



City of Portland
FY 2013-14 Adopted Budget:
Summary of General Fund Changes
June 2013
City Budget Office

INTRODUCTION

This document discusses the changes between the December 2012 and April 2013 forecasts, and also the actions the City took to balance the Adopted Budget. Tables 1 and 2 show General Fund discretionary changes and FTE changes by bureau.

FORECASTS

December 2012: \$25.0 million ongoing shortfall

The December 2012 forecast showed an ongoing General Fund shortfall of \$25.0 million. This was driven by four main factors:

- The newly-established Multnomah County Library District (-\$10.0m)
- Increased costs from the agreement with the Department of Justice (-\$5.4m)
- The conversion of programs from one-time to ongoing funding (-\$8.5m)
- Other economic factors (-\$1.1m)

April 2013: \$21.5 million ongoing shortfall

Between the December and April forecasts, the General Fund shortfall improved by about \$3.5 million. This was driven by the following economic changes and policy decisions:

- *Property Taxes* – Home values in the City increased significantly over the last year, easing the amount of property tax compression the City is experiencing. This easing also lessened the impact of the new Multnomah County Library District to about \$9.0 million. Though it is unclear the extent to which the most recent growth will be incorporated in the assessments for January 1, 2013, the forecast for property taxes in FY 2013-14 and beyond was increased by almost \$3.0 million.
- *Cost-of-Living Allowances (COLAs)* – The December forecast for FY 2013-14 COLAs was 2.7%, but actual figures published in February showed city COLAs would be 1.8%. This lower COLA figure decreased forecasted expenses in the General Fund by approximately \$2.0 million.

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- *Health Benefit Costs* – Changes to health plan provisions should limit benefit expense growth below what was expected in December. The lower employer rate will save approximately \$900,000 in FY 2013-14.
- *Other Revenue/Expense Forecasts* – Forecasts for business license taxes and transient lodging taxes were essentially unchanged since December. Meanwhile, the forecasts for utility license taxes and franchise fees (ULF), as well as for state shared revenues, were lowered. Finally, some additional expenses were added to the forecast related to Current Appropriation Level targets and overhead true-ups. In total, other revenues and expenditures increased the ongoing deficit by about \$2.4 million.

ADOPTED BUDGET

The Adopted Budget includes the following actions to bridge the \$21.5 million ongoing shortfall:

- *Bureau Reductions (-\$20.3 million)* – The City is making \$20.3 million in reductions from Current Appropriation Level targets. These cuts, by bureau, are highlighted in the table on the next page, and include the elimination of over 142 FTE. Police and Fire make up \$11.2 million in reductions, while Parks, OMF, and PDC add another \$5.2 million. The \$20.3 million includes **\$3.5 million in PERS savings** from Senate Bill 822.
- *Cost of Living Allowances (-\$1.75 million)* – An assumption of further reduction in COLA for most represented and non-represented employees from 1.8% to 0.9%. Savings from the Portland Firefighters Association are not included in this estimate.
- *Span of Control and Administrative Process Review (-\$1.5 million)* – The budget assumes \$1.1 million in future savings from increasing the City’s span of control, and \$400k in savings from streamlining and automating current business processes.
- *Telecommunications Revenue (-\$500k)* – Additional revenue from CenturyLink above earlier, preliminary estimates, reduces the deficit by another \$500k.
- *General Fund Contingency (+\$1.6 million)* – Adds \$1.6 million to more adequately fund the City’s General Fund contingency.
- *Innovation Fund (+\$1.0 million)* – Invests in a City Innovation Fund to generate future cost-savings ideas.

TABLE 1. General Fund Discretionary by Bureau

Bureau	FY 2012-13 Adopted	FY 2013-14 CAL 100%¹	FY 2013-14 Ongoing	FY 2013-14 One-time	FY 2013-14 Total GF	Change from CAL²
Office of the City Attorney	\$1,638,764	\$2,404,989	\$1,958,268	\$0	\$1,958,268	(\$446,721)
Office of the City Auditor	\$3,845,236	\$3,557,835	\$3,139,069	\$0	\$3,139,069	(\$418,766)
City Budget Office	\$0	\$910,490	\$773,810	\$0	\$773,810	(\$136,680)
Portland Bureau of Emergency Management	\$619,303	\$891,209	\$756,806	\$25,000	\$781,806	(\$109,403)
Portland Fire & Rescue	\$88,679,206	\$92,983,735	\$88,538,192	\$0	\$88,538,192	(\$4,445,543)
Office of Government Relations	\$526,186	\$528,571	\$317,808	\$0	\$317,808	(\$210,763)
Portland Housing Bureau	\$10,771,724	\$10,838,629	\$10,124,808	\$0	\$10,124,808	(\$713,821)
Office of Management & Finance	\$18,531,109	\$20,027,981	\$17,493,857	\$376,193	\$17,870,050	(\$2,157,931)
Office of the Mayor	\$1,973,724	\$1,237,787	\$185,778	\$0	\$185,778	(\$1,052,009)
Office of Neighborhood Involvement	\$6,356,992	\$6,209,276	\$6,131,743	\$371,692	\$6,503,435	\$294,159
Office of Equity & Human Rights	\$1,297,266	\$869,166	\$769,597	\$0	\$769,597	(\$99,569)
Commissioner of Public Affairs	\$936,522	\$994,040	\$961,353	\$0	\$961,353	(\$32,687)
Portland Parks & Recreation	\$42,558,881	\$46,210,208	\$44,290,103	\$15,000	\$44,305,103	(\$1,905,105)
Portland Police Bureau	\$150,602,827	\$160,001,258	\$152,669,951	\$580,629	\$153,250,580	(\$6,750,678)
Bureau of Planning & Sustainability	\$7,417,231	\$7,564,270	\$6,417,568	\$481,026	\$6,898,594	(\$665,676)
Commissioner of Public Safety	\$277,040	\$348,482	\$385,085	\$0	\$385,085	\$36,603
Commissioner of Public Utilities	\$283,243	\$360,222	\$384,143	\$0	\$384,143	\$23,921
Commissioner of Public Works	\$288,731	\$371,937	\$384,866	\$0	\$384,866	\$12,929
Special Appropriations	\$19,796,460	\$7,274,018	\$7,002,156	\$1,490,504	\$8,492,660	\$1,218,642
Portland Development Commission	\$5,844,591	\$5,938,263	\$4,912,437	(\$135,000)	\$4,777,437	(\$1,160,826)
Bureau of Emergency Communications	\$13,256,068	\$13,838,813	\$13,158,387	\$97,810	\$13,256,197	(\$582,616)
Bureau of Development Services	\$2,291,994	\$1,734,482	\$1,779,666	\$159,804	\$1,939,470	\$204,988
Portland Bureau of Transportation	\$7,601,599	\$7,846,360	\$8,696,362	\$0	\$8,696,362	\$850,002
Bureau of Environmental Services	\$0	\$0	\$900,552	\$0	\$900,552	\$900,552
Fund & Debt Management	\$17,824,194	\$24,114,099	\$19,818,368	\$1,314,324	\$21,132,692	(\$2,981,407)
Total	\$403,218,891	\$417,056,120	\$391,950,733	\$4,776,982	\$396,727,715	(\$20,328,405)

¹ The "FY 2013-14 CAL 100%" column does not include FY 2012-13 one-time funding, so the "Change from CAL" column does not necessarily reflect the change in service level from FY 2012-13.

² The "Change from CAL" column includes PERS savings of \$3.5 million. Total reductions from CAL, net of PERS savings, are about \$16.8 million.

TABLE 2. Positions by Bureau (Full-Time Equivalents)

Bureau	FY 2012-13 Adopted	FY 2013-14 Requested	FY 2013-14 Adopted	Change from Requested
Bureau of Development Services	198.52	222.27	229.27	7.00
Bureau of Emergency Communications	141.58	142.00	138.00	-4.00
Bureau of Environmental Services	532.78	535.48	519.28	-16.20
Bureau of Fire & Police Disability & Retirement	16.20	16.20	16.20	0.00
Bureau of Planning & Sustainability	103.00	97.05	94.05	-3.00
City Budget Office	0.00	13.00	12.00	-1.00
Commissioner of Public Affairs	14.10	14.21	14.21	0.00
Commissioner of Public Safety	6.00	6.00	7.00	1.00
Commissioner of Public Utilities	8.00	7.00	7.00	0.00
Commissioner of Public Works	8.60	8.50	8.50	0.00
Fund and Debt Management	0.00	0.00	0.00	0.00
Office of Equity & Human Rights	9.00	9.00	9.00	0.00
Office of Government Relations	7.25	8.00	6.50	-1.50
Office of Management & Finance	658.55	648.13	630.13	-18.00
Office of Neighborhood Involvement	36.25	35.75	37.25	1.50
Office of the City Attorney	58.25	59.50	59.50	0.00
Office of the City Auditor	48.30	50.62	50.12	-0.50
Office of the Mayor	24.00	24.00	16.00	-8.00
Portland Bureau of Emergency Management	17.00	18.00	18.00	0.00
Portland Bureau of Transportation	738.15	721.65	726.65	5.00
Portland Development Commission	0.00	0.00	0.00	0.00
Portland Fire & Rescue	730.47	732.80	698.00	-34.80
Portland Housing Bureau	54.90	54.90	54.90	0.00
Portland Parks & Recreation	411.13	422.08	423.58	1.50
Portland Police Bureau	1211.73	1224.00	1167.75	-56.25
Portland Water Bureau	619.05	594.35	577.35	-17.00
Special Appropriations	0.00	0.00	2.00	2.00
Total	5652.81	5664.49	5522.24	-142.25