Analysis By: Claudio Campuzano

PORTLAND PARKS & RECREATION

All Funds Budget Summary	Adopted FY 2013-14	Request Base FY 2014-15	Decision Pkgs FY 2014-15	Request Total FY 2014-15	Percent Change
Resources					
Budgeted Beginning Fund Balance	$12,108,764	$30,198,284	$0	$30,198,284	149.4%
Taxes	1,922	1,446	0	1,446	-24.8%
Licenses & Permits	431,028	401,907	0	401,907	-6.8%
Charges for Services	36,214,987	38,118,134	0	38,118,134	5.3%
Intergovernmental Revenues	6,891,186	3,913,771	0	3,913,771	-43.2%
Interagency Revenue	1,864,566	2,121,387	0	2,121,387	13.8%
Fund Transfers - Revenue	2,385,808	1,895,109	3,190,000	5,085,109	113.1%
Miscellaneous Sources	2,600,095	3,230,121	0	3,230,121	24.2%
General Fund Discretionary	43,074,444	44,982,216	3,442,806	48,425,022	12.4%
Total Resources	**$105,572,800**	**$124,862,375**	**$6,632,806**	**$131,495,181**	**24.6%**
Expenditures					
Personnel Services	$48,871,601	$51,449,255	$2,540,575	$53,989,830	10.5%
External Materials and Services	23,228,092	22,282,130	762,348	23,044,478	-0.8%
Internal Materials and Services	8,622,945	9,432,600	289,883	9,722,483	12.8%
Capital Outlay	17,290,007	26,719,723	3,040,000	29,759,723	72.1%
Debt Service	1,154,159	1,050,694	0	1,050,694	-9.0%
Fund Transfers - Expense	1,684,778	1,473,480	0	1,473,480	-12.5%
Contingency	4,558,428	12,291,703	0	12,291,703	169.6%
Unappropriated Fund Balance	162,790	162,790	0	162,790	0.0%
Total Requirements	**$105,572,800**	**$124,862,375**	**$6,632,806**	**$131,495,181**	**24.6%**
Total Bureau FTE	**423.58**	**426.67**	**46.00**	**472.67**	**11.6%**

Percent Change is the change from FY 2013-14 Adopted Budget to FY 2014-15 Total Requested Budget.

Key Issues

Asset Management Funding Strategy

The major focus of the bureau's requested budget is the maintenance of Parks facilities; decision packages totaling $2.0 million ongoing and $2.9 million one-time for maintenance-related programs represent the bulk of the bureau's submittal. The diverse requests address: 1) immediate needs such as ADA compliance and health and safety issues at bureau maintenance facilities; 2) persistent funding gaps resulting in deferred capital maintenance; 3) daily maintenance for new assets and restoration of capacity to care for existing assets; and 4) new management programs to measure and manage assets more effectively and efficiently.

Replacement of Major Assets: The Big Gap

As comprehensive an approach to asset management as this overall request is, it does not address the single biggest issue: how to fund over $200 million of large, unfunded projects to restore or replace existing assets. While the City has well-established mechanisms for funding daily maintenance, minor repairs, and small capital projects, there is no consistent funding mechanism to deal with large renovation or replacement projects in Parks.

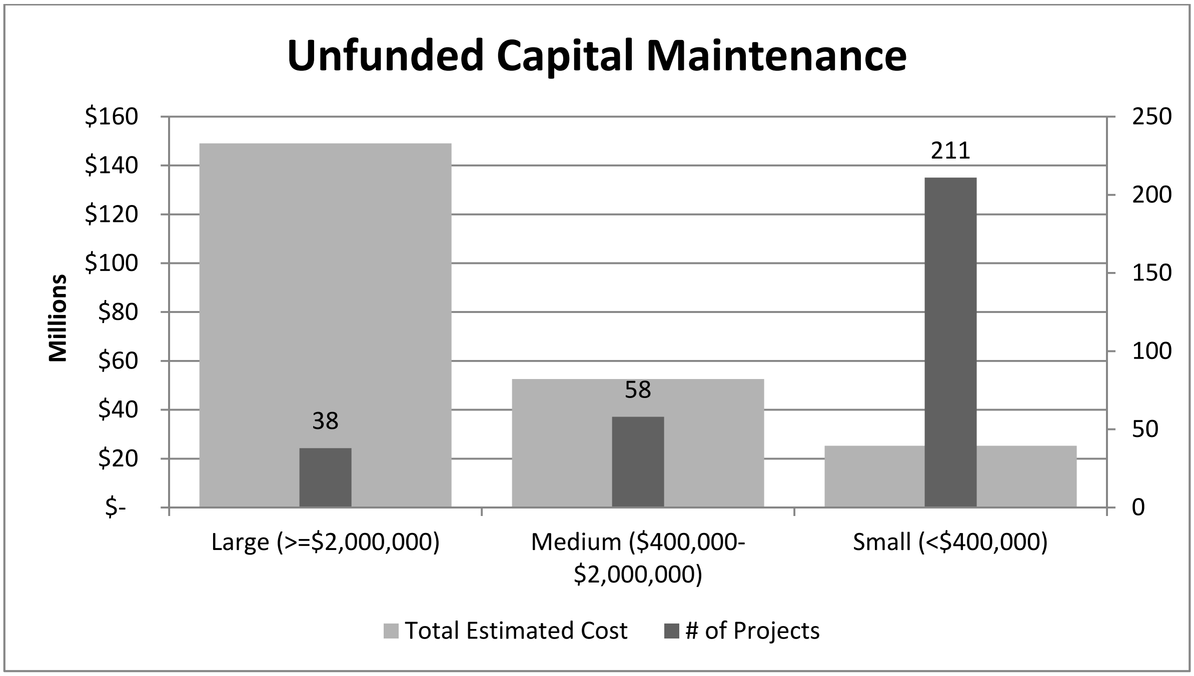
CBO believes that a clearly articulated strategy endorsed by City Council for funding these large capital projects is necessary in order to maintain our very robust parks infrastructure.

Funding options for City Council to consider include:

- **One-time resources:** While it is possible to 'pay as you go' for large capital projects, one-time resources are rarely sufficient to tackle large projects. Moreover, this funding approach puts the burden of replacement on a particular cohort of taxpayer/users, creating an intergenerational equity imbalance. Nonetheless, one-time resources are appropriate for medium-sized projects that are too large for the major maintenance allocation. The current capital set-aside policy of dedicating a portion of excess balance partially addresses this mechanism. The policy could be extended to all one-time resources, including those identified in the annual budget process. Additionally, an ongoing allocation can be used serially on a one-time basis to fund priority projects. The City had such an allocation in the past; several years ago, the allocation was dedicated to the Public Safety System Revitalization Project. With the ending of that commitment, a return to this allocation would provide a regular source of funding for medium-sized projects.
- **Local option levy:** While sufficient one-time General Fund resources are not typically available for large projects, a local option levy is a mechanism for generating resources on a short-term basis (typically five years). While this mechanism is well-suited to medium to large projects (depending on the sizing of the levy), it requires voter approval and is subject to property tax compression. Such a levy crowds out other local options and has disproportionate impacts on taxpayers in different areas. Parks used this mechanism in 2002 to fund park development and bridge operating reductions (which were subsequently funded by the General Fund after the bridge period).
- **Sinking fund:** A traditional mechanism for funding replacement is setting aside resources on a consistent basis so that accumulated resources are available when replacement is necessary. This mechanism requires foresight and restraint. Many governments have moved away from this model except for short-lived assets like vehicles and technology.
- **General Fund-supported debt:** Dedication of some portion of the General Fund for debt service capacity would allow periodic issuances, depending on the availability of ongoing General Fund. This mechanism utilizes the limited overall General Fund resource. Examples of this model include the City Hall renovation and the Computer-Aided Dispatch system.
- **Dedicated bond revenue:** This mechanism increases overall taxing authority without meaningful compression impacts and is intergenerationally equitable, but it requires voter approval. Portland voters last passed a bond measure for parks in 1994. This debt will be retired in the upcoming fiscal year. Currently the average homeowner pays less than $20 per year for this debt service; the last tax bill on which it will appear is in the fall of 2014. Renewal of this 20-year commitment would result in estimated bond capacity of over $56 million given current market conditions.

Developing a Broader Strategy

The mechanisms described above are not mutually exclusive. In fact, some subset should be used in concert to address various aspects of the capital maintenance and replacement needs of the bureau. CBO believes that the tools used should be driven by the size of the project and by the nature of the work (e.g. scheduled major maintenance like pool replastering is more appropriate for a properly sized ongoing allocation while asset replacement like the reconstruction of a maintenance facility is more appropriate for a one-time source). The chart below shows that 38 projects make up over $140 million of the list while 211 projects make up only $25.3 million.



By breaking down the need by size, CBO believes that the following represents an example of a comprehensive and viable funding strategy:

- **Large projects ($2,000,000+):** An appropriate, available, and feasible mechanism would be the renewal of the Parks bond. With no perceptible change in the tax bill for Portlanders, the bureau could begin addressing some of the few, very large projects that constitute the bulk of the unfunded portion of the capital plan. As noted, a bond sized for the current level of debt service could generate over $56 million given existing market conditions. A larger bond sizing or staggered issues (similar to a strategy being employed by the Portland Public Schools) would address an even greater proportion of the necessary maintenance. CBO believes that establishing a voter-approved bond program as a permanent feature on Portlanders' tax bill is fundamental to managing the lifecycle of the City's massive parks infrastructure.
- **Medium-sized projects ($400,000-$2,000,000):** While voter-approved bond program resources could be utilized for medium-sized projects as well as large ones, an increased focus on using one-time General Fund resources for capital maintenance and replacement could make meaningful headway on this list of $52.6 million of projects. Ideally, the City would develop a priority list of medium-sized projects and, as one-time resources become available, those projects would be moved forward. Furthermore, CBO has discussed with the Capital Asset Mangers Group (CAMG), the possibility of revisiting the ongoing capital set-aside which would also be an appropriate mechanism for funding medium-sized projects.

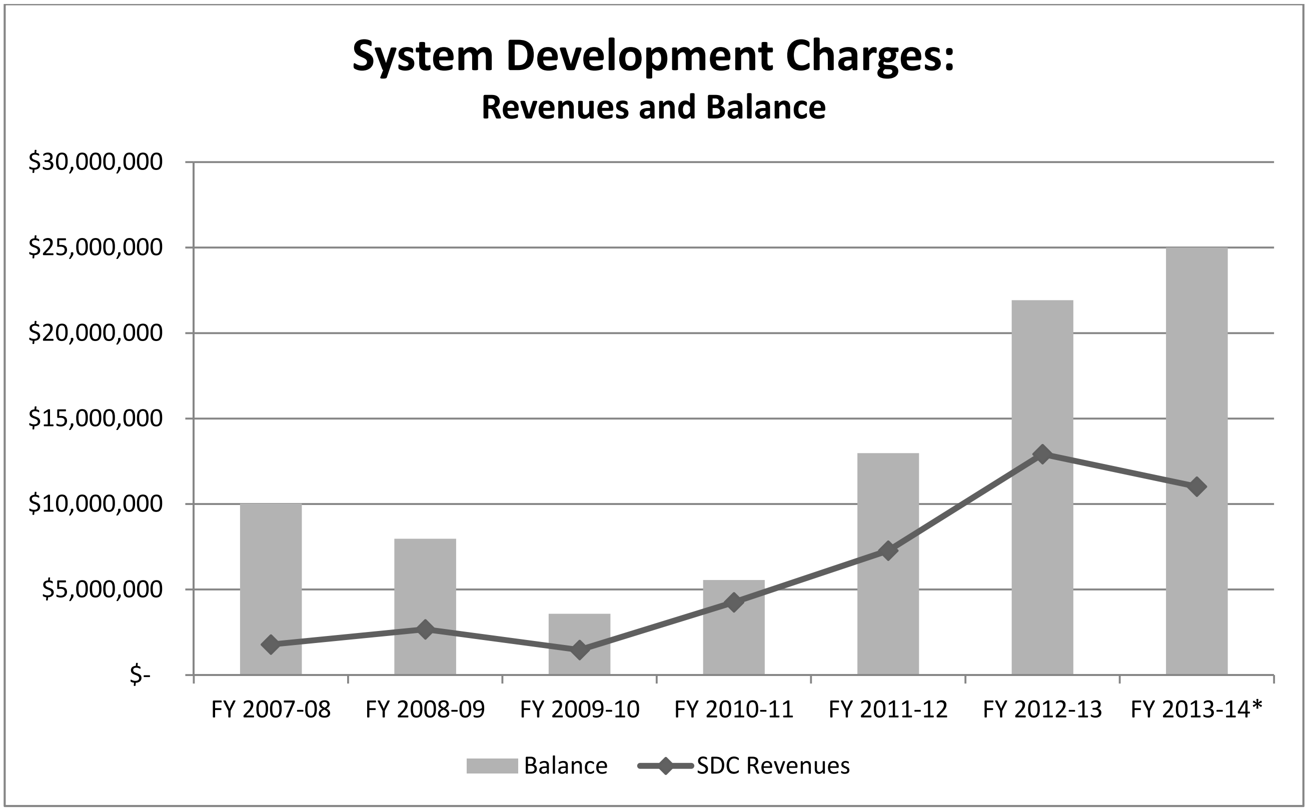
- **Small projects ($10,000-$400,000):** CBO believes that the General Fund allocation to major maintenance is an appropriate mechanism for funding smaller projects – particularly scheduled and predictable projects. Currently, this allocation for PP&R stands at $1.2 million annually. The capacity of this resource was just increased by about $360,000 by retiring a line of credit. The bureau has requested – and CBO has recommended – a $500,000 increase for FY 2014-15. The appropriate size of the allocation should be determined and a plan for achieving that target should be developed; given that this portion of the list is $25.3 million and assuming a ten-year time horizon for managing most of these issues, a $2.5-$3.0 million annual allocation would be a reasonable initial estimate.
- **Very small projects (<$10,000):** There are very few such projects on the unfunded list as the bureau typically resolves these utilizing the General Fund operating allocation.
- **Routine & Preventive Maintenance:** The bureau's General Fund operating allocation is spent largely on this function. This is already funded in the bureau. Changes in the level of funding are adjusted as-needed and when the system is expanded.

Managing System Growth: The Next Maintenance Challenge

PP&R has a long-standing plan to increase the capacity of the system to meet the recreation needs of Portlanders. Over the last decade, the bureau has utilized a number of non-General Fund resources for system growth including Portland Development Commission funding primarily for new downtown parks, Metro bond funds for natural areas acquisition, System Development Charges (SDCs) for acquisition and development of parks Citywide, and the 2002 Parks Local Option Levy.

System Development Charges Driving Expansion and Future Maintenance

While many of the funding sources described above have been exhausted or are dwindling, SDCs have been growing very rapidly. The following chart shows the growth of SDCs over the last several years. The line indicates the inflow of SDC revenues, the bars show the accumulation of those inflows for use on projects over the course of the five-year capital plan. The chart indicates a rapid and accelerating accumulation over the last four years. This trend is continuing in the current fiscal year.



*Estimated.

Projects funded with SDCs in the five-year plan include Cully Park ($750,000), Beech Park ($7.9 million), Gateway Urban Plaza ($5,000,000), South Waterfront Greenway Central Trail ($4.1 million), $36.0 million allocated for development of other parks, and $7.7 million allocated for property acquisition.

The growth planned through utilization of SDC resources – and to a lesser degree other resources – will result in additional pressures on General Fund discretionary resources if the bureau receives new resources to fund the daily care of these new assets. Given the current capital plan and projects coming on-line in the recent past or near future, the bureau will require at least $1.5 million in new resources for routine and preventive maintenance – with bureau estimates above $2.5 million over the five-year plan. The drivers of this include:

- $288,152 for various assets coming on-line in FY 2014-15 or that have recently come on-line; this amount is requested (along with $104,746 in one-time resources) as PK_10 in the request budget.
- $402,470 for South Waterfront Greenway Improvements; this CAL adjustment was passed by Council on February 19, 2014 and will be included in the April forecast, reducing the overall General Fund available.
- Roughly $250,000 for the recently announced development of Beech Park and the Gateway Urban Plaza.
- While other acquisitions and development projects are yet unidentified, given the available resources and projected resources, an assumption of an additional $500,000 - $1.5 million of operating costs over the five-year plan would be reasonable.

Routine and Preventive Maintenance Funding: A Revised Approach
To maintain a consistent level of service as the system grows, the current practice is to fund the daily and routine maintenance and minor repair of assets. This practice is implemented through decision packages during budget processes or Current Appropriation Level increases outside of budget processes.

The addition of General Fund resources to fund the daily maintenance of new parks necessarily constrains available ongoing resources in the General Fund for other uses, including other Parks uses. As CBO noted in the FY 2013-14 budget review, PP&R's share of discretionary resources has remained stable over the last several years of cuts due to the net impact of operations and maintenance (O&M) increases and budget reductions disproportionate to those taken by other large General Fund bureaus.

The current approach of providing additional General Fund resources was developed to ensure that assets are maintained when brought online and to provide bureaus with a degree of certainty that such additional maintenance would not compromise service levels. While the current practice has achieved these goals, there are shortcomings, some of which have been raised recently in City Council discussion. CBO recommends revising the process to address Council concerns and other issues of best practice.

An ideal policy would address some of the following:

- **Budget Context:** Currently, decisions regarding O&M are made at the time contract ordinances are brought to Council. This results in a fragmented decision-making process; in cut years, these CAL adjustments increase the cut amount for all General Fund bureaus while in years where no cuts are necessary, these increases preempt other requests. The proposed policy will ensure that all O&M adds are done as part of the Adopted Budget process and the funding trade-offs are made explicit.
- **Capital Planning Context:** As described above, the aggregate impacts of the larger capital plan – one that is funded with non-General Fund resources – should be discussed as part of the budget process so that City Council is aware of those impacts and makes an informed decision on whether to move forward with the plan as a whole or elements thereof. The proposed policy would ensure that Council is informed of the ongoing General Fund impacts and gives the explicit direction to the bureau to move forward with the plan.

The process we propose in order to achieve the original goals of the practice as well as these additional objectives is as follows:

1.) **Capital Plan:** At the time the bureau submits its capital plan with its request budget, it *includes a summary of estimated new O&M by year for all funded projects and programs*. This would include low-confidence estimates for programs that are funded but do not yet have identified projects. This recommendation builds on the existing practice of including O&M estimates in the capital plan for each project. The changes in the proposed solution are as follows: a) currently, bureaus are only required to estimate O&M on a project-by-project basis; no summary is necessary; and b) estimates provided are for all projects in the plan – funded or unfunded, and regardless of O&M

funding source; a report that summarizes anticipated General Fund impacts for funded projects would be a better indicator of likely impacts.

2.) **Budget Request:** In addition to showing the aggregate O&M impacts of the plan, *the bureau should submit a decision package for all projects that are expected to be contracted in the upcoming year*. This would allow City Council to discuss all projects and their anticipated O&M funding **before** the contract comes before them, and it would allow them to have the discussion in an overall budget context. This prospective and comprehensive approach to planning would ensure that there would be no off-cycle CAL increases that constrain anticipated resources. In the event that a particular asset is not anticipated to be on-line in the year it is contracted, the ongoing funding could be reduced on a one-time basis – effectively starting the ongoing funding in the year after the year of the budget process.[1]

These should be considered broad outlines for a revised process. CBO will work with bureau staff to fully develop this process.

Portland International Raceway

This facility is operated through a separate enterprise fund, the Portland International Raceway Fund. This fund is anticipated by the bureau to end FY 2014-15 with a fund balance of $192,543, down from $665,155 in FY 2011-12. This fund balance is predicated on a projected beginning fund balance for FY 2014-15 of $290,614 – a net reduction in balance of $98,071. CBO is currently projecting the beginning balance to be closer to $125,000, which, with the same net spending would result in an ending balance of less than $30,000 – less than 2% of annual operating expenses. This low reserve represents a significant risk to the fund and, consequently, to the General Fund.

The dynamics driving this performance are: a) lower than projected revenues in FY 2013-14, 2) a large and unanticipated charge from the drainage district for levee maintenance, and 3) significantly increased General Fund overhead charges resulting from a change in overhead metrics.

CBO recommends that the bureau develop a plan to address the low reserve level and to create a contingency plan relying on resources internal to the bureau to prevent the fund from generating a negative balance. Finally, if it is determined that the issues in the fund are structural, CBO recommends that the bureau develop a long-term plan for the raceway that does not require long-term subsidy from other funds.

[1] As an example, a contract expected to come before Council in February 2015 and be in service that December would be requested as part of the FY 2014-15 budget but only become available in FY 2015-16 due to the one-time offset. A second offset would be included in the FY 2015-16 budget to account for the partial in-service year.

Decision Package Analysis & Recommendations

Convert Seasonal to Full Time Jobs, PK_02, $1,145,883, 32.00 FTE

This request would convert 30 FTE in the bureau from seasonal or contract positions to full-time. The other two positions include a restored Recreation Coordinator in the Senior program and the establishment of a Recreation Coordinator to support the Summer Free for All program.

The full-time conversions are partially funded through the elimination of the existing seasonal or contract positions. The increment is roughly $30,000 per position, effectively double the cost of the current staffing model. These costs are driven primarily by health and PERS benefits as well as paid time off. The positions include front-desk staff at several large community centers, aquatics staff, and Park Rangers.

Over the last several decades, the bureau has increased its reliance on seasonal and contract employees. This is partly due to the seasonal nature of the work, but partly due to the bureau's efforts to maximize levels of service with existing resources. According to the bureau, this budget request would address the right-sizing of the bureau; appropriately seasonal staff would remain seasonal while positions that are effectively full-time would become regular, full-time positions.

It should be noted that, due to faster escalation of benefits costs, the outyear impacts of these conversions would are greater than those represented in the request; benefits increases would be built into future year Current Appropriation Levels through the standard health and PERS escalation assumptions.

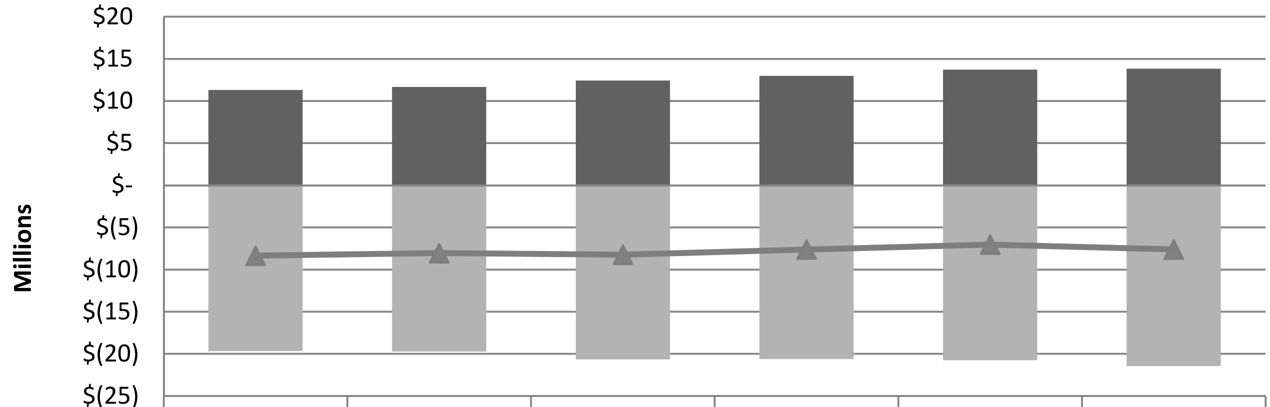
Community Center Staffing

While the bureau would benefit from a more stable recreation workforce through lower levels of attrition, more rational reporting structures, and improved scheduling, these benefits are difficult to quantify. It is unlikely that, as a result of the requested conversions, citizens would perceive any increase in the level of service.

On fiscal grounds, CBO does not recommend additional funding for the conversion element of this request. However, we do acknowledge the managerial and equity challenges associated with the current structure and support any bureau efforts to realign current resources to address those challenges.

One opportunity to phase in these conversions might be through increased revenue at the community centers and other recreation centers. The bureau has experienced a strong upward trend in revenue over the last several years with charges for service in the Recreation program growing at 4.3% annually since FY 2009-10. The chart below shows the growth in revenue as well as expenses and the net subsidy to recreation programming. Comparing CBO projections to the bureau base budget (without decision packages), the expected revenue growth projected by PP&R is only 0.8% over the current year. In light of recent trends, CBO believes that the bureau could conservatively estimate at least an additional $330,000 in recreation revenue and fund ten of these conversions in FY 2014-15. Should the revenue trend continue, the bureau would be able to absorb additional positions in future years.

Recreation Programs: Expense, Revenue, and Subsidy



	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 CBO Projection	FY 2014-15 Request Base
Expense	$(19,669,367)	$(19,734,435)	$(20,655,175)	$(20,618,259)	$(20,760,887)	$(21,452,742)
Revenue	$11,304,874	$11,676,634	$12,419,181	$12,984,891	$13,713,049	$13,827,923
Net Subsidy	$(8,364,493)	$(8,057,801)	$(8,235,994)	$(7,633,368)	$(7,047,838)	$(7,624,819)

Moreover, PP&R has been planning or implementing a series of operational changes that could have additional positive impacts on recreation revenue over the next several years. These changes include the implementation of Recreation Revolution which should allow for greater operational efficiencies in the centers as program development becomes centralized, the implementation of ActiveNet which through more effective marketing could drive additional revenue, and the development of a more targeted subsidy policy which would generate additional fee revenue without creating access barriers.

In the event that expected revenue trends or initiatives impacting revenue are not expected to generate sufficient revenue to convert this seasonal workforce, the bureau could consider incremental rate increases to achieve the same end.

Ranger Staffing

The request to convert seasonal staff is made in the context of a very rapid expansion in the security program utilizing non-discretionary resources. Some of the recent changes include:

- In FY 2012-13, a Bureau of Environmental Services (BES) interagency created the Forest Park Ranger, the first full-time Park Ranger – albeit limited term. This position was converted to a regular full-time position in FY 2013-14, funded with General Fund discretionary.
- Also in FY 2012-13, the bureau negotiated the elimination of the downtown security contract and replaced the contracted services with three limited term positions. These were converted to

regular positions in the FY 2013-14 budget as the Special Appropriation was moved to the bureau's budget.

- As part of the FY 2013-14 budget, the bureau added three additional full-time rangers for parking enforcement, funded with Washington Park parking revenue. (Note: This revenue is not budgeted in the program, resulting in the appearance of a larger discretionary subsidy than actually exists.)
- During the Fall Supplemental Budget in 2012, the bureau requested one-time funds to increase seasonal ranger staffing. Based on information from the bureau at the time, this one-time increase would have increased staffing from 12 to 30 seasonal staff. At the time CBO cautioned City Council against funding this increased level of service with one-time funds.

The table below shows the rapid growth of the program over the last several years.

	FY 2011-12 Revised	FY 2012-13 Revised	FY 2013-14 Adopted	FY 2013-14 Revised	FY 2014-15 Request
Park Ranger Supervisor	1	1	1	1	1
Park Ranger - Full-Time FTE	0	0	5	7	16
Park Ranger - Limited Term FTE	1	4	2	0	0
	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Adopted	FY 2013-14 Projection	FY 2014-15 Request
Personal Services Costs	$ 494,842	$ 898,718	$ 672,492	$ 944,152	$ 1,177,951
Notes: 1) The Forest Park Ranger is included as a Park Ranger although that position has, until recently, been a Community Outreach and Information Assistant.					

In light of the recent expansion of the program, CBO recommends that, prior to any decision to fund conversions, the bureau present a security plan to Council that describes the current and desired levels of service and staffing.

New and Restored Positions
At this time, CBO does not recommend the restoration of the Senior Recreation Coordinator or the creation of a Summer Free for All position in light of fiscal constraints and the stated focus of our recommendations on stabilization, critical needs, and select Citywide priorities.

CBO Recommendation: $0, 0.00 FTE

Access & Equity Program, PK_05, $150,000
In the FY 2013-14 Fall Supplemental, the bureau funded a new position – the Access and Equity Manager – with the overhead portion of accumulated operations and maintenance increases associated with new in-service assets. This new position is in the process of being classified by the Bureau of Human Resources at the time of this writing. This package would fund the materials and services ($103,800) and seasonal staff ($46,200) components of the program to be managed by this new position.

At the time of the budget submittal, the request is effectively a placeholder pending development of a more detailed program budget.

CBO has expressed the following concerns about the request: 1) the position was created with the indirect/administrative component of O&M increases; the non-FTE component should be similarly funded if the bureau sees the need, 2) the specific uses for the funding have not yet been clarified, so any funding decision should await a more detailed program budget – potentially developed once the position is hired, and 3) much of the workplan outlined in the request narrative (i.e. the strategic plan action items) seems more appropriate for the position that has been created rather than professional services contracts or seasonal labor.

Based on these concerns, CBO does not currently recommend this request for new funding in the FY 2014-15 budget.

CBO Recommendation: $0

Workplace Improvements – Mount Tabor Yard, PK_01, $2,040,000
Mt Tabor Yard is PP&R's central maintenance facility. Most of the existing buildings were built more than 80 years ago and are well past their useful life. Many were built as stables or barns. Facilities studies dating to the 1980s detail deficiencies that still exist today. A 1999 facilities study rated the facility as 'critical' and that 'minor repairs are no longer possible or desirable'.

Examples of deterioration abound. A most extreme example is a storage shed and office building that is stabilized with two steel cables running crosswise across the rafters. The roof of the same building leaks, but roof replacement is impossible because the work would trigger seismic requirements whose cost would exceed the value of the building (and would result in no functional improvement).

Another facility exists in Delta Park that houses Urban Forestry staff. While not as dire, the facility also has deficiencies for which funding is requested.

Over the last several years, the bureau has set aside a portion of the capital major maintenance allocation – roughly $1 million – to address the most significant health and safety concerns at these two facilities. That funding would address the demolition of the previously mentioned unstable building, purchase and installation of trailers to replace the lost office space, and installation of a paint booth to address the current lack of ventilation in the paint shop.

This budget request for one-time funding would increase the scope of the currently contemplated improvements to include further paint shop improvements, a trailer to move the Horticultural Services group out of a building with numerous health and workplace safety issues, add a curbside hydrant, add a closed circuit TV system to address a chronic theft problem, and a public path and fence to discourage and redirect non-City individuals who currently walk across the site.

CBO's initial concern was that these costly interim solutions would be undone upon the redevelopment of the Yard per the 2008 master plan. This plan calls for the demolition of most structures at the yard and the construction of $40-$55 million in new structures and parking. While some of the work may be superseded by work on the master plan, that work is currently unfunded, and there is no plan to address the master plan funding gap. In the meantime, the health and safety issues should be addressed. Moreover, the purchase of trailers – one of the larger expenses for the interim improvements – could serve as swing space during construction of the various elements of the master plan should that plan (or some other replacement plan) eventually be funded. Also, the paint booth would be salvageable should the master plan be executed. While the other improvements to accommodate the paint-booth would eventually be undone, conversations with asset management staff indicate that, with phasing, that improvement could last up to fifteen years.

Based on the limited funding availability, CBO recommends that the bureau proceed with the health and safety elements of their plan using the existing, identified resources, and additional one-time funding for: a trailer to move the Horticultural Services staff out of their current building, the hydrant, and security improvements. The additional trailer purchase and install would benefit from contracting efficiencies of scale and would remedy a number of health and safety concerns for that group.

The remainder of this request should receive priority consideration should capital set-aside funds become available in Fall 2014 or later. Furthermore, should City Council choose to fund an additional amount of major maintenance funding (PK_08), some portion could be dedicated to continued interim fixes and improvements at the Yard until the master plan is funded.

It should be noted that, overall, these types of fixes at these facilities are necessary given the current condition, but such fixes are extraordinarily inefficient in terms of life-cycle management. Mt Tabor Yard in particular is long past its useful life and requires replacement. CBO recommends that City Council engage in the discussion of how and when to move some replacement plan – the master plan, some phases thereof, or some other plan – forward. This would fit into a funding plan for major asset replacement as discussed in the Key Issues section above.

Details of the recommended elements are as follows:

Mt Tabor Yard		
	New Paint Booth	260,360
	West Side Facility Demo	64,428
	New Double-wide Trailer (west side)	345,150
	New Workstations (trailer)	13,116
	Greenhouse: Close heat to Bays 2-5	17,966
	Fire Hydrant/security	129,989
	New Trailer (Hort. Services)	226,560
	New Workstations (Hort. Svcs & FMTs in paint shop)	17,275
	Ballfields Space Renovation for Paint Storage & Booth	453,120
Delta Yard		
	New / Replacement Trailer	328,257
	Security Upgrades	20,513
	New Workstations (trailers)	33,027
	House: New workstations	26,566
Total Priority Improvements		1,936,327
Current Major Maintenance Allocation		1,084,314
CBO Recommended One-Time General Fund		**852,013**
	rounded to>	**850,000**
Excluded Items		
Mt Tabor Yard		
	Paint Shop Improvements	346,637
	Public Path, Fence, Lighting	418,895
Delta Yard		
	Structural Assessment of Barn	1,500
	Regrade/gravel yard roads	98,506
	House: Interior remodel	233,398

CBO Recommendation: $850,000 one-time

Funding and Expansion of GRUNT Program, PK_03, $128,000, 1.00 FTE

This request would continue and expand a current PP&R program designed to provide a pipeline to connect at-risk teens to environmental careers – in the bureau and in the broader field. The program started in 2008 and has been funded with a series of grants. The program has several components including the JrGRUNT program for 8th and 9th graders, the GRUNT program for 10th-12th graders, and EcoInternships for any GRUNT or JrGRUNT participant. The program has cost between $33,000 and $59,000 over the last several years for the GRUNT components, with an additional $15,000 - $20,000 for EcoInternships. These costs do not include full-time staff costs or other indirect components.

Many GRUNT participants subsequently participate in the Youth Conservation Crew and as instructors for Nature Day Camp. In addition to a 65 hour volunteer naturalist training in the spring and the internship opportunity in the summer, the program offers all graduates resumé help, job resources and networking, and paid work opportunities.

The program tracks outcomes for all participants, including those that have graduated from the program. Select metrics include:

- 158 currently in the pipeline; 57 additional participants anticipated this year
- 43 graduates with summer jobs or paid internships with the bureau last summer
- 9 graduates working year-round in various divisions
- 26% of year-round environmental education staff and 64% of summer staff are GRUNT graduates

The nature of the program is to support and track participants and graduates through high-school and into post-secondary education. As the program has aged, the pipeline of participants and graduates has grown. The bureau is requesting the enhancement for two primary purposes: 1) to manage this growth, and 2) to expand the program from spring (volunteer training) and summer (work opportunities) into the fall to provide professional development and nature opportunities during that time.

This has been a successful program with good equity outcomes. Grant funds have long leveraged internal bureau resources (in the form of a staff person who spends roughly 65% of her time on the program). Making an ongoing commitment is a small investment and would free up some staff resource from pursuing grants.

In light of the scarcity of available General Fund resources, CBO has focused our recommendations on critical needs and, therefore, does not recommend additional funding for this program at this time. However, CBO recommends that Council consider using a portion of remaining available General Fund resources to backfill the grant funding at $60,000 to maintain the program in its current configuration.

CBO Recommendation: $0, 0.00 FTE

Parks & Natural Areas Maintenance Enhancements, PK_04, $1,018,116, 9.00 FTE
This package has two distinct pieces: 1) the restoration of six maintenance positions in service zone operations and in City Nature and 2) a newly staffed program to establish, measure, communicate, and manage a consistent service level across parks assets.

Restored Positions
The primary indicator for parks maintenance – the percentage of residents rating park grounds as well-maintained – has been trending up over the last ten years and has not shown any signs of declining during the period of budget cuts. This is a perceptional indicator and, as such, tends to be a lagging one. Nonetheless, it seems premature to add back eliminated positions, particularly since many of the positions eliminated as part of budget reductions were preserved with new operations and maintenance funding.

To illustrate this dynamic, 53.67 Horticulturists and Park Techs – the core classifications of the daily parks maintenance function – were budgeted in FY 2009-10; in FY 2013-14, that number was 54 FTE. The Botanic Specialist series and Botanic Technician series actually grew from a combined 16 FTE to 22 FTE over the same period. This staffing pattern should be taken in the context of a growing system, however. While an imperfect measure of staffing capacity, it illustrates the phenomenon that was identified in The FY 2013-14 CBO review; the bureau consistently receives operations and maintenance increases for new assets while also consistently being cut disproportionately to other large General Fund bureaus. The net impact has been the need to do more with the same resources.

Management Information Program
The second portion of the request is for three new inspector-type positions and a nominal amount for related materials and services. The addition of this measurement and audit function – essentially brand new to PP&R – would move daily maintenance toward a data-driven model. With the addition of this function, service levels could be monitored and managed to develop interventions before issues arise in the perceptional indicators on which the bureau currently relies.

Moreover, utilizing cost and service level data to establish thresholds and averages for parks maintenance would allow the bureau to quantify the 'premium service' received by some parks and, ultimately, seek partners to assist in maintaining those levels. CBO strongly believes a partnership model will be an important element of a long-term strategy for funding the daily maintenance of a growing system in an environment of constrained General Fund resources.

Despite the acknowledged possibilities of such an inspection program, CBO notes that this program should provide, at minimum, a return equal to its cost in the form of efficiencies. A decision to provide new funding for this program would effectively be one to reinvest those efficiencies in the system. Given the current paucity of available General Fund, CBO recommends that the bureau seek ways to fund this program internally.

One possible source for funding this program is through scheduled operations and maintenance increases. This would avoid both the short-term operational impacts of reallocating existing FTE and the perceptional issue of reducing front-line staffing. To reflect this recommendation, we have included one position as part of the O&M package, PK_10, utilizing the new bureau resources for this function.

CBO Recommendation: $0, 0.00 FTE

ADA Transition Plan, PK_06, $650,000, 1.00 FTE
This package consists of two distinct components, both requested for one-time funding. The first component is an 18-month limited-term position to be housed in Parks to work with OMF-Facilities in developing the ADA Transition Plan. This plan is federally mandated, and not performing the work would jeopardize the City's federal funding. Parks facilities make up about 70% of all the facilities Citywide and an even higher percent of those that are frequently used by the public. With only 25% of the Parks inventory complete, already nearly 10,000 barriers have been identified. Because of this disproportionate share of the workload, PP&R and OMF-Facilities have determined that a dedicated staff person in Parks is necessary to complete the portion of work PP&R is being asked to do for the Transition Plan. OMF is

concurrently requesting a similar position to manage the remainder of the City portfolio and to coordinate the Citywide effort.

The PP&R position would be responsible for reviewing each identified barrier and preparing the following information for inclusion in the Transition Plan: 1) categorizing each barrier in the plan, 2) leading discussions with staff and the community on the prioritization of barrier removal, 3) identifying the means of barrier removal, and 4) developing a schedule for removal.

The cost of this position would be roughly $140,000 over the term of the position. This term is timed with the expected date for completing the transition plan.

The second component of the request is $500,000 to begin addressing the barriers identified by the study. While the study is only 25% complete for Parks' facilities, the cost estimate for those facilities ranges from $12.9 - $17.5 million. Projecting that figure to the remaining facilities would imply a total cost of $51.5-$70 million. These figures are very low confidence.

At this point, CBO does not recommend new funding for this request based on the scarcity of available General Fund resources. We have recommended a new coordinator position in OMF- Facilities and suggested that this coordinator assist with Parks' transition plans. With the requested resources, the non-Parks portion of the Transition Plan was expected to be presented to City Council in November 2014 and the Parks portion in August 2015. Without additional resources, this timeline will be impacted – potentially resulting in a failure to show sufficient progress toward compliance. Moreover, the benefits of having a staff person within the bureau who is familiar with the facilities, the staff, and the community would be lost.

While we do not recommend additional funding, CBO would be supportive of a bureau decision to reallocate funds – roughly $90,000 in FY 2014-15 and $60,000 in FY 2015-16 – to create the limited term position.

With regard to the allocation to address existing barriers, CBO does not recommend funding until the prioritization and timeframe for completion have been established. Should very high priority items be identified, the bureau should continue the current practice of addressing those needs with existing major maintenance funding.

CBO Recommendation: $0, 0.00 FTE

Asset Management Implementation, PK_07, $260,000, 3.00 FTE

This request consists of two distinct components: 1) the restoration of a Public Works Supervisor that was eliminated in the FY 2012-13 budget and 2) two new positions in the Asset Management group to establish an inspection protocol, perform inspections, analyze the resulting data, and support management decisionmaking.

Public Works Supervisor

Despite budget process decisions to eliminate Central Services positions, the bureau has maintained relatively constant front-line staffing in this division through the allocation of operations and maintenance increases. Rather than reestablish this position, the bureau elected to use the accumulated O&M increases to fund other Central Services positions and other positions in the bureau. In light of this bureau deprioritization of the position, CBO does not recommend additional funding to restore it. Should the position prove to be essential, the bureau could utilize some portion of the O&M recommended as part of this budget process to fund it.

Asset Management Program

The two positions requested in this program include an inspection position to develop an inspection protocol and perform regular condition assessment of all assets. The second position would be a program analyst to analyze data to support management decision-making and to develop processes to manage the information.

Currently, the bureau's Facilities Condition Index is fed by data provided by Central Services frontline staff. A portion of their current workload includes performing inspections on facilities when they respond to work orders. While this system has functioned for the last decade, it has its limitations; while expert in remedying existing conditions, the field staff are not expert in establishing and systematically measuring condition. Central Services staff have spent between 15-20% of their time performing inspections. This emphasis has resulted in an increased work order backlog.

In theory, unifying the inspection function of the existing Central Services staff into a single person would allow for an equivalent consolidation of that staff with other potential efficiencies or benefits. However, as described earlier, this group has been managing its responsibilities for a growing system with a more or less consistent level of resources. Moreover, despite the size of the Central Services division, there is no single classification that is staffed sufficiently to withstand a reallocation. A final issue with this reallocation approach is that, because the culture change required of moving to a data-driven, lifecycle cost approach to facilities maintenance requires trust and buy-in of front-line staff, elimination of a front-line position to fund this position would jeopardize that effort.

Given the constrained resources during this budget process and the focus on stabilization, CBO does not recommend the position. However, as with the management information program in PK_04, we recommend that a portion of the O&M funding for the new assets coming on-line be allocated to funding the inspection portion of this position.

CBO Recommendation: $0, 0.00 FTE

Major Maintenance, PK_08, $500,000

As discussed in the Key Issues section above, the bureau has identified 211 'small' (i.e. less than $400,000) unfunded major maintenance projects costing an estimated $25.3 million. This request would increase the bureau's capacity to address these projects. While an additional $500,000 may not get the funding to an optimal level, it will allow the bureau to address roughly 20% of this subset of the unfunded major maintenance list over the next 10 years. CBO recommends this increment. However, CBO recommends utilizing the first year of the new allocation to address the health and safety upgrades at Mt Tabor Yard and the maintenance yard at Delta Park. Therefore, we recommend the ongoing funding with a one-time offset to fund the maintenance facility project (PK_01).

CBO Recommendation: $500,000

Ongoing Funds for SUN & Aging Services, PK_09, $347,909

In the FY 2013-14 budget, these two programs were reduced and shifted from ongoing General Fund to the Parks Local Option Levy on a one-year basis. This one-year 'bridge' was adopted explicitly by City Council in two budget notes.

This package would continue the reduced FY 2013-14 levels of funding for these programs, but restore the General Fund ongoing funding.

CBO, at this time, recommends continuing with the City Council-approved plan to eliminate this funding after this year. However, the role of City direct support for County programs continues to be an ongoing discussion among City Council and with the County; this request should ultimately be considered in the context of that conversation.

CBO Recommendation: $0

O&M from Acquisitions and Improvements, PK_10, $288,152

This request would fund the ongoing operations and maintenance costs for several new assets. It also includes the one-time portion of the South Waterfront Greenway that was approved by City Council in February 2014. The total request is for $288,152 ongoing General Fund and $104,746 one-time.

Based on Citywide Financial Management Policy, CBO recommends the funding of O&M for these assets.

The following elements are requested for ongoing funding:

- **NE 52nd and Alberta - $95,491 –** This new 2.4 acre park is expected to go into service in March 2015. The ongoing figure would be reduced on a one-time basis to account for the partial first year of operation. The main cost drivers include daily maintenance ($48,226) and security ($11,250). The figure also includes $18,783 of the administration and overhead.
- **Westmoreland Park Nature Play Area - $68,443 –** Because of the water features and other unique aspects, this new play feature will result in roughly $37,500 in daily maintenance costs. The bureau is also requesting $8,145 for security among other costs.

- **Westmoreland Park Pond Restoration - $25,310 –** Primary cost drivers for this include maintaining approximately 280 new trees ($9,165 annually) and security ($8,145 annually).
- **Lotus Island Playground - $26,055 –** This 1.7 acre asset has been owned by the City for many years but maintained by a private entity. The maintenance agreement expired, resulting in the need for PP&R to begin maintenance in May 2013.
- **Various land acquisitions - $26,474 –** This request represents maintenance of 10+ acres of newly acquired property.
- **Chimney Park-Pier Park Pedestrian/Bike Bridge - $20,000 –** This structure was completed in the Fall of 2013. Estimated costs are driven by costs associated with maintaining structure over a rail line.
- **Hannah Mason Pump Station – $7,122 –** Additional costs of roughly $5,000 annually are driven by the addition of 49 new trees at the site, subsequent to the construction of a BES pump station.
- **Columbia Slough Trail - $7,500 –** This one-mile stretch of trail was completed in the Fall 2013
- **Marshall Park Playground Replacement – $6,900 –** The primary cost driver of this request is an increase in the number of visits by PP&R staff from two times per week to five.
- **Centennial and Oliver Community Gardens - $4,857 –** These two gardens add about 21,000 square feet. The O&M request is based on a metric driven by current costs.

Based on discussion with the bureau and analysis of the requests, the figures requested have been adjusted as part of this recommendation. Those adjustments are as follows:

	Request		CBO Recommendation	
	Ongoing	Onetime	Ongoing	Onetime
Columbia Slough Trail	7,500	-	7,500	
Chimney Pk-Pier Pk Ped/Bike Bridge	20,000	-	20,000	(5,216)
South Waterfront Central Greenway		187,771	-	66,338
Lotus Island Playground	26,055		11,000	-
Westmoreland Park - Nature Play and Pond Restoration	93,753	(11,407)	78,820	(15,276)
Willamette Park - Hannah Mason Pump Station	7,122		7,122	(2,165)
Marshall Park Playground	6,900		-	
Centennial Community Garden	2,415		2,415	
Oliver Community Garden	2,442		2,442	
NE 52nd & Albeta Property Development	95,491	(71,618)	95,491	(76,315)
Acq PMP, LLC @ Baltimore Woods	1,000		1,000	
Acq Liberty Bank @ Veterns Creek NA	7,000		7,000	
Acq 607110 LLC @ Baltimore Woods	10,854		10,854	
Acq - Palioca @ Mitchell Creek NA	7,620		7,620	
Total	**288,152**	**104,746**	**251,264**	**(32,634)**

The most significant change is a reduction of the South Waterfront Greenway portion to exclude a number of costs that are not anticipated in the first year. The original request was based on a partial year calculation of the estimated ongoing annual cost. This reduction was made in consultation with the bureau.

As discussed above in PK_04 and PK_07, the bureau seeks to undertake two new programs related to moving the bureau to a more data-driven approach to asset management. CBO believes that, to the degree that these positions ultimately improve the efficiency and effectiveness of the operations, maintenance, and life-cycle management of all assets, those benefits would allow the bureau to absorb the additional responsibilities of the above assets – as well as generate additional efficiencies. The capital asset inspection program will have the additional benefit of freeing existing Central Services maintenance staff from their current inspection responsibilities, allowing them to focus on work order backlogs and the needs of the new assets. Therefore, we recommend this O&M package but dedicate $124,448 in ongoing resources to partially fund these new programs including one position to inspect the condition of parks for safety, cleanliness, and landscape condition and one position dedicated to perform routine inspections on all Parks' built assets.

CBO Recommendation: $251,264, 2.00 FTE

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
Portland Parks & Recreation											
Key Priorities											
PK_02 - Convert Seasonal to Full Time Jobs	02	32.00	1,145,883	0	0	1,145,883	0.00	0	0	0	0
PK_05 - Access & Equity Program	05	0.00	150,000	0	0	150,000	0.00	0	0	0	0
Total Key Priorities		*32.00*	*1,295,883*	*0*	*0*	*1,295,883*	*0.00*	*0*	*0*	*0*	*0*
Critical Needs											
PK_01 - Workplace Improvements - Mount Tabor Yard	01	0.00	0	2,040,000	0	2,040,000	0.00	0	850,000	0	850,000
PK_03 - Funding and Expansion of GRUNT Program	03	1.00	128,000	0	0	128,000	0.00	0	0	0	0
PK_04 - Parks & Natural Areas Maintenance Enhance	04	9.00	928,116	90,000	0	1,018,116	0.00	0	0	0	0
PK_06 - ADA Transition Plan	06	1.00	0	650,000	0	650,000	0.00	0	0	0	0
PK_07 - Asset Management Implementation	07	3.00	260,000	0	0	260,000	0.00	0	0	0	0
PK_08 - Major Maintenance	08	0.00	500,000	0	0	500,000	0.00	500,000	(500,000)	0	0
PK_09 - Ongoing funds for SUN & Aging Srvcs Pass-T	09	0.00	347,909	0	0	347,909	0.00	0	0	0	0
PK_10 - O&M from Acquisitions and Improvements	10	0.00	288,152	104,746	0	392,898	2.00	251,264	(32,634)	0	218,630
Total Critical Needs		*14.00*	*2,452,177*	*2,884,746*	*0*	*5,336,923*	*2.00*	*751,264*	*317,366*	*0*	*1,068,630*
Total Portland Parks & Recreation		**46.00**	**3,748,060**	**2,884,746**	**0**	**6,632,806**	**2.00**	**751,264**	**317,366**	**0**	**1,068,630**