

# CITY BUDGET OFFICE

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## CITY OF PORTLAND, OREGON

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TO: City Budget Office

FROM: Andrew Scott, Budget Director 

DATE: September 28, 2015

SUBJECT: City Budget Office FY 2015-16 Fall BMP

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

1. Summary of Budget Adjustments. The City Budget Office is requesting funding to replace the City's budget software and to transfer support responsibilities for the Citywide Asset Manager's Group.
2. Prior year budget to actual reconciliation report
3. Updates on FY 2014-15 budget notes and decision packages
4. Prior year performance data

**CBO Discussion and Recommendations  
FY 2015-16 Fall Supplemental Budget**

**Bureau:** City Budget Office

**Type:** Capital Set-Aside Request

**Request:** BO\_001 - Budget Software Replacement

	<b>Fall BMP Requested Adjustments</b>	<b>Fall BMP CBO/Council Changes</b>	<b>Fall BMP Total Adjustments</b>
<b>EXPENDITURES</b>			
External Materials and Services	1,000,000	0	1,000,000
<b>TOTAL EXPENDITURES</b>	<b>1,000,000</b>	<b>0</b>	<b>1,000,000</b>
<b>REVENUES</b>			
General Fund Discretionary	1,000,000	0	1,000,000
<b>TOTAL REVENUES</b>	<b>1,000,000</b>	<b>0</b>	<b>1,000,000</b>

**Bureau Description:**

The City implemented its current budget preparation software (BRASS) in 2003. Although the software continues to provide the basic tools for budget preparation and monitoring, the bureau believes it is in the City's best interest to replace BRASS with a software that utilizes new and improved technology. The technology surrounding budget implementation software has seen great improvements over the last ten years since the City purchased BRASS. Implementing these improvements could reduce time spent on data entry and processing, and enhance our capabilities in regards to performance budgeting.

Initial estimates from our existing vendor and estimates from SAP (our Citywide ERP system) show the costs of a new system in the \$1 million to \$3.5 million range. If funds are awarded in FY 2015-16, it is expected that a new system will be available for the start of the FY 2017-18 budget process.

**CBO Discussion and Recommendation**

**CBO Discussion and Recommendations  
FY 2015-16 Fall Supplemental Budget**

**Bureau:** City Budget Office

**Type:** Technical Adjustment

**Request:** BO\_002 - Transfer CAMG support from BPS to CBO

	<b>Fall BMP Requested Adjustments</b>	<b>Fall BMP CBO/Council Changes</b>	<b>Fall BMP Total Adjustments</b>
<b>EXPENDITURES</b>			
Personnel Services	30,000	0	30,000
<b>TOTAL EXPENDITURES</b>	<b>30,000</b>	<b>0</b>	<b>30,000</b>
<b>REVENUES</b>			
General Fund Discretionary	30,000	0	30,000
<b>TOTAL REVENUES</b>	<b>30,000</b>	<b>0</b>	<b>30,000</b>

**Bureau Description:**

Technical adjustment to transfer the Citywide Asset Manager's Group support functions from the Bureau of Planning & Sustainability to the City Budget Office. The transfer of these functions creates a nexus between the reporting and managing of City's assets and the budget process.

**CBO Discussion and Recommendation**

**CBO Discussion and Recommendations  
FY 2015-16 Fall Supplemental Budget**

**Bureau:** City Budget Office

**Type:** New Request

**Request:** BO\_003 - Rent Increase per Fair Wage Policies

	<b>Fall BMP Requested Adjustments</b>	<b>Fall BMP CBO/Council Changes</b>	<b>Fall BMP Total Adjustments</b>
<b>EXPENDITURES</b>			
Internal Materials and Services	710	0	710
<b>TOTAL EXPENDITURES</b>	<b>710</b>	<b>0</b>	<b>710</b>
<b>REVENUES</b>			
General Fund Discretionary	710	0	710
<b>TOTAL REVENUES</b>	<b>710</b>	<b>0</b>	<b>710</b>

**Bureau Description:**

On May 13, 2015, City Council adopted code changes to chapter 3.99 Fair Wage Policies which directed bureaus "to amend or renew contracts as needed to ensure Council intent is implemented with an effective date of July 1, 2015 for all covered agreements and employees." OMF has calculated the cost impact of these code changes to facilities they manage and the resulting impact to our interagency agreement.

As part of the FY 2015-16 budget process the Council included appropriation in a General Fund set aside for the additional costs of these code changes to General Fund bureaus. This request transfers the City Budget Office's share of those resources to the bureau.

**CBO Discussion and Recommendation**

## Prior Year Business Area Reconciliation Report

	FY 2014-15 Revised Budget	FY 2014-15 Year-End Actuals	Percent of Actuals to Revised
<b>City Budget Office</b>			
<b>EXPENDITURES</b>			
Personnel Services	\$1,583,099	\$1,547,751	98%
External Materials and Services	\$186,317	\$175,547	94%
Internal Materials and Services	\$196,875	\$192,625	98%
<b>TOTAL EXPENDITURES</b>	<b>\$1,966,291</b>	<b>\$1,915,922</b>	<b>97%</b>
<b>REVENUES</b>			
General Fund Discretionary	\$907,836	\$0	0%
General Fund Overhead	\$1,058,455	\$0	0%
<b>TOTAL REVENUES</b>	<b>\$1,966,291</b>	<b>\$0</b>	<b>0%</b>

### Bureau Reconciliation Narrative

Total expenditures were within 3% 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 in personnel services given the small size of the bureau's budget.

## **FY 2014-15 Budget Note Updates**

### **Capital Asset Maintenance and Replacement Funding Options**

Bureau asset managers are directed to work with the City Budget Office to develop options for funding and allocating resources to address recurring major maintenance and replacement needs of infrastructure assets. A report detailing the options and implementation timeline should be provided with the FY 2014-15 Fall BMP.

**Status:** Complete

**Estimated Completion Date:** Already completed

**Explanation:** The report was discussed by Council during the November 7<sup>th</sup> Fall Budget Monitoring Process work session. The options discussed in the report included: reestablishing a General Fund Capital Set-Aside, new revenue sources for transportation, incremental increases in internal service fund rates, developing options for ongoing General Fund allocations to bureaus, and updates to Citywide financial policies. In response to the report recommendations, Council passed Resolution 37107 on January 28, 2015. The resolution updated City Financial Policy 2.03 to dedicate a minimum of 50% of available one-time resources in the Adopted Budget and Fall BMP processes to infrastructure maintenance and replacement projects.

### **Inspections & Distressed Properties**

Council directs the City Budget Office to increase the Bureau of Development Services current appropriation level target by \$286,048 starting in FY 2015-16 in order to provide ongoing funding for Housing and Nuisance Inspection Services and the Extremely Distressed Property Enforcement program.

**Status:** Complete

**Estimated Completion Date:** Already completed

**Explanation:** The adjustment was included in the current appropriation level targets distributed to bureaus on December 16, 2014.

### **Surplus Property Sales**

Council removes the requirement for \$400,000 in annual Parks property sales from revenue projections and directs the City Budget Office to increase the Portland Parks & Recreation current appropriation level target by \$400,000 starting in FY 2015-16.

**Status:** Complete

**Estimated Completion Date:** Already completed

**Explanation:** The adjustment was included in the current appropriation level targets distributed to bureaus on December 16, 2014.

## **FY 2014-15 Decision Package Updates**

### **Eliminate Hatfield Fellowship**

The package reallocated General Fund resources to the Police Bureau to cover the costs of the City's enterprise server. The package was implemented as planned and decreased expenses and discretionary funding by \$31,909.

### **OMF Interagency – ADA and Civil Rights Program Transfer**

The package reallocated General Fund resources to the Office of Equity & Human Rights to cover the costs of the Americans with Disabilities Act and Civil Rights program. The package was implemented as planned and decreased expenses and discretionary funding by \$80.

## City Budget Office Performance Measures

Performance Measure	Type	FY 2012-13 Year-End Actuals	FY 2013-14 Year-End Actuals	FY 2014-15 Adopted Budget	FY 2014-15 Revised Budget	FY 2014-15 Year-End Actuals
BO_0001 - Percentage of City KPMs with positive year over year results	KPM	53.0%	37.3%	0.0%	48.8%	0.0%
BO_0002 - Number of instances financial policies were waived by Council	EFFECTIVE	0	0	0	0	0
BO_0003 - Annual repair, rehabilitation, & replacement funding gap (Citywide)	KPM	\$202,400,000	\$222,800,000	\$0	\$241,600,000	\$241,600,000
BO_0004 - Percentage of capital project funding that is expended on repair, rehabilitation, & replacement	KPM	41.4%	60.7%	0.0%	56.6%	63.1%
BO_0005 - Customer service rating (5pt scale)	KPM	3.76	4.09	0.00	4.15	3.98
BO_0006 - Received GFOA budget presentation award (1=yes, 0=no)	EFFECTIVE	1	1	0	1	1

### Performance Measure Variance Descriptions

All of the performance measures that are currently tracked by the bureau were created during the FY 2015-16 budget process, and therefore do not have values for the FY 2014-15 Adopted Budget.

BO\_001: Actuals for this measure were not yet available at the time of the BMP submission. This measure tracks the progress of other bureau Key Performance Measures, and therefore cannot be calculated until we have prior year data for all other measures. CBO will populate prior year data for this measure within a few days of the BMP submission.

BO\_003: The annual repair, rehabilitation, and replacement funding gap for the City continues to increase. Council has taken measures to try and address the gap, such as the 50% set-aside for major maintenance projects, but the total asset base is just too large to manage without a drastic increase in funds dedicated to this purpose.

BO\_004: The percentage of capital funding spent on repair, rehabilitation, and replacement in FY 2014-15 was higher than initially projected. Council continues to prioritize maintaining existing assets as shown in the passage of Resolution #37107 which updated City financial policy to dedicate 50% of available one-time resources to capital projects in this category.

BO\_0005: The bureau's customer service rating experienced a slight decline compared to the previous year, but still reflects an overall rating of "Good".