

City Budget Office



Requested Budget

FY 2014-15



Office of Mayor Charlie Hales
City of Portland

TO: Commissioner Fish
Commissioner Fritz
Commissioner Novick
Commissioner Saltzman
Auditor Griffin-Valade
City Budget Office

FROM: Mayor Charlie Hales *Charlie Hales*

DATE: February 3, 2014

SUBJECT: City Budget Office FY 2014-15 Requested Budget

Attached for your consideration is the FY 2014-15 Requested Budget for the City Budget Office. The budget maintains existing service levels and includes a decision package for \$1 million of one-time General Fund discretionary funds to replace the City's current budget preparation software.

I support this Requested Budget and forward it for your consideration.

CITY BUDGET OFFICE

Charlie Hales, Mayor
Nick Fish, Commissioner
Amanda Fritz, Commissioner
Steve Novick, Commissioner
Dan Saltzman, Commissioner
LaVonne Griffin-Valade, Auditor



Andrew Scott, Director

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CITY OF PORTLAND, OREGON

FY 2014-15 Budget Advisory Committee Report

The City Budget Office Budget Advisory Committee convened on once on January 13, 2014. The committee members include Donald Wood (citizen and Citywide Community Budget Advisor), Katie Shriver (Commissioner Novick's Office), and Judith Mowry (Office of Equity and Human Rights).

The committee reviewed the office's base budget by line item and concurred with the expected expenditures for the fiscal year. The committee is very supportive of the office's funding for engaging the public in the budget process and for providing opportunities to expos graduate students to City government through the Hatfield Fellow internship program.

The committee also supports the office's request for \$1 million in one-time General Fund discretionary dollars to replace the City's budget preparation software. The software is currently operating in an unsupported environment and is at risk of failure. The committee realizes that the request will be weighed against other more immediate funding needs, but after reviewing the additional workload that would be created by system failure; we deemed it critical to raise the issue now for consideration by the Council.

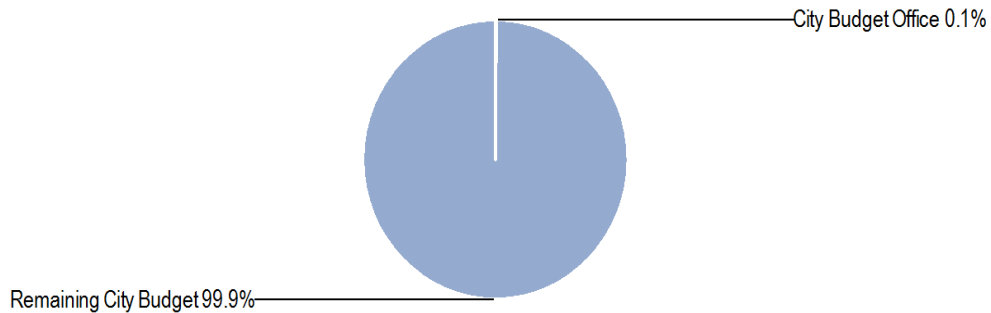
City Budget Office

City Support Services Service Area

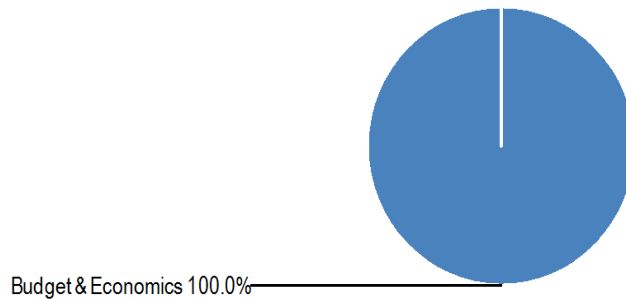
Mayor Charlie Hales, Commissioner-in-Charge

Andrew Scott, Director

Percent of City Budget

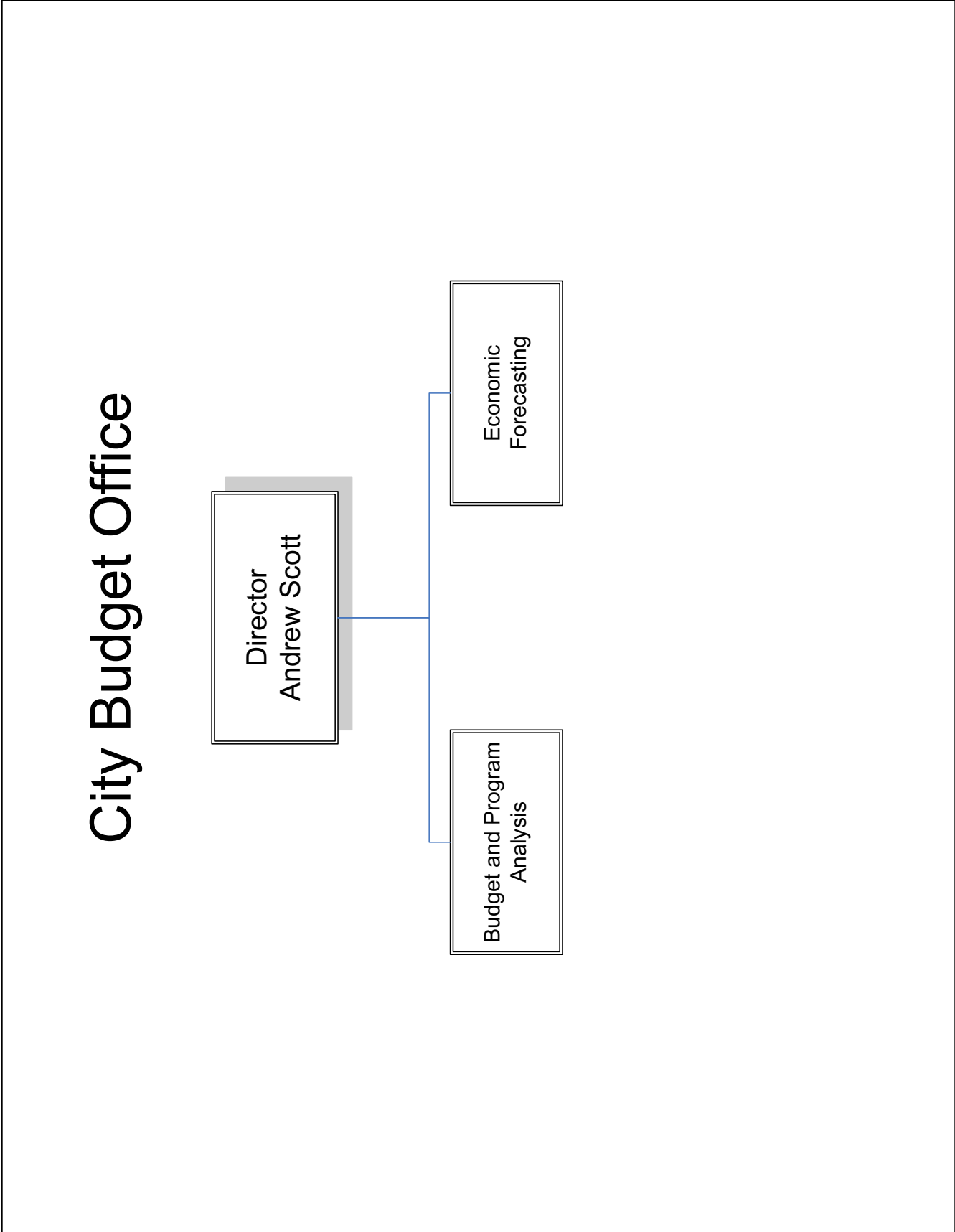


Bureau Programs



Bureau Overview

| Expenditures | Revised FY 2013-14 | Requested FY 2014-15 | Change from Prior Year | Percent Change |
|---------------------------|-----------------------|-------------------------|---------------------------|-------------------|
| Operating | 1,922,934 | 2,963,280 | 1,040,346 | 54.10 |
| Capital | 0 | 0 | 0 | 0.00 |
| Total Requirements | 1,922,934 | 2,963,280 | 1,040,346 | 54.10 |
| Authorized Positions | 12.58 | 13.00 | 0.42 | 3.31 |



Bureau Summary

Bureau Mission

The City Budget Office provides timely, accurate, and unfiltered information and analysis regarding financial planning, forecasting, and budgeting to the Mayor, Commissioners, and the City Auditor.

Bureau Overview

The City Budget Office coordinates development of the City's budget, including analysis of every bureau's operating and capital budget, financial plans, and performance metrics. Duties include monitoring the expenditure and revenue trends of all City funds throughout the fiscal year, coordinating budget amendments, analyzing City policies and ordinances for fiscal and policy impacts, and providing fiduciary oversight of the General Fund. In addition to providing analysis to elected officials and the public, analysts are also available to City bureaus for consultation, training, and technical assistance in matters related to budget and finance. Analysts conduct research in response to inquiries, including public records requests, from elected officials, City bureaus, the media, and the public.

The City Budget Office coordinates public involvement in the budget process, including staff support for the Citywide Budget Advisory Committee and planning and staffing of budget forums and hearings. The office is also responsible for ensuring that the City meets all requirements of State Budget Law regarding notices of public hearings and certification of the Approved Budget by the Tax Supervising and Conservation Commission, and the Budget Director serves as the City's Budget Officer.

The primary responsibility of the economics section of the office is to monitor and forecast General Fund revenues and expenses. This is accomplished through the publishing of five-year financial forecasts in December and April of each fiscal year, and economic and revenue updates at the close of each quarter. The economics section also develops current appropriation level targets for bureaus and programs that receive General Fund discretionary dollars.

Additional responsibilities include estimating labor agreement costs, consulting on bond rating calls, and providing ad hoc economic analyses, as well analyzing local business impacts of proposed ordinances. Finally, this section houses the City's representative on the Oregon League of Cities' Finance and Taxation Committee, and the State's Property Tax Reform Study Group.

Strategic Direction

The CBO implementation plan was approved by City Council on January 30, 2013. Given that the FY 2013-14 budget process was already underway, the implementation plan allowed the CBO to continue performing the core budgeting and forecasting functions that were previously provided by the Financial Planning Division, while adding a business impact analysis function and enhanced review of utility rates. In the fall of 2013, the City Budget Office began a more comprehensive strategic planning process and expects to have a completed strategic plan by the end of FY 2013-14.

Budget & Economics

Description The program coordinates development of the City's budget, creates the City's published budget documents, and performs special studies. The City Economist and financial analysts produce the General Fund revenue and financial forecasts.

Goals Budget and Economics supports the Citywide goal of delivering efficient, effective, and accountable municipal services. The City Budget Office is in the process of completing a strategic plan, which will identify short- and long-term goals for the bureau.

Performance The bureau is in the process of completing a strategic planning effort that will result in additional measures to track performance of the program. The program currently has one existing measure to track the accuracy of financial forecasts. Other qualitative metrics include the ability to provide objective financial and policy recommendations to the Mayor and Council, and assist with the development and implementation of a balanced fiscal year budget. The program also plays an integral role in monitoring City revenues and expenditures and ensuring the City continues to be financially sustainable and resilient.

Changes to Services and Activities The FY 2014-15 Requested Budget includes a \$1 million request to fund a new budget software system and extends a limited term position through the end of the fiscal year.

| FTE & Financials | Actual FY 2011-12 | Actual FY 2012-13 | Revised FY 2013-14 | Requested No DP FY 2014-15 | Requested FY 2014-15 |
|---------------------------|----------------------|----------------------|-----------------------|----------------------------------|-------------------------|
| FTE | 0.00 | 12.00 | 12.58 | 13.00 | 13.00 |
| Expenditures | | | | | |
| Budget & Economics | 0 | 547,956 | 1,922,934 | 1,963,280 | 2,963,280 |
| Total Expenditures | 0 | 547,956 | 1,922,934 | 1,963,280 | 2,963,280 |

| Performance | Actual FY 2011-12 | Actual FY 2012-13 | Yr End Est. FY 2013-14 | Base FY 2014-15 | Target FY 2014-15 |
|---|----------------------|----------------------|---------------------------|--------------------|----------------------|
| Effectiveness | | | | | |
| Percentage within actuals accuracy of financial forecasts | 0.6% | 1.1% | 2.0% | 2.0% | 2.0% |

Summary of Bureau Budget

City Budget Office
City Support Services Service Area

| | Actual FY 2011-12 | Actual FY 2012-13 | Revised FY 2013-14 | Requested No DP FY 2014-15 | Requested FY 2014-15 |
|----------------------------------|----------------------|----------------------|-----------------------|-------------------------------|-------------------------|
| Resources | | | | | |
| External Revenues | | | | | |
| Total External Revenues | 0 | 0 | 0 | 0 | 0 |
| Internal Revenues | | | | | |
| General Fund Discretionary | 0 | 166,229 | 773,810 | 906,446 | 1,368,146 |
| General Fund Overhead | 0 | 381,727 | 1,149,124 | 1,056,834 | 1,595,134 |
| Total Internal Revenues | 0 | 547,956 | 1,922,934 | 1,963,280 | 2,963,280 |
| Beginning Fund Balance | 0 | 0 | 0 | 0 | 0 |
| Total Resources | \$0 | \$547,956 | \$1,922,934 | \$1,963,280 | \$2,963,280 |
| Requirements | | | | | |
| Bureau Expenditures | | | | | |
| Personnel Services | 0 | 451,558 | 1,487,037 | 1,583,099 | 1,583,099 |
| External Materials and Services | 0 | 19,270 | 197,650 | 185,327 | 1,185,327 |
| Internal Materials and Services | 0 | 77,128 | 238,247 | 194,854 | 194,854 |
| Total Bureau Expenditures | 0 | 547,956 | 1,922,934 | 1,963,280 | 2,963,280 |
| Fund Expenditures | | | | | |
| Total Fund Expenditures | 0 | 0 | 0 | 0 | 0 |
| Ending Fund Balance | 0 | 0 | 0 | 0 | 0 |
| Total Requirements | \$0 | \$547,956 | \$1,922,934 | \$1,963,280 | \$2,963,280 |
| Programs | | | | | |
| Budget & Economics | 0 | 547,956 | 1,922,934 | 1,963,280 | 2,963,280 |
| Total Programs | 0 | \$547,956 | \$1,922,934 | \$1,963,280 | \$2,963,280 |

City Support Services Service Area

| Class | Title | Salary Range | | Revised FY 2013-14 | | Requested No DP FY 2014-15 | | Requested FY 2014-15 | |
|-------------------------------------|------------------------------|--------------|---------|-----------------------|-----------|-------------------------------|-----------|-------------------------|-----------|
| | | Minimum | Maximum | No. | Amount | No. | Amount | No. | Amount |
| 30000434 | Administrative Assistant | 46,571 | 71,739 | 1.00 | 59,736 | 1.00 | 62,460 | 1.00 | 62,460 |
| 30002040 | Budget Director, Assistant | 83,450 | 111,114 | 1.00 | 107,262 | 1.00 | 110,124 | 1.00 | 110,124 |
| 30000570 | Budget Director, City | 96,366 | 134,597 | 1.00 | 135,198 | 1.00 | 135,804 | 1.00 | 135,804 |
| 30000578 | Economist, City | 83,450 | 111,114 | 1.00 | 103,590 | 1.00 | 107,612 | 1.00 | 107,612 |
| 30000569 | Financial Analyst, Principal | 77,584 | 103,355 | 2.00 | 183,465 | 2.00 | 191,760 | 2.00 | 191,760 |
| 30000568 | Financial Analyst, Sr | 65,478 | 87,422 | 6.00 | 479,010 | 6.00 | 498,147 | 6.00 | 498,147 |
| TOTAL FULL-TIME POSITIONS | | | | 12.00 | 1,068,261 | 12.00 | 1,105,907 | 12.00 | 1,105,907 |
| TOTAL PART-TIME POSITIONS | | | | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 |
| 30000566 | Financial Analyst, Assistant | 46,571 | 71,739 | 0.58 | 29,054 | 1.00 | 50,088 | 1.00 | 50,088 |
| TOTAL LIMITED TERM POSITIONS | | | | 0.58 | 29,054 | 1.00 | 50,088 | 1.00 | 50,088 |
| GRAND TOTAL | | | | 12.58 | 1,097,315 | 13.00 | 1,155,995 | 13.00 | 1,155,995 |

Decision Package Summary

Bureau: City Budget Office

Priority: 01

Type: Critical Needs

Decision Package: BO_01 - Replace Budget Software System

Program: Budget & Economics

| | FY 2014-15 Requested 1 Time DP | FY 2014-15 Requested Ongoing DP | FY 2014-15 Requested Budget | FY 2015-16 Estimated Budget | FY 2016-17 Estimated Budget | FY 2017-18 Estimated Budget | FY 2018-19 Estimated Budget | |
|---------------------------------|--------------------------------------|---------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|----------|
| EXPENDITURES | | | | | | | | |
| External Materials and Services | 1,000,000 | 0 | 1,000,000 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 1,000,000 | 0 | 1,000,000 | 0 | 0 | 0 | 0 | 0 |
| REVENUES | | | | | | | | |
| General Fund Discretionary | 461,700 | 0 | 461,700 | 0 | 0 | 0 | 0 | 0 |
| General Fund Overhead | 538,300 | 0 | 538,300 | 0 | 0 | 0 | 0 | 0 |
| TOTAL REVENUES | 1,000,000 | 0 | 1,000,000 | 0 | 0 | 0 | 0 | 0 |

Description:

The City implemented its current budget preparation software (BRASS) in 2003. Although the software continues to provide the basic tools for budget preparation and monitoring, it is currently operating on an unsupported operating system. When the City adopted Windows 7 as its operating system in 2011, the vendor who supports BRASS notified the City that the software's platform will not be updated to support Windows 7. At this time, they encouraged the City to migrate to their new web based budget preparation software, which is supported. Due to budget shortfalls, the City elected to test the system on Windows 7 to see if it would work; and to date, there have been no known issues with operating the system on Windows 7. However, if the system were to fail in the future because of the operating system, the City would have no ability to return to the vendor for a solution. Without a budget system, the City Budget Office would be forced to create the budget using spreadsheets which would have a large cost to the City in lost productivity and other delays. The City Budget Office believes it is in the City's best interest to replace BRASS with a software that is supported by the vendor. Initial estimates from our existing vendor and estimates from SAP (our Citywide ERP system) show the costs of a new system in the \$1 million to \$3.5 million range. If funds are awarded in FY 2014-15, it is expected that a new system will be available for the start of the FY 2016-17 budget process. Although this is an important technology maintenance issue that will need to be addressed in the near future, the City Budget Office realizes that it may not be the highest priority in the FY 2014-15 stabilization year.

Expected Results:

Replacing the existing software will move the City back to a vendor supported environment. The technology surrounding budget implementation software has seen great improvements over the last ten years since the City purchased BRASS. Implementing these improvements could reduce time spent on data entry and processing, and enhance our capabilities in regards to performance budgeting.