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CITY OF PORTLAND, OREGON

TO: Andrew Scott, Director

FROM: Jeramy Patton, Assistant Director

DATE: September 30, 2013

SUBJECT: City Budget Office FY 2013-14 Fall BMP

The City Budget Office (CBO) has prepared the attached Fall Budget Monitoring Process (BMP) submittal items:

1. Summary of Requests. The only budget adjustments that the City Budget Office is requesting t in this supplemental are minimal interagency savings to reflect new rates resulting from PERS savings in the Office of Management & Finance.
2. Prior year budget to actual reconciliation report
3. Updates on FY 2012-13 budget notes and decision packages
4. Prior year performance data

BUDGET AMENDMENT REQUEST

City Budget Office | PERIOD Fall BMP | FISCAL YEAR FY 2013-14

BO_001 - OMF PERS Savings

This request reflects a reduction in OMF IA rates resulting from PERS savings that was greater than expected when rates were developed as part of the FY 2013-14 budget.

Dollar Amount:	$0
Type:	Technical Adjustment
Resources:	Internal Transfer

Prior Year Business Area Reconciliation Report

	FY 2012-13 Revised Budget	FY 2012-13 Year-End Actuals	Percent of Actuals to Revised
City Budget Office			
EXPENDITURES			
Personnel Services	$472,474	$451,558	96%
External Materials and Services	$57,562	$19,269	33%
Internal Materials and Services	$73,688	$77,129	105%
TOTAL EXPENDITURES	**$603,724**	**$547,957**	**91%**
REVENUES			
General Fund Discretionary	$221,997	$0	0%
General Fund Overhead	$381,727	$0	0%
TOTAL REVENUES	**$603,724**	**$0**	**0%**

Bureau Reconciliation Narrative

The City Budget Office was created by Council in December 2012 and the office's budget was transferred from the Office of Management & Finance effective March 1, 2012. Given that the office didn't have any prior history of expenditures, the transition costs for creating the new office were somewhat unknown, and that some of the larger one-time expenditures (e.g. software maintenance agreements) had already occurred and were accounted for in the OMF expenses, the FY 2012-13 budgeted amounts for external materials and services were over estimated. For the same reasons as above, the internal materials and services budget was slightly under estimated.

FY 2012-13 Budget Note Updates

Required Final Reports for Special Appropriations

Council directs the Office of Management & Finance, Financial Planning Division to develop and implement procedures to require all recipients of grants from the General Fund Special Appropriation to provide written reports to document that all terms of the grant agreement have been fulfilled. These reports are to be sent to the City Project Manager no later than 30 days after the completion of the project.

Status: Complete
Estimated Completion Date: N/A
Explanation: The new procedure will be implemented in FY 2012-13.

Information Technology Advancement Project

The Bureau of Development Services is directed to work with the Office of Management and Finance (OMF) to develop internal and external project monitoring controls for the Information Technology Advancement Project. The bureau and OMF should consider industry best practice when creating the controls, including looking at decision points and the development of formal project related plans and processes. Recommendations should be presented to Council in the Fall BMP.

Status: Complete
Explanation: The update from the Spring BMP continues to apply. In addition, BDS has hired a full-time Capital Projects Manager III to manage the project through implementation and has updated its costs to reflect the staff addition. Total project costs are estimated at $11.8 million. The revised estimate has been reviewed by the Technology Oversight Committee(TOC) and the City Budget Office and will be included in the bureau's five year financial plan. The CBO will use this as the baseline from which the projects budget to actuals will be monitored and reported to the TOC and the City Budget Office.

The contract with implementation vendor Sierra Systems has been finalized and includes a not-to-exceed cost for each deliverable. The Formal Project Plan, detailing all project tasks and required resources, is currently being developed with the vendor. Any change to the Formal Project plan will be processed through a change request to identify impacts to the project scope, schedule and/or cost. All change requests will be heard by a Change Control Board and the final approval of Change Requests will be made by the Project Sponsor. The Project Plan will also include internal monitoring control process to identify, analyze and resolve project risks and issues.

Performance Metrics for New Positions

The Bureau of Development Services is directed to provide the Office of Management and Finance, Financial Planning Division with updated performance measure information that links directly to the newly approved 17.6 FTE, in the FY 2012-13 Spring Budget Monitoring Process. This data should be compared against the figures provided during budget development. All variances in performance should be explained.

Status: Complete
Estimated Completion Date: 3/29/2013
Explanation: Bureau included requested data in Spring BMP submission.

School Funding

The Approved Budget includes one-time funding for schools, including $4.5 million of Business License revenues and $500,000 from other non-General Fund resources for Portland Public Schools, and $2,137,365 of Business License revenues for other school districts with students residing within the City of Portland allocated by the Average Daily Membership weighted (ADMw) and the percent of the students within the district.

Status: Complete
Estimated Completion Date: 6/30/13
Explanation: All funds were spent by year end.

Portland Housing Bureau Sustainable Funding

Council directs the Office of Management and Finance to add sustainable funding for the Safety Net to the FY 2013-14 5-year forecast. The Office of Management and Finance should increase the Portland Housing Bureau's current appropriation level target by $4,600,000, which will replace the bureau's historic reliance on one-time funds.

Status: Complete
Estimated Completion Date: NA
Explanation: The amount directed by the budget note was added to the bureau's CAL target as part of budget development for FY 2013-14.

Ongoing Funding for Graffiti Abatement

One-time funding in the FY 2012-13 budget dedicated to the Graffiti Abatement program in Office of Neighborhood Involvement shall become ongoing funding in the FY 2013-14 budget cycle. The Office of Management and Finance is directed to add $447,232 to ONI's current appropriation level target for FY 2013-14.

Status: Complete
Estimated Completion Date: NA
Explanation: The amount directed by the budget note was added to the bureau's CAL target as part of budget development for FY 2013-14.

Ongoing Funding for Resolutions Northwest

One-time funding in the FY 2012-13 budget dedicated to Resolutions Northwest as administered through the Office of Neighborhood Involvement shall become ongoing funding in the FY 2013-14 budget cycle. The Office of Management and Finance is directed to add $104,692 to ONI's current appropriation level target for FY 2013-14.

Status: Complete
Estimated Completion Date: NA
Explanation: The amount directed by the budget note was added to the bureau's CAL target as part of budget development for FY 2013-14.

Economic Development Sustainable Funding

Council directs the Office of Management and Finance to add sustainable funding for the Portland Development Commission's Economic Development program to the FY 2013-14 5-year forecast. The Office of Management and Finance should increase the Portland Development Commission's FY 2013-14 current appropriation level target by $3,187,065.

> **Status:** Complete
> **Estimated Completion Date:** NA
> **Explanation:** The amount directed by the budget note was added to the bureau's CAL target as part of budget development for FY 2013-14.

Operations and Maintenance Increase to Current Appropriations

Council approves an increase of $214,876 to Portland Parks & Recreation's Current Appropriation Level in FY 2013-14 to account for properties and assets coming online during FY 2012-13.

> **Status:** Complete
> **Estimated Completion Date:** NA
> **Explanation:** The amount directed by the budget note was added to the bureau's CAL target as part of budget development for FY 2013-14.

Sobering Station & CHIERS

Funding in the FY 2012-13 budget currently dedicated to the Sobering Station and CHIERS will be used to functionally keep the sobering station activities open at their current levels for a period of 1 year and CHIERS for a period of 4-6 months. Council will work on finding funding for and accessing services provided by CHIERS for the remainder of the fiscal year.

> **Status:** Complete
> **Estimated Completion Date:** Fall BMP (Nov 7 2012)
> **Explanation:** The FY 2012-13 Adopted Budget provided $103,754 for the CHIERS inebriate transport van, compared to a FY 2011-12 budget of $432,000. Central City Concern, the service provider, reduced costs by reducing the van's hours of operation (from 7 am – midnight to 1:30 pm – midnight). This reduced the funding target to $341,571, a $90,429 savings. The gap $237,817 was provided by reducing PPB's Compensation Set-Aside allocation (see SCT below).

Service Coordination Team

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

> **Status:** Complete
> **Estimated Completion Date:** Fall BMP (Nov 7 2012)
> **Explanation:** The FY 2012-13 Adopted Budget provided $1,268,345 for SCT, compared to a FY 2011-12 budget of $1,897,636. The bureau worked with service providers to identify feasible cost savings/service reductions, and developed a new full funding target of $1,723,434 (a reduction of $174,202). In the fall BMP, the CBO removed $455,089 from the Police Bureau's Compensation Set-Aside allocation in order to bring SCT current year funding to this revised

target. Together with funding for CHIERS (above), this results in an estimated $2.3 million available for the bureau via Compensation Set-Aside in the current fiscal year, as opposed to $3.0 million. This movement of funds was recommended due to year-end projections indicating the bureau's need for Compensation Set Aside would be roughly $1.5 million. The bureau's year-end projection for required Compensation Set-Aside has since fluctuated, but remains below $2.0 million.

Utility Liabilities

The Council directs that $200,000 of General Fund revenue shall be set aside to be used for payment of potential Bureau of Environmental Services and Portland Water Bureau legal liabilities currently in dispute and for the funding of measures to address remediation of Willamette Harbor contamination. The Office of Management and Finance is directed to provide Council with a financial plan for use of these funds for these purposes.

Status: Complete
Estimated Completion Date: NA
Explanation: The set aside amount was budgeted as part of the Winter Supplemental to fund debt service on a series of interfund loans between the internal service funds and the General Fund. These loans were also budgeted as part of the Winter Supplemental. Of the $200,000 set-aside, $143,686 was needed for this purpose. The remainder was returned to General Fund contingency.

FY 2012-13 Decision Package Updates

MF_94, MF_96, MF_98 Position Reduction, 1.0 FTE, $100,360

The three packages, in total, eliminated a financial analyst position assigned to budget mapping and budget analysis. The City Budget Office has reallocated its resources to provide a minimal level of budget mapping work. The reallocation of work has reduced the ability of the office to complete other in-depth budget and program analysis.

MF_95, MF_97 EMS Reduction, $4,971

These two packages reduced external materials and services by a total of $4,971. The City Budget Office has reduced the number of training opportunities offered to staff in order to absorb the reduction.

City Budget Office

Performance Measures

Performance Measure	Type	FY 2012-13 Adopted Budget	FY 2012-13 Revised Budget	FY 2012-13 Year-End Actuals		
MF_0019 - Accuracy of Financial Forecasts (Percent within Actuals)	EFFECTIVE	0.0%	2.0%	1.1%	0.0%	0.0%

Performance Measure Variance Descriptions

The General Fund financial forecast was better than estimated and well within the normal range of accuracy given the size and complexity of the fund.