FY 2013-14

Year-End Report

July 1, 2013 – June 30, 2014

Prepared by the City Budget Office, December 2014

Public Safety

Bureau of Emergency Communications

Analyst: Ryan Kinsella

Summary

Overtime costs exceeded budget amounts in FY 2013-14 similar to prior years; however, overall, the bureau underspent its personnel services budget. Despite staff reductions in its FY 2013-14 budget and increased workload (as indicated by call volume), the bureau was able to maintain call response times.

Budget-to-Actuals

Emergency Communications Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$2,482,969	$2,542,676	($59,707)	102%
Charges for Services	285,950	327,690	(41,740)	115%
Intergovernmental Revenues	6,953,832	6,780,292	173,540	98%
Fund Transfers - Revenue	13,744,216	13,744,216	0	100%
Miscellaneous	50,000	11,104	38,896	22%
Total Resources	**$23,516,967**	**$23,405,979**	**$110,988**	**100%**
Requirements				
Personnel Services	$14,129,458	$13,668,845	$460,613	97%
External Materials and Services	1,233,031	784,437	448,594	64%
Internal Materials and Services	3,751,313	3,473,630	277,683	93%
Bond Expenses	1,357,746	1,348,674	9,072	99%
Fund Transfers - Expense	1,453,804	1,453,804	0	100%
Contingency	1,591,615	2,676,589	(1,084,974)	168%
Total Requirements	**$23,516,967**	**$23,405,979**	**$110,988**	**100%**

Overall, personnel services was underspent by $460,000; however, within this major object, the bureau's overtime budget was overspent. In FY 2013-14, the bureau budgeted $158,000 for overtime but spent $564,000, resulting in $405,000 in overspending. Overtime costs have significantly exceeded budget amounts since FY 2012-13, during which the bureau absorbed nearly all of the mandated 6% reduction by cutting the overtime budget by $750,000.

The bureau's revised budget for personnel services includes $415,000 in compensation set aside, which Council appropriated as part of the FY 2013-14 Spring BMP. As noted at the time, the potential for overspending was largely driven by spending in overtime and premium pay. By year end, savings from salary and benefits due vacant positions resulted in underspending, which ultimately provided the necessary funding to cover actual overtime costs.

Each year the Emergency Communication Fund transfers funds to the General Fund due to prior year underspending. For context, in FY 2012-13, the bureau spent $555,813 less than required from their General Fund discretionary appropriation; this year the amount will be $500,000.

Decision Packages

Decision packages in FY 2013-14 were structured to add back services that were reduced from the base budget as part of a 'modified zero-base' budget. For the Bureau of Emergency Communications, this included the restoration of $1.2 million and 18.0 FTE, including 12 dispatcher positions, 4 call-takers, and 2 fire tactical resource operators.

Four operations trainee positions were not restored, but the bureau was also given one-time bridge funding so that the number of layoffs could be minimized. Over the course of the year, the requisite four positions were vacated due to retirement and termination. Even though bridge funding allowed the bureau to avoid layoffs, due to resignations, vacations, and sick time leave, the bureau reported an increase in hold times during summer months. (Over the course of FY 2013-14, the reduction of trainee positions did not impact any of the bureau's key performance measures.)

Regardless, there may be a lag in the impact of the position reductions. The bureau continues to struggle to maintain an adequate number of attendees in its training academy in order to yield the number of graduates to fully staff operations. Moreover, the bureau anticipates a number of retirements in coming year or two, increasing the importance of having an adequate number of qualified replacements.

Budget Notes

Rapid Response Vehicle Analysis. The bureau partnered with the Portland Fire and Rescue Bureau on its analysis of rapid response vehicles, as directed by

Council in FY 2013-14. Portland Fire and Rescue continues to serve as lead on the analysis, and in December 2014, presented its findings to Council. The Bureau of Emergency Communications focused its analysis on the usability of rapid response triage cards, and how to incorporate the dispatch of rapid response vehicles in its CAD system and as part of the bureau's dispatch protocol.

Performance Reporting

Workload for the bureau increased over FY 2013-14, and yet, the bureau maintained performance across all key measures; for some critical measures, performance even improved despite the workload increase. Highlighted below are critical performance changes from FY 2012-13 to FY 2013-14:

- Bureau workload increase in terms of the total number of calls: 744,000 to 772,000;
- Percentage of emergency calls answered within 20 seconds improved from 97% to 99%. This trend was consistent across police and fire emergency calls, but call answering time slightly decreased for emergency medical calls;
- Correspondingly, the average time to answer emergency calls improved from 3 seconds to 1 second per call;
- Academy graduation rates improved from 84% to 100%. The bureau notes that this year's cohorts may have been an anomaly and not necessarily the beginning of a trend. Regardless, this year's improvements will help to address immediate staffing needs.

Given the context that the bureau has seen budget cuts and increased workload, FY 2013-14's performance trends are notably positive.

Fire Police Disability Retirement

Analyst: Christy Owen

Summary

The Bureau of Fire and Police Disability Retirement (FPDR) ended the fiscal year with adequate property tax resources to meet benefit payment and other obligations. All bureau spending in FY 2013-14 was within the Revised Budget amounts across all expense categories. The bureau's only capital project, a new benefit and member management system, is complete; expenses incurred in FY 2013-14 were primarily associated with recognizing the cost of internal staff who worked on system development, which the bureau failed to properly capitalize in the two prior fiscal years.

Budget-to-Actuals

Fire and Police Disability and Retirement Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$14,504,338	$14,199,476	$304,862	98%
Taxes	118,618,232	119,378,897	(760,665)	101%
Charges for Services	0	34	(34)	0%
Interagency Revenue	542,200	542,200	0	100%
Fund Transfers - Revenue	759,046	9,046	750,000	1%
Bond and Note	28,000,000	26,930,235	1,069,765	96%
Miscellaneous	430,000	579,606	(149,606)	135%
Total Resources	**$162,853,816**	**$161,639,493**	**$1,214,323**	**99%**
Requirements				
Personnel Services	$1,848,432	$1,757,833	$90,599	95%
External Materials and Services	112,475,263	112,035,731	439,532	100%
Internal Materials and Services	6,981,119	6,873,479	107,640	98%
Capital Outlay	95,000	69,040	25,960	73%
Bond Expenses	28,339,886	27,032,276	1,307,610	95%
Fund Transfers - Expense	859,699	109,699	750,000	13%
Contingency	12,254,417	13,761,435	(1,507,018)	112%
Total Requirements	**$162,853,816**	**$161,639,493**	**$1,214,323**	**99%**

Resources and requirements for the FPDR Fund ended FY 2013-14 within budgeted amounts. The bureau had adequate tax revenues to support operational expenses and did not require any additional contingency or fund transfers to meet obligations. Miscellaneous revenues were collected in excess of budget, primarily due to increased interest earnings and revenues collected through the subrogation process. Operations spending ended the year close to budget as well. The largest category of expenses is benefit payments and the annual expense ended within less than 1% of the budget. The bureau has a budgeted fund transfer of $750,000 from the FPDR Reserve Fund in case the current revenues from the tax levy are unable to cover the incurred expenses. In FY 2013-14 this reserve was not required, and therefore funds were not transferred.

Capital

Capital expenses in FY 2013-14 are primarily associated with properly expensing internal personnel costs associated with the database project in FY 2011-12 and FY 2012-13. In addition, capital expenses are incurred on an ongoing basis as new functionality and upgrades are added. Expenditures recorded but not capitalized in the prior year will be carried forward.

Budget Notes

There are no budget notes to report on.

Performance Reporting

Workload measures, such as number of claims filed and number of retirements processed, ended the year mostly within forecasted amounts for FY 2013-14. The total number of retirements from active service, a key workload indicator, did end the year at a lower number than originally forecast. Disability workload measures have held consistent for the past two years.

Measures that look to operational effectiveness and efficiency are trending positively as well for the bureau. The bureau is meeting or close to meeting targets at the 30, 60, and 90 days for the percent of disability claims decisions. Much of the gains in effectiveness are due to the bureau receiving greater savings in medical costs that have come with access to the Oregon Fee schedules and the Managed Healthcare Network allowance. By bringing the medical bill review process in house, FPDR has been able to achieve additional efficiencies.

Portland Police Bureau

Analyst: Christy Owen

Summary

The Portland Police Bureau (PPB) ended FY 2013-14 with bureau expenses and revenues within appropriations established in the Revised Budget. Personnel Services overtime budget was underspent by 14%. The bureau was 100% staffed for sworn positions at year-end and started two new academy classes in the spring of 2014. A comprehensive staffing and workload study is underway with the final report expected to be complete in the winter of FY 2014-15. The settlement agreement with the US Department of Justice (DOJ) was anticipated to be signed in FY 2013-14; however, the final agreement was not signed until August 29, 2014. Other significant technology projects, such as the implementation of an on-body camera program and the transition from Portland Police Data System to RegJIN were carried forward from FY 2013-14 to FY 2014-15. RegJIN is scheduled to go-live in April 2015, and the on-body camera program is proceeding through the City's procurement process with the first step of issuing a Request for Proposals in the winter of 2014.

Budget-to-Actuals

General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Licenses & Permits	$1,931,000	$1,798,851	$132,149	93%
Charges for Services	905,192	1,773,674	(868,482)	196%
Intergovernmental Revenues	6,442,273	6,912,020	(469,747)	107%
Interagency Revenue	3,751,857	3,562,917	188,941	95%
Miscellaneous	1,520,150	930,484	589,666	61%
General Fund Discretionary	156,437,168	152,230,310	4,206,858	97%
Total Resources	**$170,987,640**	**$167,208,255**	**$3,779,385**	**98%**
Requirements				
Personnel Services	$131,448,921	$130,420,528	$1,028,393	99%
External Materials and Services	11,405,116	8,915,949	2,489,167	78%
Internal Materials and Services	27,547,864	27,515,406	32,458	100%
Capital Outlay	585,739	356,372	229,367	61%
Total Requirements	**$170,987,640**	**$167,208,255**	**$3,779,385**	**98%**

Overall, the bureau spent 98% of the General Fund appropriation in FY 2013-14. Revenues for reimbursable overtime services, such as secondary employment, and revenues received through Intergovernmental Agreements (IGA's) exceeded budgeted amounts. There are corresponding expenses associated with these revenue sources. The bureau did receive $200,000 from the Friends of the Mounted Patrol as the organization had pledged to contribute to the costs of operating the Mounted Patrol Unit (MPU). General Fund Discretionary resources were underspent by 3%, or approximately $4.2 million.

Personnel services and internal materials and services were both spent within 1% of appropriation. Overtime expenditures in FY 2013-14 was lower than historical spending patterns, ending the year with 86% of total overtime budget spent. The bureau tracks and reports overtime drivers and categories to the City Council in monthly reports. The majority of the overtime spending is associated with personnel shortage, or shift back-fill, where a sufficient number of officers are unavailable to meet minimum staffing requirements for scheduled shifts due to training, vacation, illness, jury duties, etc.

External materials and services was not fully expensed; however, there was approximately $2.3 million in encumbered purchase orders for planned expenses that were carried forward into FY 2014-15. When these orders are included, the bureau would be near 100% spent for EM&S and the General Fund as a whole. Capital outlay expenses are primarily for information technology equipment specific to the Police Bureau and other operating equipment.

Grants Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Intergovernmental Revenues	$2,530,763	$2,375,242	$155,521	94%
Total Resources	**$2,530,763**	**$2,375,242**	**$155,521**	**94%**
Requirements				
Personnel Services	$1,003,176	$700,847	$302,329	70%
External Materials and Services	1,099,627	710,894	388,733	65%
Internal Materials and Services	40,974	132,953	(91,979)	324%
Capital Outlay	386,986	199,088	187,898	51%
Total Requirements	**$2,530,763**	**$1,743,781**	**$786,982**	**69%**

Revenues in the Grants Fund were almost fully received when compared to the budgeted amounts. The Police received $2.5 million in grant revenue in FY 2013-14. Internal materials and services are reported as over-spent at fiscal yearend; however, the primary reason for this is a technical correction in bureau overhead recording expense as internal materials and services instead of personnel services. This expense is in the FY 2013 Motor Carrier grant received from the Oregon Department of Transportation. Other grant awards were received late in the fiscal year and the bureau did not incur the associated expenses. Purchases that were encumbered in FY 2013-14 will be received in the current fiscal year.

Special Revenue Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$1,487,310	$1,485,977	$1,333	100%
Intergovernmental Revenues	465,000	519,117	(54,117)	112%
Miscellaneous	110,900	249,634	(138,734)	225%
Total Resources	**$2,063,210**	**$2,254,727**	**($191,517)**	**109%**
Requirements				
External Materials and Services	$1,930,851	$463,657	$1,467,194	24%
Internal Materials and Services	0	1,031	(1,031)	0%
Capital Outlay	15,000	9,500	5,500	63%
Fund Transfers - Expense	11,675	11,675	0	100%
Contingency/ Ending Fund Balance	105,684	1,768,865	(1,663,181)	1674%
Total Requirements	**$2,063,210**	**$2,254,727**	**($191,517)**	**109%**

The Police Special Revenue Fund primarily consists of restricted or committed law enforcement funds. The fund's revenues include asset forfeiture proceeds from three sources (federal, state civil, and state criminal) which are received as a part of the asset forfeiture program managed in the Drugs and Vice Division (DVD). There was limited forfeiture revenue received from the State and additional revenues primarily are received from donations restricted for a set of bureau programs. Due to the unpredictable nature of the revenue sources, the bureau historically sets the budget conservatively, based on historical levels. Expenses associated with federal forfeiture dollars must adhere to strict guidelines and must be used for direct law enforcement purposes.

The bureau received donation revenues when private citizens donated to the Canine Fund after the in-service death of a police service canine. Expenses associated with the donations often do not happen in the same year as the revenue received. In the Fall BMP the bureau requested to transfer the donation from the Friends of the Mounted Patrol from General Fund balance into the Special Revenue Fund as the non-profit organization would like to contribute funding towards a capital campaign for a replacement horse barn.

Capital

Capital expenses in the Police Bureau are either part of grant projects expenses or associated with bureau-owned information technology projects. In the FY 2013-14 Fall BMP, Council approved $834,916 for the purchase of Mobile Audio Video (MAV) technology and infrastructure. In the Spring BMP, the bureau requested to carryover the funding, potentially shifting to on-body technology in order to outfit more officers in a cost-effective manner. The bureau was instructed by Council to bring forward a more robust implementation plan, including ongoing program sustainment cost estimates. Expenses for implementing this program were not incurred in FY 2013-14 as a result of the change in project scope, project timing, and ensuring that the sustainment costs are known and ongoing funding is available.

Decision Packages

The majority of the decision packages in the bureau's FY 2013-14 Budget involved reducing 50 sworn officer and five civilian support positions across a variety of units. Other reductions were results of rebalancing interagency (IA) agreements to match OMF reductions.

Reduced Sworn Personnel

Overall, there were 50 sworn positions reduced in the FY 2013-14 Budget and the reductions were achieved through a combination of patrol and specialty units. Precinct patrol was reduced by 17 positions and as a result, the bureau is reporting an increase in average call response time from 5.13 minutes to 5.38 minutes per call for service. The bureau also asserts that it no longer has the flexibility to undertake new initiatives with internal resources, such as starting a walking beat patrol at Central Precinct. Operationally, this walking beat was created in the summer of 2014 and funded with overtime as opposed to officer straight time. Initial program results of the walking beat are very positive and formal performance metrics will need to be reviewed to fully assess the outcomes of this initiative. Financially, the reliance on overtime is not likely to be a sustainable funding source for the program to continue.

Position reductions were taken to the following specialty units: The Mounted Patrol Unit (MPU), Gang Enforcement Team (GET), Family Services Division, Youth Services Division, Detective Division Property Crimes Unit, Forensic Evidence Division (FED), the Air Support Unit (ASU), Drugs and Vice Division (DVD), and Traffic Division. In addition to these position reductions, there were two Identification Technician positions and one Captain that were eliminated. In some cases, such as the MPU and ASU, the bureau realigned internal resources to continue the operations. The MPU reports that performance, such as number of arrests and service area patrolled is significantly reduced since the unit has been gradually scaled back over the past three years of budget reductions. ASU is highly specialized work and the duties of the sergeant position were reinstated by reassigning a sergeant position from the Personnel Division to Air Support.

Reductions in other specialty units have resulted in reduced case investigations and follow-up, fewer cases being assigned out, longer case processing times, and, in the Traffic Division, one night shift was eliminated which effectively reassigned the work to precinct patrol. There are fewer reported moving violations due to a reduced Traffic Officer presence and therefore a reduced ability to issue violations.

The total reduction in personnel amounted to a 4% reduction in the workforce. In accordance with a Budget Note, the bureau is in the process of completing a comprehensive staffing analysis with the results expected in early2015. In addition, the bureau now has a signed agreement with the US Department of Justice where it is anticipated that additional resources will be required in order to be compliant with the terms of the Agreement.

The bureau did receive funding for add packages supporting the Hooper Detoxification Center, the CHIERS sobriety response van, and for expenses incurred by the Traffic Division for costs associated with the Sunday Parkways events. This funding allowed the programs to continue without service interruption.

Budget Notes

The bureau had three budget notes to report back to Council in the Fall BMP: to conduct a minimum patrol staffing study, to minimize the reliance on overtime, and to fund the Lifeworks NOW program via Justice Assistance Grants (JAG) or through funding options from the Police Special Revenue Fund.

Staffing Study

Separate of the Bureau of Human Resource's Citywide Span of Control analysis, the bureau was instructed to have a third party complete a comprehensive staffing and workload analysis. After the Request For Proposal process was completed, a vendor was selected late in FY 2013-14and the project did not begin until July 2014. As a result, the bureau will not have a final report until the middle of the FY 2014-15. The Citywide Span of Control report was released in March 2014 and identified potential command staff positions that could be reduced based on the desire to achieve a higher ratio of management to staff across the organization. The selected consultant is reviewing the span of control in the Police Bureau with respect to best practices in law enforcement agencies, in addition to the more comprehensive review of appropriate staffing levels across bureau units and divisions.

Police Overtime

This Budget Note required the bureau to provide monthly overtime reports and analysis to the Council, City Auditor, and the City Budget Office. Police Fiscal Services Division developed a report tracking discretionary and reimbursable overtime spending, and these reports were emailed monthly. Police Bureau plans to continue to track and report on overtime expenditures beyond the requirement for FY 2013-14.

Funding for Lifeworks NOW

The bureau was able to fund $100,000 of the Lifeworks NOW program with US Justice Assistance Grant (JAG) funds in FY 2013-14. The program was able to continue without interruption in FY 2013-14 as General Fund resources were used in conjunction with the JAG funds. Participants in the program report favorable outcomes and progress in their individual treatment results.

Performance Reporting

FY 2013-14 was the first full year where there was a reduction of sworn officer positions and some performance measures show the impact of these reductions. The total number of officer initiated calls for service was 7.8% lower in FY 2013-14 than the previous year. This reduction may be attributable to having fewer officers available to self-initiate calls and less proactive time available to self-initiate, as well as a change in the available call type coding in the CAD system that was implemented in FY 2012-13. During this same time period, the total number of dispatch calls increased by 3%, and both Part 1 and Part 2 reportable crimes increased as well (2% for Part 1 and 11% for Part 2). The staffing and workload analysis study underway will further analyze performance, workload drivers, and officer proactive time usage.

Case clearance measures are reported to be consistent with prior year reported numbers and with budgeted expectations, with the exception of gang case clearance. The percent of gang violence cases cleared is 12% lower in FY 2013-14 than in FY 2012-13. This unit was reduced by 2 sworn positions and the gang-related cases in FY 2013-14 were more numerous and more complex in nature than those of the previous year, resulting in fewer cleared cases.

In preparation for the FY 2015-16 Budget, the bureau will be developing key performance measures to report to Council. In addition, there will be a new records management system online in April 2015, potentially bringing additional data components for performance reporting in subsequent years.

Portland Fire and Rescue

Analyst: Christy Owen

Summary

Portland Fire & Rescue (PF&R) ended FY 2013-14 within budgeted resources and requirements across all funds. The largest expense category for the bureau is personnel services and the bureau used compensation set-aside to pay for overtime expenses. Overtime expenses exceeded original budgeted amounts due to shift-backfill that could not be achieved through the Travelers Pool, which is the preferred method for covering 24/7 operation shifts.

The FY 2013-14 Adopted Budget reduced 26 firefighter positions. PF&R applied for and received a Federal Emergency Management Association (FEMA) grant that secures funding for these 26 positions through December 31, 2015. This grant provided resources to potentially delay the impacts associated with reducing 26 positions. At present, ongoing General Fund resources have not been dedicated to restore this cut.

Budget-to-Actuals

General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Licenses & Permits	$1,736,000	$2,301,923	($565,923)	133%
Charges for Services	1,265,000	1,563,473	(298,473)	124%
Intergovernmental Revenues	689,651	543,786	145,865	79%
Interagency Revenue	3,136,649	2,948,347	188,302	94%
Fund Transfers - Revenue	587,874	0	587,874	0%
Miscellaneous	216,200	127,243	88,958	59%
General Fund Discretionary	90,300,209	87,659,257	2,640,952	97%
General Fund Overhead	67,917	67,917	0	100%
Total Resources	**$97,999,500**	**$95,211,946**	**$2,787,555**	**97%**
Requirements				
Personnel Services	$85,791,040	$84,453,110	$1,337,930	98%
External Materials and Services	6,683,920	5,459,819	1,224,101	82%
Internal Materials and Services	5,139,540	5,088,746	50,794	99%
Capital Outlay	385,000	210,271	174,729	55%
Total Requirements	**$97,999,500**	**$95,211,946**	**$2,787,554**	**97%**

Overall, the bureau spent 97% of the General Fund budget leaving approximately $2.6 million of General Fund Discretionary unspent. This does not include items on order that were carried over in the Fall BMP. When carryover is included, the bureau spent within 1% of the total General Fund Budget.

Non-Discretionary revenue sources were collected in excess of budget for licenses and permits and charges for services. The majority of the revenue growth is attributable to the growth in construction and permits coming to PF&R from the Bureau of Development Services. Programmatic revenues tied to inspections and permit issuance were carried over into FY 2014-15 as part of the Fall Supplemental Budget.

Expenses for personnel services and internal materials and services were spent within 1% of the Revised Budget. The bureau did request compensation set-aside in the Spring BMP, mostly to cover increased overtime expenses. As the size of the Travelers Pool has shrunk, PF&R has become more reliant on overtime staffing to meet minimum shift requirements. Payouts associated with separations of service ended the year within budgeted projections.

Unspent external materials and services and capital outlay are mostly for specialized equipment or projects that were not completed at year end. These funds were carried over during the Fall Supplemental Budget.

Grants Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Intergovernmental Revenues	$2,064,589	$1,250,074	$814,515	61%
Total Resources	**$2,064,589**	**$1,250,074**	**$814,515**	**61%**
Requirements				
Personnel Services	$1,261,921	$1,008,831	$253,090	80%
External Materials and Services	802,668	129,721	672,947	16%
Internal Materials and Services	0	3,018	(3,018)	0%
Capital Outlay	0	99,337	(99,337)	0%
Total Requirements	**$2,064,589**	**$1,240,907**	**$823,682**	**60%**

Portland Fire & Rescue received grants that funded one-time equipment purchases and emergency response planning, and, in FY 2013-14, the bureau received the first year of a two-year Staffing for Adequate Fire and Emergency Response (SAFER) grant which is providing bridge funding for 26 firefighter positions that were cut as part of balancing the General Fund. Resources and requirements ended the fiscal year essentially in balance and under the budgeted amounts. Grant funds not received or expensed will either carry forward or expire depending on the particular grant.

Capital

The majority of the PF&R capital budget is for the GO Bond funded replacement of fire apparatus. The bureau is on pace to spend the remaining GO Bond proceeds in the next three years. The FY 2013-14 CIP budget includes the anticipated GO Bond issue for fire apparatus replacement for the next three fiscal years, however the Bonds were not issued in FY 2013-14. At present, the sale is scheduled in FY 2014-15. Over the next three years the following purchases are scheduled:

Item	**Planned Expense**	
Engines (Qty 8)	$	5,280,000
Ladder Trucks (Qty 3)	$	437,563
Quint (Qty 1)	$	167,746
Bush Vehicle (Qty 3)	$	780,000
Air Units	$	1,400,000
Fire Boats	$	929,482
Water Tender	$	622,699
Total	**$**	**9,617,490**

Decision Packages

The bureau had several decision packages where positions were eliminated starting in FY 2013-14.

Reductions to Firefighter positions

The FY 2013-14 Adopted Budget for the Emergency Operations Division closed four Fire & Rescue companies and added four Rapid Response Vehicles (RRV's). This resulted in a reduction of 26 Firefighter positions from the General Fund. Operationally, PF&R assessed which stations were best suited for the RRV units and the bureau stationed a Quint apparatus unit at Stations 2 and 8. The RRV's are staffed in East Portland and the bureau has reported that this transition was effective for delivering Emergency Medical Services (EMS) to lower-acuity calls for service in the first year of implementation. Midway through the fiscal year, the bureau received notice of the receipt of the SAFER grant through FEMA to provide funding for the 26 positions that were reduced. The grant funding runs out December 2015 and ongoing General Fund resources have not be approved to continue the positions past the expiration of the grant.

In the Training division two Training Academy Firefighter Specialist positions were eliminated, reducing the total number of positions from five to three. There has been noticeable impact as a result of this reduction, in particular the academy can no longer support larger recruit class sizes.

Three Fire Investigator positions were eliminated and the workload has been reassigned to the remaining positions. Staffing for arson investigation is considered to be at a minimum at the current level. The Safety Chief position was eliminated and given the high priority of having a dedicated safety and loss prevention person, the bureau requested and received funding in the FY 2014-15 Budget to reinstate this cut.

Reductions in Non-Sworn Support positions

The Management Services division eliminated two carpenters in the Facility Maintenance Section, and reduced an Assistant Financial Analyst and an Employee Assistance Program Specialist from full-time to half-time. Results of these reductions are that the work is shifting to other personnel, outside vendors, or is not being accomplished in as timely a manner. If the bureau is spending to contract out the carpenter work, then the full reduction is not being achieved. The Vehicle Services Supervisor position was converted from ongoing to limited term, and the impact of this decision will not be felt by operations until the position is no longer funded.

The HazMat Coordinator position in the Emergency Operations Division was eliminated, however as with other position reductions, the essential training workload did not change and the remaining members in the Training division have assumed the duties. This is shifting work that was previously handled by a non-sworn FTE to sworn personnel.

Budget Notes

PF&R had two Budget Notes due in the Fall BMP: to report to Council monthly overtime expenditures and to work with OMF-Bureau of Internal Business Services to conduct an assessment of the possibility of consolidating apparatus maintenance with CityFleet. PF&R provided monthly overtime expenditure reports. However the bureau still required an additional $1.2 million in compensation set-aside to pay for overtime. The primary driver of overtime expenses is the requirement to meet minimum staffing levels on a daily basis and the bureau does not have a large enough Travelers Pool which is traditionally used for covering shifts. Attrition, mostly through retirements, has been consistent with previous years, however the hiring freeze coupled with the question of ongoing funding for firefighter positions has reduced the number of persons coming into the Travelers Pool. PF&R will continue to provide quarterly overtime spending reports to the Council, City Auditor, and the CBO.

PF&R, in conjunction with OMF completed a report comparing the costs of apparatus maintenance traditionally managed by PF&R with the costs of OMF-CityFleet. The resulting report recommends keeping the apparatus maintenance with PF&R. While the report compares the costs of the operations (both PF&R and CityFleet) as they are currently, both organizations have identified needs for maintenance facilities that meet more modern equipment repair requirements and logistics. In the future it may be worthwhile to conduct a similar analysis of these operations again to determine if any efficiencies of colocation could be gained.

Performance Reporting

PF&R reports on 50 distinct performance measures, and the bureau collects many data points in addition to the reported measures. Measures concerning efficiency, such as the percent of responses to all incidents within 5:20, response reliability, service ratings, average age of equipment, and number of violations abated within 90 days have met or exceeded targets. These results indicate that PF&R has been able to continue to provide a level of service within the bureau's targets for the past three years. As the bureau secured funding via the SAFER Grant for FY 2013-14, any impact resulting from the reduction of the 26 firefighter positions is delayed.

Workload measures, such as calls for service, total number of incidents, code violations, permits and inspections have either been consistent or trended upward in the case of inspection and permit program measures. Beginning in FY 2013-14, the bureau is reporting measures that document the effectiveness of services through documenting the value of property saved. As more years of data are collected, these measures should provide a more complete picture of the services to the city from PF&R.

As part of the FY 2014-15 Budget process, PF&R has begun the process of reviewing existing performance measures and developing key performance measures for the FY 2015-16 Requested Budget.

Portland Bureau of Emergency Management

Analyst: Christy Owen

Summary

Spending across all funding sources for the Portland Bureau of Emergency Management (PBEM) was within budgeted appropriations for all categories. General Fund Discretionary was underspent by 33% at the end of FY 2013-14. In the fall of 2013, PBEM opened the new Emergency Coordination Center (ECC) located in East Portland, and this was the first partial year where operational expenses were incurred. In May of 2014, the bureau received notice that the Portland Metropolitan region would be a recipient of UASI 2014 funds after not being among the top 25 urban areas in 2013. This award will bring $846,598 to the city and regional partners for emergency preparedness trainings, planning efforts and specialized equipment.

Budget-to-Actuals

General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Interagency Revenue	$10,000	$10,000	$0	100%
Miscellaneous	0	1,380	(1,380)	N/A
General Fund Discretionary	756,806	504,683	252,123	67%
General Fund Overhead	1,216,836	1,216,836	0	100%
Total Resources	**$1,983,642**	**$1,732,899**	**$250,743**	**87%**
Requirements				
Personnel Services	$1,229,080	$1,130,226	$98,854	92%
External Materials and Services	271,690	120,535	151,155	44%
Internal Materials and Services	482,872	470,888	11,985	98%
Capital Outlay	0	11,250	(11,250)	N/A
Total Requirements	**$1,983,642**	**$1,732,899**	**$250,743**	**87%**

General Fund discretionary resources were 33% unspent, equating to $252,123. Underspending is primarily in external materials and services (EM&S). Historically, PBEM budgets funds in EM&S that may be used to cover expenses if the federal grant funds are not received. PBEM moved into a new Emergency Coordination Center (ECC) in the fall of 2013 and received grant funds to pay for some of the facility and technology costs associated with operating the ECC. As these costs were covered by grants, PBEM did not require the discretionary resources. All other General Fund spending was within budget estimates.

Grants Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Intergovernmental Revenues	$5,566,478	$4,589,361	$977,117	82%
Total Resources	**$5,566,478**	**$4,589,361**	**$977,117**	**82%**
Requirements				
Personnel Services	$454,281	$429,617	$24,664	95%
External Materials and Services	4,911,866	3,432,320	1,479,546	70%
Internal Materials and Services	200,331	226,959	(26,628)	113%
Total Requirements	**$5,566,478**	**$4,088,896**	**$1,477,582**	**73%**

The majority of the resources supporting PBEM are received in the form of federal and state grants with the largest funding coming from the Urban Areas Security Initiative (UASI) grants which are part of the Homeland Security Grant Program. These funds are awarded to PBEM and sub-awarded to other regional partners to address unique planning, training, and exercise needs that are specific to high-density urban environments. The grants also cover some administrative costs such as personnel, rent, and technology needs. Other grants from the Federal Emergency Management Agency (FEMA) are specific to disaster mitigation, preparedness, and recovery from man-made and natural disasters. Grants from the State of Oregon support state and local implementation of homeland security strategies, including funding for the WebEOC crisis information sharing platform and funding for the Neighborhood Emergency Team (NET) program.

Underspending in the Grants Fund is mostly attributable to the timing of the expenses and the revenue reimbursements. When eligible, unspent grant monies will be carried forward into the next fiscal year. PBEM submitted a request for a short-term extension to complete regional grant projects. The extension was awarded through August 31, 2014 thus resulting in spending into the next fiscal year. PBEM was notified late in the fiscal year that the region would be receiving UASI 2014 funds, after originally not making the top 25 cities to receive funds. This award notification was late in the fiscal year and the funds are anticipated to be expensed in FY 2014-15.

Internal materials and services ended the year slightly overspent due to the timing of grant closures for recording reimbursable costs associated with the ECC and regional grant projects that utilize City of Portland Internal Services.

Capital

PBEM does not have a formal capital budget. Most capital projects are managed within the Bureau of Technology Services and Facilities Services in OMF. The bureau spent $11,250 coded as capital on additional equipment at the new Emergency Coordination Center.

Decision Packages

PBEM reduced the discretionary external materials and services budget to achieve the required 10% reductions. The bureau significantly underspent General Fund discretionary and this reduction did not impact direct services provided by PBEM. Other reductions were to match interagency reductions in service from the Office of Management and Finance internal service providers.

Budget Notes

There were no Budget Notes in the FY 2013-14 Budget for PBEM.

Performance Reporting

PBEM began tracking five new effectiveness measures in FY 2013-14 and at the end of the first year of data collection the bureau reports exceeding targets in three measures and at or slightly below targets in the other two measures. The number of hours of training and number of students trained in PBEM classes illustrate the demand for training services. CBO recommends the bureau review and potentially adjust the annual targets once sufficient year-over-year data is collected.

Historical measures around bureau Continuity of Operation Plans (COOP) updating and planning are showing improvement as well. These measures track the number of bureaus with current business continuity plans that ensure the continuity of essential city services in the event of an emergency. In addition, the number of Neighborhood Emergency Teams (NET) has shown modest growth in the past three years. As PBEM has experienced reductions in grant funds and in General Fund resources during the past three years it is a positive indicator that the bureau was still able to meet core functions and service delivery.

Parks, Recreation, and Culture

Portland Parks and Recreation Bureau

Analyst: Ryan Kinsella

Summary

As part of the FY 2013-14 modified-zero based budget, the bureau made cuts totaling approximately $1.1 million and 5.0 FTE. While the bureau's General Fund discretionary resources were reduced, Portland Parks & Recreation (PP&R) continued to see strong growth in most program revenue streams. The bureau received $15.9 million in program revenue for services accounted in the General Fund, which was slightly under the budgeted amount of $16.1 million, but higher than in years past.

Despite an increased demand for services and resource reductions, the bureau maintained its resident satisfaction rating and accessibility level of parks and recreation services (in aggregate).

System Development Charge (SDC) revenues continue to increase and exceed budgeted amounts, further increasing the balance available for system expansion projects that qualify for SDC resources. Specifically, the bureau received $20.0 million in SDCs, far exceeding the estimated budget of $10.0 million. As noted in prior CBO reviews, this resource represents a significant opportunity for developing the parks system; it also represents a funding challenge as resources required to support the ongoing operations and maintenance will originate from the General Fund.

Budget-to-Actuals

General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Licenses & Permits	$391,028	$354,354	$36,674	91%
Charges for Services	16,146,787	15,952,229	194,558	99%
Intergovernmental Revenues	206,494	166,655	39,839	81%
Interagency Revenue	2,277,709	2,062,622	215,087	91%
Miscellaneous	983,267	1,061,743	(78,476)	108%
General Fund Discretionary	44,195,049	43,343,201	851,848	98%
Total Resources	**$64,200,334**	**$62,940,803**	**$1,259,531**	**98%**
Requirements				
Personnel Services	$41,996,253	$41,466,608	$529,645	99%
External Materials and Services	$15,218,332	$13,952,509	1,265,823	92%
Internal Materials and Services	$6,955,749	$7,477,200	(521,451)	107%
Capital Outlay	$30,000	$44,487	(14,487)	148%
Total Requirements	**$64,200,334**	**$62,940,803**	**$1,259,531**	**98%**

Roughly two-thirds of the bureau's operations are funded with General Fund discretionary, with the remaining third funded by program revenues - primarily from recreation programming. General Fund discretionary resources of $43.3 million were required to support the bureau's overall budget of $62.9 million.

Internal materials and services were overspent overall. Within that category, cell phone expenses were overspent by $70,000, vehicle replacements were overspent by $158,000, and lease costs were overspent by $118,000, in addition to various other line items.

Similar to prior years, personnel services was slightly underspent by year end by $530,000 of a $41.5 million dollar budget – or by 1%. Within personnel services, costs for the seasonal employees was overspent by $530,000; however, seasonal employee costs typically correspond with an increase in program revenues, thus offsetting costs.

External materials and services was underspent by $1.2 million as a result of underspending in repair maintenance supplies ($504,000 of underspending), repair and maintenance services ($370,000 of underspending), local match payments ($350,000) and the bureaus' miscellaneous budget ($160,000 of underspending)

The bureau received $15.9 million in program revenue, which was slightly under the budgeted amount of $16.1 million, but higher than in years past.

Park Capital Improvement Program Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$27,125,097	$27,612,338	($487,241)	102%
Licenses & Permits	0	75,000	(75,000)	0%
Charges for Services	10,000,184	20,149,127	(10,148,943)	201%
Intergovernmental Revenues	3,743,785	1,324,491	2,419,294	35%
Interagency Revenue	24,826	49,227	(24,401)	198%
Fund Transfers - Revenue	4,678,386	4,678,386	0	100%
Bond and Note	1,455,000	1,054,667	400,333	72%
Miscellaneous	2,165,260	2,545,571	(380,311)	118%
Total Resources	**$49,192,538**	**$57,488,807**	**($8,296,269)**	**117%**
Requirements				
Personnel Services	$1,994,420	$1,263,105	$731,315	63%
External Materials and Services	5,187,986	3,013,075	2,174,911	58%
Internal Materials and Services	646,005	498,912	147,093	77%
Capital Outlay	22,059,281	12,206,839	9,852,442	55%
Bond Expenses	4,399,424	4,340,389	59,035	99%
Fund Transfers - Expense	161,617	161,617	0	100%
Contingency	14,743,805	36,004,870	(21,261,065)	244%
Total Requirements	**$49,192,538**	**$57,488,807**	**($8,296,269)**	**117%**

Within this fund there are two subfunds: the capital subfund where most project work occurs, and the SDC subfund that tracks all system development charge revenues and spending. Revenues and fund balance continue to increase in the SDC subfund, continuing a trend from prior years. Approximately $20.1 million in SDCs revenues were received in FY 2013-14 (far exceeding its revised budget amount of $10.0 million), whereas $14.0 million was required in expenses. Additionally, the bureau carried over a beginning balance of $23.6 million in SDC resources – an increase of $13.6 million as compared to last year's beginning SDC balance of $13.0 million. As noted in prior CBO reviews, the increasing balance represents a significant opportunity for the bureau to expand the parks system over the next several years. However, it also represents a future stress on the General Fund as those new assets will need to be maintained – and eventually replaced.

Bureau expenses (personnel, materials and services, and capital outlay) in the - primary capital fund were budgeted at $10.9 million with actuals of $4.5 million. This level of underspending is not atypical for the capital fund as project timelines shift. The Capital section (below) provides further detail on significant project delays.

Golf Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$1,493,048	$1,493,049	($1)	100%
Charges for Services	7,954,759	7,967,285	(12,526)	100%
Fund Transfers - Revenue	23,100	20,118	2,982	87%
Miscellaneous	12,271	14,434	(2,163)	118%
Total Resources	**$9,483,178**	**$9,494,885**	**($11,707)**	**100%**
Requirements				
Personnel Services	$3,364,942	$3,454,688	($89,746)	103%
External Materials and Services	3,844,923.0	3,637,924.6	206,998	95%
Internal Materials and Services	669,701.0	686,123.9	(16,423)	102%
Bond Expenses	156,140	148,336	7,804	95%
Fund Transfers - Expense	331,709	331,709	0	100%
Contingency	1,115,763	1,236,104	(120,341)	111%
Total Requirements	**$9,483,178**	**$9,494,885**	**($11,707)**	**100%**

Charges for services revenues, primarily generated by green fees and other concessions, were within $12,000 of the budgeted amount of $7.97 million, marking a stabilization in revenues after several years of growth. Fund balance also decreased in the fund from $1.5 million to $1.2 million.

Golf Revenue Bond Redemption Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$3,052	$3,057	($5)	100%
Miscellaneous	3,000	14	2,987	0%
Total Resources	**$6,052**	**$3,070**	**$2,982**	**51%**
Requirements				
Fund Transfers - Expense	$6,052	$3,070	$2,982	51%
Total Requirements	**$6,052**	**$3,070**	**$2,982**	**51%**

CBO has no concerns with this fund. This fund is receives resources from the Golf Fund, which is used to pay principal and interest on debt associated with Golf program. There is currently no debt outstanding, and the fund is dormant.

Portland International Raceway Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$590,781	$597,851	($7,070)	101%
Charges for Services	1,353,757	1,408,216	(54,459)	104%
Fund Transfers - Revenue	13,011	13,000	11	100%
Miscellaneous	7,945	5,281	2,664	66%
Total Resources	**$1,965,494**	**$2,024,348**	**($58,854)**	**103%**
Requirements				
Personnel Services	$783,518	$786,541	($3,023)	100%
External Materials and Services	513,638	464,633	49,005	90%
Internal Materials and Services	123,280	122,435	845	99%
Bond Expenses	303,695	302,193	1,502	100%
Fund Transfers - Expense	63,199	63,199	0	100%
Contingency	178,164	285,348	(107,184)	160%
Total Requirements	**$1,965,494**	**$2,024,348**	**($58,854)**	**103%**

In contrast to prior years, revenues collected in the Portland International Raceway (PIR) Fund were closer to budgeted amounts. This represents some level of stabilization after last year’s revenue shortfall concerns. CBO will continue to monitor revenues and expenses in this fund. Fund balance also decreased in the fund from $600,000 to $285,000.

Parks Local Option Levy Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$2,137,993	$2,243,685	($105,692)	105%
Taxes	1,922	1,758	164	91%
Fund Transfers - Revenue	4	15	(11)	375%
Miscellaneous	8,099	10,317	(2,218)	127%
Total Resources	**$2,148,018**	**$2,255,775**	**($107,757)**	**105%**
Requirements				
Personnel Services	$943,884	$835,807	$108,077	89%
Internal Materials and Services	209,234	169,956	39,278	81%
Fund Transfers - Expense	68,891	68,891	0	100%
Contingency	926,009	1,181,121	(255,112)	128%
Total Requirements	**$2,148,018**	**$2,255,775**	**($107,757)**	**105%**

This fund was established after voters approved a levy in November 2003, intending to temporarily restore $2.2 million in reductions made in FY 2002-03. With very few new resources (except for a small amount of delinquent taxes from prior years), the fund's balance is the primary resource for all expenditures.

Expenditures include the operations and maintenance of assets constructed with the levy; these costs are collected in other funds and shifted to this fund on a regular basis. The balance remaining is for the continued maintenance of the newly constructed assets, the development of remaining planned levy projects, and backfill of General Fund reductions. The bureau has indicated that it will request approximately $430,000 in ongoing General Fund discretionary resources that were previously funded through local option levy fund balance in FY 2013-14.

Portland Parks Memorial Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$2,982,702	$2,934,503	$48,199	98%
Licenses & Permits	40,000	197,750	(157,750)	494%
Charges for Services	974,500	1,052,042	(77,542)	108%
Fund Transfers - Revenue	67,200	67,200	0	100%
Miscellaneous	703,140	872,233	(169,093)	124%
Total Resources	**$4,767,542**	**$5,123,728**	**($356,186)**	**107%**
Requirements				
Personnel Services	$856,325	$806,641	$49,684	94%
External Materials and Services	1,032,097	103,155	928,943	10%
Internal Materials and Services	1,131,641	650,350	481,291	57%
Capital Outlay	$0	($52,000)	52,000	0%
Fund Transfers - Expense	50,000	50,000	0	100%
Contingency	1,697,479	3,565,583	(1,868,104)	210%
Total Requirements	**$4,767,542**	**$5,123,728**	**($356,186)**	**107%**

This fund has many subfunds that are restricted to specific purposes. Underspending in this fund is typical and is driven by technical considerations (spending "hardstops") in the City's financial system. Thus, even though the bureau only expects a small portion of total balance to be spent, each subfund is budgeted fully so as not to generate multiple hard-stops during the year.

Parks Endowment Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$182,140	$182,139	$1	100%
Miscellaneous	955	915	41	96%
Total Resources	**$183,095**	**$183,054**	**$42**	**100%**
Requirements				
Personnel Services	$750	$750	$0	100%
External Materials and Services	$18,595	$601	17,994	3%
Internal Materials and Services	$775	$750	25	97%
Contingency	$185	$915	(730)	495%
Unappropriated Fund Balance	162,790	180,038	(17,248)	111%
Total Requirements	**$183,095**	**$183,054**	**$41**	**100%**

The fund balance is used as an endowment that includes resources from private contributions, the interest of which is utilized for specific, donor-approved purposes.

Golf Revenue Bond Redemption Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$3,052	$3,057	($5)	100%
Miscellaneous	3,000	14	2,987	0%
Total Resources	**$6,052**	**$3,070**	**$2,982**	**51%**
Requirements				
Fund Transfers - Expense	$6,052	$3,070	$2,982	51%
Total Requirements	**$6,052**	**$3,070**	**$2,982**	**51%**

This fund is in the closeout process. CBO has no concerns.

Capital

Overall the bureau significantly underspent its capital budget: of its revised budget of $38.3 million, $18.1 million was spent. Delays and carryovers of projects largely drove the underspending, including the following major projects: Thomas Cully Park project ($3.0 million budgeted, $120,000 spent), the Delta Park synthetic turf project ($2.1 million budgeted, $221,000 spent), the Dawson Park project ($2.0 million budgeted with URA resources, $588,000 spent), and the Portland Tennis Bubble Installation project ($1.1 million budgeted, $159,000 spent).

Decision Packages

Decision packages in FY 2013-14 were structured to add back services that were reduced from the base budget as part of a 'modified zero-base' budget. For Portland Parks & Recreation, the following were not added back, and as such, effectively eliminated from the bureau's budget:

- 1.0 FTE Administrative Specialist - Bureau safety trainings are offered less frequently, and response time to property and liability claims has lengthened.

- 1.0 FTE Assistant Program Specialist – The Community Relations office absorbed the reduction, but the bureau has expressed concern about sustaining the workload of this office over the long-term, given the demand driven by new parks.
- 1.0 FTE Utility Worker II – This position was already vacated prior to the reduction due to a retirement. Repair and maintenance to sports fields has decreased as a result of the reduction.
- 2.0 FTE reduced from the Plant Propagation and Tree Nursery programs. Rather than growing plants "in greenhouse", the bureau now buys plants from regional nurseries. The bureau has been able to find the appropriate, native species at these nurseries, lessening the impact of this reduction.
- 4.0 FTE reduced from Recreation Services – The bureau has absorbed this reduction, albeit with less capacity to implement its Rec Revolution initiative.
- 5.0 FTE reduced from Central Services Maintenance. Two of the eliminated positions were restored using one-time funding from the Parks Levy due to the elimination of a Utility Worker II, the bureau has less capacity to provide routine maintenance.

The bureau also received additional resources to take over maintenance and operations of the City's decorative fountains. (The 19 fountains remain assets of the Water Bureau.) The Water Bureau continued maintenance over the first portion of the year, which the Parks Bureau reimbursed through an interagency agreement. The bureau has indicated that the agreed upon funding amount of $466,000 may be insufficient, largely due to the costs of the SCADA monitoring system, and internal overhead and supervisory costs. The bureau will request additional General Fund discretionary resources to pay for this cost as part of its FY 2015-16 requested budget.

Budget Notes

Two budget notes were directed towards Portland Parks and Recreation. The first note, Multnomah County Aging & Disability Pass-through, formalized Council's intent to only provide bridge funding for this program in FY 2013-14, after which, the City will no longer provide resources. This budget note was implemented as approved. The City and the County arrived at an omnibus agreement that, among other things, moved funding for the aging program to the County.

The second budget note, Local Option Levy Backfill, directed the bureau to develop a plan for addressing the shortfall of programs currently being funded by the Local Option Levy. A formal plan has not been developed, and the bureau has indicated that it will request approximately $430,000 in ongoing resources in the FY 2015-16 budget to fund 2.0 FTE for maintenance, operation and maintenance funding for natural areas, 1.0 FTE at Buckman Pool, and a $60,000 subsidy to the Sellwood Community Center.

Performance Reporting

Key performance measures for the bureau indicate that the bureau maintained its overall level of service, as compared to prior years, and that the bureau has maintained access to parks and recreation services, relative to population growth. Access to natural areas and recreation areas also remain unchanged.

Overall park quality, as measured in the City Auditor's Community Survey, is 85% - a percentage comparable to the past five years. Similarly, resident satisfaction of recreation programs remained steady as compared to prior years.

In FY 2013-14, the bureau also reassessed the quality of the natural areas – an assessment only made every five years. The recent assessment found a 20 percentage point increase of the natural areas in good condition. This marked increase indicates that the bureau restoration efforts have been effective, particularly in regards to the removal of invasive species in its natural areas.

Public Utilities

Portland Water Bureau

Analyst: Ryan Kinsella

Summary

The bureau underspent both its operating and capital budget in FY 2013-14. Savings were primarily used to offset lower-than-planned water sales or carried over for future requirements. The bureau completed approximately 93% of its adopted capital spending plan or 97% of its revised budget in FY 2013-14, resulting in $3.2 million in capital underspending. The bureau's operating underspending totaled approximately $9.0 million.

Budget-to-Actuals

Water Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$73,534,527	$73,534,527	$0	100%
Charges for Services	140,527,766	137,409,005	3,118,761	98%
Intergovernmental Revenues	566,000	741,286	(175,286)	131%
Interagency Revenue	3,665,602	3,449,784	215,818	94%
Fund Transfers - Revenue	149,947,509	136,495,178	13,452,331	91%
Miscellaneous	1,367,441	2,210,529	(843,088)	162%
Total Resources	**$369,608,845**	**$353,840,309**	**$15,768,536**	**96%**
Requirements				
Personnel Services	$61,110,663	$57,146,033	$3,964,630	94%
External Materials and Services	25,991,645	$22,868,350	3,123,295	88%
Internal Materials and Services	19,905,185	$18,603,234	1,301,951	93%
Capital Outlay	94,100,115	$89,135,511	4,964,604	95%
Bond Expenses	2,809,497	2,460,073	349,424	88%
Fund Transfers - Expense	94,307,612	94,180,658	126,954	100%
Contingency	71,384,128	69,446,449	1,937,679	97%
Total Requirements	**$369,608,845**	**$353,840,309**	**$15,768,536**	**96%**

Water Sale Revenues. Water sales were $4.8 million less than budget, or 3.6%, in FY 2013-14: the bureau budgeted $131.9 million but collected $127.1 million. To address this trend in declining sales, the bureau has adjusted future year sales forecasts. Specifically, the bureau included an additional rate increase of 1.5% in FY 2013-14 budget and 1.5% in FY 2014-15, and the bureau forecast is to increase rates by an additional 0.8% in FY 2015-16, after which the bureau does not anticipate needing to increase rates due to lower retail demand. As noted in previous CBO analyses, water sales have declined likely due to efficiencies in water use due to plumbing code revisions, consumer conservation efforts and other economic factors.

Anticipating the decreasing demand projections and corresponding revenue shortfall, bureau managers and supervisors were directed by the bureau director to reduce spending by2.5% of budget. This directive resulted in EMS underspending, and ultimately, allowed actual revenues to more closely track actual requirements.

Charges for Service. The bureau charges for other permitting and construction services, both residential and commercial, for which the fee amount is based upon cost of service. Resulting from positive economic development trends, the bureau realized more revenues than budgeted in other charges for service.

- $2.7 million budgeted in service installation revenues; $6.0 million received
- $350,000 budget for engineering permit fees; $756,000 received

In total, this resulted in $3.1 million more revenues than budgeted in FY 2013-14.Personnel Services. Operating personnel service costs of $43.4 million were $700,000 less than the bureaus' revised budget of $44.1 million. (Note: The table above includes both operating and capital costs.) Personnel services underspending primarily results from position vacancies; however, personnel services underspending is significantly less than prior years, likely due to the elimination of vacant positions. At year end, 17 full-time positions and 4 part-time positions were vacant, of which 11 full-time were eliminated as part of the FY 2014-15 budget.

External Materials and Services (EMS). The bureau underspent EMS in its operating budget by $3.0 million. EMS underspending was particularly significant in the following divisions:

- $0.6 million – Administration (55% underspent)
- $0.6 million – Customer Service (35% underspent)
- $1.8 million – Operations (25% underspent)

Operational underspending of $5.2 million will be budgeted in contingency of the Water Fund, which the bureau may use to cover unexpected costs in FY 2014-15, offset lower-than-budgeted water sale revenues or lessen the rate requirements in FY 2015-16.

Water Construction Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$148,082,129	$148,082,129	$0	100%
Charges for Services	1,500,000	3,194,515	(1,694,515)	213%
Fund Transfers - Revenue	43,828,723	43,819,099	9,624	100%
Miscellaneous	490,415	586,165	(95,750)	120%
Total Resources	**$193,901,267**	**$195,681,908**	**($1,780,641)**	**101%**
Requirements				
Fund Transfers - Expense	$150,059,045	$136,634,059	$13,424,986	91%
Contingency	43,842,222	59,047,849	(15,205,627)	135%
Total Requirements	**$193,901,267**	**$195,681,908**	**($1,780,641)**	**101%**

Because of underspending in the capital program, the bureau transferred less funds to the Water Fund for reimbursements. Charges for Services exceeded budget of $1.5 million by $1.7 million, resulting from greater SDC revenues than expected. This follows a Citywide trend – PBOT, BES and Parks have also seen a notable increase SDCs over the past few years. The balance in this fund comes from bond proceeds, interest, and unspent capital funds.

Water Bond Sinking Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$31,552,598	$31,522,795	$29,803	100%
Fund Transfers - Revenue	45,610,083	45,492,592	117,491	100%
Miscellaneous	118,227	160,372	(42,145)	136%
Total Resources	**$77,280,908**	**$77,175,760**	**$105,148**	**100%**
Requirements				
Bond Expenses	$45,728,310	$45,728,310	$0	100%
Unappropriated Fund Balance	31,552,598	31,447,450	105,148	100%
Total Requirements	**$77,280,908**	**$77,175,760**	**$105,148**	**100%**

The Water Bond Sinking Fund is used to account for the principal and interest payments of the revenue bonds issued to finance the bureau's capital program. Balance in this fund serves as the debt reserves, which are required to be maintained until the bonds are fully paid. In FY 2013-14, the bureau received $42,000 more in interest earnings than budgeted.

Hydroelectric Power Operating Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$249,944	$282,288	($32,344)	113%
Interagency Revenue	68,500	53,453	15,047	78%
Fund Transfers - Revenue	363,016	168,169	194,847	46%
Miscellaneous	850,100	848,593	1,507	100%
Total Resources	**$1,531,560**	**$1,352,503**	**$179,057**	**88%**
Requirements				
Personnel Services	$289,894	$267,256	$22,638	92%
External Materials and Services	407,500	152,785	254,715	37%
Internal Materials and Services	219,474	181,710	37,764	83%
Bond Expenses	19,110	18,155	955	95%
Fund Transfers - Expense	334,352	334,352	0	100%
Contingency	261,230	398,246	(137,016)	152%
Total Requirements	**$1,531,560**	**$1,352,503**	**$179,057**	**88%**

External materials and services was underspent primarily as result of underspending in a series of renewal projects. These projects, led by PGE power and reimbursed by the Portland Hydroelectric Power Project, cost significantly less than budgeted. Additionally, there is one project that is being carried into FY 2014-15, which also resulted in materials and services underspending.

Hydroelectric Power Bond Redemption Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$4,517,852	$4,492,001	$25,851	99%
Miscellaneous	2,753,300	2,785,160	(31,860)	101%
Total Resources	**$7,271,152**	**$7,277,161**	**($6,009)**	**100%**
Requirements				
Bond Expenses	$2,699,138	$2,699,137	$1	100%
Unappropriated Fund Balance	4,572,014	4,578,024	(6,010)	100%
Total Requirements	**$7,271,152**	**$7,277,161**	**($6,009)**	**100%**

Hydroelectric Power Renewal Replacement Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$10,019,530	$10,075,960	($56,430)	100.6%
Miscellaneous	207,600	480,487	(272,887)	231%
Total Resources	**$10,227,130**	**$10,556,447**	**($329,317)**	**103%**
Requirements				
Fund Transfers - Expense	$325,000	$130,153	$194,847	40%
Contingency	9,902,130	10,426,294	(524,164)	105%
Total Requirements	**$10,227,130**	**$10,556,447**	**($329,317)**	**103%**

This fund provides resources for the repair and replacement at the Portland Hydroelectric Project. As indicated in the operating fund description, costs of several renewal and replacement projects were less than budgeted, thus requiring fewer resources to be transferred from this fund.

Capital

In total, the bureau spent $111.7 of its $117.7 million capital budget, resulting in $6.0 million in underspending. Highlighted below are variances in several major capital projects:

- Interstate Facility. The Interstate Facility project was over budget by $0.9 million as a result of more work being completed in FY 2013-14 than expected. This project expected to be completed in FY 2014-15 and within its original budget of $49.4 million.

- Kelly Butte Reservoir. The largest budgeted project in FY 2013-14, the Kelly Butte Reservoir, spent slightly more than budgeted in FY 2013-14. The bureau budgeted $33.0 million in FY 2013-14 and the budget was overspent by $250,000. This project total has decreased to $75.4 million, down from its initial estimate of $90.0 million in 2009. The project is estimated to be completed in FY 2016-17, and the bureau is planning $25.5 million in remaining project spending over the next three years.
- Powell Butte Reservoir 2. The bureau is nearing completion of one its most costly recent projects: Powell Butte Reservoir 2. The reservoir recently became functional, but approximately $16.5 million in construction and closeout costs remain. This project was under its FY 2013-14 budget by $4.4 million due to schedule delays, none of which are not expected to result in project cost increases. The project is estimated to be completed in FY 2015-16, and final project costs are expected to total $117.5 million, which is $12.5 million less than the initial project estimate of $130.0 million.

Prior year capital underspending fell to fund balance, which the bureau may rebudget as part of the FY 2014-15 Spring BMP. This approach differs from prior years in which the bureau rebudgeted prior year savings to capital projects in the current year's Fall BMP.

Decision Packages

Two significant decision packages were included in the bureau's FY 2013-14 budget. First, the operations and maintenance of the City's decorative fountains was moved from the Water Bureau to Portland Parks and Recreation. (The 19 fountains remain assets of the Water Bureau.) The Water Bureau continued maintenance over the first half of the year, which the Portland Parks and Recreation Bureau reimbursed through an interagency agreement. Now that Portland Parks and Recreation is fully maintaining the fountains, they are finding that the original funding amount of $466,000 may be insufficient, largely due to the costs of monitoring the water and discharge system, and other administrative and overhead costs. Portland Parks and Recreation has indicated that they will request additional General Fund discretionary resources to pay for this cost as part of its FY 2015-16 requested budget.

The bureau’s security program was significantly reduced as part of the FY 2013-14 budget, eliminating 12.0 FTEs and resulting in $1.3 million in ongoing savings. As a result of the reductions, the bureau focuses its security efforts on monitoring alarms and video cameras, and dispatching as needed. The bureau has not reported an increase in security breaches over the past year.

Budget Notes

Capital Improvement Plans. As directed, the bureau presented its capital improvement plan to Council in November 2014.

Portland Loos. The Portland Loos remain Water Bureau assets. After transferring the maintenance to the Bureau of Environmental Services in FY 2013-14, Council transferred maintenance responsibilities to Portland Parks and Recreation along with a General Fund allocation of $119,000 as part of the FY 2014-15 Adopted Budget. Portland Parks and Recreation has indicated that the funding is insufficient and will ask for additional funding as part of the FY 2015-16 budget.

Performance Reporting

Debt Service Coverage Ratio. The bureau significantly exceeded its debt service coverage ratio in FY 2013-14. The debt coverage ratio on first lien bonds was 3.12, and ratio for both first and second lien bonds was 1.81.

Council, via bond covenants, directs the bureau to meet a legally required minimum of 1.25 ratio on first lien bonds and 1.10 on second lien bonds; however, the bureau targets a debt service ratio of 1.90 on first lien bonds and 1.75 on first and second lien bonds. In FY 2012-13, the bureau achieved a ratio of 2.62 on first lien and 1.94 stabilized coverage on first and second lien bonds.

Regulatory violations. The bureau sets targets of zero violations of state or federal drinking water standards, and zero violations of environmental regulations. In FY 2013-14, the bureau had one violation of drinking water quality standards, and two violations of environmental regulations.

The State of Oregon’s Maximum Contaminant Level (MCL) rule was violated in September 2013, due to total coliforms being detected in 5% of samples. As a result, a Tier 2 public notice was issued, impacting the quality of water to a small portion of NE Portland. The contaminants likely resulted from water rising to unsafe temperatures in the system; temperatures can rise if water remains in the distribution system for periods longer than intended. As indicated in prior reviews, the bureau has experienced a decreased demand for water over the past several years, resulting in water remaining in the distribution system for longer periods than planned.

The bureau also violated Oregon's Removal-Fill Law as a result of construction of a boat ramp at Dodge Park without the necessary permit. The Clean Water Act was also violated for stormwater discharge at the Powell Butte Reservoir project. The federal Clean Water Act requires that cities must obtain a permit if discharging wastewater or stormwater directly from a point source (a discrete conveyance such as a pipe) into a body of water (such as a lake, river, or ocean).

Bureau of Environmental Services

Analyst: Claudio Campuzano

Summary

Revenues in the Sewer System Operating Fund were above the Adopted Budget amount by 4.1%, due mainly to higher than anticipated System Development Charges and rate revenue.

This greater than anticipated revenue allowed the bureau to bring balance in the Sewer Rate Stabilization Fund up to $23.9 million – a level that allows for smoothing of alternate -year increases due to period bond issues – as well as provide a sufficient bureau-wide contingency; this fund had been depleted as part of a planned draw-down associated with the Big Pipe project.

As the bureau moves from the Big Pipe effort to a maintenance and reliability focus of their capital plan, projected rate increases are expected to be relatively stable without the need for a larger build-up of the rate stabilization balance.

The greater than expected revenues also allowed the bureau to cash-finance a larger part of the capital program. This in part allowed for the delay of a bond sale that was anticipated at the end of the fiscal year; the sale occurred in August of the current fiscal year.

Budget-to-Actuals

Sewer System Operating Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$58,067,054	$53,304,250	$4,762,804	92%
Licenses & Permits	1,506,314	1,739,676	(233,362)	115%
Charges for Services	298,639,820	300,268,052	(1,628,232)	101%
Intergovernmental Revenues	316,570	211,348	105,222	67%
Interagency Revenue	3,099,497	1,959,226	1,140,271	63%
Fund Transfers - Revenue	121,632,984	107,207,833	14,425,151	88%
Miscellaneous	950,000	1,509,476	(559,476)	159%
Total Resources	**$484,212,239**	**$466,199,861**	**$18,012,378**	**96%**
Requirements				
Personnel Services	$59,154,266	$57,893,449	$1,260,817	98%
External Materials and Services	$55,260,218	$55,163,725	96,493	100%
Internal Materials and Services	$44,682,935	$42,105,561	2,577,374	94%
Capital Outlay	$78,582,734	$58,256,959	20,325,775	74%
Bond Expenses	2,733,236	2,408,331	324,905	88%
Fund Transfers - Expense	194,859,120	192,179,817	2,679,303	99%
Contingency	48,739,730	58,192,018	(9,452,288)	119%
Unappropriated Fund Balance	200,000	0	200,000	0%
Total Requirements	**$484,212,239**	**$466,199,861**	**$18,012,378**	**96%**

Charges for Services, composed primarily of rate and system development charge revenues, represent the largest resource available to the bureau. While the bureau exceeded the Revised Budget in this category by $1.6 million, the year-end actual exceeded the Adopted Budget of $288.5 million by $11.7 million – 4.1%.

The Fund Transfer Revenue budget consists mainly of internal transfers from the Sewer System Construction Fund for reimbursement of capital project work ($120.0 million budgeted). The reduced collection is driven by lower than projected project expenses.

At near full-staffing throughout the year and without any unexpected changes, Personnel Services were slightly underspent.

The External Materials & Services category was spent almost entirely. At year-end the bureau had $7.9 million in open encumbrances. Large encumbrances exist in the Professional Services line item ($3.8 million) and Miscellaneous Services line item ($1.2 million).

Internal Materials and Services underspending of $2.6 million is partly due to underspending on the interagency agreement with Portland Bureau of Transportation for sewer system maintenance ($720,000). The remainder of the underspending is largely driven by lower than budgeted spending on capital project work performed by other bureaus.

Capital outlay is under budget by 26% due to revised project timelines. As is common practice in all capital bureaus, projects that cross multiple fiscal years are often budgeted conservatively and rebudgeted in the following fiscal year.

Cash transfer expenses in the bureau consist mainly of transfers – primarily internal transfers – to the Sewer System Debt Redemption Fund for debt service on outstanding bonds ($153.2 million budgeted), to the Sewer System Construction Fund for cash financing of capital projects ($13.0 million budgeted), to the Sewer System Rate Stabilization Fund ($21.0 million budgeted) for smoothing rate increases over the long-term forecast, and to the General Fund for overhead services ($7.0 million budgeted). Underspending in this category is the net impact of greater than anticipated resources available for cash financing of projects, lower than budgeted debt service resulting from a delayed bond sale, and a lower than budgeted transfer for rate stabilization.

The resulting ending balance of $58.2 million was higher than budgeted but lower than the $61.5 million anticipated for the FY 2014-15 beginning fund balance.

Environmental Remediation Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$3,371,000	$3,518,356	($147,356)	104%
Charges for Services	3,326,000	3,265,919	60,081	98%
Interagency Revenue	407,000	418,313	(11,313)	103%
Fund Transfers - Revenue	323,823	323,823	0	100%
Miscellaneous	15,000	24,888	(9,888)	166%
Total Resources	**$7,442,823**	**$7,551,299**	**($108,476)**	**101%**
Requirements				
Personnel Services	$381,700	$376,932	$4,768	99%
External Materials and Services	3,042,609	2,912,381	130,228	96%
Internal Materials and Services	956,264	842,958	113,307	88%
Bond Expenses	$1,120	$1,063	57	95%
Fund Transfers - Expense	172,112	167,112	5,000	97%
Contingency	2,889,018	3,250,853	(361,835)	113%
Total Requirements	**$7,442,823**	**$7,551,299**	**($108,476)**	**101%**

There are no significant issues to report in this fund. Resources are generated by a separate line on the sewer bill for work dedicated to Portland Harbor. Resources are spent primarily on studies, costs associated with the Lower Willamette Group, and legal costs associated with the Superfund investigation.

Sewer System Debt Redemption Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$30,850,000	$30,765,367	$84,633	99.7%
Fund Transfers - Revenue	153,190,000	148,231,697	4,958,303	97%
Bond and Note	20,650,000	137,766,135	(117,116,135)	667%
Miscellaneous	200,000	233,356	(33,356)	117%
Total Resources	**$204,890,000**	**$316,996,555**	**($112,106,555)**	**155%**
Requirements				
Bond Expenses	$ 153,390,323	$ 268,293,666	$(114,903,343)	175%
Unappropriated Fund Balance	51,499,677	48,702,888	2,796,789	95%
Total Requirements	**$204,890,000**	**$316,996,555**	**($112,106,555)**	**155%**

Bond and note resources and bond expenses are both significantly above budget due to a bond refunding that was done to take advantage of a low interest rate environment. This type of refunding is budget-exempt and does not legally require appropriation.

Fund transfer revenue is received from the Sewer System Operating Fund used to play debt service in the Bond Expenses line.

Balance in this fund represents a cash reserve required by the sale of sewer system revenue bonds. These reserves are required to be maintained until the bonds are fully paid.

Sewer System Construction Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$ 7,000,000	$ 6,582,882	$ 417,118	94%
Charges for Services	750,000	643,602	106,398	86%
Fund Transfers - Revenue	14,420,000	18,547,260	(4,127,260)	129%
Bond and Note	105,000,000	96,893,084	8,106,916	92%
Miscellaneous	500,000	182,847	317,153	37%
Total Resources	**$127,670,000**	**$122,849,675**	**$4,820,325**	**96%**
Requirements				
Bond Expenses	$ 625,000	$ 466,137	$ 158,863	75%
Fund Transfers - Expense	120,000,000	105,579,849	14,420,151	88%
Contingency	7,045,000	16,803,689	(9,758,689)	239%
Total Requirements	**$127,670,000**	**$122,849,675**	**$4,820,325**	**96%**

Beginning fund balance was slightly less than anticipated. Balances in this fund are primarily generated by bond proceeds revenues and cash transfers from the Sewer System Operating Fund. Bond sales typically happen every one to two years and are drawn down over the period until the next sale.

Cash transfers from the Sewer System Operating Fund represent cash financing, funded primarily with revenues in excess of operating expenses that constitute required debt service coverage. As noted above, rate revenues in FY 2014-15 exceeded initial projections, allowing for cash financing in addition to the planned amount.

Fund transfer expenses are primarily reimbursements to the Sewer System Operating Fund to fund the Capital Improvement Plan. CIP expenditures are budgeted conservatively to ensure appropriation is available given an optimistic timeline. Therefore, typically, these expenses will track below budget. Consequently the reimbursement also tracks below budget.

Overall balance increased by $10.2 million. Despite the increase, this is a relatively low amount of ending balance for the fund as this is the resource to fund the bureau's capital construction. This balance was replenished in early FY 2014-15 with the August bond sale.

Sewer System Rate Stabilization Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$ 2,000,000	$ 4,864,460	$ (2,864,460)	243%
Fund Transfers - Revenue	21,000,000	19,050,000	1,950,000	91%
Miscellaneous	15,000	27,230	(12,230)	182%
Total Resources	**$23,015,000**	**$23,941,690**	**($926,690)**	**104%**
Requirements				
Contingency	$ 23,015,000	$ 23,941,690	$ (926,690)	104%
Total Requirements	**$23,015,000**	**$23,941,690**	**($926,690)**	**104%**

This fund is utilized to smooth rate increases over time – both to a) address what would otherwise be a 'sawtooth' pattern of increases corresponding to rate requirements to fund biannual debt issues and b) prepare for and absorb large increases due to large-scale, long-term investments like the East County Sewer or Big Pipe. The ending balance in FY 2013-14 is roughly the target for the replenishment subsequent to the Big Pipe project. The balance is anticipated to stay roughly in this range over the next several years, providing smoothing for alternate year debt issues.

Grants Fund (BES Only)

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Intergovernmental Revenues	$ 1,599,975	$ 1,624,927	$ (24,952)	102%
Miscellaneous	0	(237)	237	NA
Total Resources	**$1,599,975**	**$1,624,690**	**($24,715)**	**102%**
Requirements				
Personnel Services	$111,975	$74,163	$ 37,812	66%
External Materials and Services	645,000	586,410	58,591	91%
Internal Materials and Services	203,000	149,787	53,213	74%
Capital Outlay	640,000	640,000	0	100%
Total Requirements	**$1,599,975**	**$1,450,360**	**$149,615**	**91%**

Grant expenditures and the commensurate revenues tracked closely to budget. Revenue actuals were slightly above budget as a result of reimbursement revenue that was anticipated in the prior year but only received in FY 2014-15.

Capital

The bureau's overall spending on capital projects in FY 2013-14 was $112.9 million. This figure includes not only capital outlay in the bureau ($58.3 million), but non-capital external materials and services ($18.4 million), the cost of work performed by other bureaus on BES projects ($22.4 million), personnel services charged to the capital program ($13.0 million), and BES work on other bureau projects ($0.8 million).

Some of the largest components of spending were:

- $8.3 million - 86th Avenue Pump Station and Appurtenances. Construction continues in FY 2014-15. This is part of a $25.5 million project that will be completed in FY 2015-16. It is a new pump station to improve the Fanno Basin system pumping capacity.
- $4.5 million – Columbia Boulevard Wastewater Treatment Plant Secondary Process Improvements. Construction is completed during FY 2014-15. This is part of a $16.1 million project that will be completed in the current fiscal year. The project consists of upgrades to the aeration basins and

instrumentation and controls to improve settling of solids produced in the secondary treatment process.

- $4.1 million – CBWTP Digester Mixing. Construction was completed in FY 2013-14 on this $8.8 million project to replace the mixing system at several of the digesters.
- $3.8 million – Ankeny Pump Station Upgrade. Construction was completed in early FY 2014-15 on this $12.6 million project. The Ankeny pump station was one of the oldest in the BES system.
- $3.2 million – CBWTP Lagoon Phase 2 – Cells 3&4. This $7.8 million project lines the solids storage lagoon at the plant. The existing lagoon is unlined, presenting a possible environmental liability.
- $8.3 million – Overlook. This is part of a $9.3 million project to rehabilitate and replace sanitary and combined sewer.
- $3.6 million – SE Division Reconstruction & Green Streets. This is part of a $4.9 million project that continues through FY 2017-18.
- $3.2 million – Rose City Sewer Rehabilitation. This is part of an $8.0 million project that was completed in FY 2013-14.

Decision Packages

Decision packages in FY 2013-14 were structured to add back services that were reduced from the base budget as part of a 'modified zero-base' budget. The decision packages that were added back in this manner totaled $5.8 million, funded by the General Fund ($900,552) and rate revenue ($4.9 million). The total requested add-backs were $11.1 million. The difference - $6.1 million – reflects reductions in service and spending. Much of this difference was absorbed by the General Fund, effectively maintaining service but transferring funding responsibility from BES and rates to other bureaus. These transfers included $750,000 for street cleaning and roughly $740,000 for various services and programs in Portland Parks & Recreation.

Among the items that were not added back elsewhere in the City budget were the Office of Healthy Working Rivers, elimination of the Ecoroof Incentive, a dedicated Family and Medical Leave Act (FMLA) administrator, and reduced spill control response after-hours staffing.

Budget Notes

BES was directed to participate in four budget notes in the FY 2013-14 Adopted Budget.

The first was to report, with the Portland Water Bureau, to City Council on the bureau's five-year capital plans. It was intended to identify and explain changes over prior year capital plans and the impacts of deferring or eliminating projects. This worksession occurred on September 24, 2014.

The second note directed BES to continue to manage the Portland Loo project, including maintenance and marketing. This note was rendered obsolete by a subsequent budget decision in FY 2014-15 to move maintenance of downtown loos to Portland Parks & Recreation, effective July 1, 2014.

The third note directed BES and PBOT to evaluate the current street sweeping program and implement changes to increase water quality/stormwater benefit. A report was issued in February 2014, as required by the note, and budget decisions were made in the FY 2014-15 Adopted Budget that shifted a portion of street sweeping funding to the General Fund. The report noted that, "BES has concluded that it is more cost effective to remove debris from the collection system than by street sweeping. Additionally, studies show that street sweeping has little benefit for water quality."

The final note elaborated on a budget decision to fund a portion of the BES tree planting program with General Fund. This budget change was implemented.

Performance Reporting

The bureau currently tracks 15 measures as part of the budget cycle. These measures represent a selection of the many measures that the bureau tracks on an ongoing basis. The bureau, in its budget monitoring submission, has explained all the relevant variances to original and revised estimates. While the measures that are tracked in the budget are useful individually in relationship to the specific programs, CBO has begun working with all bureaus to identify Key

Performance Measures (KPMs) that better reflect the strategic direction of the bureaus, focusing on outcomes and high-level efficiency and effectiveness measures. These will be identified or developed as part of the FY 2015-16 budget process. CBO has begun working with the bureau to identify KPMs from the bureau's internal strategic levels of service measures.

Community Development

Bureau Development Services

Analyst: Doug Le

Summary

Overall, the Bureau of Development Services (BDS) ended FY 2013-14 with 91% of the budget spent by year-end, excluding contingency and fund balance. BDS continues to recover from the 2007 recession; the bureau reported a significant growth in fund balance primarily due to increased revenues received for permitting, inspection and land use services. At year-end, the cumulative reserve was at $24.5 million, approximately $12.2 million more than the bureau's goals.

Budget-to-Actuals

Development Services Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$24,027,162	$24,027,163	($1)	100%
Licenses & Permits	22,854,164	31,412,317	(8,558,153)	137%
Charges for Services	8,909,147	12,443,833	(3,534,686)	140%
Interagency Revenue	942,438	921,290	21,148	98%
Fund Transfers - Revenue	2,159,003	2,159,003	0	100%
Bond and Note	1,802,343	0	1,802,343	0%
Miscellaneous	2,229,973	2,176,818	53,155	98%
Total Resources	**$62,924,230**	**$73,140,422**	**($10,216,192)**	**116%**
Requirements				
Personnel Services	$26,516,646	$23,296,009	$3,220,637	88%
External Materials and Services	2,380,201	2,435,073	(54,872)	102%
Internal Materials and Services	8,180,947	7,698,676	482,271	94%
Capital Outlay	2,838,726	2,623,267	215,459	92%
Bond Expenses	935,874	865,348	70,526	92%
Fund Transfers - Expense	1,004,632	1,004,632	0	100%
Contingency	16,067,204	0	16,067,204	0%
Unappropriated Fund Balance	5,000,000	35,217,416	(30,217,416)	704%
Total Requirements	**$62,924,230**	**$73,140,422**	**($10,216,192)**	**116%**

BDS funds operations primarily by fees and charges for services. In FY 2013-14, the bureau received a cash transfer of $1,994,874 from the General Fund to support Land Use Services and Neighborhood Inspections programs. All other programs are self-sustaining fee-based programs. Revenues for permits and charges for services in FY 2013-14 were greater than budget due to the continued uptick in the local economy. The variance in the Bond and Note category relates to the bureau's decision to use internal resources to finance the Information Technology Advancement Project (ITAP), instead of debt financing. This capital project will replace the current outdated permitting system currently in use.

On the requirement side, BDS spent 91% of the budgeted appropriation by year-end, excluding contingency and fund balance. The under-spending in Personnel Services is due to vacant positions that are taking longer than projected to fill. BDS overspent its budget for external materials & services by $54,872 or approximately 2% of the budgeted amount. The over-expenditure related to higher than expected bank credit card charges. The bureau reported that these additional charges are one-time in nature and are not expected to continue in future years. The variance in fund balance is due to higher than projected revenues collected from fees and charges for services. All other expenditures are within reasonable variances.

Bureau of Development Services – Grants Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Intergovernmental Revenues	$11,500	$5,848	$5,653	51%
Total Resources	**$11,500**	**$5,848**	**$5,653**	**51%**
Requirements				
Personnel Services	$7,000	$1,528	$5,472	22%
Internal Materials and Services	4,500	2,151	2,349	48%
Total Requirements	**$11,500**	**$3,679**	**$7,821**	**32%**

BDS is a partial recipient of a grant for the Milwaukie to Portland Light rail Project. The Intergovernmental Revenues were higher than total requirements due to collection of prior year expenses. During FY 2013-14 BDS did not incur as many grant reimbursable expenses as budgeted.

Capital

BDS has one capital project, ITAP. The project is to procure and implement a new permitting software program to replace the bureau's current aging and outdated system. The total project is estimated at $11.8 million and the timeline for completion is now reset to be in the winter 2016, instead of December 2015. There are concerns that the change in schedule might trigger an increase in costs due to potential change orders not previously included in the contract. The confidence level of the project's budget and completion date is rated as medium by the Technology Oversight Committee in the November 2014 report.

BDS has decided to cash finance this project using internal reserves, instead of debt financing. Any cost overrun would be covered by internal resources. Ongoing operation and maintenance costs for ITAP are included in the bureau's five-year financial plan.

Decision Packages

- DS_01: Improve Overall BDS Service Level: $1,878,282; 14 FTE.

This package authorized BDS to add 14 FTE to restore service levels that were reduced during the recession. These positions are funded by permit revenues.

<u>Status Report</u>: All positions were filled.

- DS_02: Enhanced Rental Inspection Program: $262,116 General Fund; 3 FTE.

This package converted $262,116 from one-time to ongoing General Fund resources to support three Housing Inspector positions to continue the implementation of the Enhanced Rental Inspection program.

<u>Status Report</u>: Completed. The three inspectors are in place and performing inspections as planned.

- DS_03: Improve Inspections Program: $262,116; 3 FTE.

This package converted $174,744 from one-time to ongoing General Fund resources to support two Housing Inspector positions for the Neighborhood Inspections program. Additionally, one Housing Inspector position is currently funded at $87,372 on a one-time basis by BDS reserves.

Status Report: Completed. All positions are in place and performing inspections as planned.

- DS_04: Extremely Distressed Properties Enforcement Program: $102,348 General Fund; 1 FTE.

This package continued the one-time General Fund funding of $102,348 for one Senior Housing Inspector position to support the above program.

Status Report: Completed. The Senior Housing Inspector continues the inspecting work in the Extremely Distressed Properties Enforcement Program as planned.

- DS_05: Citywide Tree Project: $56,430 General Fund; 0.50 FTE.

This package continued the one-time General Fund funding for one Program Coordinator position for continued work with Portland Parks & Recreation (PP&R) on the above project. This position is being shared by BDS and PP&R.

Status Report: Completed. The Program Coordinator continued the work related to Citywide Tree Project as planned.

- DS_06: Noise Control Program Transfer to Office of Neighborhood Involvement: $21,576 General Fund; 0.25 FTE.

This package restored $21,576 in General Fund resources to support 0.25 FTE of a Code Specialist to investigate noise complaints in the City. This program was to be transferred to the Office of Neighborhood Involvement (ONI) in FY 2013-14.

Status Report: Completed. The program was transferred to ONI as planned.

- DS_05 FY 2013-14 Fall BMP: BDS Additional Positions: $740,424; 15 FTE.

In the FY 2013-14 Fall BMP, BDS was authorized 15 positions funded by permit and license fee revenues.

Status Report: In progress. 12 of these positions were filled, the remaining is in various stages of the recruitment process.

- Ordinance #186482 FY 2013-14 BDS Additional Positions: $800,000; 18 FTE.

This ordinance authorized BDS to add 18 FTE for its operations. These positions are funded by permit and license fee revenues.

Status Report: In progress. 11 of these positions were filled, the remaining is in various stages of the recruitment process.

Performance Reporting

Overall, BDS performance measures are trending well. Major workload indicators such as: number of commercial and residential inspections, number of electrical and mechanical permits all show significant increases due to the uptick in the local economy. This trend is projected to continue in the immediate future. Effectiveness and efficiency measures such as number of inspections per day, per inspector; number of trips reduced due to multi-certified inspectors all show steady improvements over the last several years. CBO is engaging BDS in the development of Key Performance Measures (KPM) to further improve the bureau's performance measures reporting and management. KPMs will be identified, developed, and discussed in the upcoming budget process.

Portland Housing Bureau

Analyst: James M. Carter

Summary

The Housing bureau has various sources of funding including General Fund, federal grants, loan income, tax increment, and interagency revenues. In FY 2013-14 across all funds, the expenditures for the Portland Housing Bureau (PHB) were mostly within budget with a few exceptions detailed below.

Budget-to-Actuals

General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Intergovernmental Revenues	$198,000	$203,209	($5,209)	103%
Interagency Revenue	77,332	76,891	441	99%
Miscellaneous	-	(8,033)	8,033	NA
General Fund Discretionary	11,679,115	10,793,769	885,346	92%
Total Resources	**$11,954,447**	**$11,065,836**	**$888,611**	**93%**
Requirements				
Personnel Services	$500,382	$480,830	$19,552	96%
External Materials and Services	11,742,398	10,850,902	891,496	92%
Internal Materials and Services	(288,333)	(265,896)	(22,437)	92%
Total Requirements	**$11,954,447**	**$11,065,836**	**$888,611**	**93%**

In general, there are no significant issues with year-end actuals.

The net negative miscellaneous Revenues ($8,033) are related to two transactions. There was a $28,000 write-off of overstated revenues accrued during the City's transition from IBIS to SAP. Second, Housing was refunded $20,000 for common area maintenance fees from Bud Clark Commons.

For external materials and Services, $786,000 in underspending was due to funds remaining for the Home Start program. These funds were carried over into FY 2014-15 and are on-track to be spent down by mid-year.

The less-than-budgeted actuals for internal materials and services reflects credit to IM&S from indirect cost recovery. This accounting includes indirect cost recovery for external materials and services. Overall, 92% of the combined budget for materials and services was spent as budgeted.

Housing Investment Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Beginning Fund Balance	$992,851	$1,910,048	($917,197)	192%
Charges for Services	345,780	313,040	32,741	91%
Intergovernmental Revenues	161,689	186,023	(24,334)	115%
Fund Transfers	48,000	48,000	-	100%
Miscellaneous	608,600	804,072	(195,472)	132%
Total Resources	**$2,156,920**	**$3,261,183**	**($1,104,263)**	**151%**
Requirements				
Personnel Services	$978,154	$908,472	$69,682	93%
External Materials and Services	571,229	350,226	221,003	61%
Bond Expenses	150,000	-	150,000	0%
Fund Transfers	217,742	217,742	-	100%
Ending Fund Balance	119,795	1,784,743	(1,664,948)	1490%
Unappropriated Fund Balance	120,000	-	120,000	0%
Total Requirements	**$2,156,920**	**$3,261,183**	**($1,104,263)**	**151%**

For the beginning fund balance year-end actuals, Housing drew down $125,305 of the budgeted beginning fund balance.

Generally for charges for services, the variance results in part from less than projected fee collection (e.g. lesser amount of late payment fees).

For intergovernmental revenues, the $24,334 variance resulted from receipt of revenues from neighboring jurisdictions to support the homeless management information system. Due to the timing of executing the intergovernmental agreements, the revised budget did not reflect the additional revenue included in the year-end actuals.

Miscellaneous revenues from the housing loan portfolio generated unanticipated program income ($195,472) due to more loan repayments than projected.

For external materials and services, underspending was due to (1) rebudgeting into FY 2014-15 resources ($67,000) for housing development software, (2) less-than-projected claims activity for the risk mitigation pool ($40,000), and (3) unspent revenues from the administration of the homeless management information system (see intergovernmental revenues).

Grants Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Charges for Services	$0	$42	($42)	N/A
Intergovernmental Revenues	5,481,674	5,312,245	169,429	97%
Miscellaneous	-	137	(137)	N/A
Total Resources	**$5,481,674**	**$5,312,424**	**$169,250**	**97%**
Requirements				
Personnel Services	$694,220	$591,027	$103,193	85%
External Materials and Services	4,723,270	4,331,631	391,639	92%
Internal Materials and Services	62,300	64,123	(1,823)	103%
Contingency	1,884	-	1,884	0%
Total Requirements	**$5,481,674**	**$4,986,781**	**$494,893**	**91%**

Intergovernmental revenues resulted in a 3.1% variance below the revised budget which is attributable to prior year grant revenues realized in FY 2013-14 as well as underspending of FY 2013-14 expense appropriation which leads to reduced grant reimbursement.

For personnel services, vacancy savings resulted from unanticipated delays in hiring for a position funded by the Continuum of Care grant and less than anticipated expenses charged to a 2013 lead hazard abatement grant.

In external materials and services, 92% of the revised budget was spent; grant-funded programs were underspent primarily in the Housing for Persons with Aids grant ($139,618) and Continuum of Care grant ($135,187). These unspent budgeted resources have been carried over into FY 2014-15 in the Fall BMP.

Community Development Block Grant Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Beginning Fund Balance	$0	$42,550	($42,550)	NA
Charges for Services	10,000	10,827	(827)	108%
Intergovernmental Revenues	6,822,822	6,180,096	642,727	91%
Bond and Note	150,000	-	150,000	0%
Miscellaneous	2,169,060	2,108,264	60,796	97%
Total Resources	**$9,151,882**	**$8,341,736**	**$810,146**	**91%**
Requirements				
Personnel Services	$1,274,355	$1,237,828	$36,527	97%
External Materials and Services	6,647,623	5,970,988	676,635	90%
Internal Materials and Services	401,653	396,259	5,394	99%
Bond Expenses	645,000	634,053	10,947	98%
Contingency	183,251	102,609	80,642	56%
Total Requirements	**$9,151,882**	**$8,341,736**	**$810,146**	**91.1%**

Charges for services revenue exceed budget ($827) because the amount of late fees charged to borrowers were greater than anticipated.

For intergovernmental revenues, the revenue corresponds with program expenditures. The bureau bills for actual expenditures because this grant operates on a reimbursement basis. This means that the decrease in program expenditures drives the reduction in revenue due to the decreases in reimbursement request.

For bond and note revenue, the City made appropriations to mitigate potential negative cash issues at year-end; the associated cash transfer has not been processed by OMF accounting.

For external materials and services, most of the variance is attributable to resources awarded to vendors that were not spent and will carry forward into FY 2014-15. Underspending includes $207,000 pre-development loan for Glisan Commons Phase II; $154,000 for the home repair program; $105,000 for the PDC economic opportunity programs; and $91,000 for PDC economic opportunity administration and indirect underspending.

Contingency amounting to $183,251 is attributable to the $150,000 appropriated in the overexpenditure ordinance (see bond and note revenue) and programmatic contingency not drawn upon ($33,251).

HOME Grant Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Beginning Fund Balance	$0	$288,997	($288,997)	NA
Charges for Services	1,000	797	203	80%
Intergovernmental Revenues	4,777,922	2,621,042	2,156,881	55%
Bond and Note	50,000	-	50,000	0%
Miscellaneous	237,241	479,285	(242,044)	202%
Total Resources	**$5,066,163**	**$3,390,121**	**$1,676,043**	**67%**
Requirements				
Personnel Services	$359,251	$274,863	$84,388	77%
External Materials and Services	4,656,912	2,976,268	1,680,644	64%
Contingency	50,000	138,990	(88,990)	278%
Total Requirements	**$5,066,163**	**$3,390,121**	**$1,676,043**	**67%**

For intergovernmental revenues, the grant revenue corresponds with program expenditures. That is, the bureau bills for actual expenditures because this grant operates on a reimbursement basis. This means that the decrease in program expenditures ($2,156,881) drives the reduction in revenue due to the decreases in reimbursement request.

For bond and note revenue, the City budgeted $50,000 to mitigate potential negative cash issues at year-end; the associated cash transfer has not been processed by OMF accounting.

For miscellaneous revenues, the $242,044 variance in revenue in this category is due to greater than anticipated loan repayments.

For personnel services, position vacancies resulted in $84,388 unspent.

For external materials and services, just 64% of the projected budget was spent because of underspending: (1) $1.1 million by the City of Gresham and Multnomah County, members of the HOME Consortium and (2) Glisan Commons Phase II ($464,000).

Tax Increment Financing Reimbursement Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Beginning Fund Balance	$0	$3,011,945	($3,011,945)	N/A
Charges for Services	26,000	25,631	369	99%
Intergovernmental Revenues	10,975,928	11,534,273	(558,345)	105%
Fund Transfers	7,012	7,012	-	100%
Bond and Note	22,557	-	22,557	0%
Miscellaneous	3,873,188	4,796,343	(923,155)	124%
Total Resources	**$14,904,685**	**$19,375,205**	**($4,470,520)**	**130%**
Requirements				
Personnel Services	$2,382,012	$2,002,244	$379,768	84%
External Materials and Services	10,689,706	7,419,957	3,269,749	69%
Internal Materials and Services	873,143	829,852	43,291	95%
Fund Transfers	869,739	869,739	-	100%
Contingency	90,085	8,253,413	(8,163,328)	9162%
Total Requirements	**$14,904,685**	**$19,375,205**	**($4,470,520)**	**130%**

For miscellaneous revenues, 23.8% variance is attributable to rebudgeting of opportunity funding for affordable housing development in the Downtown Waterfront URA in future fiscal years, while income has been collected during FY 2013-14.

For personnel services, the 84% variance was due to less-than-anticipated personnel activity in the Gateway and Interstate Urban Renewal Areas (URAs).

In external materials and services, the 69% variance is attributable to three circumstances: 1) $305,000 in opportunity funding for affordable housing in the Interstate URA development budgeted but not awarded was carried over into FY 2014-15; 2) $2.1M from the Education URA for the transfer of proceeds from the sale of project in the South Parks Block URA, and 3) $497,000 underspending in the Home Repair and Homebuyer Assistance programs, a portion of which is being carried forward. The primary driver of the variance was the determination by OMF accounting to record the transaction in different manner the $2.1M transfer of proceeds from South Parks URAs. Also, of the amount carried over for the Home Repair and Homebuyer Assistance programs, $353,000 is tied to Homebuyer Assistance pre-loan commitments which are scheduled to close by the end of the calendar year.

Headwaters Apartment Complex Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Beginning Fund Balance	$0	$723,248	($723,248)	N/A
Intergovernmental Revenues	898,000	868,533	29,467	97%
Miscellaneous	3,293	3,140	153	95%
Total Resources	**$901,293**	**$1,594,920**	**($693,627)**	**177%**
Requirements				
External Materials and Services	$5,324	$175	$5,149	3%
Bond Expenses	796,293	796,293	1	100%
Ending Fund Balance	24,676	798,453	(773,777)	3236%
Unappropriated Fund Balance	75,000	-	75,000	0%
Total Requirements	**$901,293**	**$1,594,920**	**($693,627)**	**177%**

Expenses and revenues tracked very close to budget. For external materials and services, the year-end actual reflects the net income (i.e. after subtracting the insurance payment) that was generated by the property. Based on the bureau's arrangement with the Portland Development Commission, the insurance payment is made by PDC even though Housing manages this fund.

Decision Packages

During the FY 2013-14 budget development process, General Fund-supported bureaus initially received 90% of their General Fund allocation and had to request the rest in decision packages. Reductions and add backs were implemented per the adopted budget; add backs included: $424,650 to restore services to the Clark Center men's shelter, $331,050 to restore the women's winter shelter, $216,300 to restore funding for permanent supportive housing, and $74,201 to carry forward funding for homeownership and counseling programs from FY 2012-13.

Budget Note

The budget note requiring the Multnomah County Youth Shelter and Transitional Housing Pass-through to be reduced to a new level was implemented through the FY 2014-15 budget development process. The FY 2014-15 Adopted Budget included a add package providing $500,000 in ongoing funding.

Performance Reporting

The broad set of performance measures touches upon each of the bureau programs. As expected, there are opportunities to provide explanatory information to describe program efficiency and effectiveness performance in the context of service demand. For example, the "average length of stay in interim housing" decreased from 221 days in the prior year to 189 days. Also over the same period, the number of households served in interim housing increased from 330 to 346 households. It is not self-evident if the length of stay was driven by more households moving into the supply of stable (i.e. permanent placements) housing. Moreover, it is not readily apparent to what extent decreased length of stay provided more access to interim housing or to what extent increases in households served was driven by "new" slots for interim housing. Providing details on how households flow through the housing spectrum (from shelter to housing placement) helps to convey how investments have been "moving the needle" retrospectively and/or prospectively may help to identify high-impact focal points for new investments. As part of the budget development process for FY 2015-16, CBO will engage Housing along with the other City bureaus to facilitate an assessment of existing and prospective performance measures for the purpose of identifying a select handful of key outcome measures to better inform Council budget decisions.

Bureau of Planning and Sustainability

Analyst: Daniel Trubman

Summary

Both the General Fund and Solid Waste Management Fund portions of the bureau experienced moderate underspending in external materials & services (EM&S) due to contracts committed in FY 2013-14 but not expended until FY 2014-15. Overall, CBO has no concerns.

Budget-to-Actuals

General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Intergovernmental Revenues	$244,231	$244,231	$0	100%
Interagency Revenue	379,334	372,323	7,011	98%
Miscellaneous	0	4,278	(4,278)	NA
General Fund Discretionary	6,898,594	6,657,044	241,550	96%
General Fund Overhead	544,977	544,977	0	100%
Total Resources	**$8,067,136**	**$7,822,853**	**$244,283**	**97%**
Requirements				
Personnel Services	$6,944,242	$6,942,003	$2,239	100%
External Materials and Services	608,577	377,349	231,228	62%
Internal Materials and Services	514,317	503,501	10,816	98%
Total Requirements	**$8,067,136**	**$7,822,853**	**$244,283**	**97%**

General Fund discretionary underspending totaled $241,550. The variance is attributable to significant underspending in EM&S as a result of contracts committed in FY 2013-14, but not spent until FY 2013-14. Council approved a portion of the prior year underspending, $219,400, for encumbrance carryover requests in the FY 2014-15 Fall BMP for Comprehensive Plan support and extensive communication needs related to the Comprehensive Plan public comment process.

Similar to FY 2012-13, when the bureau expended 99.8% of the General Fund budgeted personnel services, the bureau spent 99.7% in FY 2013-14. While the

Planning portion of the bureau slightly overspent internal materials & services in FY 2012-13, there was slight underspending in FY 2013-14.

The bureau's unbudgeted miscellaneous income comprises of revenue received for copies of BPS publications, GIS maps, and a $3,750 reimbursement for a work-study intern.

As a result of organizational structure changes in FY 2013-14, some expenses that previously posted in General Fund Overhead Fund Centers (specified Comprehensive Planning activities and1/2 of District Liaison program), were posted in non-GFOH Fund Centers. The bureau is working with the City Budget Office to make necessary changes in either BPS' organizational structure, or the General Fund Overhead model.

Solid Waste Management Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$1,843,477	$2,334,090	-$490,613	127%
Licenses & Permits	2,858,230	2,811,795	46,435	98%
Charges for Services	2,224,620	2,192,539	32,081	99%
Intergovernmental Revenues	26,000	28,690	(2,690)	110%
Interagency Revenue	12,000	12,000	0	100%
Fund Transfers - Revenue	183	183	0	100%
Miscellaneous	48,707	68,212	(19,505)	140%
Total Resources	**$7,013,217**	**$7,447,509**	**($434,292)**	**106%**
Requirements				
Personnel Services	$2,293,085	$2,149,041	144,044	94%
External Materials and Services	1,180,324	1,085,160	95,164	92%
Internal Materials and Services	1,593,486	1,538,776	54,711	97%
Bond Expenses	48,486	46,063	2,423	95%
Fund Transfers - Expense	206,699	206,699	0	100%
Contingency	4,554	0	4,554	0%
Unappropriated/Ending Fund Balance	1,686,583	2,421,770	(735,187)	144%
Total Requirements	**$7,013,217**	**$7,447,509**	**($434,292)**	**106%**

BPS' Solid Waste Management Fund required significantly fewer resources than budgeted as a result of moderate underspending in personnel services, EM&S and IM&S. Fund actuals for licenses & permits and charges for cervices were slightly lower than budgeted as a result of lower than forecast solid waste collections. These shortfalls were partially offset by higher than anticipated miscellaneous revenue (interest on investments, rebates from haulers, some fees, and sponsorships for Sustainability at Work, Green Spot, and other events). The fund also received higher than budgeted Intergovernmental Revenue from Metro to support the Neighborhood Cleanup Program. Personnel services underspending was the result of vacancy savings.

The Solid Waste Management Fund's actual beginning fund balance, of $2.3 million, was significantly (27%) higher than the budgeted beginning fund balance. While the FY 2013-14 budget anticipated a drawdown of the fund of $156,894, to $1,686,583, the fund actual grew by $87,680. The Fund's FY 2013-14 unappropriated end fund balance actual of $2,421,770 is comfortably above the FY 2014-15 Revised Budget Beginning Fund Balance of $2,370,812. The bureau can further revise the FY 2014-15 budgeted beginning fund balance in the Spring BMP to match the FY 2013-14 actual ending fund balance.

Community Solar Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Miscellaneous	$50,000	$18,423	$31,577	37%
Total Resources	**$50,000**	**$18,423**	**$31,577**	**37%**
Requirements				
External Materials and Services	$50,000	$705	$49,295	1%
Unappropriated/Ending Fund Balance	$0	$17,718	-$17,718	N/A
Total Requirements	**$50,000**	**$705**	**$49,295**	**1%**

The Community Solar Fund was established in FY 2013-14, but the first solar installations using resources from this Fund did not begin until the next fiscal year. The bureau also received resources from the Oregon Community Foundation, which alleviated the need to spend fund resources on solar installations.

Grants Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Intergovernmental Revenues	$ 2,361,983	$ 2,252,158	$ 109,825	95%
Total Resources	**$2,361,983**	**$2,252,158**	**$109,825**	**95%**
Requirements				
Personnel Services	$ 1,470,993	$ 1,281,834	$ 189,159	87%
External Materials and Services	546,016	422,168	123,848	77%
Internal Materials and Services	344,974	267,781	77,193	78%
Total Requirements	**$2,361,983**	**$1,971,783**	**$390,200**	**83%**

Several multiyear grants were budgeted in FY 2013-14 with the ending dates beyond June 2014. Several Construction Excise Tax (CET) grants from Metro related to Powell-Division Transit, Mixed-Use Zoning, and Portland-Milwaukie light rail are expected to be completed in either FY 2014-15 or FY 2015-16.

Decision Package Updates

BPS successfully implemented the majority of its approved decision packages. Detailed below are decision packages with major implications and decision packages where implementation is still underway.

Comprehensive Plan

The most recent draft of the Comprehensive Plan was published over the summer, and the Planning & Sustainability Commission has begun the hearing process. The bureau anticipates the Planning and Sustainability Commission forwarding a recommended draft for City Council approval in the summer of 2015.

Central Eastside Plan

The SE Quadrant element of the Central City 2035 Concept Plan, previously scheduled to begin hearings by December 2014, has been pushed back. Currently, the bureau is planning to take the plan to the Planning and Sustainability Commission in May 2014, as a result of the Stakeholder Advisory Committee (SAC) process taking longer than anticipated. Proposals under consideration affect land use, transportation and parking, green infrastructure, and the riverfront. The delay has not affected the Comprehensive Plan.

RICAP 6

City Council approved the majority of RICAP changes in June 2014. Code changes related to short-term rentals were separated from the rest of the RICAP 6 process. Changes related to short-term rentals in single family homes were approved in July. BPS anticipates the final part of the process, short-term rentals in multi-dwelling buildings, to receive final approval from Council in the coming months.

Updated LiDAR Data

The LiDAR/Aerial image collection took place in August 2014. The deliverables, originally scheduled to be received from the vendor in December 2014, are now anticipated to be completed by spring of 2015, due to the vendor underestimating the amount of time needed to process the data, largely as a result of the last minute addition of the Bull Run watershed and other areas to the contract. The delay has resulted in several projects being temporarily paused.

Performance Reporting

Bureau performance measure highlights are as follows:

Pounds of solid waste generated per household: The bureau's efforts to encourage residential composting were the main driver of the number of pounds of solid waste generated per household declining from 802 in FY 2012-13 to 774, materially beating the revised goal of 785 pounds (reduced from the Adopted Budget of 800). The pounds of solid waste generated per household has fallen dramatically in recent years, almost halved since the 1,448 pounds generated per household in FY 2007-08. This reduction can be partially attributed to the bureau's actions to promote recycling and composting.

Tons of solid waste generated by businesses**:** The bureau sets the solid waste targets below previous year actuals to reflect the bureau's waste reduction goals. The bureau targeted 225,000 tons of solid waste generated by businesses (up from 200,000 in the FY 2013-14 Adopted Budget) to reflect the bureau's goal of reducing solid waste generated by business from the FY 2012-13 Actuals of 252,361. In reality, waste generated by business grew 5.2%, largely reflecting increased economic activity. The increase in waste generated also reflects a plateauing of the percentage of commercial material diverted from the wastestream, which grew from 58% to 69% between FY 2007-08 and FY 2010-11, but had receded to 63% in FY 2013-14.

Percentage of housing built in four-county region within City of Portland limits: The percentage of housing built in four-county region within City of Portland limits declined to 31% in FY 2013-14, down from 35% in FY 2012-13, and short of the target of 33%. The adoption of a new Comprehensive Plan in the summer of 2015 may act as a catalyst to increase this performance measure in future years.

Percentage of City electricity use from renewables: As a result of fewer bureaus purchasing renewable energy certificates, the percentage of City electricity use from renewables only reached 51.3%. Substantially higher than the FY 2012-13 actual of 15%, this performance measure was considerably below the revised target of 70% (reduced from the FY 2013-14 Adopted Budget target of 100%).

Cost per Fix-It Fair participant: As a result of issues with fair location and community engagement, Fix-It Fairs saw a decrease in participation, without corresponding decreases in expenditures. This resulted in cost per participant to increase from $56 in FY 2012-14 to $82 in FY 2013-14, significantly above the revised target of $59.

Portland Development Commission

Analyst: James M. Carter

Summary

In FY 2013-14 across all funds, the Portland Development Commission (PDC) overspent by $322,754 which is entirely attributable to federal grant expenditures not budgeted. There are no significant concerns regarding the implementation of decision packages.

Budget-to-Actuals

General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
General Fund Discretionary	$4,537,437	$4,507,920	$29,517	99%
Total Resources	**$4,537,437**	**$4,507,920**	**$29,517**	**99%**
Requirements				
External Materials and Services	$4,537,437	$4,507,920	$29,517	99%
Total Requirements	**$4,537,437**	**$4,507,920**	**$29,517**	**99%**

General Fund resources support two major program areas at PDC. The Neighborhood Economic Development program accounted for $2,801,755 in expenditures, and expenditures for the Traded Sector program totaled $1,706,165. PDC underspent $29,517 of its General Fund budget which represents 0.7%. This unspent amount fell to balance.

Grants Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Intergovernmental Revenues	$0	$352,271	($352,271)	-
Total Resources	**$0**	**$352,271**	**($352,271)**	**-**
Requirements				
External Materials and Services	$0	$352,271	($352,271)	-
Total Requirements	**$0**	**$352,271**	**($352,271)**	**-**

PDC overspent $352,271 in federal grants to promote clean technology jobs and innovation; resources were not included in the City's budget. Overspending is a violation of local budget law. This variance is a result of miscommunication between PDC, OMF Grants office, and City Budget Office about which entity was responsible for entering the budget to cover the expense. Business process improvements have been implemented that should avert future instances of this type of overspending.

Decision Packages

The budget development process for FY 2013-14 required bureaus to request General Fund discretionary at 90% current appropriation level and submit decision packages to restore reductions to programs. Each decision package was implemented by reductions totaling $787,000 ($512,000 ongoing and $0,275,000 one-time). Ongoing cuts included reduced support for cluster industry initiatives ($100,000), entrepreneurship financial assistance ($150,000), Alberta Main Street ($29,000), Hillsdale Main Street ($133,000), and Start-up Investment ($100,000). One-time cuts deferred investments in working capital ($150,000), the Start-up Investment fund ($100,000), and funding for materials and services in the Traded Sector budget ($25,000), Add packages restored $215,000 to the PDC budget.

Budget Note

A FY 2013-14 budget note required City Council to hold a hearing to discuss options "before PDC acquires land and/or moves forward on new facility for the MPU." The fiscal year ended with PDC's budget note unfulfilled. PDC owns the facility in which houses the Mounted Patrol Unit (MPU) horses of the Portland Police Bureau. The MPU facility has endured significant damage due to weather and for part of the year the horses were relocated outside the city. Another portion of the facility was determined to be safe for the horses to reoccupy. PDC has given the MPU notice to vacate the facility as PDC moves forward with development plans at the site. PDC reports that the Office of Management and Finance and the MPU are identifying a new MPU facility.

Performance Reporting

In prior years up through FY 2013-14, the City budget document did not present PDC performance measures in the standardized table which contains prior-year data. The tabular format allows the reader to clearly observe year-to-year changes and trends. Overall, performance measure actuals for FY 2013-14 exceeded targets. These results may reflect that targets are not set a level representative of performance potential. For example, the number of technical assistance hours provided by the small business and micro business development program totaled 17,495 with a target of 12,300. While there are valid explanations for variance, there is nonetheless an opportunity for PDC to set targets which are realistic nonetheless ambitious. As part of the budget development process for FY 2015-16, CBO will engage PDC along with the other City bureaus to facilitate an assessment of existing and prospective performance measures for the purpose of identifying a select handful of key outcome and efficiency measures to better inform Council budget decisions.

Office of Neighborhood Involvement

Analyst: Yung Ouyang

Summary

The Office of Neighborhood Involvement (ONI) ended the year at 94% of its Revised Budget and needing 93% of its General Fund discretionary allocation. There are no concerns with final year-end spending actuals compared to budget. There are also no significant concerns with the implementation of decision packages, although there were challenges with the transfer of the Noise Control program. However, the budget note associated with the East Portland Action Plan was not completed, and a revised version was included in the FY 2014-15 Adopted Budget.

Budget-to-Actuals

General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Charges for Services	$262,937	$274,389	($11,452)	104%
Intergovernmental Revenues	278,005	278,005	0	100%
Interagency Revenue	17,346	17,049	297	98%
Miscellaneous	38,378	59,793	(21,415)	156%
General Fund Discretionary	6,689,602	6,232,442	457,160	93%
General Fund Overhead	220,631	220,631	0	100%
Total Resources	**$7,506,899**	**$7,082,309**	**$424,590**	**94%**
Requirements				
Personnel Services	$3,709,564	$3,624,168	$85,396	98%
External Materials and Services	3,143,518	2,818,128	325,390	90%
Internal Materials and Services	653,817	640,013	13,804	98%
Total Requirements	**$7,506,899**	**$7,082,309**	**$424,590**	**94%**

Requirements

External materials and services ended the year at 90% of the revised budget. Because ONI issues a significant amount of grant funding advanced to outside organizations, the bureau usually carries over funds for advance encumbrances. The amount carried over from FY 2013-14 to FY 2014-15 for this purpose is $200,566. In addition, the office carried over $11,726 for regular encumbrances. SAP, the City's record of accounts which does not display advance recoveries in the same manner as the official record as reflected in the CAFR, shows ONI spending 93% of its external materials and services budget at year-end.

Resources

Charges for services ended the year at 4.4% above the revised budget mostly due to additional Liquor License revenues. ONI sought to carry these additional revenues forward into the current year, but the request was ultimately denied because the City's financial policies do not allow carryover of revenues for programs that are subsidized by the General Fund.

Miscellaneous revenues were 56% above budget mostly due to worker's compensation reimbursements for two employees.

Decision Packages

During the FY 2013-14 budget development process, General Fund-supported bureaus initially received 90% of their General Fund allocation and had to request the rest in decision packages. In three packages which included funding across most of its programs, ONI requested 6.5% of its allocation, with a fourth package for restoration of funding for its Graffiti Abatement program. Council ultimately approved the two packages of highest priority to ONI, totaling 4.7% of its General Fund allocation, as well as a partial restoration of the funds for Graffiti Abatement. Unspent funding totaling $75,000 for Graffiti grants carried over from FY 2012-13 remained unspent in FY 2013-14 and was once again carried over into the current year, but for a different purpose; Council approved the use of the funding to help make the Kenton Firehouse ADA-compliant.

The Noise Control program was transferred from the Bureau of Development Services (BDS) to ONI during FY 2013-14. However, ONI reduced the budget by $45,164 during the Spring BMP. This constituted 11.6% of the program's total budget and 30.4% of the budget for revenues the program was responsible for. The bureau did this for two reasons: 1) the program was not fully transferred at the beginning of the year, with some collected revenues retained in BDS's accounts, and 2) ONI believed that BDS had overstated revenues in its budget and so ONI reduced the budget to match levels comparable to prior year history and projections. With the adjustments, the program ended the year at spending 95.2% of its budget, with revenue collection at close to the revised budget. See Performance Reporting section below for a discussion of the program's performance.

Budget Notes

The FY 2013-14 Adopted Budget contained a budget note directing ONI to work with the relevant parties to develop a plan to complete work associated with the East Portland Action Plan (EPAP), which has been funded one-time for several years now, and wrap up uncompleted tasks. However, no time frame was provided in the budget note as to when the directive should have been completed. When asked to report on progress during the FY 2014-15 budget development process, EPAP staff had indicated that its intention was to continue with its charge. Another budget note was included in FY 2014-15 which directs ONI to work with EPAP representatives and the East Portland Neighborhood Office to develop a transition plan that includes a funding model and report back to Council by November 19, 2014. The report has been completed, with a presentation and Council discussion scheduled for December 11, 2014.

Performance Reporting

Noise Control Program – As noted by ONI, the office experienced challenges in transitioning the program from BDS, including delays in hiring. ONI did not officially take over the program until September 1, 2013, and an inspector position was not filled until May 2014. These challenges are reflected in the three reported workload performance measures, which show significant variances (reductions) from actuals from the prior year as well as from the Adopted targets for FY 2013-14 (for two of the measures):

Measure	FY 2012-13 Actual	FY 2013-14 Adopted	FY 2013-14 Revised	FY 2013-14 Actual
Number of noise violation inspections	380	300	380	266
Number of noise variances processed	548	490	550	495
Number of noise code violation cases	703	690	700	629

During the transition, the bureau mistakenly revised its targets for the three measures upward during the year.

Notable results of measures for other programs include:

- Percentage of clients satisfied with mediation services ended the year at 96%, with a target of 90%, although the actual for FY 2012-13 was already 98%. CBO recommends that ONI adjust its future target for this measure to reflect progress made.
- Percentage of Information & Referral calls answered in less than 25 seconds ended the year at 89%, with a target of 90%, and a FY 2012-13 actual of 88%. This is an example of a good target based on history that stretched the bureau's performance.

CBO notes that a number of ONI's workload measure targets seem to be understated as the bureau has significantly surpassed these goals. CBO will be working with all bureaus to evaluate and strengthen their use of performance measures during the FY 2015-16 budget development process, including assisting the bureaus in identifying Key Performance Measures.

Office of Equity & Human Rights

Analyst: Shannon Carney

Summary

The Office of Equity & Human Rights provides services that promote equity and diversity across city bureaus, and performs outreach aimed at improving equity outcomes citywide. Overall, the bureau ended the year within its appropriation and the City Budget Office has no concerns.

Budget-to-Actuals

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Charges for Services	$85,000	$90,216	($5,216)	106%
Intergovernmental Revenues	41,500	41,500	-	100%
Miscellaneous	525	525	0	100%
General Fund Discretionary	837,268	792,402	44,866	95%
General Fund Overhead	504,262	504,262	-	100%
Total Resources	**$1,468,555**	**$1,428,904**	**$39,651**	**97%**
Requirements				
Personnel Services	$1,105,939	$1,069,803	$36,136	97%
External Materials and Services	229,305	225,561	3,744	98%
Internal Materials and Services	133,311	133,540	(229)	100%
Total Requirements	**$1,468,555**	**$1,428,904**	**$39,651**	**97%**

The office spent 97.3% of its FY 2013-14 budget, with the majority of underspending occurring in personnel services. The office had to manage its personnel services category tightly over the course of the year. To help address unforeseen personnel expenses, the office received a $15,000 General Fund allocation for compensation set-aside in the FY 2013-14 Spring BMP. Including these additional resources the variance remained within budget (3.3%).

The office's budget also included recognition of new charges for services and intergovernmental revenues ($110,525 total) which were largely related to the *Governing for Racial Equity* conference held by the bureau in March 2014. The office also received $20,000 from General Fund contingency to support the conference in the Spring BMP. As conference revenues exceeded expenses, remaining financial resources were refunded to contributing jurisdictions. As a result, the bureau returned $11,187 of this allocation to the General Fund in the FY 2014-15 budget.

A small portion of the bureau's General Fund underspending in the prior year ($650) was requested and approved as encumbrance carryover in the FY 2014-15 Fall BMP.

Decision Packages

All decision packages were implemented as approved.

Performance Reporting

This fiscal year marks the first year of reporting on the office's performance measures.

Key activities in the Citywide Equity program include the provision of technical support, equity training, and equity plan reviews for City bureaus. Regarding the provision of technical support around equity issues, the number of bureaus provided with technical support and consulting services performed at target, demonstrating bureau demand for OEHR's expertise in those areas.

The Citywide Equity program's equity training focuses on educating City employees on the importance of equity and how to apply equity principles to their work. In FY 2013-14, the 376 City employees who received equity training this year represented just 58% of target. Performance on this measure reflects the limitation that OEHR cannot mandate training for employees of other bureaus. Secondarily, some bureaus have pursued outside equity training at bureau expense, and these numbers are not reflected in the tracked totals. If the established target is still considered appropriate, the office may want to consider alternative options for engaging City employees with equity training content.

Also in the Citywide Equity program, there was no progress on the measure counting the number of bureau equity plans reviewed annually. Bureau equity plans, which define goals and objectives around improving equity outcomes within each bureau, are the building blocks of the City's Racial Equity Roadmap. The lack of plans reviewed is due to the office's decision to delay the launch of the Racial Equity Roadmap until after an initial pilot is complete. The office will incorporate feedback from seven bureaus participating in the pilot, then roll out the final Racial Equity Roadmap with all bureaus through the Citywide Equity Committee in 2015.

With regards to the public-facing Community Equity and Engagement program, measures tracking the number of meetings for OEHR's Human Rights Commission and Portland Commission on Disability performed significantly above established targets. This volume reflects a high level of public engagement and activity for both commissions. The office intends to revise targets for FY 2014-15 to reflect the increased number of subcommittee meetings.

Looking ahead, the introduction of Key Performance Measures in the FY 2014-15 budget provides an opportunity for Equity & Human Rights to revise existing measures or introduce new measures that, where possible, focus on the outcomes for both of its program areas. With regards to the Citywide Equity program, as the bureau tasked with increasing awareness of equity principles and diversity in the City's workforce, it is appropriate for Equity & Human Rights to report on related Citywide metrics. To better communicate progress here, the office may want to consider establishing threshold levels that express participation from each bureau.

Transportation and Parking

Portland Bureau of Transportation

Analyst: Yung Ouyang

Summary

FY 2013-14 was primarily a year of stability for PBOT. The bureau continued work on several major projects begun in prior years, including implementation of the NW Parking Meter district and the Streetlight LED Replacement project. One large project that the bureau began during FY 2013-14 was the Jasmine Block Streetcar Track Relocation project, and one of the largest expenditures the bureau made in the year was the $50 million match payment to Multnomah County for the Sellwood Bridge replacement project. Although the bureau experienced a reduction in discretionary revenue, both the reduction and its resulting effects were much less than in FY 2012-13.

PBOT spent about 93% of its operating budget in the Transportation Operating Fund and about 82% of its Capital Improvement Plan (CIP) budget. Delays and revised construction schedules account for much of the under-spending. Details on budgetary changes and delays on individual projects are discussed below. On the revenue side, the bureau again collected utility permits and fees in excess of budget, as well as SDC revenues, due to continued conservative budgeting during a time of economic improvement.

Budget-to-Actuals

Transportation Operating Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$36,881,922	$45,047,100	($8,165,178)	122%
Licenses & Permits	2,086,800	3,726,335	(1,639,535)	179%
Charges for Services	43,258,809	48,269,453	(5,010,644)	112%
Intergovernmental Revenues	64,213,967	64,365,815	(151,848)	100%
Interagency Revenue	32,408,445	30,296,599	2,111,846	93%
Fund Transfers - Revenue	20,091,643	20,082,696	8,947	100%
Bond and Note	54,776,009	51,342,691	3,433,318	94%
Miscellaneous	3,287,548	4,822,863	(1,535,315)	147%
Total Resources	**$257,005,143**	**$267,953,551**	**($10,948,408)**	**104%**
Requirements				
Personnel Services	$68,714,223	$63,003,242	$5,710,981	92%
External Materials and Services	91,778,851	89,047,034	2,731,817	97%
Internal Materials and Services	21,269,456	20,289,309	980,147	95%
Capital Outlay	16,011,350	11,277,151	4,734,199	70%
Bond Expenses	12,842,983	9,776,329	3,066,654	76%
Fund Transfers - Expense	12,021,923	11,946,693	75,230	99%
Contingency/Ending Fund Balance	34,366,357	62,613,793	(28,247,436)	182%
Total Requirements	**$257,005,143**	**$267,953,551**	**($10,948,408)**	**104%**

Requirements

Personnel Services - The 8% under-spending in this major object category can be attributed to vacancies. At the end of the fiscal year, PBOT had 78 vacant positions, 18 of which were Parking Code Enforcement Officers and 6 were Utility Workers. Seventeen of the Parking Code Enforcement Officer positions and three other positions are related to the new NW Parking Meter District. These positions will be filled when paystations are installed in FY 2014-15. The remaining vacancies were distributed throughout a variety of organizational units and job classes. While most of these positions became vacant within the year, several appear to have become vacant in 2011 or 2012. CBO continues to encourage the bureau to evaluate these longer term vacancies and submit the appropriate paperwork to abolish them assuming they are no longer needed or develop a plan to fill them if that is not the case.

Capital Outlay – Spending in this category ended the year at about 70% of budget due to revisions in construction schedule for a number of projects. These projects went to bid in the spring of 2014, with construction beginning during the summer. See discussion in the Budget-to-Actuals section under Capital below.

Resources

Beginning Fund Balance – The actual beginning fund balance was almost $8.2 million higher than the budgeted amount primarily due to higher than expected SDC revenues in FY 2012-13.

Licenses & permits – PBOT collected 79% more than the budgeted amount due to conservative budgeting for utility permits and fees charged to developers for locating and marking utility lines. In prior years, the poor economy heavily impacted these revenues, and so the bureau was careful in how it budgeted for them. Its FY 2014-15 Adopted budget is 25.6% lower than FY 2013-14 actuals, and CBO encourages the bureau to budget more in line with economic trends.

Charges for Services – Similar to the situation with licenses and permits, much of the 12% variance in this category can be accounted for by conservative budgeting on the part of the bureau due to the economic climate, specifically in regards to SDC revenues. Its FY 2014-15 budget for this revenue category is slightly higher than FY 2013-14 actuals.

Miscellaneous revenue – This category ended the year at 47% above budget due to a one-time $1.4 million contribution from the State of Oregon for the 136th-Holgate-Powell capital project that was unbudgeted.

Reserve/Ending Fund Balance

A little over half of the ending balance ($31.8 million out of $62.6 million) is made up of SDC revenues and so are restricted to use on Council-approved system development projects. Another 37% of the balance is made up of General Transportation Revenues (GTR) and are restricted to funding CIP and PBOT Current Appropriation Levels (CAL). Only $2.0 million, or 3%, of the ending balance can be used for contingency purposes.

Parking Facilities Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$1,358,490	$1,358,490	$0	100%
Charges for Services	11,732,100	11,721,402	10,698	100%
Interagency Revenue	822,604	803,591	19,013	98%
Fund Transfers - Revenue	150,759	150,759	0	100%
Bond and Note	5,445,000	5,445,000	0	100%
Miscellaneous	67,485	257,592	(190,107)	382%
Total Resources	**$19,576,438**	**$19,736,834**	**($160,396)**	**101%**
Requirements				
Personnel Services	$215,000	$189,085	$25,915	88%
External Materials and Services	3,586,150	3,449,476	136,675	96%
Internal Materials and Services	2,729,582	1,902,929	826,653	70%
Bond Expenses	1,879,125	1,879,125	0	100%
Fund Transfers - Expense	5,412,838	5,412,838	0	100%
Contingency/Ending Fund Balance	5,753,743	6,903,381	(1,149,638)	120%
Total Requirements	**$19,576,438**	**$19,736,834**	**($160,396)**	**101%**

Requirements

Personnel Services – Although a position was vacant for a portion of the year, the 12% below budget variance in this category is primarily due to conservative budgeting by the bureau during the Over-Expenditure Ordinance when it sought to prevent over-spending this major object category.

Internal Materials & Services - The large under-expenditure of 30% resulted mainly from delays or slow progress on several major maintenance projects involving OMF Facilities. The projects accounting for most of the variance include: Maintenance to Air Conditioning units and Heat Pump upgrades, as well as Storefront Repainting. These projects will be completed in FY 2014-15.

Resources

Miscellaneous – An unbudgeted one-time recognition of $203,452 for unredeemed coupons from calendar year 2013 for validation ticket revenue caused this category to end the fiscal year at 382% of budget.

Reserve/Ending Fund Balance

About $6.0 million of the $6.9 million in ending balance is intended to serve as reserves for operations, major maintenance, and other uses directed by

Council. The amount meets the required target set by policy. The large variance between the budgeted and actual amounts resulted from the internal materials and services provided by OMF-Facilities being deferred to FY 2014-15.

Grants Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Intergovernmental Revenues	$23,733,686	$19,258,232	$4,475,455	81%
Fund Transfers - Revenue	1,100,300	1,053,448	46,852	96%
Miscellaneous	0	19,146	(19,146)	N/A
Total Resources	**$24,833,986**	**$20,330,825**	**$4,503,161**	**82%**
Requirements				
Personnel Services	$5,561,771	$2,986,192	$2,575,579	54%
External Materials and Services	2,999,700	1,229,812	1,769,889	41%
Internal Materials and Services	3,834,507	2,414,837	1,419,670	63%
Capital Outlay	11,337,708	6,824,203	4,513,505	60%
Contingency/Ending Fund Balance	1,100,300	6,875,782	(5,775,482)	625%
Total Requirements	**$24,833,986**	**$20,330,825**	**$4,503,161**	**82%**

Requirements

The bureau's expenditures in all operating major object categories are low, with overall spending being only about 57% of the operating budget. Most of the under-expenditures can be accounted for by slower progress on projects than initially planned. In summary, projects contributing to the lower than planned expenditures are: 50's Bikeway, SE 122nd Complete & Green, Thurman St: Macleay Park Bridge Rehab, Central City 2035 Plan, and Sellwood Bridge replacement. Work on these projects is continuing in FY 2014-15. The one project that also contributed to the underspending but is not continuing at the moment is the Columbia River Crossing. This project is moribund pending additional intergovernmental coordination.

Resources

Intergovernmental Revenues – Revenues represent reimbursement for eligible spending. Project delays, as described above in the Requirements section, caused PBOT to under-collect in this category by 19%.

Reserve/Ending Fund Balance

Grant funds that are unspent are appropriated in future years for use on the projects and purposes that they were initially granted for.

Gas Tax Bond Redemption Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Beginning Fund Balance	$0	$1,673,961	($1,673,961)	N/A
Fund Transfers - Revenue	2,824,145	2,795,767	28,378	99%
Bond and Note	0	1,073,000	(1,073,000)	N/A
Miscellaneous	0	7,398	(7,398)	N/A
Total Resources	**$2,824,145**	**$3,876,165**	**($2,725,981)**	**137%**
Requirements				
Bond Expenses	$2,824,145	$3,874,438	($1,050,293)	137%
Contingency/Ending Fund Balance	0	1,727	(1,727)	N/A
Total Requirements	**$2,824,145**	**$3,876,165**	**($1,052,020)**	**137%**

This fund is used to achieve a proper matching of revenues and expenditures related to the debt financing of PBOT projects. Resources primarily include gas tax revenues, which consist of the City's share of the state and county collections. Actuals for bond expenses ended the year at 37% above budget due to a bond refunding, but this is a budget exempt expenditure that does not constitute overspending.

Reserve/Ending Fund Balance

The ending fund balance in the fund is intended for debt reserves. Specifically, provisions of the 2011 Series A bond sale required a debt reserve of this same amount.

Transportation Reserve Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$10,277	$17,935	($7,658)	175%
Fund Transfers - Revenue	500,000	500,000	0	100%
Bond and Note	2,500,000	2,500,000	0	100%
Miscellaneous	2,510	12,606	(10,096)	502%
Total Resources	**$3,012,787**	**$3,030,541**	**($17,754)**	**101%**
Requirements				
Contingency/Ending Fund Balance	$3,012,787	$3,030,541	($17,754)	101%
Total Requirements	**$3,012,787**	**$3,030,541**	**($17,754)**	**101%**

Reserve/Ending Fund Balance

This fund was created for two purposes: 1) Countercyclical reserves to maintain current service level programs or to buffer the impact of major revenue interruptions, and 2) Emergency reserves to fund major one-time unexpected requirements. The policy sets the reserve amount to 10% of the bureau's Adopted Budget gas tax and on-street parking revenues. Current reserves are at only 33% of what the policy requires. Starting in FY 2014-15, the bureau will begin transferring $700,000 annually until the policy requirements are met.

Capital

PBOT is currently transitioning from one system of categorization of its capital projects by program into another system, so meaningful discussion of spending by programs is not feasible. The narrative in the Capital section of this report will mention specific projects though.

Budget Adjustments

During the Fall BMP of last year, PBOT increased its CIP budget by about 36% from the Adopted. About 33% of the adjustment is carryover of GTR funding from the prior year due to planned project work shifting from FY 2012-13 to FY 2013-14. Other large adjustments include: a $1.6 million appropriation for Streetcar track relocation work on Moody Blvd., $3.4 million of State funds and SDC revenues to construct sidewalk and safety improvements along the 136th Ave. corridor, $3.8 million in grants funds for two projects, and $3.3 million in LID revenues for the Streetcar project.

	CIP Budget	Percentage Change
Adopted	$50,937,064	Inapplicable
Fall Revised	$69,489,671	36%
Spring Revised	$104,753,160	51%
Over-Exp. Revised	$101,733,160	-3%

Further substantial changes to the CIP budget were made during the Spring, increasing it by 51% from the Fall Revised budget. The Spring BMP is normally a time when PBOT reduces its CIP budget in order to sync up budgets with actual spending and revised construction timelines. The bureau did indeed reduce budgets for many projects in both its Operating Fund and the Grants Fund, the largest of which include:

- $1.5 million for Bike Share
- $3.2 million for Eastside Streetcar
- $2.2 million for Killingsworth: Commercial-MLK Phase 2
- $1.6 million for Burnside & Pearl District Crossing Improvement
- $4.0 million for Street Light Efficiency
- $1.5 million for NW Parking Paystations
- $1.0 million for the Streetcar Automatic Train Stop System
- $1.0 million for Parking Machines
- $1.0 million for 136th Ave: Powell to Division

However, $2.0 million was added for the Close the Loop Streetcar Portland-Milwaukie Light Rail Betterment project. But by far the largest component of CIP adjustments during the Spring BMP was the $50 million bond-financed match payment to Multnomah County for the City's share of the Sellwood Bridge replacement project, accounting for the large net increase. The bureau neglected to budget this payment during the FY 2013-14 budget development process.

During the Over-Expenditure Ordinance, PBOT reduced its CIP budget by a further $3.0 million, or 3% from the Spring Revised budget. Reductions were made to the budgets of various projects, with the largest being an additional, almost \$1.0 million reduction for 136^{th} Ave: Powell-Division. However, \$0.5 million was added for the LID Street Design project.

Budget to Actual Variances

In regards to actual expenditures, PBOT ended the year spending about 82% of its Revised CIP budget, with a variance of \$17.3 million between budget and actual expenditures, despite the reductions in budget during the Spring BMP and the Over-Expenditure Ordinance. Several projects had their construction schedules revised. They were bid on during the spring while actual construction began during the summer. These include the 136^{th} Ave. Sidewalk Safety, Street Lighting LED Replacement, Streetcar Jasmine Block Track Relocation, Gateway, and Multnomah Blvd. Sidewalk projects, with the Streetcar Jasmine Block (\$761,000), Multnomah Blvd. Sidewalk (\$745,000), and 136^{th} Ave. Sidewalk Safety (\$715,000) projects displaying the largest variances.

The largest variance is \$2.9 million resulting from a revision in schedule for the production of a streetcar by Oregon Iron Works. Out of a \$6.5 million budget, \$3.6 million was spent by year-end, resulting in a variance of 44% between budget and actuals. During the recent Fall BMP, PBOT carried over \$200,000 of GTR from the prior year for the project, and if necessary, the bureau will make additional adjustments during the Spring BMP.

The Columbia River Crossing (CRC) project was put on hold pending additional intergovernmental coordination, creating a \$638,000 variance between the budget and actual spending. The bi-state partnership that pursued the CRC for years ended in 2013 when the Washington Senate declined to approve spending \$450 million, an appropriation that would have matched Oregon's commitment. Oregon's Governor subsequently tried to keep the project alive as an Oregon-only project, but without Washington's funding and experience, Oregon lawmakers rejected that effort in the short 2014 session.

Finally, due to staff turnover, the Foster: 50^{th} – 84^{th} Ave. project was put on hold, creating a \$467,000 variance between budget and actuals. This project for street and pedestrian improvements is funded by the Portland Development Commission and the State of Oregon.

Decision Package Implementation

Reductions

Reductions to GTR funding totaling about $4.6 million were taken by the bureau to balance to the forecast. The major projects affected include CIP Neighborhood Safety/Livable Streets ($1.0 million), CIP Maintenance ($800,000), and Street Rating and Signals ($900,000).

General Fund Adjustments

During the FY 2013-14 budget development process, General Fund-supported bureaus initially received 90% of their General Fund allocation and had to request the rest in decision packages. Council ultimately decided that PBOT should continue to receive the full 100% of its target, adding back $784,637. Therefore, no reductions were made to the streetlight services funded by General Fund resources.

Sunday Parkways – Starting in FY 2013-14, PBOT has been allocated $100,000 each year from the General Fund for the purposes of putting on Sunday Parkways events. The FY 2013-14 budget for Sunday Parkways was $461,200, so the General Fund contribution funded about 22% of the budget. Prior to last year, the bureau had been depending on using GTR to partially finance the program. By increasing donation revenue to support the program, PBOT was able to eliminate GTR funding for the program at the end of FY 2012-13, and no GTR has been budgeted for the program since then. Last year, the bureau planned to put on five Sunday Parkway events throughout the city, but one was cancelled for weather reasons.

Street Cleaning – During the FY 2013-14 budget development process, the Bureau of Environmental Services (BES) requested to completely eliminate its $1.1 million contribution to PBOT for its share of costs of the Street Sweeping program. Council decided that BES should continue to contribute $350,000 while the General Fund provided the rest ($750,000). With the revenues from BES and the General Fund supplementing GTR, PBOT was able to provide the same level of service as prior years. See Budget Notes section below for related details.

Other Notable Adjustments
Downtown Marketing Initiative – PBOT had been paying for the entirety of the Downtown Marketing Initiative contract itself with GTR beginning in FY 2012-13. In FY 2013-14, the contract was reduced by $125,000, savings which PBOT redirected to other uses, and the bureau paid $828,309 for the initiative.

Realignments Using One-time Savings from Sellwood Bridge Debt Service – The City's match payment to Multnomah County for the replacement of the Sellwood Bridge was delayed (it was budgeted during the Spring BMP) so that the $4.5 million debt service payment was also delayed, creating one-time savings in FY 2013-14 that PBOT utilized for the following purposes:

- $2.62 million for contract paving
- $1.5 million for street preservation maintenance
- $300,000 for the Youth Bus Pass IGA with TriMet
- $80,000 for PBOT's share of the River Mile 11 Environmental Remediation costs.

Budget Notes
Street Sweeping Review – PBOT and the Bureau of Environmental Services (BES) were directed to evaluate PBOT's street sweeping program to implement changes that would increase water quality/storm water benefit and report back to Council by September 30, 2013. A joint report was issued on February 21, 2014. During the FY 2014-15 budget development process, BES requested to completely eliminate its remaining contribution of $359,100 to the program. Council ultimately decided that only half of that amount should be eliminated and backfilled by PBOT in the form of GTR, and so the bureau is contributing an additional $179,550 to the effort in the current year.

Performance Reporting
PBOT reported on 10 measures that can be categorized as follows:

- Three are directed at the condition of assets (percentage of bridges in fair or better condition, percentage of traffic signals that operate without an outage annually, and percentage of traffic signals in fair or better condition)
- Two are concerned with the bureau's organizational efficiency (average span of control, percentage of administrative costs within PBOT's budget)
- Two report on the costs of pavement treatments (cost per square yard for crack sealing, cost per square yard for grind with two-inch overlay)
- One is focused on the efficiency of an operational process (percentage of public works permits completed within PBOT's set of interim timelines from beginning to end of permitting process)
- One measures progress on a specific multi-year project (percentage of City-owned and maintained lighting that comes from LED streetlights)
- One is a workload measure (number of on-street parking transactions per year)

CBO will be working with all bureaus, including PBOT, to review their reported measures and identify or develop several Key Performance Measures during the FY 2015-16 budget development process.

It should be noted that in FY 2013-14, PBOT was able to meet its goals for most of the reported measures, including percentage of bridges in fair or better condition, percentage of traffic signals that operate without an outage annually, and percentage of administrative costs within PBOT's budget. The following is a short discussion of variances between the bureau's targets and actual performance during the year.

From the Adopted Budget figures, PBOT revised the targets for the two measures focused on the costs of pavement treatments. The costs per square yard for both measures were revised downwards, but the bureau was not able to attain the revised goals. In fact, at the actual \$1.84 per square yard for the year, the bureau was not able to attain even the initial, more modest, goal for crack sealing (Adopted goal: \$1.50 per square yard; Revised goal: \$1.42 per square yard). The bureau attributes the increased cost to several factors, including the streets needing more work done on them and additional costs associated with a new collective bargaining agreement.

The bureau also revised its goal for the percentage of traffic signals in fair or better condition from 55% to 46%, and at 45% at year-end, was almost able to attain the revised goal.

Another measure which PBOT revised its goal for was the percentage of City-owned and maintained lighting that comes from LED streetlights, which was revised from 14% down to 8%. Nevertheless, at 12% at year-end, the bureau was able to exceed its revised goal almost up to the level of the one in the Adopted budget.

Elected Officials

Office of the Mayor

Analyst: Doug Le

Summary

The Mayor's Office ended last fiscal year with $377,547 in unspent General Fund discretionary or approximately 14% of its budget. All decision packages were implemented as planned.

Budget-to-Actuals

General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Intergovernmental Revenues	$47,189	$39,774	$7,416	84%
Miscellaneous	0	408	($408)	N/A
General Fund Discretionary	1,050,336	679,796	370,540	65%
General Fund Overhead	1,666,553	1,666,553	-	100%
Total Resources	**$2,764,078**	**$2,386,531**	**$377,547**	**86%**
Requirements				
Personnel Services	$1,389,458	$1,370,239	$19,219	99%
External Materials and Services	1,084,747	734,742	350,005	68%
Internal Materials and Services	289,873	281,550	8,323	97%
Total Requirements	**$2,764,078**	**$2,386,531**	**$377,547**	**86%**

Grants Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Intergovernmental Revenues	$47,189	$39,774	$7,416	84%
Total Resources	**$47,189**	**$39,774**	**$7,416**	**84%**
Requirements				
External Materials and Services	$47,189	$39,774	$7,416	84%
Total Requirements	**$47,189**	**$39,774**	**$7,416**	**84%**

In FY 2013-14, the Mayor's Office spent approximately 86% of its Revised Budget in the General Fund by year end. The Office underspent its appropriation for external materials and services by $350,005 or 32% of its budget. This is partially offset by planned encumbrance carryover in the FY 2014-15 Fall BMP. In the Fall BMP, the Office was awarded $234,800 for encumbrance and advance carryovers. The Office ended last fiscal year with sufficient balance in General Fund Discretionary to fund these carryovers.

The transactions in the Grants Fund related to the Gang Impacted Family grant received by the Office of Youth Violence Prevention. In the FY 2013-14, the office spent less grant reimbursable expenditures than projected.

Decision Packages

In FY 2013-14, the Mayor's Office had several decision packages. The notable ones include: $152,170 in additional external materials & services cuts and a reduction of $707,819 to transfer the Office of Youth Violence Prevention to Special Appropriations. All decision packages were implemented as planned.

Office of Commissioner of Public Affairs (Saltzman)

Analyst: Doug Le

Summary

The office ended FY 2013-14 with 4% of its combined budget remaining; this is consistent with its performance last fiscal year. All decision packages were implemented as planned.

Budget-to-Actuals

General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Intergovernmental Revenues	$30,800	$30,800	$0	100%
Miscellaneous	10,700	10,698	2	100%
General Fund Discretionary	1,407,430	969,436	437,994	69%
General Fund Overhead	524,058	524,058	$0	100%
Total Resources	**$1,972,988**	**$1,534,992**	**$437,996**	**78%**
Requirements				
Personnel Services	$1,063,231	$1,044,618	$18,613	98%
External Materials and Services	769,348	359,869	409,479	47%
Internal Materials and Services	140,409	130,505	9,904	93%
Total Requirements	**$1,972,988**	**$1,534,992**	**$437,996**	**78%**

In FY 2013-14, the office spent approximately 78% of its General Fund Revised Budget by year end. The office underspent its General Fund Discretionary budget by $437,994. The under-expenditure in the General Fund external materials & services is caused by unfinished contracts at the end of last fiscal year and unused funds were carried over into FY 2014-15.

Children Levy Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$1,000,000	$1,015,465	($15,465)	102%
Taxes	8,652,748	9,552,473	($899,725)	110%
Miscellaneous	0	20,183	($20,183)	N/A
Total Resources	**$9,652,748**	**$10,588,121**	**($935,373)**	**110%**
Requirements				
Personnel Services	$469,451	$458,578	$10,873	98%
External Materials and Services	9,120,869	8,349,726	771,143	92%
Internal Materials and Services	34,688	32,199	2,489	93%
Fund Transfers - Expense	25,000	25,000	0	100%
Contingency	2,740	1,722,618	(1,719,878)	62869%
Total Requirements	**$9,652,748**	**$10,588,121**	**($935,373)**	**110%**

In the Children Levy Fund, the variance in Tax revenue is due primarily to rising home values, particularly in southwest Portland. The variance in fund contingency is due to updated forecast by the City Economist.

Grants Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Intergovernmental Revenues	$19,724	$19,724	$0	100%
Total Resources	**$19,724**	**$19,724**	**$0**	**100%**
Requirements				
External Materials and Services	$19,724	$19,724	$0	100%
Total Requirements	**$19,724**	**$19,724**	**$0**	**100%**

The transactions in the Grants Fund related to a grant for the One Stop Center for Domestic Violence. In FY 2013-14, all revenues and expenditures occurred as planned.

Decision Packages

In FY 2013-14, the Commissioner's Office had several decision packages, including a reduction of $9,303 in General Fund resources for Council budget restructure. This package was necessary to equalize the General Fund allocation to all Council Offices. All decision packages were implemented as planned.

Office of Commissioner of Public Safety (Novick)

Analyst: Doug Le

Summary

The office ended FY 2013-14 with $118,638 in General Fund Discretionary remaining in the budget. All decision packages were implemented as planned.

Budget-to-Actuals

General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
General Fund Discretionary	$385,385	$266,747	$118,638	69%
General Fund Overhead	524,057	524,057	0	100%
Total Resources	**$909,442**	**$790,804**	**$118,638**	**87%**
Requirements				
Personnel Services	$724,503	$649,146	$75,357	90%
External Materials and Services	62,833	41,370	21,463	66%
Internal Materials and Services	122,106	100,287	21,819	82%
Total Requirements	**$909,442**	**$790,804**	**$118,638**	**87%**

In FY 2013-14, the Office ended the fiscal year with 87% of its budget spent by year-end. All major expenditure categories were underspent. This is done strategically pending further decisions on staffing needs and expenditure requirements. In the FY 2014-15 Fall BMP, the office added one new position which will greatly reduce any potential surplus in the future.

Decision Packages

In FY 2013-14, the Commissioner's Office had several decision packages, including an increase of $144,834 in General Fund resources for Council budget restructure. This package was necessary to equalize the General Fund allocation to all Council Offices. All decision packages were implemented as planned.

Office of Commissioner of Public Utilities (Fritz)

Summary

The office ended FY 2013-14 with $79,684 in General Fund Discretionary remaining in the budget. All decision packages were implemented as planned.

Budget-to-Actuals

General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Interagency Revenue	$0	($7)	$7	N/A
General Fund Discretionary	470,143	390,459	79,684	83%
General Fund Overhead	524,057	524,057	0	100%
Total Resources	**$994,200**	**$914,509**	**$79,691**	**92%**
Requirements				
Personnel Services	$780,965	$737,927	$43,039	94%
External Materials and Services	73,481	45,200	28,281	62%
Internal Materials and Services	139,754	131,383	8,371	94%
Total Requirements	**$994,200**	**$914,509**	**$79,691**	**92%**

The Office underspent its appropriation for external materials & Services in FY 2013-14, because a portion of the funding for the contract with the Bureau of Labor & Industries was not spent by year-end. This contract is for services related to the sick leave policy. An encumbrance carryover of $14,146 for the above contract was requested and approved in the FY 2014-15 Fall BMP.

Decision Packages

In FY 2013-14, the Commissioner's Office had several decision packages. The notable ones include a reduction of $162,854 in interagency revenue and an increase of $118,031 in General Fund resources for Council budget restructure. This increase was necessary to equalize the General Fund allocation to all Council Offices. All decision packages were implemented as planned.

Office of Commissioner of Public Works (Fish)

Analyst: Doug Le

Summary

The office ended FY 2013-14 with $35,994 in General Fund Discretionary remaining in the budget. All decision packages were implemented as planned.

Budget-to-Actuals

General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Charges for Services	$306	$306	$0	100%
General Fund Discretionary	388,891	352,897	35,994	91%
General Fund Overhead	524,057	524,057	$0	100%
Total Resources	**$913,254**	**$877,260**	**$35,994**	**96%**
Requirements				
Personnel Services	$778,451	$762,297	$16,154	98%
External Materials and Services	17,974	6,763	11,211	38%
Internal Materials and Services	116,829	108,199	8,630	93%
Total Requirements	**$913,254**	**$877,260**	**$35,994**	**96%**

The Office ended the fiscal year with over 96% of its appropriation expended. The expenditures in the external materials and services category was strategically kept low to provide a safety net for potential unanticipated expenses that did not occur.

Decision Packages

In FY 2013-14, the Commissioner's Office had several decision packages. The notable ones include a reduction of $100,000 in interagency revenue and an increase of $98,827 in General Fund resources for Council budget restructure. This increase is necessary to equalize the General Fund allocation to all Council Offices. All decision packages were implemented as planned.

Office of the City Auditor

Analyst: James M. Carter

Summary

In FY 2013-14, across all funds, the Office of the City Auditor expenditures were mostly within budget with a few exceptions detailed below.

Budget-to-Actuals

General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Charges for Services	$398,512	$290,048	$108,464	73%
Interagency Revenue	924,548	730,140	194,408	79%
Miscellaneous	5,500	10,394	(4,894)	189%
General Fund Discretionary	2,859,069	2,636,954	222,115	92%
General Fund Overhead	4,999,159	4,999,159	-	100%
Total Resources	**$9,186,788**	**$8,666,695**	**$520,093**	**94%**
Requirements				
Personnel Services	$5,494,785	$5,345,800	$148,985	97%
External Materials and Services	1,236,266	943,852	292,414	76%
Internal Materials and Services	2,455,737	2,377,042	78,695	97%
Total Requirements	**$9,186,788**	**$8,666,695**	**$520,093**	**94%**

For external materials and services, the historical trend of underspending in continued in FY 2013-14 with underspending 24% below budget. These unspent resources ($292,414) were due to less spending in professional services for the City's outside audit ($21,759), reviews of officer involved shootings and in-custody deaths ($25,034), and professional services in the Hearings Office, Council Clerk/Contracts division, and Archives and Records Management division ($58,959). The remaining underspending was due to decreased expenditures in travel, education, and on-demand interpretation services.

For charges for services, fewer hearings in the Hearings Office resulted in lower than projected revenue; the Auditor's Office reported a 24% drop in cases.

For interagency revenue, there was less reimbursement revenue to the bureau from the Local Improvement District fund due to lower than anticipated spending on the Lien Accounting System replacement project and lower activity in lien searches.

For the miscellaneous revenue category, an increase in reimbursement from the state worker's compensation program generated excess revenues.

Assessment Collection Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Beginning Fund Balance	$79,053	$79,247	($194)	100%
Fund Transfers	28	28	-	100%
Miscellaneous	1,000	1,315	(315)	131%
Total Resources	**$80,081**	**$80,590**	**($509)**	**101%**
Requirements				
Internal Materials and Services	$1,531	$1,531	$0	100%
Contingency	78,550	79,059	(509)	101%
Total Requirements	**$80,081**	**$80,590**	**($509)**	**101%**

Miscellaneous revenues were 31.5% greater than budgeted due to increased late interest collections. Revenue activity in this fund is irregular since there are no scheduled repayments and the fund is generally inactive.

Bancroft Bond Interest and Sinking Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Beginning Fund Balance	$14,668,389	$15,189,064	($520,675)	104%
Bond and Note	-	3,687	(3,687)	NA
Miscellaneous	7,499,887	7,799,156	(299,269)	104%
Total Resources	**$22,168,276**	**$22,991,907**	**($823,631)**	**104%**
Requirements				
Bond Expenses	$6,948,717	$11,667,246	($4,718,529)	168%
Unappropriated Fund Balance	15,219,559	11,324,660	3,894,899	74%
Total Requirements	**$22,168,276**	**$22,991,907**	**($823,631)**	**104%**

Miscellaneous revenue increases were due to more collections from assessment payments (i.e. early payoff or additional principal payments) than budgeted.

Bond Expenses were considerably greater than budgeted as a result of unscheduled full redemption of the 2003A Limited Tax Improvement Bond. The

City determined it was beneficial to fully redeem the bond issue using additional resources within the bond fund. This is, however, an allowable overexpenditure per state budget law; refundings are considered budget exempt so that governments can take advantage of low interest rates.

Local Improvement District Construction Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Beginning Fund Balance	$4,202,019	$4,061,896	$140,123	97%
Charges for Services	789,100	845,762	(56,662)	107%
Fund Transfers	32	32	-	100%
Bond and Note	21,184,912	8,445,115	12,739,797	40%
Miscellaneous	5,885,923	11,488,734	(5,602,811)	195%
Total Resources	**$32,061,986**	**$24,841,540**	**$7,220,446**	**77%**
Requirements				
External Materials and Services	$5,000	$2,725	$2,275	55%
Internal Materials and Services	1,435,816	1,269,312	166,504	88%
Bond Expenses	20,067,304	10,911,459	9,155,845	54%
Fund Transfers	6,985,869	6,626,676	359,193	95%
Contingency	3,567,997	6,031,368	(2,463,371)	169%
Total Requirements	**$32,061,986**	**$24,841,540**	**$7,220,446**	**77%**

For charges for services, the year-end actuals were 7.2% greater than budgeted due to 1) increases in payments toward and payoffs of delinquent liens and 2) increases in fees collected for external lien searches.

Bond and note revenues were 60% below budget as a result of an unexpected smaller number of assessment contracts sold in the 2014A Limited Tax Improvement Bond Sale. Property owners decided to pay for large assessments and therefore these assessments were not long-term finance assessments that would have been sold in the bond sale.

For miscellaneous revenue, unexpected payoffs of large assessment for the Portland Streetcar Loop LID project led to greater than budgeted revenue ($5,602,811).

In external materials and services, the 55% variance reflects less costs related to the fund's line-of-credit; costs are connected to debt rebate reporting and services ties to short-term financing. For internal material and services, lower billings for interagency services drove the 12% underspending. Both (1) reduced costs in the Auditor's Office for external lien searches and lien accounting system technology services and (2) staff vacancy in the Revenue Bureau were the sources of reduced billings.

For bond expenses, spending was under budget due to a decrease in anticipated bond proceeds expected from the sale of the 2014A Limited Tax Improvement Bond. It was not expected the property owners would not opt to finance assessments long-term; the bond sale would have included these assessments. A decrease in bond expenses corresponds to the decrease in Bond and Note revenues previously mentioned.

Decision Packages

For the FY 2013-14 decision packages for the Auditor's Office, one was implemented and other was not implemented. An OSS II position was hired in the Independent Police Review division to provide increased administrative support for workload increases resulting from the DOJ agreement. The other decision package would have added a hearings clerk to support projected increases in the number and types of cases. However, the number of cases did not increase and the Auditor's Office decided not to fill this position; Council authorized the position without funding support.

Budget Note

There were no FY 2013-14 Budget Notes for the Auditor's Office.

Performance Reporting

Overall, actuals for reported performance measures reflect consistent achievement of targets with a few exceptions. One such exception is the "median number of days to complete IPR intake investigations" metric. The year-end actual was 34 days which is below the 32 days target in the revised budget nonetheless an improvement over the 38 days attained in FY 2012-13. Another aspect of performance measurement to highlight is the extent to which setting targets are realistic nonetheless ambitious. For example, the Auditor's Office has set targets that are below historical performance for the metric "percentage of audit report recommendations implemented." The FY 2013-14 actual for this measures was 93% versus the 85% target. First, it should be noted that the target is set to industry standards which is recommended practice to compare performance to peer organizations and thus a best practice for audit services. Additionally, it is recognized that the actual implementation of recommendations is driven by the bureaus; the impact of the recommendations is captured in the implementation rate. Even so, it can be argued that performance targets (as a general practice) might aspire to attain this ultimate policy intent or at minimum be set based on historical performance. This general practice for target setting might be applied even if the target aims for achievements which exceed best practices. As part of the budget development process for FY 2015-16, CBO will engage the Auditor's Office along with the other City bureaus to facilitate an assessment of existing and prospective performance measures for the purpose of identifying a select handful of key outcome measures to better inform Council budget decisions.

City Support Services

City Attorney's Office

Analyst: Daniel Trubman

Summary

The City Attorney's Office ended the fiscal year within its appropriation; CBO has no concerns.

Budget-to-Actuals

General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Charges for Services	$0	$6,203	($6,203)	NA
Interagency Revenue	5,204,406	5,204,406	0	100%
General Fund Discretionary	1,958,268	1,293,578	664,690	66%
General Fund Overhead	3,095,418	3,095,418	0	100%
Total Resources	**$10,258,092**	**$9,599,605**	**$658,488**	**94%**
Requirements				
Personnel Services	$8,676,132	$8,390,344	$285,788	97%
External Materials and Services	720,448	354,996	365,452	49%
Internal Materials and Services	861,512	854,264	7,248	99%
Total Requirements	**$10,258,092**	**$9,599,605**	**$658,488**	**94%**

Actual total spending was 6.42% below the FY 2013-14 Revised Budget, with year-end General Fund discretionary savings totaling $664,690. The office's FY 2013-14 underspending was primarily a result of substantial underspending in external materials & services - notably $240,000 budgeted for a Compliance Officer/Community Liaison contract which went unspent - and moderate underspending in personnel services. The budgeted $240,000 for the COCL position was not spent due to delays in approving of the Department of Justice agreement. These delays have led to savings in FY 2014-15 which have been reallocated. Personnel services underspending was a result of vacancies and medical leave. Additional underspending was the result of lower than anticipated moving costs as a result of alterations from the original City Hall restack plan.

The bureau only required 66% of budgeted General Fund Discretionary resources due to the aforementioned underspending.

Performance Reporting

The City Attorney's Office hourly rate increased 2.7% from FY 2012-13 to FY 2013-14 ($147 to $151) while still remaining below the target of $160. The hourly cost was lower than anticipated due to lower than expected expenses, without a corresponding decrease in workload. The number of litigation cases for FY 2013-14 declined slightly from FY 2012-13, 1,402 to 1,328, slightly below the target of 1,450. The nature of the City's Attorney's workload has changed, with a decrease in bankruptcy cases and increases in some non-tort litigation, including lien foreclosures and collections.

Moreover, the number of contracts reviewed and approved (AT_0004) was 14.8% above target, while declining slightly from FY 2012-13. The number of training hours provided by City Attorney staff to other City Staff increased 15.5% from FY 2012-13 to FY 2013-14 (220 to 254), significantly above the target of 200. The bureau has begun dedicating more resources to providing training, particularly related to public and legal records request. The City Attorney's Office is undergoing a performance audit, including reviewing the bureau's performance measures. The bureau believes that current performance measures may not fully depict the full scope of the bureau's mission. Additionally, the bureau is working with the City Budget Office to identify Key Performance Measures.

Budget Notes

The City Attorney's Office was tasked with working as part of a cross-bureau task force to develop a strategy to streamline the process for settling claims and preventing loss. The Office of Management and Finance provided updates on the steps taken by the Bureau of Human Resources, Risk Management, and the City Attorney's Office in the FY 2013-14 Spring BMP, as well as an August 11, 2014 memo to Council. Specifically, the City Attorney's Office and the Bureau of Human Resources have identified those areas most in need of attention and enhanced communication to improve coordination of advice.

Decision Package

In the FY 2013-14 Spring BMP, the City Attorney's Office reclassified one Senior Deputy City Attorney position into two Honors Attorney positions to help the office meet additional workload demands and to recruit and train highly talented recent law school graduates from diverse backgrounds with a demonstrated interest in public service. This realignment was implemented as approved and both positions have been filled.

Office of Government Relations

Analyst: Doug Le

Summary

In FY 2013-14, the office underspent its General Fund Discretionary by $54,534 or approximately 17% of its budget. An amount of $16,500 of the unspent fund was carried over into next fiscal year with the remaining amount falling to General Fund balance.

Budget-to-Actuals

General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Intergovernmental Revenues	$35,000	$35,000	$0	100%
Interagency Revenue	151,975	151,975	0	100%
General Fund Discretionary	317,808	263,275	54,534	83%
General Fund Overhead	718,057	718,057	0	100%
Total Resources	**$1,222,840**	**$1,168,307**	**$54,534**	**96%**
Requirements				
Personnel Services	$816,437	$807,891	$8,546	99%
External Materials and Services	258,743	221,156	37,587	85%
Internal Materials and Services	147,660	139,260	8,400	94%
Total Requirements	**$1,222,840**	**$1,168,307**	**$54,533**	**96%**

Overall, the office underspent its total appropriation by 4%, resulting in an unspent General Fund Discretionary of $54,234 by year end. This is consistent with its performance last fiscal year. All major expense categories – personnel services, external materials & services, and internal materials & services categories were underspent. In the external materials & services category, an amount of $16,500 was carried over in the FY 2014-15 Fall BMP for an outstanding purchase order related to federal lobbying services.

Decision Packages

The office had several decision packages in FY 2013-14, including one with a net reduction of $48,288 in resources. This reduction is offset by reducing a vacant Commissioner Staff Representative position to part-time (0.50 FTE). All decision packages were implemented as planned.

Performance Reporting

The office has two workload measures, one related to legislative reporting (100%) and one related to percentage of targeted legislator contacted (90%). Additionally, the office has one effectiveness performance measure related to responsiveness to client requests (100%). All performance measures remain unchanged from prior years.

City Budget Office

Analyst: Jeramy Patton

Budget-to-Actuals

General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Miscellaneous	$0	$309	($309)	NA
General Fund Discretionary	738,810	667,281	71,529	90%
General Fund Overhead	1,149,124	1,149,124	0	100%
Total Resources	**$1,887,934**	**$1,816,714**	**$71,220**	**96%**
Requirements				
Personnel Services	$1,487,037	$1,440,953	$46,084	97%
External Materials and Services	182,650	167,795	14,855	92%
Internal Materials and Services	218,247	207,966	10,281	95%
Total Requirements	**$1,887,934**	**$1,816,714**	**$71,220**	**96%**

Total expenditures were within 4% of budget. The bureau spends conservatively throughout the year to ensure funding is available for unexpected expenditures such as payouts, new hires, etc. A single retirement payout could consume the entire amount of underspending given the small size of the bureau's budget.

Decision Packages

The FY 2013-14 Adopted Budget included decision packages to reduce funding related to interagency adjustments and PERS savings, and to realign resources within the office to create a full-time administrative support position. Both decision packages were implemented as directed.

Budget Notes

The City Budget Office was responsible for the implementation of two budget notes. The first was to complete a span of control study, which was delivered to Council on March 5, 2014. The second was to review the costs and benefits of requiring overhead-funded bureaus to make reductions off of total current appropriation levels. The office provided a recommendation during the FY 2013-14 Fall BMP to implement the new reduction calculations, which was subsequently authorized by Council in Ordinance 186330.

Performance Reporting

The bureau currently has only one performance measure that tracks the accuracy of General Fund forecasts. The bureau is working on creating new, more informative, measures for the FY 2015-16 budget process.

Office of Management & Finance

Analyst: Sara Lowe and Daniel Trubman

Summary

Overall, the CBO has no major concerns. Sixteen of the seventeen funds appropriated within the Office of Management & Finance ended the year within budget and the bureau implemented the majority of decision packages approved in the FY 2013-14 budget process. Below are a few items of note:

Grants Funds Overspending

OMF overspent the Grants Fund bureau program expense appropriation by $29,580 due to salary and benefits charges related to the Union Station ARRA grant that were recorded to the fund, but were not budgeted for. Although the fund collected revenues sufficient to cover the additional expenses, it is still a violation of state local budget law because the fund exceeded its bureau program expense appropriation authority. The personnel services charges occurred early in the fiscal year and were well-within the funds' appropriation until the final month of the year when several additional UASI grant expenditures were booked to the fund.

It is recommended that the bureau monitor grant expenditures more closely in the future. It is also recommended that the bureau, in future Fall BMP's, provide a Grants Fund prior year reconciliation report that captures all OMF grant fund information, and not just expenses and revenues by business area.

General Fund Underspending and Organizational Changes

Despite carrying over $918,000, OMF ended the year well under budget in the General Fund. This included underspending in all bureaus within OMF and all major operating expense categories (personnel and materials and services). The bureau dealt with the dissolution of the Financial Services Division which was not formally implemented until the start of FY 2013-14. OMF also underwent a top to bottom review in FY 2013-14 that resulted in several organizational changes implemented in the current fiscal year.

Lastly, despite early concerns, the Printing & Distribution Operating Fund ended the year with a positive ending fund balance. The increase in balance was directly related to a growth in workload in the final months of the year and operational changes made early in the fiscal year to control indirect spending. This fund will need to be closely monitored in future years to ensure that it remains solvent.

Additional fund specific information can be found in the budget-to-actuals section of this report.

Administrative Process Review

OMF was directed, through a budget note, to conduct a Citywide Administrative Process Review and identify General Fund savings of $400,000. As noted in the FY 2013-14 Spring BMP, no savings were identified. More information can be found on this topic in the Budget Note section of this review.

Budget-to-Actuals

General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$10,604	$10,604	$0	100%
Licenses & Permits	1,509,757	1,470,949	38,808	97%
Charges for Service	342,475	85,720	256,755	25%
Intergovernmental Revenues	2,280,383	2,060,633	219,750	90%
Miscellaneous	1,241,834	1,257,492	(15,658)	101%
General Fund Discretionary	13,008,557	10,169,913	2,838,644	78%
General Fund Overhead	11,315,727	11,315,727	0	100%
Cash Transfer Revenue	6,905,106	6,685,106	220,000	97%
Interagency Revenues	7,887,850	7,409,318	478,532	94%
Total Resources	**$44,502,293**	**$40,465,462**	**$4,036,831**	**91%**
Requirements				
Personnel Serivces	$27,235,985	$26,277,717	$958,268	96%
External Materials and Services	10,857,920	8,138,202	2,719,718	75%
Internal Materials and Services	6,346,529	5,987,684	358,845	94%
Capital Outlay	61,859	61,859	0	100%
Total Requirements	**$44,502,293**	**$40,465,462**	**$4,036,831**	**91%**

OMF's year-end General Fund discretionary underspending totaled $2.84 million or 22%, double the amount projected during the fiscal year. This was primarily the result of personnel and materials & services charges being below the budgeted level. The materials and services variance is directly related to underspending on the PSSRP RegJIN project, which was carried over into the new-year along with $418,000 in encumbrance carryover. If these carryovers are removed, total General Fund underspending is reduced to $1.2 million or 10% of the budgeted total.

Not included in the underspending was $918,000 that was carried over into the FY 2013-14 Spring BMP to support, among other items, several new initiatives including campsite cleanup, a limited-term training analyst in the Bureau of Human Resources, and a non-represented classification and compensation study.

Resources
In total, General Fund program revenue collections tracked slightly below the budgeted levels in all categories. Interagency (IA) Revenues, contributed largely by the OMF-Revenue Bureau, were 6% or $478,000 below budget due to reduced IA collections from the Water Bureau and the City Auditors Office. Charges for services revenues in the OMF-Bureau of Human Resources were incorrectly booked as miscellaneous revenues resulting in charges for service revenues being 75% or $256,000 below budget; as such, this variance was partially offset by increased miscellaneous revenue collections.

The bureau only utilized $10.2 million or 78% of its $13.0 million General Fund discretionary appropriation. CBO has no concerns.

Requirements
OMF experienced year-end positive variances in all major object categories. The savings is comprised of the following:

- $958,268 in personnel services
- $2.7 million in external materials & services
- $358,845 in internal materials & services

A large portion of the external materials & services surplus, $1.4 million, is attributable to under spending in the PSSRP RegJIN project, where actual costs were not aligned with the project budget. These costs are difficult to project due to changes in the projects' schedule. In an effort to ensure the RegJIN project budget remains whole, the unspent balance was carried over into the new fiscal year.

Additionally, there was significant underspending in the OMF-Revenue Bureau - $663,023 and OMF-Internal Business Services (BIBS) - $483,447. The Revenue Bureau variance is related to providing fewer services than allocated to an interagency agreement with the Water Bureau, reduced reimbursable expenses to the Mt Hood Cable Regulatory Commission, and underspending on the Innovation Fund Project. The OMF-BIBS-Procurement Services variance was primarily the result of not completing a technology upgrade project. Funds for this technology project, $343,000, along with the remaining balance of the OMF-Revenue Bureau Innovation Fund project were carried over into the current fiscal year. The remaining EM&S variance is in the OMF-Bureau of Human Resources - $105,456 and the OMF-Office of the Chief Administrative Officer (CAO) - $104,064.

Personnel services was 4% below budget in total. Expenditures were lower than budgeted in all divisions, with the greatest surplus in the OMF-Revenue Bureau - $663,023, OMF-Internal Business Services (Procurement) - $195,120 and OMF-Bureau of Human Resources - $105,456. The underspending related to vacancies that occurred throughout the year.

Emergency Communication Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$58,680	$58,680	$0	100%
Total Resources	**$58,680**	**$58,680**	**$0**	**100%**
Requirements				
Fund Transfer Expense	$58,680	$58,680	$0	100%
Total Requirements	**$58,680**	**$58,680**	**$0**	**100%**

The beginning fund balance reflects unspent resources from the completed PSSRP-Computer Automated Dispatch (CAD) subprojects Zetron and Incident Connect. These funds were transferred to the Technology Services Fund in the FY 2013-14 Fall BMP and will be reserved as program contingency for future use on other PSSRP projects. Starting in FY 2014-15, this fund does not have an appropriation in OMF.

Property Management License Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$38,769	$38,816	($47)	100%
Licenses & Permits	5,528,150	4,943,561	584,589	89%
Miscellaneous	2,165	2,594	(429)	120%
Total Resources	**$5,569,084**	**$4,984,971**	**$584,113**	**90%**
Requirements				
External Materials and Services	$5,505,139	$4,884,115	$621,024	89%
Internal Materials and Services	63,945	62,040	1,905	97%
Ending Fund Balance	-	38,816	(38,816)	NA
Total Requirements	**$5,569,084**	**$4,984,971**	**$622,929**	**90%**

Resources

Property Management License Fund revenues were 10% below the budgeted level, which is primarily the result of lower than anticipated collections from the Downtown Development District Business Improvement District (BID).

Requirements

External materials & services costs, which represent pass-through charges to the two business improvement districts that pay into the fund, were correspondingly below budget because the fund only expenses what it collects in a given year. Any remaining balance will be carried over into the following year. CBO has no concerns.

Convention and Tourism Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$183,160	$183,342	($182)	100%
Taxes	13,918,108	12,745,071	1,173,037	92%
Miscellaneous	6,500	6,933	(433)	107%
Total Resources	**$14,107,768**	**$12,935,346**	**$1,172,422**	**92%**
Requirements				
External Materials and Services	$13,787,311	$12,489,198	$1,298,113	91%
Internal Materials and Services	264,337	241,736	22,601	91%
Fund Transfer-Expense	56,120	56,120	0	100%
Ending Fund Balance	-	148,292	(148,292)	NA
Total Requirements	**$14,107,768**	**$12,935,346**	**$1,172,422**	**92%**

Resources

Throughout the year the budget for lodging tax revenues was increased $4.3 million to account for the upward monthly trend in collections. However, the revised budget was slightly over projected, thus resulting in actual revenue collections 9% below the budgeted level. Despite not reaching the budgeted amount, actual collections were still 32% over the original FY 2013-14 Adopted Budget due to increased activity in the local lodging market.

Requirements

External materials and services underspending represents reduced pass-through funding to Travel Portland and corresponds directly to the under collection of revenues. Any remaining balance will be carried over into the following year. CBO has no concerns.

Grants Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Intergovermental Revenues	$625,610	$1,323,574	($697,964)	212%
Total Resources	**$625,610**	**$1,323,574**	**($697,964)**	**212%**
Requirements				
Personnel Services	$0	$29,580	($29,580)	NA
External Materials and Services	625,610	625,607	3	100%
Ending Fund Balance	-	668,387	-	NA
Total Requirements	**$625,610**	**$1,323,574**	**($29,577)**	**212%**

Resources

Increased intergovernmental revenues are related to grant proceeds budgeted in FY 2012-13 budget not collected until FY 2013-14.

Requirements

In total, OMF overspent its Grant Fund appropriation by $29,580 due to salary and benefits charges that were not budgeted for. This is a violation of state budget law.

The ending fund balance covers FY 2012-13 reimbursable grants expenses.

Arts Education and Access Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$7,253,324	$7,259,407	($6,083)	100%
Taxes	10,780,066	6,795,784	3,984,282	63%
Miscellaneous	28,000	28,255	(255)	101%
Total Resources	**$18,061,390**	**$14,083,446**	**$3,977,944**	**78%**
Requirements				
External Materials and Services	$7,630,000	$7,135,082	$494,918	94%
Internal Materials and Services	751,400	746,362	5,038	99%
Contingency/Ending Fund Balance	9,679,990	6,202,002	3,477,988	64%
Total Requirements	**$18,061,390**	**$14,083,446**	**$3,977,944**	**78%**

Resources

The creation of the Arts Education and Access Fund and associated tax was approved by voters in the 2012 General Election. Mid-year changes resulted in downward revenue adjustments totaling $2.1 million to the program and revenue collection budgets. Even with these adjustments, tax revenues were still 37% or $4.0 million below the revised budget total. Reasons for the reduced collections include the passage of new Arts Tax collection provisions that decreased the tax base and generally lower than projected revenue collections.

Requirements

External materials & services underspending represents lower than projected disbursements to six local school districts and the Regional Arts and Culture Council. The reduced amounts correspond directly to the under collection of revenues. Resources held in contingency and any other unspent resources were carried over into the next year for distribution.

BFRES Facilities GO Bond Construction Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balances	$1,682,660	$1,679,094	$3,566	100%
Fund Transfer Revenue	4,270	712,781	(708,511)	16693%
Miscellaneous	668,416	4,270	664,146	1%
Total Resources	**$2,355,346**	**$2,396,145**	**($40,799)**	**102%**
Requirements				
External Materials and Services	$6,000	$7,550	($1,550)	126%
Internal Materials and Services	23,261	23,120	141	99%
Capital Outlay	2,277,408	-	2,277,408	0%
Fund Transfer Expense	44,320	44,320	-	100%
Contingency/Ending Fund Balance	4,357	2,321,155	(2,316,798)	53274%
Total Requirements	**$2,355,346**	**$2,396,145**	**($40,799)**	**102%**

Resources

The $1.7 million budgeted beginning fund balance accounts for the remainder of the 1998 GO Bond program. The majority of other revenues, $716,000, represent the recent sale of City property. These resources are dedicated to the continued construction of Station 21.

Requirements

Capital outlay resources dedicated to the construction of Station 21 went unused due to delays in the project. The unspent resources were carried over into the new fiscal year and were used to support approximately $1.7 million in Station 21 construction costs, with the remaining balance dedicated to other fire facility projects.

Public Safety GO Bond Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$21,742,327	$21,742,328	($1)	100%
Bond and Note	31,537,865	24,941,394	6,596,471	79%
Miscellaneous	113,825	124,787	(10,962)	110%
Fund Transfer Revenues	221,000	-	221,000	0%
Total Resources	**$53,615,017**	**$46,808,509**	**$6,806,508**	**87%**
Requirements				
Personnel Services	$300,000	$279,131	$20,869	93%
External Materials and Services	23,458,603	16,964,399	6,494,204	72%
Internal Materials and Services	955,413	334,386	621,027	35%
Capital Outlay	10,869,027	5,275,783	5,593,244	49%
Bond Expenses	329,001	208,698	120,303	63%
Fund Transfer Expense	46,965	46,965	-	100%
Contingency/Ending Fund Balance	17,656,008	23,699,147	(6,043,139)	134%
Total Requirements	**$53,615,017**	**$46,808,509**	**$6,806,508**	**87%**

Both Portland Fire & Rescue and OMF had Public Safety GO Bond Fund appropriations in FY 2013-14. OMF's $38.3 million appropriation represents funding for the PSSRP Radio project ($27.6 million), Station 21 construction costs ($4.6 million), and other facilities related projects; whereas proceeds directed to the Portland Fire & Rescue are for the Fire Apparatus Project ($15.3 million). Both the Radio project and the Fire Apparatus projects experienced significant under spending in the prior year resulting in a $10.8 million increase in fund balance that were carried over to the current year.

Resources

The FY 2013-14 bond sale was sized based on the actual projected need over the next two years. Actual bond proceeds of $24.9 million were less than the budgeted total of $31.5 million, thus the large revenue variance. The City still retains the same bonding authority, with future bond sales dictated by future resource needs and project schedules. Surplus miscellaneous revenues were the result of interest earnings coming in higher than projected.

Requirements

There was significant underspending in external materials ($6.5 million) and capital outlay ($5.6 million). The variance in capital outlay stems from lower than projected actuals on the Fire Apparatus Replacement project, $4.9 million below budget, and Station 21 construction, $676,000 of underspending. EM&S underspending is directly related to the lower than budgeted professional services costs for the Radio project. Radio project costs are difficult to project and are based on the project's schedule. Even small schedule changes can have large budgetary impacts in a fiscal year. Unspent resources for all projects were carried over into the current fiscal year.

Spectator Facilities Operating Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$6,077,077	$6,077,077	$0	100%
Charges for Service	6,486,530	7,955,021	(1,468,491)	123%
Intergovernemental Revenues	1,933,803	1,832,437	101,366	95%
Bond and Note	21,915,000	21,915,000	0	100%
Miscellaneous	72,250	40,290	31,960	56%
Fund Transfer Revenue	19,657	19,657	0	100%
Interagency Revenues	7,000	7,000	0	100%
Total Resources	**$36,511,317**	**$37,846,482**	**($1,335,165)**	**104%**
Requirements				
Personnel Serivces	$180,000	$168,816	$11,184	94%
External Materials and Services	2,605,162	1,771,793	833,369	68%
Internal Materials and Services	341,622	159,261	182,361	47%
Capital Outlay	850,000	670,737	179,263	79%
Bond Expenses	29,058,278	28,359,103	699,175	98%
Fund Transfer Expense	317,230	317,230	0	100%
Contingency/Ending Fund Balance	3,159,025	6,399,542	(3,240,517)	203%
Total Requirements	**$36,511,317**	**$37,846,482**	**($1,335,165)**	**104%**

Resources

Charges for services revenue, the fund's primary revenue stream, includes collections from tickets sales and parking garages. This revenue source ended the fiscal year at 123% of budget. The surge in revenues results from the Portland Trailblazers, Portland Winterhawks, Portland Timbers and Portland Thorns all making it to the playoffs in their respective sporting events, thus leading to increased ticket sales. Furthering increase annual revenue collections was the debut of the Portland Thunder, an indoor football team.

Requirements

Expenditures were below budget in all major categories, but most notably in bond expense and external materials and services. Bond expenses below the budgeted amount were directly related to the refinancing of debt that occurred earlier in the year. Additionally, there were fewer emergency or unexpected repairs needed during the course of the fiscal year, which lead to reduced external materials and services spending. The increase in revenues combined with reduced spending resulted in an increase of $322,000 in ending fund balance that was carried over and reappropriated in the current fiscal year. This balance will allow the fund to begin to build a capital reserve for future expenditures at Providence Park and the Rose Quarter.

Health Insurance Operating Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginnning Fund Balance	$11,762,581	$11,762,580	$1	100%
Charges for Service	55,126,238	55,251,846	(125,608)	100%
Miscellaneous	3,425,983	1,102,084	2,323,899	32%
Fund Transfer Revenue	4,690	4,690	0	100%
Interagency Revenues	155,488	341,786	(186,298)	220%
Total Resources	**$70,474,980**	**$68,462,986**	**$2,011,994**	**97%**
Requirements				
Personnel Services	$1,340,028	$1,304,823	$35,205	97%
External Materials and Services	56,099,467	51,170,747	4,928,720	91%
Internal Materials and Services	535,582	509,206	26,376	95%
Bond Expense	28,820	27,379	1,441	95%
Fund Transfer Expense	134,584	134,584	0	100%
Contingency/Ending Fund Balance	12,336,499	15,316,247	(2,979,748)	124%
Total Requirements	**$70,474,980**	**$68,462,986**	**$2,011,994**	**97%**

Resources

In total, the Health Fund collected 97% of budgeted revenues. Miscellaneous revenues, the fund's third largest revenue stream, collected 68% less revenue than budgeted due to reduced rebate collections which are difficult to project.

Requirements

Personnel services spending tracked close to the budgeted level throughout the year. Final year-end actuals are 97% of the budgeted amount.

The bulk of the Health Fund variance resulted from medical claims payments coming in lower than projected. These expenditures are budgeted in external materials and services and the underspending contributes to the $3.55 million increase in fund balance. These funds were carried over into the current year and may be used to help offset rates in future years.

Facilities Services Operating Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Beginning Fund Balance	$19,516,794	$36,716,387	($17,199,593)	188%
Licenses and Permits	0	251	(251)	NA
Charges for Services	2,266,792	959,968	1,306,824	42%
Intergovernmental Revenues	0	46,045	(46,045)	NA
Bond and Note	53,553	48,747	4,806	91%
Miscellaneous	1,008,000	1,124,845	(116,845)	112%
Fund Transfer Revenues	4,885,473	4,885,473	0	100%
Interagency Revenues	25,452,094	23,178,704	2,273,390	91%
Total Resources	**$53,182,706**	**$66,960,420**	**($13,777,714)**	**126%**
Requirements				
Personnel Services	$3,897,246	$3,671,730	$225,516	94%
External Materials and Services	21,389,279	18,685,687	2,703,592	87%
Internal Materials and Services	3,901,599	3,383,385	518,214	87%
Capital Outlay	8,803,614	3,107,622	5,695,992	35%
Bond Expense	7,617,340	7,609,581	7,759	100%
Fund Transfer Expense	1,156,396	1,156,396	0	100%
Contingeny/Ending Fund Balance	6,417,232	29,346,019	(22,928,787)	457%
Total Requirements	**$53,182,706**	**$66,960,420**	**($13,777,714)**	**126%**

Resources

In total, fund resources were 126% of budget. This variance was largely due to the actual beginning fund balance being $17.2 million more than was appropriated. Based on the budgeted expenses, these revenues were not needed to fund planned expenditures. The bureau therefore chose not to true-up the beginning fund balance. Interagency revenues, the fund's largest ongoing revenue stream is comprised of rent and other payments for services from City bureaus, ended the year 9% or $2.2 million below budget. Reduced charges for services revenues represent undercollections in rents and operations and maintenance charges to non-City bureaus that occupy or rent Facilities managed space. This variance is partially offset by increased collections in miscellaneous and intergovernmental revenues.

Requirements

The Facilities Operating Fund experienced underspending of 13% or greater in all major bureau expense major object categories with the exception of personnel, which finished the year 6% below budget. The most significant underspending occurred in EM&S and capital outlay. The combined variance for these two major object categories totals, $8.4 million and is primarily related to facilities major maintenance or replacement projects that were either not started or not completed in FY 2013-14. In recent years, it has been difficult to complete all of the budgeted projects due to personnel resource constraints. The $3.1 million variance was the result of significant FY 2013-14 underspending on the Police Training Facility ($1.2 million) and other Facilities managed projects. Funding for these projects will be carried over for use in future years.

The project expenses combined with the actual beginning fund balance, contributed to a $7.37 million decrease in fund balance.

CityFleet Operating Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Beginning Fund Balance	$20,123,162	$20,123,162	$0	100%
Intergovernmental Revenues	1,386,000	1,325,100	60,900	96%
Bond and Note	53,553	48,747	4,806	91%
Miscellaneous	1,073,700	1,616,307	(542,607)	151%
Fund Transfer Revenues	46,840	46,840	0	100%
Interagency Revenues	29,909,244	27,056,444	2,852,800	90%
Total Resources	**$52,592,499**	**$50,216,600**	**$2,375,899**	**95%**
Requirements				
Personnel Services	$7,843,737	$7,351,110	$492,627	94%
External Materials and Services	12,780,235	11,625,042	1,155,193	91%
Internal Materials and Services	1,741,504	1,682,856	58,648	97%
Capital Outlay	10,802,434	6,555,264	4,247,170	61%
Bond Expense	364,736	346,506	18,230	95%
Fund Transfer Expense	940,380	940,380	0	100%
Contingeny/Ending Fund Balance	18,119,473	21,715,442	(3,595,969)	120%
Total Requirements	**$52,592,499**	**$50,216,600**	**$2,375,899**	**95%**

Resources

The CityFleet Operating Fund collected 95% of total budgeted revenue for FY 2013-14. Although interagency revenue collections, the fund's largest revenue stream, were down $2.85 million this resource was partially offset by increased miscellaneous revenue collections from the sale of bureau assets. This miscellaneous revenue source is a component of the Vehicle Acquisition Program where the sale of assets contributes to the operating bureau's future equipment replacement. The primary reason for the decreased IA revenues was the timing and receipt of new vehicles. Bureaus are only billed when the new equipment is received. Intergovernmental revenues, which represent collections from Multnomah County and Portland Public Schools, were 96% of budget, with only a small variance of $60,900. FY 2013-14 was the first full fiscal year that these service agreements were in place.

Requirements

The majority of underspending in FY 2013-14 occurred in external materials and services ($1.1 million) and capital outlay ($4.2 million), thus contributing to the increase of $1.6 million in fund balance. Lower than budgeted prices for fuel and auto parts contributed to the EM&S underspending. The 39% of unspent capital outlay represents the delayed receipt of equipment order in the FY 2013-14, but not received until FY 2014-15. These funds were carried over into the new fiscal year.

Printing & Distribution Operating Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$636,052	$636,052	$0	100%
Charges for Service	106,123	137,216	(31,093)	129%
Intergovernmental Revenues	1,248,013	734,580	513,433	59%
Miscellaneous	73,412	46,392	27,020	63%
Fund Transfer Revenues	38,151	38,151	0	100%
Interagency Revenue	5,449,048	4,901,184	547,864	90%
Total Resources	**$7,550,799**	**$6,493,575**	**$1,057,224**	**86%**
Requirements				
Personnel Services	$1,974,209	$1,816,137	$158,072	92%
External Materials and Services	3,685,671	2,984,225	701,446	81%
Internal Materials and Services	735,679	702,066	33,613	95%
Capital Outlay	312,500	94,410	218,090	30%
Bond Expense	123,601	117,423	6,178	95%
Fund Transfer Expense	244,228	244,228	-	100%
Contingency/Ending Fund Balance	474,911	535,086	(60,175)	113%
Total Requirements	**$7,550,799**	**$6,493,575**	**$1,057,224**	**86%**

Resources

Interagency and intergovernmental revenue collections, which comprise 84% of the funds' revenue, were up from the prior year, but still fell short of the budgeted total by approximately $1.1 million. Overall, the fund collected 86% of budgeted revenues. Several service level adjustments were implemented in FY 2013-14 to accommodate for the decreased demand for services and general decline in revenues. In the short-term these changes appear to have helped as the financial position of the fund at the end of FY 2013-14 is improved from FY 2012-13. Given the volatility of the revenue streams, OMF will need to continue to evaluate the long-term financial health of the fund and make additional adjustments as necessary.

Requirements

Expenses for the fund remained within budget, with significant underspending occurring in external materials and services and capital outlay. Reduced EM&S charges correlate directly to fewer services being requested by prospective customers and therefore a reduced need for service related items. Underspending in capital outlay is the result of the operation requiring fewer shop equipment replacements and therefore expenses were not incurred. The lower than budgeted materials and services, capital outlay, and personnel costs contributed to an ending fund balance that is $60,000 greater than budget, but still a net decrease in fund balance.

The fund still retains insufficient contingency, based on the internal service fund contingency policy of retaining a contingency of10% of fixed operating expenses. This will certainly impact the fund in future years and may lead to additional service reductions.

Insurance & Claims Operating Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$28,220,685	$27,743,676	$477,009	98%
Miscellaneous	246,033	498,649	(252,616)	203%
Fund Transfer Revenues	1,100	1,100	0	100%
Interagency Revenues	9,249,718	9,252,581	(2,863)	100%
Total Resources	**$37,717,536**	**$37,496,006**	**$221,530**	**99%**
Requirements				
Personnel Services	$1,224,273	$1,111,653	$112,620	91%
External Materials and Services	5,286,241	3,927,079	1,359,162	74%
Internal Materials and Services	2,547,474	2,534,245	13,229	99%
Bond Expense	68,108	64,704	3,404	95%
Fund Transfer Revenue	4,497,944	4,497,944	-	100%
Contingency/Ending Fund Balance	24,093,496	25,360,381	(1,266,885)	105%
Total Requirements	**$37,717,536**	**$37,496,006**	**$221,530**	**99%**

Resources

Revenue collections ended the year close to budgeted levels in all major object categories. Higher than budgeted miscellaneous revenues collections are the result of increased third-party subrogation revenues.

Requirements

The majority of underspending occurred in personnel and external materials & services. Personnel services spending was 9% below budget due to vacancies that occurred throughout the year. In general, the external materials and services category is intentionally conservative to account for the fluctuation in claim liability payments. The budget is primarily driven by outside actuarial projections for spending on open claims throughout the year. In FY 2013-14 claims costs came in 26% or $607,000 below the budgeted level. The lower than budgeted personnel and claims costs contributed to an ending fund balance $1.3 million higher than budgeted, but, nonetheless a net decrease in balance for the year. .

Workers Compensation Self Insurance Operating Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$16,507,949	$16,734,942	($226,993)	101%
Miscellaneous	265,508	365,606	(100,098)	138%
Fund Transfer Revenues	5,135	5,135	0	100%
Interagency Revenues	3,367,356	3,365,820	1,536	100%
Total Resources	**$20,145,948**	**$20,471,503**	**($325,555)**	**102%**
Requirements				
Personnel Services	$1,264,124	$1,056,626	$207,498	84%
External Materials and Services	2,855,866	2,325,475	530,391	81%
Internal Materials and Services	604,638	595,510	9,128	98%
Bond Expense	63,707	60,522	3,185	95%
Fund Transfer Expense	148,415	148,415	-	100%
Contingency/Ending Fund Balance	15,209,198	16,284,955	(1,075,757)	107%
Total Requirements	**$20,145,948**	**$20,471,503**	**($325,555)**	**102%**

Resources

Revenue collections ended the year close to budgeted levels in all major object categories. Increased miscellaneous revenue collections are the result of actual interest earnings below the budgeted level and lower than historical revenues from the State of Oregon Employer-At-Injury Program.

Requirements

Lower than budgeted actuals in personnel and external materials & services resulted in an FY 2013-14 ending fund balance $1.1 million higher than projected. EM&S underspending of 19%, can largely be attributed to lower than budgeted claims payment and settlement costs. Lower than budgeted claims costs combined within increased revenue collections resulted an ending balance 7% greater than anticipated.

Technology Services Operating Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$30,315,428	$30,265,673	$49,755	100%
Charges for Service	40,808	27,318	13,490	67%
Intergovernemental Revenues	5,231,693	5,102,589	129,104	98%
Bond and Note	42,842	38,997	3,845	91%
Miscellaneous	464,100	504,405	(40,305)	109%
Fund Transfer Revenues	373,157	373,157	0	100%
Interagency Revenues	41,811,684	40,631,796	1,179,888	97%
Total Resources	**$78,279,712**	**$76,943,935**	**$1,335,777**	**98%**
Requirements				
Personnel Services	$25,860,062	$24,745,155	$1,114,907	96%
External Materials and Services	18,910,982	14,812,795	4,098,187	78%
Internal Materials and Services	3,778,685	3,576,734	201,951	95%
Capital Outlay	1,146,986	1,006,362	140,624	88%
Bond Expense	433,496	411,829	21,667	95%
Fund Transfer Expense	8,905,743	8,685,743	220,000	98%
Contingency/Ending Fund Balance	19,243,758	23,705,317	(4,461,559)	123%
Total Requirements	**$78,279,712**	**$76,943,935**	**$1,335,777**	**98%**

Resources

Overall, the fund collected 98% of budgeted revenues, which is up slightly from the prior year when the fund collected 96%. Interagency revenue, comprising approximately 50% of the fund's total resources, achieved collections 97% of budget. The majority of the variance results from lower than projected billable hours charged to other City bureaus, more specifically in telecom billing. Reduced collections in intergovernmental and charges for service revenues reflect lower than budgeted billable earnings from other jurisdiction outside the City.

Requirements

Significant underspending occurred in several major object categories, including personnel, capital outlay, and external materials and services. As in prior years, delays in several capital and operating projects have caused the fund to underspend its appropriations for external materials and services (billable hours) and capital outlay. The personnel services underspending is not significantly larger than in years past and is the result of vacancies that occurred throughout the year in different parts of the organization, but primarily in the Project Management Office. In FY 2013-14, the under-expenditure in external materials and services is significant, approximately 74% of the budget remained at the end of the fiscal year, with much of the variance related to projects budgeted but not completed within the fiscal year. All unspent resources were carried over and rebudgeted in the current fiscal year.

EBS Services Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Budgeted Beginning Fund Balance	$1,905,366	$1,846,015	$59,351	97%
Miscellaneous	20,000	19,087	913	95%
Fund Trasnfer Revenues	477,739	477,739	0	100%
Interagency Revenues	12,504,788	12,489,788	15,000	100%
Total Resources	**$14,907,893**	**$14,832,629**	**$75,264**	**99%**
Requirements				
Presonnel Services	$2,499,836	$2,430,986	$68,850	97%
External Materials and Services	1,939,933	1,200,407	739,526	62%
Internal Materials and Services	4,377,880	4,261,207	116,673	97%
Bond Expense	4,391,513	4,391,512	1	100%
Fund Transfer Expense	230,576	230,576	-	100%
Contingency/Ending Fund Balance	1,468,155	2,317,941	(849,786)	158%
Total Requirements	**$14,907,893**	**$14,832,629**	**$75,264**	**99%**

Resources

Revenue collections ended the year close to budgeted levels in all major object categories. The bureau revenues primarily consist of fixed rate interagency charges, therefor program revenues are not likely to deviate from the budgeted totals.

Requirements

With the exception of external materials and services, expenses in the EBS Fund ended the year close to or at the budget level. The $739,526 external materials & services positive variance represents underspending on professional service contractors. Outside contractors are typically required to complete specific project work. In FY 2013-14 fewer contract services were required as additional work was completed in-house and certain projects were delayed. All unspent resources were carried over into the current year.

Capital

The Office of Management and Finance budgets and oversees the implementation of several technology, facilities, and CityFleet capital projects. The table below details the bureau's FY 2013-14 capital project budgets, actuals, and variances by program. Explanations of significant variances are included below.

CIP Program Area	FY 2013-14 Adopted Budget	FY 2013-14 Revised Budget	FY 2013-14 Year-End Actuals	Variance
Accounting	-	772,760	295,864	476,896
Bureau of Technology Services	2,711,700	3,615,729	2,484,953	1,130,776
CityFleet	5,987,441	9,897,125	7,734,514	2,162,611
Citywide Projects-PSSRP	20,647,803	36,620,575	24,433,631	12,186,944
Enterprise Business Solutions	-	-	84,144	(84,144)
Facilities	16,221,969	16,694,377	13,652,987	3,041,390
Risk Management	-	567,854	407,126	160,728
Total	**45,568,913**	**68,168,420**	**49,093,219**	**19,075,201**

Accounting

In FY 2013-14, OMF-Accounting purchased software and began a project intended to streamline and automate processes required to complete the City's Comprehensive Annual Financial Report (CAFR). The project was implemented on time in the fall of 2014, and is projected to finish under budget.

Bureau of Technology Services

Despite completing several projects during FY 2013-14, OMF-BTS capital projects underspending totaled $1.13 million. The variance is largely comprised of underspending on two projects: Office 365 ($508,257) and the Walters Hill Radio Site ($464,776). Below budgeted actuals for the Walters Hill project result from delays in resolving issues between Gresham and Portland regarding the location and design of the proposed tower. Both the Walter's Hill and Office 365 projects are scheduled to be implemented in FY 2014-15. The application for Unspent project resources were carried over into FY 2014-15.

Citywide Projects-Public Safety Systems Revitalization Projects (PSSRP)

In FY 2013-14 the PSSPR program completed its portion of the Fire Information Systems project and transferred system maintenance and administration responsibilities to Portland Fire & Rescue. Based on the revised project timeline, the project ended on time, with $30,840 in unused resources which were transferred back to program contingency. The two remaining projects- RegJIN and Radio- experienced some level of underspending. Delays in the Radio project's detailed design review process contributed to the variance. Similarly, RegJIN project underspending is related to contractor payments that were budgeted in FY 2013-14, but did not occur as planned due to minor shifts in the projects schedule. The RegJIN system is projected to go-live in April 2015. The remaining balances for both projects were carried over into the current year or moved into contingency for use in future years.

CityFleet

OMF-CityFleet capital project underspending, 22% below budget, is the result of vehicles and equipment ordered on behalf of other City bureaus that were not received by year's end. Funding for these purchases will be carried over into FY 2014-15.

Risk Management

The Risk Management Division implemented the primary components of its new application in December 2013. However, the project is still working to add functionality to streamline the medical bill review process for workers compensation claims. Project underspending is related resources required to fully complete the final phase of the project and unpaid invoices. These funds were carried over into the current fiscal year.

Facilities

The $3.1 million variance was the result of significant FY 2013-14 underspending on two projects managed by the Facilities Division: Station 21 ($2.1 million) and the Police Training Facility ($1.2 million). Both projects were recently completed in the first half of FY 2014-15. Unspent FY 2013-14 project resources were rolled over into the current year to cover remaining project costs.

Decision Packages

OMF successfully implemented the majority of its approved decision packages. Detailed below are decision packages with major implications and decision packages where implementation is still underway.

Senior Human Resources Analyst

The Senior Human Resources Analyst position has been filled. It was added to the Outreach, Employment & Diversity Resources program to provide outreach, create announcements, review applications, and send qualified applications to supervisors and managers for review.

BHR-Citywide Class/Comp Study Program Carryover

OMF-Bureau of Human Resources (BHR) has successfully entered into a contract with Sjoberg Evashenk Consulting Inc. for services in support of the project. The project has three phases. The first phase is underway and includes the development of position descriptions, with HR Business Partner's working with bureau's to complete the process. After the position descriptions are approved and submitted to BHR, stage 2 and 3, the development of a classification system and a compensation study, will begin. The entire process is expected to last approximately 2.5 years.

BTS - Citywide Technology Assessment

The assessment has been completed as approved. As a result of the assessment, OMF-Bureau of Technology Services created Communities of Interest (COIs) to help shape a Citywide technology strategic vision, prioritize major and Citywide expenditures, and strengthen the connection between technology expenditures and business outcomes. Three areas of major leading practice shortfalls were identified: business continuity, security, and research and development. These areas will be prioritized in future BTS and Citywide technology budget requests.

BTS - Office 365 Implementation

Phase I release of the Office 365 project (email migration) has been completed, with release of Phase II (SharePoint implementation) having started in FY 2014-15, and currently scheduled to be completed by the end of the current fiscal year.

Coordinated Cleanup Carryover

OMF-Facilities has entered in to a contract with a vendor, with City bureau's utilizing the contract as necessary.

Budget for ordinance 186463

There is $858,000 dedicated to funding an alternative site for relocating Right 2 Dream Too; however, a suitable property has not been identified to date. If any resources remain after funding the alternative site they will be dedicated to addressing houselessness.

BTS - Walters Hill Site Project

Neighborhood opposition to the initial tower height and design has resulted in delay. A revised Land Use application was submitted to Gresham in September, with a decision anticipated in Mid-December.

Budget Notes

The FY 2013-14 Adopted Budget directed Office of Management & Finance to take the lead on completing four budget notes. Status on these budget notes is as follows:

Administrative Process Review

OMF was directed in an FY 2013-14 budget note to manage an Administrative Process Review Project to modernize and streamline several administrative processes selected by Council, as well as to work with bureaus to identify and prioritize other citywide administrative processes that could be managed more efficiently. This budget note tasked OMF with finding $400,000 in General Fund ongoing savings to be reported in the FY 2013-14 Fall BMP, which was extended to the FY 2013-14 Spring BMP. While several processes were reviewed, OMF was not able to identify $400,000 in savings, finding that bureaus have implemented administrative cuts and have improved the efficiency of administrative processes as a result of recent budget cuts. Specifically, the bureau reviewed the City's time and payroll processes, the implementation of electronic payments (ACH), and streamlined procurement processes.

CBO supports OMF continuing to investigate potential administrative efficiencies, specifically exploring and documenting how technological solutions (e.g. implementing new CAFR production software and human resources forms and processes) increase automation and efficiency. The newly formed Communities of Interest could also support a continued focus on improving business processes.

Legal/Risk/Resources Task Force

OMF was tasked with working as part of a cross-bureau task force to develop a strategy to streamline the process for settling claims and preventing loss. The Office of Management and Finance provided updates on the steps taken by the Bureau of Human Resources, Risk Management, and the City Attorney's Office in the FY 2013-14 Spring BMP, as well as an August 11, 2014 memo to Council. Key BHR and City Attorney staff participated in a planning session in order to clarify roles, identify issues, and surface ideas for improvement. Next steps identified include conducting post-closure meetings to review employment and civil rights cases, continuing to hold monthly meetings with the labor attorney, HR Business Partner, and Labor Relations staff to review assigned bureau issues, and quarterly meetings with each elected official's office to provide regular updates from the City Attorney, the BHR Director, and the City's Risk Manager as necessary on employment matters.

BTS Assessment

BTS hired Sierra Systems in August 2013 to evaluate all bureau technologies – systems, architectures, hardware, software, and staffing, to improve operating efficiency and lower cost. The assessment included an evaluation of the Citywide IT governance structure, IT staff skills and proficiencies, and the state of the City's technology. Sierra Systems proposed 60 recommendations, which BTS grouped in to ten initiatives. As a result of the assessment, BTS created

Communities of Interest (COIs) to help shape a Citywide technology strategic vision, prioritize major and Citywide expenditures, and strengthen the connection between technology expenditures and business outcomes. Three areas of major leading practice shortfalls were identified, business continuity, security, and research and development, which will be prioritized in future BTS and Citywide technology spending.

CityFleet Report

OMF was directed to perform a comprehensive assessment of the fleet's of all City bureaus. The bureau reported back in December of 2013. As a result of the study, several underutilized vehicles were turned-in and reassigned, placed in the motor pool, or disposed as surplus equipment. To encourage use of the City's motor pool, a second site has been implemented at the Emergency Communications Center. Cityfleet additionally implemented a vehicle pool of construction equipment to backfill the fleet, thereby reducing ongoing costs and the number of permanently assigned construction vehicles to bureaus.

Performance Reporting

The following performance measure issues are worth noting.

OMF-Human Resources

Performance Measure	FY 2011-12 Year-End Actuals	FY 2012-13 Year-End Actuals	FY 2013-14 Adopted Budget	FY 2013-14 Revised Budget	FY 2013-14 Year-End Actuals
MF_0009 – Total Number of grievances received by the LR system	83	91	90	125	79
MF_0011 – Number of participants training hours coordinated or presented by the Bureau of Human Resources	8,419	9,993	9,500	6,000	16,047
MF_0014 – Percentage of recruitments meeting original or renegotiated timelines	90%	90%	90%	90%	90%
MF_1122 – Percentage of female applicants per recruitment	30%	37%	37%	32%	44%

The number of grievances filled decreased due to the fewer number of contracts negotiated during FY 2013-14. The number of participant training hours coordinated or presented by the bureau increased by 69% over FY 2013-14, despite the bureau anticipating a significant decline. The bureau believes the main driver of the increase was the expansion of the training course catalog. The percentage of recruitments meeting original or renegotiated timelines remains flat, remaining at 90% for several years. The percentage of female applicants per recruitment continues to climb, having increase 7% points in FY 2013-14, after similar improvements in FY 2012-13.

Bureau of Internal Business Services (BIBS)

Performance Measure	FY 2011-12 Year-End Actuals	FY 2012-13 Year-End Actuals	FY 2013-14 Adopted Budget	FY 2013-14 Revised Budget	FY 2013-14 Year-End Actuals
MF_1001 - Total Number of in-bureau copies	16,300,000	13,600,000	16,000,000	16,000,000	12,800,000
MF_1002 - Total number of work orders completed	18,307	18,246	18,000	18,000	19,000
MF_1003 - Total number of copy center sheets	9,940,000	8,540,000	9,000,000	9,000,000	7,500,000
MF_1004 - Total number of press impressions	6,300,000	6,440,000	6,000,000	6,000,000	6,600,000
MF_1073 - Percentage of City facilities maintained in good or better	94%	61%	86%	61%	61%
MF_1170 – Percentage of all subcontract dollars awarded to Minority, Women, and Emerging Small Businesses subcontractors for construction and professional services contracts	26%	22%	22%	22%	35%

The number of in-bureau copies continues to decline, decreasing by 6% in FY 2013-14, after declining 17% in FY 2012-13. Similarly, the number of copy center sheets declined 12% in FY 2013-14, following a 14% decline the year before. Recognizing that these measures are unlikely to return to previous levels, Printing & Distribution took steps in FY 2013-14 to reduce overhead expenses, and may have to take similar steps in FY 2014-15. The percentage of City facilities maintained in good or better condition stabilized at 61% in FY 2013-14, after falling precipitously from 94% to 61% between FY 2011-12. The percentage of all subcontract dollars awarded to MWESB subcontractors for construction and professional services contracts rebounded in FY 2013-14, after declining in FY 2012-13.

Revenue Bureau

Performance Measure	FY 2011-12 Year-End Actuals	FY 2012-13 Year-End Actuals	FY 2013-14 Adopted Budget	FY 2013-14 Revised Budget	FY 2013-14 Year-End Actuals
CB_005 - Cost per $1,000 of General Fund Revenue Collected	$15.01	$11.39	$11.43	$12.38	10.30
MF_0041 - Business Income Tax Gap – Differences between business taxes paid and owed (in millions)	$4.96	$7.14	$5.29	$7.24	$7.16

The cost of collection per $1,000 of General Fund revenue declined again in FY 2013-14, exceeding the goal, which anticipated cost would increase after decreasing markedly between FY 2011-12. The Business Income Tax gap stabilized in FY 2013-14, after growing 44% between FY 2011-12 and 2012-13. As Revenue Bureau's Innovation Fund project comes online and the City is able to share information with the IRS, collections should improve.

Technology Services

Performance Measure	FY 2011-12 Year-End Actuals	FY 2012-13 Year-End Actuals	FY 2013-14 Adopted Budget	FY 2013-14 Revised Budget	FY 2013-14 Year-End Actuals
MF_1019 - Percentage of problems resolved by Help Desk without escalation to field staff (first call resolution)	69.00%	60.70%	69.00%	65.00%	59.10%
MF_1177 - Average length of time an SAP Help Desk customer ticket is open	0	11	5	18	49

The decrease of percentage of problems resolved by Help Desk without escalating to field staff was driven by the complexity of many Office 365 calls that required escalating to other team members. The large increase in the average length of time an SAP Help Desk ticket is open was a result of the SAP Time Schema redesign project.

General Fund Special Appropriations

Analyst: Doug Le

Summary

Overall, the General Fund Special Appropriations underspent its appropriation by approximately $1.1 million. This is due to advances made to grantees in FY 2013-14, but not recovered (i.e. reported as spent and the service delivered) in time by year end. Unused funds were carried over into next fiscal year when these outstanding advances were estimated to be recovered.

Budget-to-Actuals

General Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Interagency Revenue	$112,415	$107,002	$5,413	95%
General Fund Discretionary	9,703,247	8,650,485	$1,052,762	89%
General Fund Overhead	162,834	162,834	$0	100%
Total Resources	**$9,978,496**	**$8,920,321**	**$1,058,175**	**89%**
Requirements				
Personnel Services	$258,554	$253,266	$5,288	98%
External Materials and Services	9,714,531	8,665,874	1,048,657	89%
Internal Materials and Services	5,411	1,181	4,230	22%
Total Requirements	**$9,978,496**	**$8,920,321**	**$1,058,175**	**89%**

All expenditures were incurred in the General Fund. Personnel services ended the fiscal year with 98% of appropriation expended. This funding includes $39,809 in administrative support for COPPEA Professional Development and $213,457 for staffing in the OYVP.

External materials & services accounts for one-time and ongoing resources set-aside by Council to fund various special appropriations. These resources are for citywide expenditures and grant funding to non-profit organizations serving residents in the City. These are primarily social services that, while beneficial to City residents, do not fit naturally in any specific bureau in the City. The underspending in this category is due to the timing of the recognition of expenditures when funds were disbursed to grantees. In prior years, these disbursements were coded as advances in the system, and only become expenditures when the recipient reports having delivered service. Unused funds are carried over to the next fiscal year when outstanding advances are expected to be recovered. The practice of coding Special Appropriation disbursements as advances was discontinued in FY 2013-14. Disbursed funds are now coded as expenditures upon payments to grantees.

Internal materials & services includes resources for the Office of Youth Violence Prevention to fund interagency costs related to services provided by the Office of Management & Finance Bureau of Technology Services. Most of the expenditures in this category were recorded in the Mayor's Office where the OYVP was previously situated before its transfer to Special Appropriations.

Grants Fund

	Revised Budget	Year-End Actuals	Variance	Percent of Budget
Resources				
Intergovernmental Revenues	$47,189	$0	$47,189	0%
Total Resources	**$47,189**	**$0**	**$47,189**	**0%**
Requirements				
External Materials and Services	$47,189	$0	$47,189	0%
Total Requirements	**$47,189**	**$0**	**$47,189**	**0%**

The Intergovernmental Revenues for the Office of Youth Violence Prevention (OYVP) were budgeted in the Grants Fund. This is related a grant received from the State of Oregon, Youth Development Council. The grant proceeds and expenditures were accounted for in the Mayor's Office, where the OYVP was situated before it was transferred to Special Appropriations in FY 2013-14.

Decision Packages

In FY 2013-14, Council approved a total of $8,690,883 in one-time and ongoing resources for Special Appropriations. These resources are for payments to non-City agencies, funding for some City programs, and some City set-asides. Major decisions include $1 million for the Innovation Fund, $743,208 transfer from the Mayor's Office for the Youth Violence Prevention program, and $100,000 for the Span of Control Assessment. Additionally, the Downtown Services program

($954,310) was transferred to Parks & Recreation, and funding for the Crisis Assessment Center ($634,107) was converted from ongoing to one-time resources.