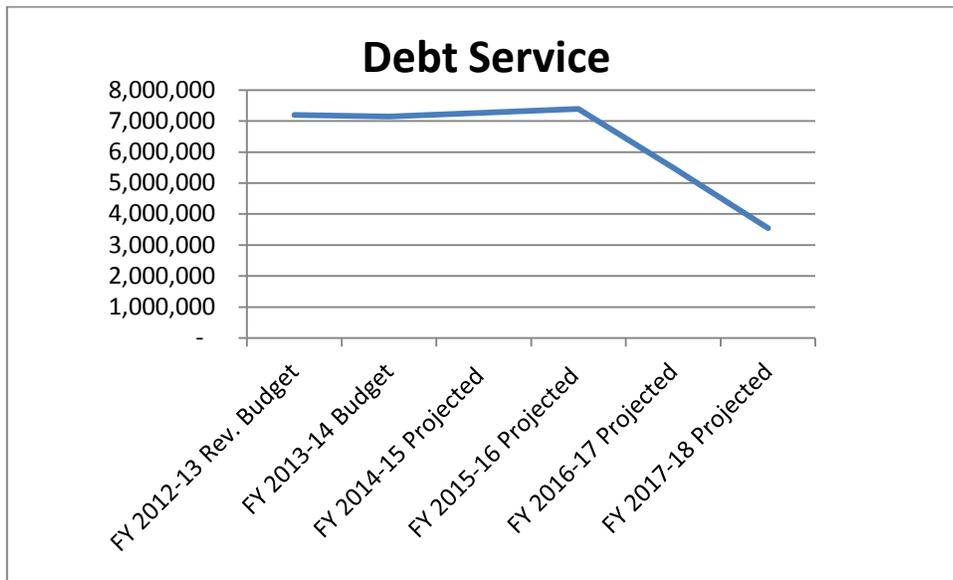
The Spectator Facilities Fund (SFF) five-year financial plan starts in FY 2013-14 and goes through FY 2017-18. The fund projects revenues generated from events held at the Rose Quarter (including the Veterans Memorial Coliseum), Jeld-Wen Field, and City owned parking structures located near these facilities. Revenues are compared against projected expenditures for personnel services, maintenance and repairs to the Veterans Memorial Coliseum and Jeld-Wen Field, debt service, and contingency. The plan also includes \$1.2 million to complete a half roof and turf replacement at Jeld-Wen Field and \$1.8 million to replace the roof at the VMC.

Over the next three years, expenses will outpace revenues forcing the fund to draw down its ending fund balance. The SFF ending fund balance is projected to hover around \$2.0 million starting in FY 2014-15, dropping to its lowest point of \$1.26 million in FY 2015-16, and increasing back up to \$3.3 million in FY 2017-18. Carrying a decreased ending fund balance will result in the fund being under-reserved and having insufficient capacity to manage unanticipated repair expenses or revenue shortfalls.

Requirements	FY 2012-13 Revised Budget	FY 2013-14 Budget	Projected FY 2014-15	Projected FY 2015-16*	Projected FY 2016-17	Projected FY 2017-18
Ending Fund Balance:						
Operating Reserve	4,990,213	3,561,685	3,729,715	3,907,440	4,097,495	4,301,173
Capital Reserve	-	212,670	500,000	-	1,800,000	700,000
Unrestricted Fund Balance	-	-	(1,677,168)	(2,638,892)	(3,865,065)	(1,642,754)
Total Ending Fund Balance	\$ 4,990,213	\$ 3,774,355	\$ 2,552,547	\$ 1,268,548	\$ 2,032,430	\$ 3,358,419

*Ending Fund Balance at its lowest level

The issues contributing to the reduced ending funding balance include overlapping debt service payments and the on-going high cost of VMC repairs and capital improvements, which have averaged \$490,000 over the last five years. The debt service obligations will be reduced in FY 2016-17, when the Spectator Facilities Fund will make its final \$4.0 million payment on debt service related to the development of the Rose Quarter parking garages and other public improvements. See table below.



The financial information detailed above does not incorporate costs associated with the Veterans Memorial Coliseum Redevelopment Project. Negotiations for this project are still ongoing and financial impacts to the fund will have to be assessed separately.

The CBO recommends that the Spectator Facilities fund be closely monitored and that thorough analysis be completed before assuming additional debt.

Office of the Chief Administrative Officer

Financial and Accounting Services, MF_18, \$94,630

The Business Operations Division requests to restore General Fund Discretionary support totaling \$94,630. A majority of the funds, \$69,630, are dedicated to temporary staff assistance provided by Community Service Aides (CSA). The remaining \$25,000 supports ad-hoc business process reengineering projects. The CSA's provide office support to other divisions within OMF, including; accounts payables, p-card accounting/reconciliation services, purchasing, and front desk support. Preserving this funding alleviates the administrative burden on program staff and increases the total amount of CSA funding to \$99,630. In the absence of these additional funds, much of the CSA's administrative workload will fall to the divisions, including p-card reconciliation activities (about 4,000 transactions). Business Operations will continue to process Family Medical Leave applications and perform accounts payable activities.

The CBO does not recommend restoration of these funds. This reduction complies with budget guidance to reduce administration and overhead and does not impact OMF core service delivery to other City bureaus.

CBO Recommendation: \$0

PSSRP-Admin Assistant Add Package, MF_53, \$76,437, 1.0 FTE

Prior to April 2012, PSSRP acquired administrative assistance through a temporary staffing agency. In April 2012, a decision was made to under-fill a vacant Principal Information Systems Analyst with an Administrative Assistant. In order to achieve the 90% General Fund Discretionary target, PSSRP chose to eliminate the vacant Principal Information Systems Analyst position. In exchange, the project is requesting to add-back a permanent Administrative Assistant.

Although it is not in the best interest of the project to have high level project analysts performing administrative work, the CBO does not recommend funding this request. This package complies with budget guidance that directs City bureaus to reduce overhead and administration. The bureau may want to consider charging a portion of the Administrative Assistant time to the projects themselves since the work being performed is in direct support of the projects.

CBO Recommendation: \$0

EBS Implementation of Labor Contracts in SAP and EBS Implementation and Maintenance of Time Capture Project, MF_28, MF_29, \$745,062

OMF is requesting to restore \$745,062 of Enterprise Business Solutions (EBS) funding for two projects that require professional services contract support. This would increase the total EBS professional services budget to \$944,403. The projects are as follows:

- Implementation of Labor Contracts - \$300,000 – The City is involved in negotiations with six different bargaining units. It is likely that the end result of these negotiations will require modifications to the way the City calculates salary and benefits in SAP. Although EBS staff are capable of performing these modifications in-house, the volume of changes projected will require additional resources. The contractors will assist 2.5 FTE that are already dedicated to this effort. Because the agreements are often signed on or around the contract implementation date, it is possible that many of the changes will have retroactive effective dates. The bureau's Budget Advisory Committee expressed concerns over any funding reductions that will further delay the implementation of the bargaining agreements. The bureau has ranked this package as its 2nd priority add-back.
- Time and Payroll Project Phase II - \$445,062 – EBS is projected to implement Phase I of the Time and Payroll Project at the end of FY 2012-13. Phase II of the project will focus on implementing third-party time capture software and building SAP interfaces for bureaus that have unique time capture needs including, shift scheduling. The creation of interfaces will work to streamline the time entry and reporting process in shift scheduling bureaus, thus reducing staff time dedicated to this activity.

The CBO does recognize the potential for generating citywide efficiencies through completion of Phase II of the Time and Payroll project and that the implementation of the labor contract changes are time sensitive; however, based on the lack of City resources, CBO does not recommend restoring funding for these projects. Instead, the CBO recommends using contingency to fund these one-time efforts. The CBO encourages OMF to consider staggering contract labor negotiations in the future so EBS staff, and not contractors, can perform system modifications. For example, EBS staff recently implemented contract changes for the Housing Bureau union and no additional contractor support was required. This is a much more cost effective approach that will result in future savings.

CBO Recommendation: \$0

EBS SAP Business Systems Analyst, MF_30, \$107,938, 1.0 FTE

In order to achieve the 90% current service level base, EBS eliminated a Business Operations Supervisor position, and is requesting to add back a Senior SAP Business Systems Analyst. Changing the classification of the position reduces the number of EBS staff performing administrative support (2.0 FTE) and increases the number of technical systems staff. The package increase the total number of SAP Business Systems Analysts to 13.0 FTE. This position will focus on SAP configuration and maintenance, direct technical support to end users, and will be dedicated to Phase 2 of the Time and Payroll Project.

EBS made several structural staffing changes since the end of FY 2011-12. These changes align with recommendations provided in the AKT study which includes streamlining the organizational structure and creating functional teams.

Based on the lack of City resources, CBO does not recommend funding for this request at this time.

Bureau of Human Resources

Bureau of Human Resources - Reductions in Outreach, Employment, and Diversity Resources Program, MF_19, 20, 21, \$285,216 3.0 FTE

The Bureau of Human Resources requests to restore General Fund discretionary support for 3.0 FTE dedicated to the Outreach, Employment, and Diversity Program. These positions, which were not included in the bureau's 90% current service level base, provide direct support to bureaus in the recruitment and hiring processes. Positions specifics include:

- Two Senior Human Resources Analysts – These positions are responsible for creating announcements, reviewing applications, developing certification lists, and performing outreach activities including the use of social media. At present, one position is filled and one is vacant.
- Office Support Specialist II – This position provides administrative support to the Senior Human Resource Analysts and ensures that applicant data is appropriately filed. This is a filled position.

These 3.0 FTEs are members of a seven person recruitment team; five Senior HR Analysts and two Office Support Specialist II's, that service the entire City. Through January of FY 2012-13 they managed approximately 190 recruitments.

In the absence of additional funding, four positions will remain in the unit and a significant portion of recruitment services currently provided to bureaus will be eliminated. Starting in FY 2013-14, BHR would no longer handle approximately 250 recruitments. Doing away with this OMF core service shifts the workload associated with administering and managing recruitments directly to City bureaus. Bureaus will become responsible for drafting job announcements, understanding NeoGov (the City's recruitment system), screening applications, and managing affirmative action plans.

Having to perform these new activities will increase bureau workloads. It takes approximately four to six weeks to complete an average recruitment. The actual impact will vary based on the number and complexity of the recruitments being conducted by the bureau. Only in the case of executive, public safety (sworn positions only) or citywide classification recruitments would BHR manage the recruitment. In FY 2013-14, BHR projects there will be 13 public safety recruitments and 25 citywide recruitments. The bureau will also continue to provide overall outreach to increase diversity in the City's workforce. BHR estimates that the number of applications received would be reduced from 14,000 to 9,394 and the number of employment exams would fall from 275 to 175.

OMF has listed workforce planning as a significant issue that will have citywide impacts if not addressed. One-third of the City's workforce will be eligible to retire over the next three years. There is concern that there will not be enough qualified candidates to fill vacant city jobs. The CBO has concerns that

eliminating these positions will directly impact the City’s ability to implement an effective workforce planning program.

The CBO does not recommend restoring funding to support these positions because of a lack of discretionary resources. The CBO recognizes that this is a service level reduction and the workload associated with these positions will be assumed by other bureaus. However, the CBO is concerned about the impact of this reduction and recommends that BHR continue to find efficiencies and look for ways to reduce administration and overhead costs within the bureau. If possible, BHR should attempt to reallocate a portion of the recruitment responsibilities to Site Team staff or other positions within BHR.

CBO Recommendation: \$0

BHR –External Materials and Services, MF_33, \$39,374

This package would add back \$39,374 in external materials and services funding. OMF has ranked this General Fund Discretionary add-package 13 out of 58 packages.

Over the last three years, BHR’s external materials and services funding has ranged from \$600,000 to \$750,000. Even without restoring the requested funding, the bureau’s FY 2013-14 EM&S budget is expected to grow to \$778,035. However, historical spending patterns for the bureau detail bureau EM&S under spending of at least \$80,000 over the last three fiscal years. See table below.

Fiscal Year	Revised Budget	Actuals	Variance	% Variance
2011-12	745,637	573,449	172,188	23%
2011-10	603,712	444,685	159,027	26%
2010-09	675,383	595,819	79,564	12%

The EM&S reduction is directed to the Outreach Employment, Diversity Development, and Operations programs. The bureau has stated that not restoring EM&S funding to the base level will limit the bureau’s ability to respond to Council requests, update training materials, and advertise for recruitments online. It will also reduce the number of job fairs attended by BHR staff, eliminate funding to purchase SAP e-learning enhancement software, and remove support provided to the apprenticeship committee.

The CBO does not recommend funding this request. Historical under spending demonstrates the bureaus ability to absorb this reduction.

CBO Recommendation: \$0

Bureau of Financial Services

Accounting – Accounting Overtime, MF_60, \$28,472

The Accounting Division requests to restore \$28,472 of General Fund Discretionary to support overtime pay for employees dedicated to producing the Comprehensive Annual Financial Report (CAFR). The CAFR,

provides detailed financial information concerning the City. Over the last three years overtime payouts for Technical Accounting staff totaled \$268,364, or approximately \$90,000 per year.

The Accounting Division is taking steps to reduce the amount of time staff and contractors spend on producing the CAFR. Accounting has set aside \$80,000 in the current year to fund the purchase of new CAFR production software. An RFP to solicit bids from vendors has been released and software implementation is planned for the end of FY 2012-13. It is anticipated that the software selected will be capable of interfacing with SAP. Accounting expects the following efficiencies to be realized upon implementation:

- More efficient data entry
- Fully integrated publication files
- Faster response times to auditor requests
- More efficient audit schedule review and update verification
- Faster and more accurate integration on new accounting and reporting requirements
- Improved publication distribution process and faster web posting

In the first full year after implementation, the Accounting Unit projects that increasing the efficiency of data entry will save approximately 150 hours per staff person for 12 staff. This totals savings of 1,800 hours or .87 FTE. Automating the audit schedule reviews will also result in saving of 480 staff hours or .23 FTE. Total savings from these two components alone equals 1.09 FTE. In light of the efficiencies expected to be realized through the implementation of new software the CBO does not recommend funding this request.

CBO Recommendation: \$0

Accounting – Accounting Policy Manager, MF_59, \$126,807, 1.0 FTE

This package requests the restoration of General Fund Discretionary to support the continuation of the Accounting Policy Manager and was ranked as the bureau's 12th priority add pack. In order to achieve the modified 90% base budget, the Accounting Division elected to eliminate this filled position. The position's primary responsibility is to ensure City financial code aligns with rules and guidance provided by the Internal Revenue Service (IRS), The Federal Energy Regulatory Commission, the Tax Supervising and Conservation Commission (TSCC), and the Government Accounting Standards Board (GASB) to name a few. There is only one Accounting FTE dedicated to this work. In FY 2012-13 this position is expected to complete updates to 20 accounting administrative rules, 15 existing and 5 new. Moreover, this position serves on the Accounting Leadership Team and dedicates approximately 20% of its time providing consultation services to City bureaus requiring technical accounting assistance.

If this package is not funded there is an increased risk of audit findings. City financial code and administrative rules will fall out of compliance with state and national accounting standards which are

constantly changing. Moreover, City bureaus will be left with fewer options for soliciting accounting advice.

Based on the lack of discretionary resources, CBO does not recommend funding this request at this time.

CBO Recommendation: \$0

Grants Management – Financial Analyst, MF_63, \$43,039, 1.0 FTE

The Bureau of Financial Services is requesting to add-back a Financial Analyst position in the Grants Management Office. This position was not included in the bureau's 90% base budget. In FY 2012-13 there were five positions (4.5FTE) in this unit, elimination of this recently vacated position would represent a 20% cut in staffing levels.

All totaled the Grants Unit manages compliance on over 523 grants and the unit processed over 1,873 billings in FY 2011-12. Each analyst has a portfolio that includes three City bureaus. This position is responsible for monitoring grant compliance for the Portland Fire Bureau, Portland Police Bureau, and Portland Parks and Recreation. These bureaus have a total 139 active grants. Permanent elimination of this position would lead to the redistribution of work to the remaining four grants analysts. Increasing the number of grants in each analyst's portfolio will reduce the amount of time spent providing consultation to bureaus and performing compliance work, including the submission of mandatory reports. The Grants Unit is in the processes of implementing an electronic document tracking system that utilizes the City's current records retention system, TRIM. The system which, is slated to be implemented in June 2014, will automate the records retention process and make documents viewable online by all parties. Moreover, with the exhaustion of America Recovery and Reinvestment Act (ARRA) funds and associated grant reporting requirements it is expected that the workload in the Grants Unit will decrease.

Based on the lack of discretionary resources, CBO does not recommend funding this request at this time.

CBO Recommendation: \$0

Treasury – Treasury Professional Services, Debt – Debt Professional Services, MF_61, 62, \$116,353

The Public Finance and Treasury Unit, although funded by interest income earnings, went through the same budgeting process as other units housed within OMF. The unit built a 90% modified current service level budget that included the elimination of an Office Support Specialist II position and the reclassification of Treasury Analyst Senior to a Treasury Analyst. In keeping with the process, the unit is requesting to add back \$73,653 of professional services contract funding to support the acquisition of legal advice for the City's debt program and \$40,000 in banking and transaction fees in the Treasury Division.

The Public Finance and Treasury’s FY 2013-14 budgets for legal services totals \$135,810, restoring the additional amount requested would increase the budget 56% to \$212,163. The average FY 2009-10 –FY 2011-12 expenditures for legal services totals only \$101,288.

Legal Services

Fiscal Year	Expenditures
FY 2008-09	\$184,089
FY 2009-10	\$171,234
FY 2010-11	\$86,615
FY 2011-12	\$46,016
FY 2012-13 (to date)	\$31,419
Total	\$519,373

With regards to the banking and transaction fees, the Treasury Unit is anticipating increased costs from the recent implementation of the Arts Tax. Any savings generated from the ACH project (electronic transactions) will be offset by an increased number of Arts Tax banking transactions.

Based on the historical under spending legal in services the CBO does not recommend funding this package; however, the CBO does recommend restoring the requested \$40,000 to support the banking and transaction fees.

CBO Recommendation: \$40,000

Revenue Bureau

Revenue Bureau – Restore Tax Collection, MF_ 54, MF_56, \$188,730, 2.50 FTE

The Revenue Bureau requests to restore \$188,730 in General Fund Discretionary to support 2.5 tax collector positions. These positions were not included in the bureaus 90% modified base budget which included a reorganization, the elimination of a manger position, and the partial merger of two units. The requests to reinstate funding for these FTEs are included in two separate packages, details are as follows:

- 1.0 Revenue and Taxation Specialist III in the Unregistered Compliance Team and .50 of a Revenue and Taxation Specialist IV in the Collections Section. Both of these positions are currently filled. The bureau has ranked this package its highest priority add-back.
- 1.0 Revenue Tax Collection Specialist II – Provides support to the front counter. This position is currently filled. The bureau has ranked this add-package 5 out of 51.

These staff are classified as revenue generating positions. The Revenue Bureau estimates that elimination of the positions will lead to General Fund collection losses of over \$750,000 (\$264,000 associated with the front counter position and \$490,920 associated with the other 1.5 FTEs). Calculations used to determine the reduced revenue collections are included in a 2010 audit “City of Portland Bureau Revenue Collections Methodology Review”.

The CBO recommends restoring funding for these positions. The CBO believes these reductions violate the intent of the FY 2013-14 budget guidance that was provided to bureaus on December 6th, at the start of the process. Specifically it states, “programs that generate General Fund discretionary dollars should be included in the 90% base wherever possible.” The CBO further recommends that Council and OMF consider alternative reductions, either in the Revenue Bureau or elsewhere in OMF, to make this package cost neutral. OMF is considered a large General Fund Bureau. Its FY 2013-14 General Fund discretionary current service level totaled \$14,528,083 (including facilities cash transfers). The CBO encourages OMF to look within its 90% CSL and identify items of the equivalent amount that reduce administration and overhead.

The CBO encourages the Revenue Bureau to continue searching for more efficient ways to conduct business and to modernize its service delivery by providing access to additional services online.

CBO Recommendation: \$0

Add Back Portland Community Media Contract, MF_58, \$89,760

In order to comply with 90% modified current service level base requirement, the Revenue Bureau reduced the City’s contract with Portland Community Media by 10% or \$89,760. The bureau is requesting to restore the full amount of the General Fund discretionary reduction and OMF has prioritized this package 47 out of 58.

According to the Portland Community Media website, PCM receives approximately 70% of its operating budget from the City of Portland’s General Fund via contract. PCM receives an additional \$1 million in capital funding annually in the form of Public Education Grants. No grant reductions are proposed in this process.

If the funding is not fully restored in FY 2013-14 the PCM contract would be reduced to \$807,842. PCM has quantified the operational impacts of this cut as significant, stating it would force the closure of the PCM facility an additional one day per week. Moreover, PCM may no longer be capable of fulfilling the contract requirements as currently written. The specific position reductions include:

- \$27,248 - Public Access/Distribution Department – 2 part-time technical support FTEs
- \$27,213 - Business Office - .75 Accountant FTE
- \$35,200 - Community Education and Engagement Department -1.0 Volunteer Coordinator FTE

The PCM contract includes language that accommodates this type of reduction. It states:

“In the case of extraordinary circumstances causing severe financial constraints on the City resulting in the curtailment of City bureau budgets, the City may reduce the annual Grant by an amount not to exceed the average percentage reduction in other City general fund discretionary

budgets. If the City reduces the annual Grant under this Section, Grantee may reduce its scope of work, commensurate with that reduction, under Sections II (B)4-8. Grantee shall submit its service reduction plan to the Grant Manager and the MHCRC prior to implementing service reductions. Any service reduction shall be subject to approval by the Grant Manager.”

The CBO does not recommend restoring funding to this contract. The CBO recommends that the contract be reviewed to determine if revisions are required to align the revised funding amount with the scope and expected service delivery requirements. Moreover, the Revenue Bureau should broaden the above contract language to allow the City the necessary flexibility to make adjustments and not be restricted to only making changes in times of “severe financial constraints.”

CBO Recommendation: \$0

Add Back Enforcement Funding, MF_57, \$25,000

The Revenue Bureau is requesting to accept certain reductions taken to achieve the 90% modified base and add-back General Fund discretionary to support three new professional services contracts in the Revenue Bureau - Office for Community Technology. Specifically, the bureau requests contract assistance to provide the following services:

- Audit Support - The Revenue Bureau can no longer audit Water Bureau and Bureau of Environmental Services ULF payments. This is due to a lack of organizational independence that is required under the Generally Accepted Auditing Standards, Chapter 3.
- Negotiation and Facilitation Services – Provide support to zoning code updates and negotiation services for 2 Indefensible Right of Use agreement.

Due to the limited availability of General Fund the CBO does not recommend funding these new requests. The Revenue Bureau – Office for Community Technology should work with its City partners to determine if a portion of this work can be provided in house. For example, Accounting may be able to provide assistance with the necessary audits and the Bureau of Planning and Sustainability and Bureau of Development Services can help to coordinate the necessary zoning code changes and associated public involvement process. BDS has also listed this as a top priority for upcoming code revisions.

CBO Recommendation: \$0

OMF IA Add Backs

Match OMF IA Provider Add Packages, MF_35, MF_38, MF_40, MF 41, MF_55, MF_64, MF_71, \$872,790

As per budget direction, the Office of Management and Finance (OMF) internal service funds were asked to submit 90% of their current service level (CSL) budgets as their base and add packages to restore funding up to 100% of CSL. Bureaus were directed to match the OMF add-back packages with a single decision package. The table below outlines the total requested add-backs by service provider.

OMF Service	Bureau Requested Amount
CityFleet	3,930
Management Services	11,589
EBS Services	132,448
Facilities Services	269,202
Risk Management	35,114
Technology Service	420,507
Total Impact	\$872,790

In response to add-backs recommended in the OMF budget analysis, the CBO recommends \$8,664 in General Fund discretionary support to fund these packages and a draw on contingency of \$12,348 to fund these packages. A full discussion of all of the OMF packages may be found in the OMF budget analysis.

CBO Recommendation: See OMF budget review for recommendations

Internal Service Fund Decisions Package Review

FY 2013-14 Internal Services Funds						
	Requested Budget	Pass-through Costs	Rate Budget	Adjustments	Budget to Apply Cut	10% Reduction
Bureau of Internal Business Services (BIBS)						
Facilities Services	51,794,980	(27,301,373)	24,493,607	(7,533,007)	16,960,600	1,696,060
CityFleet	47,619,866	(37,006,869)	10,612,997	(1,087,857)	9,525,140	952,514
Printing & Distribution	7,968,650	(4,908,508)	3,060,142	(910,142)	2,150,000	215,000
Insurance & Claims	36,651,021	(34,740,769)	1,910,252	(80,252)	1,830,000	183,000
Workers Compensation	21,071,387	(19,413,736)	1,657,651	(77,651)	1,580,000	158,000
TOTAL BIBS	\$165,105,904	(\$123,371,255)	\$41,734,649	(\$9,688,909)	\$32,045,740	\$3,204,574
Technology Services	69,973,603	(28,447,281)	41,526,322	(6,996,322)	34,530,000	3,453,000
Pass-through: Capital projects, materials/supplies purchased on behalf of customers, contingency, fund transfers, claim and commercial insurance expenses.						
Adjustments: PERS debt service, other debt services, additional O&M or IA costs, program revenues, and GFOH.						

The above table summarizes the budget information and the computation to arrive at the 10% reduction of OMF Internal Services Funds. OMF backs out pass-through costs and made other adjustments to arrive at a net budget that is about 20% of the total requested budget for BIBS and about 50% of the total requested budget for BTS. They apply the cuts requested by Council to this net budget.

Of the decision packages submitted by the Bureau of Technology and Internal Business Services that impact internal services rates, the packages are classified as follows in terms of their impact to services.

OMF Bureau of Technology Services and Bureau of Internal Business Services 10% Add Back				
FY 2013-14				
BTS	FTE	Service Level Reduction	Maintenance Replacement Set-Aside	Pass-through
MF_01 ISTA IV Storage Area Network Support	1	\$127,246		
MF_02 ISTA V Support Systems & Asset Management Analyst	1	\$102,726		
MF_03 ISTA IV Project Management	1	\$128,682		
MF_04 Information Systems Supervisor - Police IT	1	\$154,278		
MF_05 ISTA VI Information Security Analyst	1	\$120,976		
MF_06 PISA Planning & Development Architect	1	\$118,986		
MF_07 AA II BTS Billing System Support	1	\$128,682		
MF_08 Gartner Research Services		\$40,000		
MF_09 Information Systems Supervisor - Mainframe Support	1	\$142,212		
MF_10 IRNE Major Maintenance			\$332,078	
MF_11 Production Systems Major Maintenance			\$112,295	
MF_12 800 MHz Major Maintenance			\$482,084	
MF_13 Electronic Equipment Replacement Collection			\$607,226	
MF_14 24x7 Standby Support		\$287,193		
MF_15 Consulting Enterprise Tech Planning & Roadmaps		\$50,000		
MF_16 PC/Laptop Replacement Schedule			\$203,336	
MF_17 Cellular Service Usage				\$315,000
Subtotal	8	\$1,400,981	\$1,737,019	\$315,000
CityFleet				
MF_22 CityFleet Bureau Vehicle & Equipment Leases				\$228,500
MF_23 CityFleet Bureaus Use Re-issued Vehicles & Equip				\$98,997
MF_24 CityFleet - New Mechanic for Outside Agency Work	1	\$91,000		
Subtotal		\$91,000	\$0	\$327,497
Risk Management				
MF_25 Risk - Restore Tort Liability Senior Adjuster	1	\$114,243		
MF_26 Risk - Restore Loss Prevention Services	1	\$98,057		
MF_27 Risk - Senior Admin Specialist	1	\$81,650		
MF_32 Risk - External M&S for Services to Bureaus		\$47,050		
Subtotal	3	\$341,000		
Facilities Services				
MF_42 Facilities - Restore Custodial Services		\$255,000		
MF_43 Facilities - Restore Window Cleaning		\$11,000		
MF_45 Facilities - Restore Maintenance Tools & Supplies		\$50,000		
MF_46 Facilities - Restore CityKids Space		\$190,000		
MF_47 Facilities - Restore Utility Savings		\$145,000		
MF_48 Facilities - Restore Building Security		\$130,000		
MF_50 Facilities - Restore LEED-EB Program Coordinator	1	\$123,122		
MF_51 Facilities - Project Manager Position	1	\$56,857		
MF_52 BIBS Admin & Facilities - Training & Travel		\$20,000		
MF_68 Facilities - Restore Mayor's Security Services (GF)				\$7,422
MF_69 Facilities - Restore City Hall Major Maintenance (GF)				\$22,415
MF_70 Facilities - Restore Westside Staging Funding (GF)				\$18,496
Subtotal	2	\$980,979	\$0	\$48,333
TOTAL	13	\$2,813,960	\$1,737,019	\$690,830

Bureau of Technology Services

BTS – ISTA IV Storage Area Network Support, MF_01, \$127,246, 1.00 FTE

BTS – ISTA V Support Systems & Asset Management Analyst, MF_02, \$102,726, 1.00 FTE

BTS – ISTA IV Project Management, MF_03, \$128,682, 1.00 FTE

These above requests will restore three vacant Information System Technology Analyst (ISTA) positions in BTS. The ISTA position in the Storage Area Network (SAN) has been vacant since October 2012. This

position is responsible for the installation, management, monitoring, and support of the City's enterprise data storage hardware and software. Without this position, the remaining SAN team of two employees will continue to provide core services, however the incident response time and capacity to provide enhanced services will be impacted.

The ISTA position in the Support Systems & Asset Management team has been vacant since September 2012. This position ensures the quality of software updates and patches that are deployed to the City systems. With the loss of this position, the remaining members of the Support Systems & Asset Management team can still provide core services, but at a reduced level of services and timeliness.

The vacant ISTA position in the Project Management Office is responsible for managing a range of technology projects, such as the City technology moves (PS, laptop, copiers, printers, phones, and peripherals) for City bureaus. If this position is not restored, the Project Management team would have a significantly reduced capacity to provide professional management services for medium and small technology projects.

CBO does not recommend restoring the above positions in FY 2013-14 because core services for the above functions can still be provided with reduced staff, albeit a reduction in timeliness and level of services.

CBO Recommendation: \$0

BTS – Information System Supervisor Police IT, MF_04, \$154,278, 1.00 FTE

This request will restore funding for the above position. This is a filled supervisory position responsible for managing and coordinating the work of a team supporting the Police technology infrastructure, including personal computers, laptops, servers, network, and Mobile Data Computers. The Police Bureau has informed CBO that this is an important position for their operations. Due to the projected deficit in the next fiscal year, CBO suggests that Police fund this position within its base budget. CBO does not recommend funding for this package.

CBO Recommendation: \$0

BTS – ISTA VI Information Security Analyst, MF_05, \$120,976, 1.00 FTE

This decision package will restore one vacant ISTA VI position assigned to the BTS Information Security Team. This team is responsible for ensuring the confidentiality, integrity, physical security controls, and other measures to minimize risk to the City. One of the team's important responsibilities is to ensure the City is Payment Card Industry (PCI) compliant. This compliance has allowed the City to process \$117 million in payment card transactions in FY 2011-12 and \$134 million projected in FY 2012-13. According to the narrative provided with this decision package, the City PCI compliance is at risk if the above position is not restored.

Allowing the City to be at risk of being non-compliant with PCI is a very serious matter, because it could compromise a wide range of City operations. This type of function should be funded as part of the bureau core services in accordance with the FY 2013-14 Budget Guidance. CBO does not recommend funding this package and instead urges BTS to fund this position within its core services and make an alternative reduction.

CBO Recommendation: \$0

BTS – PISA Planning and Development Architect, MF_06, \$118,986, 1.00 FTE

This request will restore one vacant Principal Information Systems Analyst position on the Business Solutions Planning & Development team. This team is responsible for reviewing emerging technology directions and providing technology strategic planning and technical architecture services for BTS and City bureaus. The loss of this position would force the team to operate with reduced resources resulting in time delays and an inability to provide enhanced strategic planning services, such as consultation on development of technology roadmaps and implementation of technology efficiencies. Due to the large projected deficit in FY 2013-14, CBO is unable to recommend funding for this request at this time. CBO further recommends that BTS continues, as much as possible, its efforts to support the strategic planning services, as these will benefit the City in the long run.

CBO Recommendation: \$0

BTS – AA II BTS Billing System Support, MF_07, \$128,682, 1.00 FTE

This decision package seeks funding to restore one Application Analyst position on the BTS e-government team. This position is responsible for managing the telecommunication and radio billing databases. Billing statements are prepared and sent out to customers, including regional users of the City's Integrated Regional Network Enterprise. Without this position, the above duties will need to be absorbed by the remaining members of the e-government team, rendering the team with significantly fewer resources to address other needs in the City. As explained above, due to the projected deficit in the next fiscal year, this request is not recommended for funding.

CBO Recommendation: \$0

BTS – Gartner Services, MF_08, \$40,000

This decision package will restore \$40,000 to the External Materials & Services budget in BTS to fund the Gartner research services. This is an information technology research and advisory company operating throughout the world providing consultation services to many public technology agencies. Without this funding, BTS would have to fund this service using resources elsewhere in the bureau or forego the service altogether. CBO does not recommend this request due the projected deficit in the next fiscal year.

CBO Recommendation: \$0

BTS – Information Systems Supervisor Mainframe Support, MF_ 09, \$142,212, 1.00 FTE

This request will restore one Information Systems Supervisor position assigned to the City’s primary Data Center. This position supervises a team of professionals responsible for maintaining the City’s mainframe, which currently houses the Portland Police Data System and the City’s Lien Accounting system. The loss of this position would mean that the responsibility for supervising staff maintaining the mainframe would have to be absorbed by other supervisors in the Support Center, rendering them with less time to address other needs in the City. CBO does not recommend this request due the projected deficit in the next fiscal year.

CBO Recommendation: \$0

BTS – IRNE Major Maintenance, MF_ 10, \$332,078

BTS – Production Systems Major Maintenance, MF_ 11, \$112,295

BTS – 800 MHz Major Maintenance, MF_12, \$482,084

The above three requests seek to restore the major maintenance funding for the Integrated Regional Network Enterprise (IRNE), Production Systems, and 800 MHz radio system. BTS does not carry maintenance reserve balance for any of the above systems.

The City’s IRNE telecommunication network carries voice, video, and data communication for the City and its IRNE partners. The requested amount represents the entire funding for major maintenance of this system in FY 2013-14. Major projects that would not be funded if this request is not approved include: IRNE Voice System Technology Refresh, IRNE Network Technology Refresh, and other IRNE related projects.

The Production System is responsible for the operation and maintenance of the data center and provides support for major enterprise applications such as: SAP (City’s financial, payroll, and human resources software), Cayenta (water & sewer billing system), TRACS (permitting & fee system), PPDS (Portland Police Data System). The requested amount is the entire funding for maintenance of this system in FY 2013-14. Maintenance projects are essential to keep the system operational and available.

The 800 MHz radio system is used by City and non-City public safety personnel for radio communications. As with the above two systems, the requested amount for this system represents the entire funding for maintenance in FY 2013-14. Funding for maintenance is crucial to complete the necessary projects required to keep the system operational and available.

Based on the above reasons, CBO concludes that these three reduction packages are not sustainable as ongoing reductions. Furthermore, they put the City at high risk that could compromise public safety communications and vital City operations. The CBO recommends that BTS submit alternative reductions so that the Mayor and Council can determine whether to make deeper cuts in BTS administration, overhead, or services, or accept unsustainable major maintenance reductions.

CBO Recommendation: \$0

BTS – Electronic Equipment Replacement Collection, MF_13, \$332,078

This package would restore funding for the replacement of electronic equipment such as police sirens, radar guns, video systems, and mobile computers. The requested amount represents the entire amount that would be collected by BTS from City bureaus through interagency charges in FY 2013-14 for the replacement reserve of electronic equipment. As of July 1, 2012 the balance of this replacement reserve is approximately \$3.6 million. CBO does not consider a cut to replacement reserve an ongoing reduction and urges OMF to find cuts in administration, overhead, or service levels instead of putting the City's assets at risk. However, given the balance of the reserve and the large projected deficit for next fiscal year, CBO determines that the above reduction is acceptable for FY 2013-14, although it may drive up future costs.

CBO Recommendation: \$0

BTS – 24/7 Standby Support, MF_14, \$287,193

This request would restore funding for overtime and call-back pay to maintain the BTS Emergency Support operation on 24/7 status. If funding is not restored, trained technical staff would not be on-call to respond to critical technology failure or major outage. In this scenario, BTS would make a "best effort" attempt to contact employees to respond to the above situations. The proposed "best effort" attempt would take much longer to reach the appropriate staff to resolve emergency situations. In addition to City bureaus, other local agencies such as the Port of Portland, Portland Public Schools, Federal Bureau of Investigation, and other public safety agencies in Multnomah County also rely on the BTS 24/7 Emergency Support. Given the importance of this operation, CBO believes that the funding for this operation should be included in OMF's base budget and further recommends that an alternative decision package be submitted for Council consideration.

CBO Recommendation: \$0

BTS – Consulting Enterprise Technology Planning & Roadmaps, MF_15, \$50,000

This request will restore \$50,000 to the External Materials & Services (EMS) budget of BTS to fund consulting services to assist the bureau in applying best practices to the development of enterprise technology architecture and technology roadmapping efforts. Without this funding, BTS would need to find resources elsewhere in the bureau to fund this service. CBO does not recommend this request due to the projected deficit in the next fiscal year.

CBO Recommendation: \$0

BTS – PC/Laptop Replacement Schedule, MF_16, \$203,336

This decision package will restore funding to allow the bureau to continue replacing personal computers and laptops at the four year replacement cycle. This practice is widely used by most local and regional

governments. Given the downturn in the economy and the urgent need to balance the City budget with fewer resources in the coming fiscal year, CBO recommends that BTS experiment with a five year replacement schedule and monitors the results. If this change ends up costing the City more in repair services or causes a significant drop in productivity, then it should be revisited.

CBO Recommendation: \$0

BTS – Cellular Service Usage, MF_17, \$315,000

This decision package will restore cellular phone service funding to cover for the estimated increase in spending Citywide in FY 2013-14. If funding is not restored, bureaus would need to reduce cellular phone usage by approximately 20%. CBO has surveyed bureaus in the City on the impact of this decision package and has not received any concerns on this issue. As a result, this decision package is not recommended.

CBO Recommendation: \$0

Bureau of Internal Business Services (BIBS)

The decision packages below were submitted by CityFleet. If approved, they will be funded by CityFleet interagency charges to City bureaus.

CityFleet – Vehicles/Equipment Leases and Re-issued, MF_22 and MF_23, \$327,497

This is a request to add back \$228,500 for emergency vehicles & equipment leases and \$98,997 for bureau use of re-issued vehicles and equipment. After discussion with CityFleet staff, CBO believes that the current system of emergency lease and use of re-issued vehicles can be improved to make greater use of existing motor pool vehicles and new guidelines to assist bureaus in the use of Citywide shared vehicles and equipment. CBO recommends that CityFleet continues to work with affected bureaus to achieve a more efficient solution for the above issues. Additionally, CBO has surveyed City bureaus on the impact of the above cuts and has not received any concerns. The above requests are not recommended.

CBO Recommendation: \$0

CityFleet – New Mechanic for Outside Agency Work, MF_24, \$91,000, 1.00 FTE

This request will add one Auto Mechanic position to provide inspection services for the For-Hire vehicles. Additionally, the new position will provide services as outlined in the recently executed Intergovernmental Agreements with Multnomah County and Portland Public Schools for fleet services. This position will be funded by new program revenues. CBO recommends this request.

CBO Recommendation: \$91,000, 1.00 FTE

The decision packages below are submitted by Risk Management. If approved, they will be funded by Risk Management interagency charges to City bureaus.

Risk Management – Restore Two Positions, MF_25, MF_26, \$212,300, 2.00 FTE

The above decision packages seek funding to restore two filled positions listed below:

1. Tort Liability Senior Claims Analyst

This is one of three Senior Claims Analyst positions in the City. A typical Risk Management Senior Claims Analyst is responsible for a case load of approximately 200 open claims or suits. These employees conduct investigations, determine responsibility, evaluate liability, and other essential duties leading to the denial or settlement of claims. A loss of this position would result in slower claim investigation and resolution of tort claims. This could lead to more citizen complaints, additional lawsuits, and an increase in claim costs.

2. Loss Prevention Senior Risk Specialist

This is one of two Senior Risk Specialist positions in the City. Restoring this position would allow the Loss Prevention team to continue ergonomic assessments, monitor employee driver license status, improve on the job safety and injury prevention, and meet statutory services required to maintain the self-insured status. The Loss Prevention has been successful over the past several years in eliminating claims related to workstation injuries.

Based on the above discussion, CBO believes that the Tort Liability Senior Adjuster and Loss Prevention Senior Risk Specialist positions are critical to the core mission of Risk Management. Additionally, these two positions play a vital role in preventing losses to the City and making sure that the City meets statutory requirements for being self-insured. CBO recommends funding to restore the above decision packages.

CBO Recommendation: \$212,300, 2.00 FTE

Risk Management – Restore Senior Administration Assistant, MF_27, \$81,650, 1.00 FTE

This decision package will reclassify the current Administrative Supervisor I position to a Senior Administrative Assistant. Currently, the Risk Management Division of 18 professional and technical staff relies on the administrative support of one Office Support Specialist II and one Administrative Supervisor I. The Administration team is responsible for bill paying, personnel matters, time keeping function, and records management required by policies related to Workers' Compensation and tort liability, along with other administrative duties. Reclassifying this position would also prevent the shift of office manager duties to the Risk Manager that could negatively impact the manager's main responsibility of effectively managing the risk function for the City.

Due to the projected deficit in the next fiscal year and the need to reduce administration and overhead costs to minimize impact to public safety bureaus, CBO does not recommend this decision package.

CBO Recommendation: \$0

Risk Management – Restore External Materials & Services, MF_32, \$47,050

This request will restore the above amount to the operating expenses budget for the Risk Management Division. The requested amount will provide funding for emergency temporary services, vehicle and driver monitoring required by BHR rules, flu shots, increased services required by OSHA and other regulatory agencies, support to the Aging Workforce Safety program, professional membership fees, and other operating costs. As explained above, due to the lack of General Fund resources for next fiscal year, CBO does not recommend funding for this package.

CBO Recommendation: \$0

The add packages below are submitted by the Bureau of Procurement Services. If approved, they will be funded by General Fund Discretionary.

Procurement – Prime Contractor Development Program, MF_36, \$148,500

Council approved Resolution 36944 in July 2012 to accept recommendations for a social equity contracting strategy to increase the participation of women, minority and emerging small businesses in public contracting. In response to this resolution, Procurement Services launched the Prime Contractor Development Program to provide access to contracting opportunities for minorities and women. This program replaces the Sheltered Market Program. Existing ongoing funding for the original Sheltered Market Program has been applied to the new program. The requested amount is for the additional cost to further the small business development recommended as part of the 2009 Disparity Study.

While this effort is consistent with Council direction to adopt a social equity contracting strategy, based on the lack of discretionary resources, CBO does not recommend funding for this request at this time. CBO urges Procurement Services to find efficiencies within its base budget to continue this effort in FY 2013-14, or potentially make alternative reductions.

CBO Recommendation: \$0

Procurement – Restore External Materials & Services, MF_37, \$26,500

This decision package will restore \$26,500 in General Fund resources to the External Materials & Services budget in Procurement Services. Funding in this line item is used primarily to advertise bid opportunities and outreach events in community publications. If funding is not restored, some of these functions may be transferred to bureaus. While this is an important function, based on the lack of discretionary resources, CBO does not recommend funding for this request at this time.

CBO Recommendation: \$0

Procurement – Restore Assistant Procurement Specialist, MF_39, \$63,500, 1.00 FTE

This request will restore General Fund resources for a vacant Assistant Procurement Specialist position in the Construction Services Group. This position performs various duties supporting the contacting solicitation and monitoring efforts. The loss of this position may cause a reduced effort to support bureaus in construction contracts and compliance services. CBO recognizes the importance of the above functions in Procurement Services mission; however, based on the lack of discretionary resources, CBO does not recommend funding for this request at this time.

CBO Recommendation: \$0

The following decision packages are submitted by Facilities Services. If approved, they will be funded by additional Facilities Services interagency charges to City bureaus, except as noted below.

Facilities – Restore Custodial Services, MF_42, \$255,000

Facilities – Restore Window Cleaning, MF_43, \$11,000

Facilities – Restore Maintenance Tools & Supplies, MF_45, \$50,000

This above decision packages will restore funding for Facilities Services to continue provide custodial services and window cleaning to City buildings at the current level. Currently, City buildings receive weekly office/staff common space cleaning and daily cleaning for restrooms and lunchrooms. The window cleaning service is currently performed once a year. The third decision package listed above will restore \$50,000 to the Operating Supplies budget in Facilities Services.

Without the additional funding to restore these packages, the custodial service will reduce the office/staff common space cleaning to every two or three weeks instead of weekly and window cleaning will be reduced to once every two years. Facilities Services will also have fewer resources for operating supplies. The CBO believes a reduced custodial and cleaning service as described above, along with a lower operating budget, is acceptable to preserve resources for more critical functions provided by the City. Funding to restore the above decision packages is not recommended.

CBO Recommendation: \$0

Facilities – Meeting Room Charges, MF_44, \$20,000

This request will restore funding to subsidize non-profit and government agencies using City meeting rooms. Currently, these agencies have not been asked to pay for the use of conference and meeting rooms in the Portland Building and City Hall. It is estimated that the rental revenue is \$20,000 per year. CBO does not recommend subsidizing these costs to the above agencies.

CBO Recommendation: \$0

Facilities – Restore CityKids Space, MF_46, \$190,000

This decision package will restore funding used to subsidize the CityKids Daycare Center located in the Portland Building. Based on the square footage of the center, the cost is \$190,000, which includes space

rental and other costs associated with the upkeep and improvement of equipment and services for the center. If approved, this amount will be funded through Facilities Services interagency charges to City bureaus as it currently is. Having a daycare center in the Portland Building where several thousand City employees come to work every day is a significant benefit for City employees, but this service is not part of the core services provided by the City and as a result should not be subsidized by City funds. CBO does not recommend this decision package.

CBO Recommendation: \$0

Facilities – Restore Utility Savings, MF_47, \$145,000

This decision package will restore \$145,000 to the External Materials & Services (EMS) budget for Facilities Services to cover for the additional utility costs when there is an energy spike. According to historical performance, the fund typically under spends its appropriation for EMS. In FY 2011-12, the fund only spent approximately 56% of its EMS appropriation by year end. The previous two fiscal years yielded similar results. This trend is projected to continue in the current fiscal year. Based on the above information, CBO concludes that the fund has sufficient flexibility in its budget to withstand the occasional energy spikes described above. CBO does not recommend funding to restore this decision package.

CBO Recommendation: \$0

Facilities – Restore Building Security, MF_48, \$130,000

Facilities – Restore Mayor Security Services, MF_68, \$7,422 (General Fund)

The above requests seek funding to restore the contracted security services at the Portland Building, City Hall, and the Mayor’s Office. The security services at the Portland Building and City Hall are funded by Facilities Services interagency charges to City bureaus. The security service for the Mayor’s Office is funded by General Fund transfer to Facilities Services. The current contract provides security guards at the entrance of the above places to greet and screen visitors.

If funding is not restored, the security officers will be removed at the turnstiles in the Portland Building and City Hall. The desk officers monitoring fire alarms, elevator calls, and building cameras will still be present at each building. This cut would also impact the Mayor’s personal protective detail, resulting in fewer hours available to provide security coverage for the Mayor and his office. Given the General Fund shortfall, CBO recommends that Facilities Service explore new ways to provide security services at a lower cost. Because employee security is important, CBO further recommends that Facilities Services immediately informs Council if there is evidence that this budget reduction causes a security lapse for employees and visitors at the above buildings. CBO does not recommend these decision packages at this time.

CBO Recommendation: \$0

Facilities – Restore LEED-EB Program Coordinator, MF_50, \$123,122, 1.00 FTE

This decision package seeks funding to restore the Leadership in Energy and Environmental Design for Existing Building (LEED-EB) Program Coordinator position in Facilities Services. This position is responsible for accommodating City buildings to operate more efficiently with energy saving practices to generate cost savings. Some of the above duties have now been merged to the expanded role of Facilities Services Operations and Maintenance (O&M) program. If not funded, Facilities Services will lose a dedicated position to manage the LEED-EB and other related programs such as the Climate Action Plan to reduce carbon emission. While this is an important program, given the expanded role of the Facilities Services O&M program to absorb some of the energy savings functions above and the projected shortfall in the next fiscal year, CBO does not recommend restoring the above position at this time.

CBO Recommendation: \$0

Facilities – Project Manager Position, MF_51, \$56,857, .58 FTE

This request will reclass a temporary Project Manager position to permanent. The requested amount is the additional cost needed after funding for the temporary position runs out in next fiscal year. The workload for the Project Management section has steadily increased over the years. The Facilities major maintenance project appropriation has increased from \$5.8 million in FY 2009-10 to \$13.9 million in FY 2012-13. The average annual carryover of un-finished projects due to the lack of staffing in recent years is \$8.8 million. Additionally with a small staff of only four members, it has become difficult to manage the demand for services, especially if there are one or more staff members out on leave. This permanent position will provide a steadier workforce for the section. Because OMF opted to use Contingency, a temporary resource, to fund this decision package, CBO recommends only a one year extension for the above position.

CBO Recommendation: \$56,857, .58 FTE

BIBS Admin & Facilities – Training & Travel, MF_52, \$20,000

This request will restore \$20,000 to the budget for training and travel for the continued professional development of staff in the Bureau of Internal Business Services Administration and Facilities Services. During the difficult economic time, CBO suggests that OMF funds training and travel expenses for staff within existing resources. Additional funding for this package is not recommended.

CBO Recommendation: \$0

Facilities – Restore City Hall Major Maintenance, MF_69, \$22,415 (General Fund)

This decision package will restore the 10% budget reduction to the Major Maintenance reserve for City Hall. The maintenance budget for City Hall is funded by General Fund transfer to Facilities Services. The City Hall reserve for major maintenance has a deficit projection of \$131,265 by the end of FY 2013-14. The heating, ventilation, and air conditioning system of the building are in need of replacement and the lack of available reserve will delay the replacement project and cause additional repair costs. Furthermore, this is not an ongoing reduction as this proposed cut would worsen the already projected

deficit mentioned above. However, the requested amount to be restored is too small to make a difference in the larger deficit. As a result, CBO recommends that the maintenance reserve status for this building and other City buildings needs to be revisited in the next fiscal year to determine the proper amount, process, as well as funding strategy to properly protect City assets. CBO does not recommend this decision package.

CBO Recommendation: \$0

Facilities – Restore Westside Staging, MF_70, \$18,496 (General Fund)

This package will restore \$18,496 to the maintenance reserve for the recently acquired Jerome Sears facility being used as an emergency staging area in the west side. Similar to the discussion above, this is not an ongoing reduction as an appropriate reserve amount for major maintenance must be maintained to properly maintain the building. However, due to the large projected deficit in the General Fund in the next fiscal year, CBO does not recommend additional funding to restore this decision package in FY 2013-14.

CBO Recommendation: \$0

City of Portland
Decision Package Recommendations
(Includes Contingency and Ending Balance)

	Bureau Requested					CBO Analyst Recommendations					
	Bureau Priority	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Office of Management & Finance											
<i>Bureau Adds</i>											
MF_56 - Revenue Bureau - Restore Tax Collectors	01	1.50	122,730	0	0	122,730	1.50	0	0	0	0
MF_28 - EBS Implementation of Labor Contracts in SA	02	0.00	0	0	300,000	300,000	0.00	0	0	0	0
MF_14 - 24 X 7 Standby Support	03	0.00	0	0	287,193	287,193	0.00	0	0	0	0
MF_01 - ISTA IV - Storage Area Network Support	04	1.00	0	0	127,246	127,246	0.00	0	0	0	0
MF_54 - Revenue - Restore Customer Service Position	05	1.00	66,000	0	0	66,000	1.00	0	0	0	0
MF_19 - BHR-Filled Senior Human Resources Analyst	06	1.00	115,506	0	0	115,506	0.00	0	0	0	0
MF_29 - EBS Impl. & Maint. of Time Capture Proj	07	0.00	0	0	445,062	445,062	0.00	0	0	0	0
MF_20 - BHR-Filled OSS II Position	08	1.00	73,548	0	0	73,548	0.00	0	0	0	0
MF_24 - CityFleet - New Mechanic for Outside Agency	09	1.00	0	0	91,000	91,000	1.00	0	0	91,000	91,000
MF_02 - ISTA V - Support Systems & Asset Mngmnt A	10	1.00	0	0	102,726	102,726	0.00	0	0	0	0
MF_03 - ISTA IV - Project Management	11	1.00	0	0	128,682	128,682	0.00	0	0	0	0
MF_59 - Accounting - Accounting Policy Manager	12	1.00	126,807	0	0	126,807	0.00	0	0	0	0
MF_33 - BHR-External Materials and Services	13	0.00	39,374	0	0	39,374	0.00	0	0	0	0
MF_06 - PISA Planning and Development Architect	14	1.00	0	0	118,986	118,986	0.00	0	0	0	0
MF_51 - Facilities - Project Manger position	15	0.58	0	0	0	0	0.58	0	0	0	0
MF_25 - Risk - Restore Tort Liability Senior Adjuster	16	1.00	0	0	114,243	114,243	1.00	0	0	114,243	114,243
MF_04 - Information Systems Supervisor - Police IT	17	1.00	0	0	154,278	154,278	0.00	0	0	0	0
MF_26 - Risk - Restore Loss Prevention Services	18	1.00	0	0	98,057	98,057	1.00	0	0	98,057	98,057
MF_30 - EBS SAP Business Analyst	19	1.00	0	0	107,938	107,938	0.00	0	0	0	0
MF_07 - AA II - BTS Billing System Support	20	1.00	0	0	128,682	128,682	0.00	0	0	0	0
MF_68 - Facilities - Restore Mayors Security Services	21	0.00	7,422	0	0	7,422	0.00	0	0	0	0
MF_18 - Bus Ops-Financial & Accounting Services	22	0.00	94,630	0	0	94,630	0.00	0	0	0	0
MF_08 - Gartner Services	23	0.00	0	0	40,000	40,000	0.00	0	0	0	0
MF_05 - ISTA VI - Information Security Analyst	24	1.00	0	0	120,976	120,976	0.00	0	0	0	0
MF_69 - Facilities - Restore City Hall Major Maintenance	25	0.00	22,415	0	0	22,415	0.00	0	0	0	0
MF_63 - Grants Management - Financial Analyst	26	1.00	43,039	0	0	43,039	0.00	0	0	0	0
MF_21 - BHR-Vacant Senior Human Resources Analyst	27	1.00	96,162	0	0	96,162	0.00	0	0	0	0
MF_09 - Information Systems Supervisor-Mainframe S	28	1.00	0	0	142,212	142,212	0.00	0	0	0	0
MF_62 - Debt - Debt Professional Services	29	0.00	0	0	76,353	76,353	0.00	0	0	0	0

City of Portland
Decision Package Recommendations
(Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Office of Management & Finance											
<i>Bureau Adds</i>											
MF_27 - Risk - Senior Admin. Specialist	30	1.00	0	0	81,650	81,650	0.00	0	0	0	0
MF_42 - Facilities - Restore Custodial Services	31	0.00	0	0	255,000	255,000	0.00	0	0	0	0
MF_36 - Procurement - Prime Contractor Developmen	32	0.00	148,500	0	0	148,500	0.00	0	0	0	0
MF_48 - Facilities - Restore Building Security	33	0.00	0	0	130,000	130,000	0.00	0	0	0	0
MF_57 - Revenue - Add Back Enforcement Funding	34	0.00	25,000	0	0	25,000	0.00	0	0	0	0
MF_39 - Procurement - Restore Assistant Procuremen	35	1.00	63,600	0	0	63,600	0.00	0	0	0	0
MF_16 - PC/Laptop Replacement Schedule	36	0.00	0	0	203,336	203,336	0.00	0	0	0	0
MF_32 - Risk - External M&S for Services to Bureaus	37	0.00	0	0	47,050	47,050	0.00	0	0	0	0
MF_60 - Accounting - Accounting Overtime	38	0.00	28,472	0	0	28,472	0.00	0	0	0	0
MF_15 - Consulting: Enterprise Tech Planning & Road	39	0.00	0	0	50,000	50,000	0.00	0	0	0	0
MF_10 - IRNE Major Maintenance	40	0.00	0	0	332,078	332,078	0.00	0	0	0	0
MF_50 - Facilities - Restore LEED-EB Program Coordi	41	1.00	0	0	123,122	123,122	0.00	0	0	0	0
MF_13 - Electronic Equipment Replacement Collector	42	0.00	0	0	607,226	607,226	0.00	0	0	0	0
MF_45 - Facilities - Restore Maint Tools & Supplies	43	0.00	0	0	50,000	50,000	0.00	0	0	0	0
MF_53 - PSSRP - Admin Assistant Add Package	44	1.00	76,437	0	0	76,437	0.00	0	0	0	0
MF_37 - Procurement - Restore External M&S	45	0.00	26,500	0	0	26,500	0.00	0	0	0	0
MF_11 - Production Systems Major Maintenance	46	0.00	0	0	112,295	112,295	0.00	0	0	0	0
MF_58 - Add Back Portland Community Media Contrac	47	0.00	89,760	0	0	89,760	0.00	0	0	0	0
MF_61 - Treasury - Treasury Professional Services	48	0.00	0	0	40,000	40,000	0.00	0	0	40,000	40,000
MF_70 - Facilities - Restore Westside Staging Funding	49	0.00	18,496	0	0	18,496	0.00	0	0	0	0
MF_12 - 800 MHz Major Maintenance	50	0.00	0	0	482,084	482,084	0.00	0	0	0	0
MF_43 - Facilities - Restore Window Cleaning	51	0.00	0	0	11,000	11,000	0.00	0	0	0	0
MF_17 - Cellular Service Usage	52	0.00	0	0	315,000	315,000	0.00	0	0	0	0
MF_23 - CityFleet - Bureaus Use Re-issued Vehicles&	53	0.00	0	0	98,997	98,997	0.00	0	0	0	0
MF_44 - Facilities - Meeting Room Charges	54	0.00	0	0	0	0	0.00	0	0	0	0
MF_46 - Facilities - Restore CityKids Space	55	0.00	0	0	190,000	190,000	0.00	0	0	0	0
MF_52 - BIBS Admin & Facilities - Training/Travel	56	0.00	0	0	0	0	0.00	0	0	0	0
MF_47 - Facilities - Restore Utility Savings	57	0.00	0	0	145,000	145,000	0.00	0	0	0	0
MF_22 - CityFleet - Bureau Vehicle & Equipment Leas	58	0.00	0	0	228,500	228,500	0.00	0	0	0	0

City of Portland
 Decision Package Recommendations
 (Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					CBO Analyst Recommendations					
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	
Office of Management & Finance												
<i>Bureau Adds</i>												
	MF_35 - OMF IA Add-Backs	NA	0.00	0	0	0	0	0	0	0	0	
	MF_38 - OMF IA Add-Backs	NA	0.00	0	0	0	0	0	0	0	0	
	MF_40 - OMF IA Add-Backs	NA	0.00	34,042	0	0	34,042	0.00	8,664	0	0	8,664
	MF_41 - OMF IA Add-Backs	NA	0.00	51,591	0	0	51,591	0.00	0	0	0	0
	MF_55 - OMF IA Add-Backs	NA	0.00	9,906	0	0	9,906	0.00	0	0	0	0
	MF_64 - OMF IA Add-Backs	NA	0.00	62,246	0	5,605	67,851	0.00	0	0	0	0
	MF_71 - OMF IA Add-Backs	NA	0.00	117,691	0	0	117,691	0.00	0	0	0	0
	<i>Total Bureau Adds</i>		<i>24.08</i>	<i>1,559,874</i>	<i>0</i>	<i>6,091,577</i>	<i>7,651,451</i>	<i>6.08</i>	<i>8,664</i>	<i>0</i>	<i>343,300</i>	<i>351,964</i>
	Total Office of Management & Finance		24.08	1,559,874	0	6,091,577	7,651,451	6.08	8,664	0	343,300	351,964
<hr/>												
Summary by Decision Package Type												
	<i>Total Reductions</i>		<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
	<i>Total Unfunded Ongoing</i>		<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
	<i>Total Bureau Adds</i>		<i>24.08</i>	<i>1,559,874</i>	<i>0</i>	<i>6,091,577</i>	<i>7,651,451</i>	<i>6.08</i>	<i>8,664</i>	<i>0</i>	<i>343,300</i>	<i>351,964</i>
	<i>Total Realignments</i>		<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
	Grand Total		24.08	1,559,874	0	6,091,577	7,651,451	6.08	8,664	0	343,300	351,964