

FY 2015-16

# Fall Supplemental Budget

CITY BUDGET OFFICE ANALYSIS AND  
RECOMMENDATIONS

PREPARED: OCTOBER 2015





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## Executive Summary

During the Fall Budget Monitoring Process (BMP), City bureaus request budget adjustments to the current fiscal year and report on financial and program performance for the prior fiscal year. This report summarizes bureau budget adjustment requests and corresponding recommendations of the City Budget Office (CBO). A separate report on prior year financial and program performance will be forthcoming in December.

Bureaus may internally reallocate existing resources or request one-time General Fund contingency. Per City Financial Policy 2.04, “[contingency] funds should be used for five-year balancing, mitigating overhead revenue shortfalls in future years due to the true-up process, paying down existing debt as advised by OMF’s Public Finance and Treasury, *or other unanticipated needs or emergencies.*” Since General Fund contingency is a one-time source, CBO will typically only recommend new General Fund requests that are one-time in nature.

### *Beginning Balance and Available Contingency*

The FY 2015-16 budget assumed a beginning balance of \$40.2 million. Based on preliminary information, CBO anticipated missing beginning balance by around \$3 million. However, bureaus requested far less than expected in encumbrance carryovers, and the City closed FY 2014-15 with \$46.3 million in available beginning balance. After making certain adjustments per City Financial Policy, CBO estimates that there is \$1.5 million of adjusted “excess” beginning balance for the current fiscal year.

<b>FY 2015-16 Excess Beginning Balance</b>	
Available Beginning Balance, per Year End Accounting	\$ 46,218,861
<b><i>Adjustments per Financial Policy</i></b>	
Recommended Bureau Open Encumbrance Carryovers*	\$ (3,541,220)
Recommended Bureau Revenue Carryovers	\$ (177,580)
RegJIN Carryover	\$ (882,680)
Budgeted Beginning Balance	\$ (40,167,701)
<b>Available "Excess" Beginning Balance</b>	<b>\$ 1,449,680</b>
Capital Set Aside 50%	\$ 724,840
Unrestricted Contingency 50%	\$ 724,840

*\*Bureaus had \$8.9 million in open encumbrances at year end; if this figure alone had been requested, it would have led to a shortfall of around \$3 million. As a result of the lower than anticipated request, there is excess balance.*

Per City policy, at least half of this balance (currently \$724,840) should be dedicated to maintenance and replacement of existing assets, with the remainder being allocated to unrestricted General Fund contingency.

The FY 2015-16 Adopted Budget included \$3.1 million in unrestricted General Fund contingency. Of this, \$0.9 million was set aside to fund bureau cost increases in the Fall BMP as a result of the Fair Wage Policy amendments passed on May 13, 2015, decreasing available contingency balance to \$2.2 million. CBO recommends funding \$355,544 in General Fund requests related to the Fair Wage Policy, with the remaining \$544,456 going back to contingency. These adjustments, including the additional excess beginning balance, bring the total amount of FY 2015-16 General Fund contingency to just under \$3.5 million.

<b>Available Unrestricted FY 2015-16 Contingency</b>	
Pre-BMP Contingency Balance	\$ 2,188,794
<i>Unallocated Fair Wage Set Aside</i>	\$ 544,456
<i>Estimated Year End Excess Balance</i>	\$ 724,840
<b>Estimated Unallocated Contingency</b>	<b>\$ 3,458,090</b>

### *City Budget Office Recommendations*

Bureaus requested a total of \$5.9 million in new General Fund support for non-Capital related projects and programs. CBO recommends appropriating \$1.5 million in General Fund contingency for new and program carryover requests:

<b>CBO Recommended New Requests</b>	
Program Carryover Requests	\$ 220,509
Police Backgrounder Investigators	\$ 598,524
Housing Related Requests	\$ 485,000
Other Urgent and Unforeseen Requests	\$ 281,059
<b>Total Recommended New Requests</b>	<b>\$ 1,585,092</b>
<b><i>Remaining Available Contingency</i></b>	<b><i>\$ 1,872,998</i></b>

Approving these requests leaves an unrestricted General Fund contingency balance of \$1.9 million for the remainder of FY 2015-16.

### *Potential Future Contingency Requirements*

Council should be aware of the following outstanding issues when considering appropriations from contingency:

- Parks Arbitration Decision (estimated \$1.6 million - \$2.3 million)
- State of Housing Emergency Needs

- Non-recommended requests that may require Spring appropriation (up to \$0.4 million)
- Other unanticipated needs or emergencies that may arise during the fiscal year

The appropriation of General Fund contingency should be treated as the final funding option for unforeseen and urgent needs. In many cases, even though a request may be unforeseen or urgent, CBO did not recommend these requests due to timing: it is early in the fiscal year and CBO believes the requesting bureau may have capacity to absorb some or all of the additional costs during the year. In some cases this may not be possible, and therefore CBO urges Council to retain some level of contingency fund balance for appropriation during the Spring BMP and the Over Expenditure Ordinance. Requests that were unforeseen or urgent but not recommended include:

<b>Non-Recommended Requests - Revisit in Spring</b>	
Increased Summer Park Rangers Hours	\$ 100,000
PPCOA Agreement	\$ 32,225
City Attorney Paralegals	\$ 126,864
Independent Police Review Investigators	\$ 78,261
Council Clerk Closed Captioning	\$ 20,500
Last Thursday Program	\$ 32,298
<b>Total</b>	<b>\$ 390,148</b>



# General Fund Summary

## *CBO Recommended General Fund Allocations*

CBO makes the following recommendations in the Fall BMP:

- **Encumbrance Carryover:** As prescribed in City Financial Policy 2.04, CBO recommends encumbrance carryovers of **\$3.5 million**. To the degree that spending on open and encumbered contracts was incomplete by fiscal year end, funds are carried over to support expected remaining contract charges in the current year. This category includes funding for advances that have been made where the good or service has not yet been delivered.
- **Revenue Carryover:** Per City Financial Policy 2.06, bureaus may retain all excess bureau-generated revenue. Bureaus requested **\$177,580** under this policy, and the full amount has been recommended by CBO.
- **RegJIN Project Carryover:** CBO recommends capital project carryover funding in the amount of **\$0.9 million** to support the RegJIN project.
- **Capital Set-Aside:** Per City Financial Policy, CBO will be recommending **\$0.7 million** of bureau capital requests, meeting the City policy of allocating 50 percent of excess beginning balance to major maintenance and infrastructure costs. In total, there are \$40.3 million of capital projects on the list, and they are being ranked by a citywide work group using the same criteria developed during the FY 2014-15 budget process. The items recommended under the policy and based on the rankings are currently being finalized by CBO and will be released to Council before the scheduled work session on October 27<sup>th</sup>.
- **Program Carryover:** CBO recommends a total of **\$0.2 million** for projects that received one-time funding in FY 2014-15 but were neither spent nor encumbered by year end. These include Compliance Officer Community Liaison funding (\$121,895 recommended), Office of Neighborhood Involvement small community grants (\$88,614), and a Bureau of Human Resources Innovation Grant award (\$10,000).
- **New Requests:** Bureaus submitted \$5.7 million in requests for new programming and projects. CBO has recommended **\$1.3 million** of the requests, focusing only on those requests that were urgent and unforeseen. Bureau requests for new General Fund resources and subsequent CBO recommendations can be viewed in the “New Requests” section of the F1 report, on page 12 of this document.

## Non-General Fund Changes

Below is a summary of significant changes to other City funds. See the bureau sections for a more complete list of items and further discussion.

- **Bureau of Environmental Services:** The bureau is appropriating funds to refund up to \$1.5 million (61%) of SDCs paid by the developer of the Hassalo on Eighth for completion of their “living system” on-site treatment facility. CBO recommends that, should this facility prove successful and/or other developers seek to include similar features, the bureau work to develop a consistent policy to address this type of development going forward.
- **Office of Neighborhood Involvement:** The bureau is adding five new positions, \$216,750 in material and supplies costs, and converting three existing limited term positions to regular for the Marijuana Licensing Program. These positions are funded by projected new revenues from Marijuana application and licensing fees.
- **Portland Housing Bureau:** The bureau is de-appropriating \$16.2 million in non-General Fund affordable housing resources to reflect the bureau’s expectation that certain affordable housing project costs will not occur until FY 2016-17.
- **Portland Bureau of Transportation:** The bureau is carrying over \$3.4 million in garage revenue and putting it in contingency in the Parking Facilities Fund, in the set-aside for major maintenance at the 10th & Yamhill garage, bringing the total set-aside to \$7.2 million.
- **Portland Water Bureau:** The Portland Water Bureau is creating one new Environmental Tech I position in order to address increase water sampling demands. Costs for the position will be absorbed within resources for the current year and incorporated into the FY 2016-17 budget.

## Position Changes

The following tables summarize CBO recommended position changes in the Fall 2015-16 BMP supplemental budget.

Bureau	Full-Time Positions	Limited Term Positions	Part-Time Positions	Total Positions
City Auditor	0	1	0	1
Bureau of Development Services	5	0	0	5
Bureau of Environmental Services	3.5	1	0	4.5
Portland Fire and Rescue	2	0	0	2
Office of Management and Finance	1	0	0	1
Office of Neighborhood Involvement	8	-2	0	6
Portland Parks and Recreation	4	-3	0	1
Portland Police Bureau	3	10	0	13
Bureau of Planning and Sustainability	0	1	0	1
Portland Bureau of Transportation	4	0	0	4
Portland Water Bureau*	2	0	-0.75	1.25
<b>Grand Total</b>	<b>32.5</b>	<b>8</b>	<b>-0.75</b>	<b>39.75</b>

*\*Note: the original table published on 10/21/15 contained incorrect values for the Water Bureau. This table contains the correct figures.*

## CAL Target Adjustments

The Fall 2015-16 BMP includes two adjustments to FY 2016-17 Current Appropriation Level (CAL) targets: adjustments to reflect increased costs associated with amendments to the Fair Wage Ordinance passed by Council on May 13, 2015; and an adjustment to the Office of Management and Finance (OMF), Revenue Division as directed by a FY 2015-16 budget note.

### *Implementation of Fair Wage Ordinance #187124*

On May 13, 2015, City Council passed Ordinance #187124 adopting changes to Chapter 3.99 Fair Wage Policies. Bureaus were directed to amend eligible FY 2015-16 contracts for janitorial services, security services, and parking garage attendant services, and to request related necessary adjustments to their budgets during the Fall FY 2015-16 BMP. In addition, General Fund CAL targets must be adjusted for the upcoming budget year to reflect the ongoing nature of these costs. Below is an overview of the increased costs associated with eligible contracts.

<b>Contracting Bureau</b>	<b>All Eligible Contracts</b>	<b>General Fund Contracts</b>
Office of Management and Finance	\$ 315,733	\$ 105,790
Portland Bureau of Transportation	\$ 182,212	\$ -
Portland Fire and Rescue	\$ 22,671	\$ 22,671
Portland Parks and recreation	\$ 227,083	\$ 227,083
<b>Total Cost Increase</b>	<b>\$ 747,699</b>	<b>\$ 355,544</b>

PBOT has requested General Fund support for their cost increases related to the Fair Wage ordinance. However, CBO is recommending that the increased costs incurred as a result of this policy be funded by each eligible contract's current funding source. As such, CBO is recommending General Fund support for all eligible contracts currently funded by the General Fund, which would not include PBOT's costs.

A number of eligible General Fund contracts are City contracts managed by the Office of Management and Finance (OMF) but are for bureau services and are paid through interagency agreements with bureaus. Proposed CAL adjustments reflect the need for affected bureaus to increase their relevant interagency agreements, as directed by OMF. The proposed adjustments are as follows:

<b>Bureau</b>	<b>Proposed Fair Wage CAL Increase</b>
Attorney's Office	\$ 6,576
Auditor's Office	\$ 7,096
Bureau of Planning and Sustainability	\$ 7,414
City Budget Office	\$ 710
Commissioner of Public Affairs	\$ 1,509
Commissioner of Public Safety	\$ 1,408
Commissioner of Public Utilities	\$ 1,506
Commissioner of Public Works	\$ 1,399
Governmental Relations	\$ 779
Mayor's Office	\$ 2,930
Office of Management and Finance	\$ 9,950
Office of Neighborhood Involvement	\$ 2,602
Portland Parks & Recreation	\$ 232,856
Portland Bureau of Emergency Management	\$ 1,713
Portland Fire and Rescue	\$ 22,671
Portland Police Bureau	\$ 54,425
<b>Total CAL Increase</b>	<b>\$ 355,544</b>

*Office of Management and Finance, Revenue Division FY 2015-16 Budget Note*

The FY 2015-16 Office of Management and Finance Adopted Budget contains the following budget note:

“Council directs the Office of Management and Finance, Revenue Division to renegotiate the intergovernmental agreement with Multnomah County for the collection of business income taxes. The updated agreement will be in place before the start of FY 2016-17 and will include full-cost recovery defined by the percent split of business income taxes received by the City and County. The new agreement will eliminate any General Fund subsidy for services provided on the County’s behalf. The City Budget Office is directed to reduce the FY 2016-17 current appropriation level target for the Office of Management and Finance by an amount equal to the increase in resources received from Multnomah County per the new agreement.”

This budget note directs OMF to renegotiate the IGA with Multnomah County to eliminate the General Fund subsidy for collection of business income taxes, and it directs CBO to reduce OMF’s CAL target by the amount of that subsidy, which is approximately \$650,000. Although OMF did not address this budget note in their Fall BMP submission, they did submit a separate memo to the Mayor on September 30<sup>th</sup> requesting that the budget note be revised to eliminate the timeline, the requirement to eliminate the General Fund subsidy, and the reduction in their FY 2016-17 CAL target.

In April 2015, Multnomah County tentatively agreed to increase their payment for business income tax collection, but wanted to delay any increase until FY 2016-17. Council included this budget note directing OMF to follow up with the County in order to ensure that the subsidy did not continue and that the additional resources could be captured in the FY 2016-17 budget process. CBO is concerned that the proposed revisions to the budget note will delay the elimination of the subsidy for at least another fiscal year and will reduce potential resources available in FY 2016-17 by \$650,000.

CBO recommends retaining the budget note. To the extent that the County is no longer willing to increase its payment for business license tax collection, the Council should consider whether to continue subsidizing the County as part of the FY 2016-17 budget process.

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# PUBLIC SAFETY

# Bureau of Emergency Communications

Analyst: Shannon Carney

## All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$ 972,965	\$ -	\$ -	\$ 972,965
Charges for Services	300,000	-	-	300,000
Intergovernmental Revenues	7,627,905	-	-	7,627,905
Fund Transfers - Revenue	15,767,266	-	-	15,767,266
Miscellaneous	10,000	-	-	10,000
<b>Total Resources</b>	<b>\$24,678,136</b>	<b>\$0</b>	<b>\$0</b>	<b>\$24,678,136</b>
<b>Requirements</b>				
Personnel Services	\$ 15,181,471	\$ -	\$ -	\$ 15,181,471
External Materials and Services	952,805	100,000	(100,000)	952,805
Internal Materials and Services	5,423,413	10,596	-	5,434,009
Capital Outlay	-	-	-	-
Bond Expenses	1,395,141	-	-	1,395,141
Fund Transfers - Expense	752,639	-	-	752,639
Contingency	972,667	(110,596)	100,000	962,071
<b>Total Requirements</b>	<b>\$24,678,136</b>	<b>\$0</b>	<b>\$0</b>	<b>\$24,678,136</b>

## Key Decisions

- Transfer funds from bureau contingency for onsite employee health and safety services. Due to higher-priority needs the bureau has requested that the request be cancelled (not recommended).
- Shift \$1.4 million of funds supporting the VCAD upgrade project within Materials and Services into the correct Capital Funded Program (recommended).

## Discussion

The bureau initially requested to appropriate \$100,000 from Emergency Communication Fund contingency funds in order to provide funding for onsite employee health services to address new and accumulating impacts of stress on bureau operations staff. This request is not recommended, as the bureau later rescinded the request to preserve contingency funds for 11 new limited-term emergency communications trainee positions, deemed to be a higher priority. These trainees will begin at the in-house academy as a cohort in March of 2016. BOEC projects that it has enough budgeted funds to cover personnel services costs related to the trainees in FY 2015-16; however, the bureau may need to move funds from contingency in FY 2016-17 to cover the \$676,920 cost of the positions in that fiscal year. The bureau has

determined that given the potential for staff retirements, recruitment and training of new employees is a higher priority than the provision of onsite health and safety services.

The bureau also requests to appropriate \$10,596 from Emergency Communication Fund contingency to cover increased interagency agreement costs with OMF-Facilities due to the Fair Wage Policies adopted on May 13, 2015. This package is recommended as requested.

#### *VCAD Server Refresh/Replacement Capital Project Technical Adjustment*

The bureau received \$1.4 million in the FY 2015-16 Adopted budget to upgrade its Versaterm Computer-Aided Dispatch (VCAD) system, the dispatch technology used by BOEC and other Multnomah County public safety agencies to connect the community with emergency services responders. The costs associated with the VCAD refresh/replacement project represent an investment in the bureau's capital asset base that will be realized over multiple years. This technical adjustment moves the funds into the correct appropriation category – from materials and services to capital outlay - and facilitates future reporting on the asset.

The bureau realized the need for this request after the BMP submission deadline; as a result, CBO is entering the request during the BMP review phase.

# Bureau of Fire & Police Disability & Retirement

Analyst: Christy Owen

## All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$ 19,215,039	\$ -	\$ -	\$ 19,215,039
Taxes	121,159,002	-	-	121,159,002
Interagency Revenue	952,200	-	-	952,200
Fund Transfers - Revenue	1,500,000	-	-	1,500,000
Bond and Note	31,885,000	-	-	31,885,000
Miscellaneous	296,200	-	-	296,200
<b>Total Resources</b>	<b>\$175,007,441</b>	<b>\$0</b>	<b>\$0</b>	<b>\$175,007,441</b>
<b>Requirements</b>				
Personnel Services	\$ 1,953,000	\$ -	\$ -	\$ 1,953,000
External Materials and Services	116,071,215	-	-	116,071,215
Internal Materials and Services	9,510,091	-	-	9,510,091
Capital Outlay	72,400	-	-	72,400
Bond Expenses	32,277,309	-	-	32,277,309
Fund Transfers - Expense	1,612,426	-	-	1,612,426
Contingency	12,761,000	-	-	12,761,000
Unappropriated Fund Balance	750,000	-	-	750,000
<b>Total Requirements</b>	<b>\$175,007,441</b>	<b>\$0</b>	<b>\$0</b>	<b>\$175,007,441</b>

## Key Decisions

- None

## Discussion

The Fire & Police Disability & Retirement Bureau has no supplemental budget requests for the FY 2015-16 Fall BMP.

# Portland Police Bureau

Analyst: Christy Owen

## All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$ 2,825,811	\$ (529,205)	\$ -	\$ 2,296,606
Licenses & Permits	1,881,000	-	-	1,881,000
Charges for Services	2,149,000	-	-	2,149,000
Intergovernmental Revenues	8,742,381	634,924	-	9,377,305
Interagency Revenue	4,920,600	-	-	4,920,600
Fund Transfers - Revenue	2,776	-	-	2,776
Miscellaneous	602,596	-	-	602,596
General Fund Discretionary	169,169,113	2,098,313	(1,165,826)	170,101,600
<b>Total Resources</b>	<b>\$190,293,277</b>	<b>\$2,204,032</b>	<b>(\$1,165,826)</b>	<b>\$191,331,483</b>
<b>Requirements</b>				
Personnel Services	\$138,302,678	\$ 1,488,692	\$ (706,722)	\$139,084,648
External Materials and Services	19,014,802	224,357	(227,104)	19,012,055
Internal Materials and Services	32,825,797	(213,575)	(232,000)	32,380,222
Capital Outlay	-	704,558	-	704,558
Contingency	150,000	-	-	150,000
<b>Total Requirements</b>	<b>\$190,293,277</b>	<b>\$2,204,032</b>	<b>(\$1,165,826)</b>	<b>\$191,331,483</b>

## General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Licenses & Permits	\$ 1,881,000	\$ -	\$ -	\$ 1,881,000
Charges for Services	2,149,000	-	-	2,149,000
Intergovernmental Revenues	7,625,753	-	-	7,625,753
Interagency Revenue	4,920,600	-	-	4,920,600
Miscellaneous	572,746	-	-	572,746
General Fund Discretionary	169,169,113	2,098,313	(1,165,826)	170,101,600
<b>Total Resources</b>	<b>\$186,318,212</b>	<b>\$2,098,313</b>	<b>(\$1,165,826)</b>	<b>\$187,250,699</b>
<b>Requirements</b>				
Personnel Services	\$137,963,917	\$ 1,233,947	\$ (706,722)	\$138,491,142
External Materials and Services	15,611,892	374,460	(227,104)	15,759,248
Internal Materials and Services	32,742,403	(214,652)	(232,000)	32,295,751
Capital Outlay	-	704,558	-	704,558
<b>Total Requirements</b>	<b>\$186,318,212</b>	<b>\$2,098,313</b>	<b>(\$1,165,826)</b>	<b>\$187,250,699</b>

## Key Decisions

- Requests \$598,524 in one-time General Fund resources for 11.0 non-sworn background investigators (recommended).

- Requests 2.0 recruiters in the Personnel Division (not recommended).
- Requests \$232,000 in one-time General Fund resources for new vehicles in the Gang Enforcement Team and Personnel Division (not recommended).
- Transfer \$461,000 in General Fund resources from Special Appropriations to the Police Bureau for anticipated staffing expenses for the IAAF Track & Field 2016 World Indoor Championships (recommended).
- Allocate \$811,095 in encumbrance carryover for projects and expenses ordered but not received in by FY 2014-15 year end (recommended).
- Transfer \$485,153 in General Fund Discretionary resources to OMF for the purchase of remaining Penumbra Kelly Building parking spaces (recommended).
- Converts a limited-term Management Analyst to permanent in the RegJIN program. This position is fully supported by RegJIN user fees (recommended).
- Adds two administrative support positions in the Transit Division fully funded by revenues received by Trimet (recommended).
- Adjusts funding levels to recognize approved Innovation Fund project awards, grant adjustments, a one-time reduction in the OMF- Facilities major maintenance account, and to reallocate funds between major expense categories (recommended).

### ***Discussion***

The Portland Police Bureau (PPB) requested \$2.1 million in General Fund one-time resources to support 13 limited-term positions and four vehicles in the Personnel Division, two vehicles for the Gang Enforcement Team, security and surveillance cameras at two precincts, encumbrance carryover for prior year purchases that were not complete, and the transfer of funds for the purchase of the parking lot at the Kelly Building. CBO is only recommending funding for eleven limited-term background investigators in the Fall Supplemental.

Technical adjustments, requests for carryover, and grant adjustments are recommended in this Supplemental Budget. CBO does not recommend additional one-time contingency funding for the PPB at this point in the fiscal year for the two recruiters and the requested support vehicles. CBO has only recommended funding for requests that are one-time in nature, unanticipated, and where internal bureau resources are not readily available. For detailed analysis of each request, please refer to the Detailed Requests and Recommendations report.

### ***Staffing Requests and Support Vehicles for Personnel Division***

The Portland Police Bureau's (PPB) highest priority request in the FY 2015-16 Fall BMP is for \$706,722 in one-time resources to support eleven non-sworn background investigators, one sworn recruiter (supervisor), one non-sworn recruiter, and \$142,000 for four new vehicles for the division. All requested limited-term positions would require ongoing resources to be requested in the FY 2016-17 Budget. The eleven background investigator positions were

eliminated in the FY 2011-12 Budget and these positions would augment the eight sworn officers currently assigned to complete background investigations. The backgrounding process for the Police Bureau is a manual and labor-intensive process taking five to seven months per background to complete for officer recruits.

At present, there are over 90 sworn positions (just under 10% of the sworn workforce) eligible for retirement, and the number of eligible retirees is anticipated to grow to 292 positions in the next five years. PPB states that there would need to be at least 130 new recruits hired in the current year, and approximately 30 recruits each year for the next five years, for the bureau to staff shifts in the same configurations currently utilized. It is not possible, for numerous reasons in addition to the required background checks, for the bureau to hire 130 officers in the current year in order to meet current sworn staffing needs.

While there are savings from the number of vacant sworn positions (35 FTE currently), in order to meet the desired daily patrol staffing levels the bureau is reliant upon overtime, which reduces the overall position savings by 50%. With the reduction of 50 positions in FY 2013-14 and few recently hired officers, the total number of overtime hours worked to meet the bureau's patrol minimum daily staffing has increased 52%, from 119,000 hours in FY 2013-14 to a projected 181,000 hours in the current fiscal year. This level of overtime is not sustainable from either a budget or operational perspective.

In the FY 2014-15 Fall Supplemental Budget the Police Bureau requested and received authority from City Council to over-hire in the officer classification by ten positions. It was the expectation that the ability to have over-hire authority, coupled with additional changes in recruitment practices in the Personnel Division, would assist the bureau in the hiring and backgrounding process to fill the newly vacated positions without a significant gap in personnel. However, there was an increased pace of retirements and separations from the Police Bureau in the last two months of the fiscal year, which exceeded the projected number of annual separations. For these reasons, the bureau has been unable to fully utilize the over-hire authority gained last fall to assist with bureau-wide succession management.

CBO recommends funding the limited-term positions, but has some concern with using contingency funds this early in the fiscal year. The bureau has taken proactive steps in the Personnel Division to address the need to recruit new officers however, these changes have not been able to keep pace with the staffing requirements of the bureau. There is an urgency component to this request to stem the amount of overtime usage by accelerating the process of filling the currently vacant officer positions. CBO is recommending General Fund contingency in this case because of the serious impact the staffing situation is having on bureau operations, but recommends that the bureau continue to look for internal offsets. The bureau has historically been able to find such offsets for bureau priorities such as purchase of land at the Kelly Building, the procurement of specialized vehicles and equipment, and to resurface the driver training space at the new Training Center. The bureau may need to find



similar offsets if Council does not approve this contingency request or if the bureau continues to lose sworn officers.

PPB has indicated that there will be a request for ongoing funds for these positions in the FY 2016-17 Budget. CBO recommends that Council request from the Police Bureau a clear plan for how patrol and specialty unit operations will function at the current authorized staffing levels during the next five years and an outline of future recruitment and hiring.

### *Facility Project Adjustments*

The bureau is requesting a technical adjustment to remove one-time resources from the OMF-Facilities major maintenance interagency. In the FY 2014-15 Spring Supplemental Budget the bureau transferred \$500,000 of one-time resources into the major maintenance account to address the funding gap for outlying projects identified by OMF and the Police Bureau. Reducing the major maintenance account in OMF- Facilities will not delay the currently funded projects; the PPB has elected to remove the funds from major maintenance to put towards other operating expenses in the current year that have been determined to be of a higher priority.

There is a separate request to reduce the external materials and services budget and transfer these funds to the Facilities Fund for the purchase of the remaining parking spaces at the Kelly Building where the PPB is the primary tenant. The real estate transaction closed on September 29, 2015. PPB identified an operational need for the Kelly building and in order to complete the purchase of the remaining land the bureau identified \$265,000 in prior-year resources and an additional \$200,135 in the current year budget to dedicate to this purchase. If the bureau did not purchase this land, the funds would have been available for projects, such as the replacement of the security cameras at two precincts which are at the end of life. CBO is recommending both of these requests.

### *Carryover and Additional Technical Requests*

The following are technical requests recommended by CBO:

- \$811,095 (maximum allowable) in open General Fund encumbrance carryover for purchases initiated in the previous fiscal year, but not scheduled for completion until the current fiscal year.
- Transfer of \$461,000 in one-time General Fund Discretionary resources from the Special Appropriation budget for the IAAF World Track & Field Indoor Championships. This transfer is anticipated to pay for Police overtime expenses to staff the event in March 2016.

- Decrease the beginning fund balance for the Police Special Revenue Fund to reflect accurate year-end revenue receipts.
- Technical adjustments to existing grant revenues and expenses.
- Increase the interagency with OMF- Facilities per the Fair Wage policy.
- Appropriates funds awarded in the Innovation Fund process.

### Requests Not Recommended

CBO does not recommend \$90,000 for the procurement of two unmarked patrol sedans for the Gang Enforcement Team. The bureau has historically experienced underspending in the CityFleet interagency agreement, and if these internal resources are not feasible in the current year, CBO recommends the bureau request new resources in FY 2016-17.

There is a request for \$32,225 to cover the expected costs of the recently ratified bargaining agreement between the PPCOA and its members. This agreement has not been ratified by Council. CBO recommends the bureau request resources after City Council has had the opportunity to vote on the bargaining agreement.

# Portland Fire & Rescue

Analyst: Christy Owen

## All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$ 8,384,405	\$ 5,531,987	\$ -	\$ 13,916,392
Licenses & Permits	2,360,000	61,224	-	2,421,224
Charges for Services	1,605,000	-	-	1,605,000
Intergovernmental Revenues	1,783,624	437,676	-	2,221,300
Interagency Revenue	4,407,211	-	-	4,407,211
Miscellaneous	120,000	-	-	120,000
General Fund Discretionary	99,184,923	3,191,529	(2,047,118)	100,329,334
General Fund Overhead	73,010	-	-	73,010
<b>Total Resources</b>	<b>\$117,918,173</b>	<b>\$9,222,416</b>	<b>(\$2,047,118)</b>	<b>\$125,093,471</b>
<b>Requirements</b>				
Personnel Services	\$ 93,854,648	\$ 108,342	\$ (47,118)	\$ 93,915,872
External Materials and Services	7,039,229	1,367,443	-	8,406,672
Internal Materials and Services	6,652,989	23,753	-	6,676,742
Capital Outlay	10,371,307	7,722,878	(2,000,000)	16,094,185
<b>Total Requirements</b>	<b>\$117,918,173</b>	<b>\$9,222,416</b>	<b>(\$2,047,118)</b>	<b>\$125,093,471</b>

## General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Licenses & Permits	\$ 2,360,000	\$ 61,224	\$ -	\$ 2,421,224
Charges for Services	1,605,000	-	-	1,605,000
Intergovernmental Revenues	578,020	-	-	578,020
Interagency Revenue	4,407,211	-	-	4,407,211
Miscellaneous	120,000	-	-	120,000
General Fund Discretionary	99,184,923	3,191,529	(2,047,118)	100,329,334
General Fund Overhead	73,010	-	-	73,010
<b>Total Resources</b>	<b>\$108,328,164</b>	<b>\$3,252,753</b>	<b>(\$2,047,118)</b>	<b>\$109,533,799</b>
<b>Requirements</b>				
Personnel Services	\$ 92,649,044	\$ 108,342	\$ (47,118)	\$ 92,710,268
External Materials and Services	7,039,229	936,417	-	7,975,646
Internal Materials and Services	6,652,989	17,103	-	6,670,092
Capital Outlay	1,986,902	2,190,891	(2,000,000)	2,177,793
<b>Total Requirements</b>	<b>\$108,328,164</b>	<b>\$3,252,753</b>	<b>(\$2,047,118)</b>	<b>\$109,533,799</b>

## Key Decisions

- Requests \$47,118 in one-time General Fund resources for a Limited-Term Equity Manager (not recommended).

- Requests \$2 million in General Fund one-time resources for the site procurement and relocation of the Logistics and Prevention Divisions (not recommended).
- Increase license and permit revenues by \$61,224 to fund a Fire Protection Engineer in the Prevention Division (recommended).
- Increase the Public Safety GO Bond Fund's beginning fund balance by \$5.5 million due to lower prior year actual spending on projects that were not completed (recommended).
- Realign internal resources for interagency expenses and technical adjustments to recognize grant revenues (recommended).
- Allocate General Fund programmatic revenue carryover of \$157,580 for the Plan Review/ Permit program (recommended).
- Allocate \$954,160 in General Fund open encumbrance carryover for in-process purchases to be completed in FY 2015-16 (recommended).

### ***Discussion***

The requests that are recommended by CBO in the Fall BMP are primarily programmatic carryover requests and the creation of 1.0 Fire Protection Engineer supported by inspection fees. Both revenue and expense carryover requests fall within the parameters of the City's financial policies, and the bureau will receive the goods and services identified in the current fiscal year.

The Portland Fire & Rescue Fall BMP also includes technical adjustments to realign internal resources for balancing interagency agreements, to recognize grant resources, to reconcile the Public Safety GO Bond Fund balance, and to reclassify one existing position in the Management Services Division. CBO recommends these requests.

### ***Relocation of the Logistics Facility***

The Logistics and Prevention staff operate out of the current facilities on SE Powell Boulevard and SE Gideon Street, and there is significant mixed-use development interests in the property adjacent to the newly opened Clinton Station light rail stop. As a result, the bureau is faced with the pressure to relocate these operations and has requested \$2.0 million General Fund to be available for new site selection, and to further develop the full costs of the relocation and construction of the Logistics and Prevention facility.

At present, the bureau is working with OMF- Facilities Services and the Portland Development Commission (PDC) to identify a site that meets the business needs of the bureau. There is a business case to be made for supporting the co-location of the logistics and training operations as it would likely prove to be more efficient and potentially cut down the amount of time in transit between training and apparatus maintenance. There is concern by the bureau that the development of the current site may be moving forward without PF&R being able to secure a

new site for relocation, and the bureau does not have internal General Fund resources to enter into an agreement at this point in time.

CBO recommends that General Fund resources not be used to subsidize private, mixed use development within an urban renewal area. CBO believes that relocation of this facility to accommodate a PDC redevelopment project should be funded by proceeds from the land sale and, if a gap remains, by PDC Tax Increment Financing (TIF) resources.

CBO has only recommended new requests in the Fall Supplemental Budget that are one-time, unforeseen, urgent, fully-developed, and are unlikely to be absorbed in existing bureau budgets. While there is a sense of urgency for this project, there is not sufficient contingency funding available, and the project is more appropriately requested as part of a comprehensive annual budget process.

### *Limited-term Equity Manager*

PF&R requests \$47,118 in one-time General Fund resources to create a limited-term Equity Manager position. At present, the bureau does not have one dedicated staff to lead the development of the bureau's Equity Roadmap or to develop and provide equity training within the bureau. PF&R is working with the Office of Equity and Human Rights to begin this process, which first requires the bureau to complete the baseline assessment. It is anticipated that PF&R would be able to establish a work team and begin the baseline assessment in the current year with this position.

Budget instructions recommend that General Fund bureaus request only limited-term positions in the Supplemental Budget. In order to adhere to the guidance, PF&R requests this position as a limited-term position with the expectation that there will be an ongoing funding request for an Equity Manager in the FY 2016-17 Budget. New funding for the limited term position is not recommended; however, the bureau can use internal resources to fund the Equity Manager position in the current year. CBO recommends that requests for funding for positions that will likely be ongoing be considered with all other ongoing General Fund requests as part of a comprehensive FY 2016-17 budget process.

### *Recommended Requests*

PF&R has requested to recognize additional license and permit revenues to fund one Fire Protection Engineer in the Prevention Division. This non-sworn position will be responsible for technical plan reviews for commercial and residential facilities. There has been a significant increase in both the number of permits requiring review and the complexity of the plan review where an engineer with specialty trainings is required. According to the Bureau of

Development Services, the five-year forecast for revenues will support this position. CBO recommends the request for this position backed by outside resources occur in the current year.

Additional technical adjustments, recognition of grant resources, and recognition of the bureau's Innovation Fund awards are also recommended as requested.

# Portland Bureau of Emergency Management

Analyst: Jessica Kinard

## All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Intergovernmental Revenues	\$ 3,120,246	\$ 109,050	\$ -	\$ 3,229,296
Interagency Revenue	10,000	-	-	10,000
General Fund Discretionary	1,215,355	31,713	-	1,247,068
General Fund Overhead	1,404,815	-	-	1,404,815
<b>Total Resources</b>	<b>\$ 5,750,416</b>	<b>\$ 140,763</b>	<b>\$ -</b>	<b>\$ 5,891,179</b>
<b>Requirements</b>				
Personnel Services	\$ 2,557,115	\$ -	\$ -	\$ 2,557,115
External Materials and Services	2,417,522	137,337	-	2,554,859
Internal Materials and Services	775,779	3,426	-	779,205
<b>Total Requirements</b>	<b>\$ 5,750,416</b>	<b>\$ 140,763</b>	<b>\$ -</b>	<b>\$ 5,891,179</b>

## General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Intergovernmental Revenues	\$ 137,000	\$ (137,000)	\$ -	\$ -
Interagency Revenue	10,000	-	-	10,000
General Fund Discretionary	1,215,355	31,713	-	1,247,068
General Fund Overhead	1,404,815	-	-	1,404,815
<b>Total Resources</b>	<b>\$ 2,767,170</b>	<b>\$ (105,287)</b>	<b>\$ -</b>	<b>\$ 2,661,883</b>
<b>Requirements</b>				
Personnel Services	\$ 1,684,815	\$ (119,642)	\$ -	\$ 1,565,173
External Materials and Services	530,731	12,642	-	543,373
Internal Materials and Services	551,624	1,713	-	553,337
<b>Total Requirements</b>	<b>\$ 2,767,170</b>	<b>\$ (105,287)</b>	<b>\$ -</b>	<b>\$ 2,661,883</b>

## Key Decisions

- Establish grant codes for the Regional Disaster Preparedness Organization (RDPO) program and move \$137,000 in local intergovernmental funding and \$137,000 in associated expenditures from the General Fund to the appropriate grant funds (recommended).
- Increase balances in the RDPO grant codes to reflect anticipated increases in local revenue and project expenses (recommended).

- Allocate \$30,000 in encumbrance carryover for the General Fund match portion of the Natural Hazard Mitigation Plan (recommended).

### ***Discussion***

The Bureau has very few requested changes in the Fall BMP. The primary adjustment is a request, at the suggestion of the Grants office, to make a technical change establishing a series of grant codes to appropriately reflect budgeted and actual revenues and expenditures for the Regional Disaster Preparedness Organization (RDPO) program. RDPO is funded by interagency agreements with local regional governmental partners and the program is coordinated by PBEM. Currently \$137,000 in RDPO revenue is budgeted in the general fund to support program activities; this adjustment will move the revenues and associated expenditures to the Grant Fund.

Per an FY 2014-15 decision package, the General Fund supports a portion (\$38,180) of an FTE in PBEM that works on this program. Moving the remainder of the program expenses and associated revenues to the appropriate grant funds will increase the transparency of all program expenses, as well as the program expenses assigned to each partner. This approach will also improve the ease of program accounting and reconciliation.

PBEM will need to take action during the budget development process to clarify what percentage of the FTE should be charged to each grant. This will further simplify payroll and accounting processes in the future.

### **Encumbrance Carryover**

The bureau is requesting encumbrance carryover of \$30,000 for Natural Hazard Mitigation Plan match funding. A carryover for the grant funds associated with the Plan was requested and approved in the FY 2014-15 Spring BMP to enable Plan completion in FY 2015-16; this request is for the General Fund match amount required to complete the Plan.

### **Fair Wage**

On May 13, 2015, City Council passed an ordinance adopting code changes to chapter 3.99 Fair Wage Policies. PBEM's cost share is \$1,713 in General Fund support and \$1,713 in ECC grant funding per OMF calculation.



# PARKS, RECREATION, AND CULTURE

# Portland Parks & Recreation

Analyst: Ryan Kinsella

## All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$ 17,193,605	\$ 35,899,230	\$ -	\$ 53,092,835
Licenses & Permits	475,996	-	-	475,996
Charges for Services	39,917,319	-	-	39,917,319
Intergovernmental Revenues	3,144,870	1,221,069	-	4,365,939
Interagency Revenue	2,125,121	12,500	-	2,137,621
Fund Transfers - Revenue	4,506,427	303,000	-	4,809,427
Bond and Note	17,056,810	-	-	17,056,810
Miscellaneous	2,257,862	481,909	-	2,739,771
General Fund Discretionary	54,782,127	497,494	(100,000)	55,179,621
<b>Total Resources</b>	<b>\$141,460,137</b>	<b>\$38,415,202</b>	<b>(\$100,000)</b>	<b>\$179,775,339</b>
<b>Requirements</b>				
Personnel Services	\$ 60,493,537	\$ 384,890	\$ (80,000)	\$ 60,798,427
External Materials and Services	29,618,499	5,196,754	(20,000)	34,795,253
Internal Materials and Services	11,073,113	180,773	-	11,253,886
Capital Outlay	30,769,252	6,961,824	-	37,731,076
Bond Expenses	1,102,623	150,727	-	1,253,350
Fund Transfers - Expense	1,131,887	223,000	-	1,354,887
Contingency	7,108,436	25,317,234	-	32,425,670
Unappropriated Fund Balance	162,790	-	-	162,790
<b>Total Requirements</b>	<b>\$141,460,137</b>	<b>\$38,415,202</b>	<b>(\$100,000)</b>	<b>\$179,775,339</b>

## General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Licenses & Permits	\$ 475,996	\$ -	\$ -	\$ 475,996
Charges for Services	17,178,682	-	-	17,178,682
Intergovernmental Revenues	116,000	-	-	116,000
Interagency Revenue	2,125,121	12,500	-	2,137,621
Miscellaneous	646,281	-	-	646,281
General Fund Discretionary	54,782,127	497,494	(100,000)	55,179,621
<b>Total Resources</b>	<b>\$75,324,207</b>	<b>\$509,994</b>	<b>(\$100,000)</b>	<b>\$75,734,201</b>
<b>Requirements</b>				
Personnel Services	\$ 51,107,287	\$ 89,500	\$ (80,000)	\$ 51,116,787
External Materials and Services	15,814,316	399,721	(20,000)	16,194,037
Internal Materials and Services	8,402,604	20,773	-	8,423,377
<b>Total Requirements</b>	<b>\$75,324,207</b>	<b>\$509,994</b>	<b>(\$100,000)</b>	<b>\$75,734,201</b>

## ***Key Decisions***

- Allocate \$80,000 of General Fund discretionary to fund additional hours of seasonal rangers who patrolled parks in east, north and northeast Portland (not recommended).
- Allocate \$20,000 of General Fund Discretionary for the bureau's costs of campsite clean-up (not recommended).
- Allocate \$232,856 of General Fund Discretionary for the City's recently amended Fair Wage Policies (recommended).
- Adjust positions by creating a Rec Coordinator II position (Dance Program) and convert the following positions from limited-term to permanent: Recreation Coordinator I (Recreation Operations), Assistant Program Specialist (Community Gardens), and Capital Project Manager III (Replacement Bond Team) (recommended).

## ***Discussion***

Portland Parks and Recreation's Fall 2015-16 BMP submission includes only one request for new General Fund discretionary: \$100,000 for the costs of additional seasonal rangers during the summer of 2015 by expanded patrol services in east, northeast and north Portland. Three teams of two rangers provided approximately 3,600 hours of patrolling services between July 1st and September 30th. The City Budget Office does not recommend this request at this time as other underspending and reallocation opportunities may be possible by year end. This request also includes funding for expanded program services outside of current service area, which is not typically recommended outside of the budget process. Please see the detailed discussion in request PK\_009 for further explanation. The bureau also requests funding for their portion of costs for the Fair Wage Policy, recently codified via Ordinance 187124. Also included within the supplemental request are a number of technical adjustments, including \$80,000 in awarded innovation grants, all of which are recommended by the City Budget Office.

## ***Prior-year General Fund Underspending***

During the FY 2014-15 Over Expenditure Ordinance, both CBO and the bureau projected that the bureau may overspend its appropriation and therefore require additional General Fund discretionary. The potential for overspending the discretionary allocation was primarily driven by costs related to expansion of the customer service center, relocation of the Park Rangers to the 1st & Jefferson site, and the maintenance costs of the decorative fountains. Overall recreation revenues were projected to be \$200,000 to \$300,000 less than budget, and the bureau was unlikely to receive \$400,000 of budgeted revenues for the sale of surplus property.

In order to ensure that sufficient budget was available and to avoid violation of local budget law, CBO recommended that Council allocate \$1.0 million of General Fund contingency to Parks in the Over Expenditure Ordinance, which would be offset by a reduction in FY 2015-16's current appropriation level, per City financial policies (2.06 Revenue - Revenue Projections, Surpluses and Shortfalls).

Spending freezes and other operational changes instituted by the Parks Directors allowed the bureau to nearly remain within its expenditure budget (i.e., the budget prior to the overexpenditure allocation). Moreover, despite projected under collection, recreation programming revenues exceeded budgeted amounts by \$940,000. Revenue projections varied from actuals primarily because of a miscalculation in when the new payment system, ActiveNet, recognized revenues. In total, Parks' external revenues exceeded budget by \$174,000.

The excess revenues and on-budget expenses resulted in \$164,000 of net underspending for the bureau in FY 2014-15; as such, the bureau's FY 2015-16 appropriation level does not need to be adjusted and the \$1.0 million allocation of General Fund contingency fell to balance.

### *Arbitration Settlement*

Per Ordinance 187282, the City reached a settlement with Local 483 following the arbitrators' opinion of an unfair labor practice. This settlement requires the conversion of 98 seasonal positions at an approximate cost of \$1.6 million to \$2.3 million.

As a result of this agreement, the City is committed to provide funding for the actual costs of converting the positions in FY 2015-16; this ordinance did not address the ongoing costs of converting the positions beginning in FY 2016-17. The actual cost will depend upon the specific hourly wages, benefit costs and enrollment rate of the persons in the affected positions. CBO has recommended that Council identify at least \$1.6 million in the Fall BMP that can be appropriated to the Parks Bureau in the Spring Supplemental Budget once the actual costs of the conversions are known. CBO recommends that \$700,000 be taken from Parks compensation set-aside, with the remainder coming from General Fund contingency. Council may also want to explore reallocating resources from within the bureau or from other General Fund bureaus.

The cost of converting these positions, in addition to the costs of any other positions converted in the second phase of the settlement, will mark a significant change in bureau personnel costs and will be the bureau's key budget issue in the FY 2016-17 budget development process.

# PUBLIC UTILITIES

# Portland Water Bureau

Analyst: Ryan Kinsella

## All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$ 202,066,434	\$ 13,432,400	\$ -	\$ 215,498,834
Charges for Services	157,197,680	-	-	157,197,680
Intergovernmental Revenues	526,000	99,900	-	625,900
Interagency Revenue	3,097,620	9,200	-	3,106,820
Fund Transfers - Revenue	168,376,265	175,000	-	168,551,265
Miscellaneous	2,998,545	-	-	2,998,545
<b>Total Resources</b>	<b>\$534,262,544</b>	<b>\$13,716,500</b>	<b>\$0</b>	<b>\$547,979,044</b>
<b>Requirements</b>				
Personnel Services	\$ 64,220,153	\$ -	\$ -	\$ 64,220,153
External Materials and Services	30,060,201	173,000	-	30,233,201
Internal Materials and Services	19,800,461	25,315	-	19,825,776
Capital Outlay	39,163,000	99,900	-	39,262,900
Bond Expenses	56,631,137	-	-	56,631,137
Fund Transfers - Expense	174,738,294	125,957	-	174,864,251
Contingency	89,908,886	13,231,964	-	103,140,850
Unappropriated Fund Balance	59,740,412	60,364	-	59,800,776
<b>Total Requirements</b>	<b>\$534,262,544</b>	<b>\$13,716,500</b>	<b>\$0</b>	<b>\$547,979,044</b>

## Water Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$ 74,620,043	\$ 295,759	\$ -	\$ 74,915,802
Charges for Services	154,697,680	-	-	154,697,680
Intergovernmental Revenues	526,000	-	-	526,000
Interagency Revenue	3,035,620	9,200	-	3,044,820
Fund Transfers - Revenue	81,123,641	-	-	81,123,641
Miscellaneous	1,260,983	-	-	1,260,983
<b>Total Resources</b>	<b>\$315,263,967</b>	<b>\$304,959</b>	<b>\$0</b>	<b>\$315,568,926</b>
<b>Requirements</b>				
Personnel Services	\$ 63,845,498	\$ -	\$ -	\$ 63,845,498
External Materials and Services	29,819,832	(2,000)	-	29,817,832
Internal Materials and Services	19,664,818	25,315	-	19,690,133
Capital Outlay	39,163,000	-	-	39,163,000
Bond Expenses	3,083,802	-	-	3,083,802
Fund Transfers - Expense	93,049,290	(49,043)	-	93,000,247
Contingency	66,637,727	330,687	-	66,968,414
<b>Total Requirements</b>	<b>\$315,263,967</b>	<b>\$304,959</b>	<b>\$0</b>	<b>\$315,568,926</b>

## ***Key Decisions***

- Add a permanent Environmental Tech I position and reclassify a Sr. Management Analyst into a Management Assistant. These positions will be funded by budget savings in FY 2015-16 and either absorbed into budget or through rate increases beginning in FY 2016-17 (recommended).
- Reallocate \$23,315 of funding for the increased costs of the interagency agreement with OMF Facilities, resulting from the amendments to the City's Fair Wage Policies (recommended).
- Increase beginning fund balance due to prior year underspending and excess revenues (recommended).

## ***Discussion***

The Portland Water Bureau submitted nine requests for budget adjustments in the Fall FY 2015-16 BMP. Nearly all of the requests are technical adjustments, including true-ups to fund balances, updates to interagency agreements, and carryovers from funds that fell to balance. The bureau is also realigning resources to reclassify a Sr. Management Analyst position into a Management Asst. position and to create a permanent full-time Environmental Tech I position.

## ***Beginning Fund Balance***

The bureau will also increase the budgeted beginning balance for several funds due to prior year capital and operational underspending in addition to higher than planned water sales and other revenues. In total, beginning fund balance will increase by \$13.4 million; the bureau will determine the use of this balance in the FY 2016-17 budget process, and the funds may be used to cash finance a greater portion of capital projects, lessen the expected rate increase in FY 2016-17, or for other budget needs.

The increase in water sales marks a notable variance from prior year trends: whereas as water sale revenues have previously fallen short of planned amounts, this year's unusually warm summer resulted in higher than planned water sales and \$800,000 in excess revenues. In contrast, water sales were \$4.8 million less than budget in FY 2013-14.

To address this trend in declining sales, the bureau adjusted demand forecasts and increased rates accordingly. Specifically, the bureau included an additional rate increase of 1.5% in FY 2013-14 budget, 1.5% in FY 2014-15, and 1.4% in FY 2015-16. Future rate increases to compensate for lower retail demand are not expected.

## ***Ongoing Expenses***

There are two requests that may have an ongoing rate impact:

- Position adjustments, yielding one new position, will have a net ongoing increase of \$60,120 (WA\_001)
- Costs associated with the Fair Wage policy amendment will result in an ongoing increase of \$23,315 (WA\_004)

If the increases above are all incorporated into future rate increases (in contrast to being absorbed into current appropriation) the rate increase would be less than 0.1%. Despite the incremental rate impact, however, these decisions are highlighted because, if requested in the budget process, these decisions would be evaluated alongside other packages that directly impact rates.



# Bureau of Environmental Services

Analyst: Claudio Campuzano

## All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$ 303,975,000	\$ 14,800,000	\$ -	\$ 318,775,000
Licenses & Permits	1,980,000	-	-	1,980,000
Charges for Services	329,343,227	-	-	329,343,227
Intergovernmental Revenues	298,000	346,600	-	644,600
Interagency Revenue	1,779,526	12,513	-	1,792,039
Fund Transfers - Revenue	321,473,024	(26,053)	-	321,446,971
Miscellaneous	1,935,000	(50,000)	-	1,885,000
<b>Total Resources</b>	<b>\$960,783,777</b>	<b>\$15,083,060</b>	<b>\$0</b>	<b>\$975,866,837</b>
<b>Requirements</b>				
Personnel Services	\$ 64,184,724	\$ 411,621	\$ -	\$ 64,596,345
External Materials and Services	59,440,799	2,036,696	(40,000)	61,437,495
Internal Materials and Services	42,722,658	42,153	-	42,764,811
Capital Outlay	71,803,651	1,088,711	-	72,892,362
Bond Expenses	176,942,228	-	-	176,942,228
Fund Transfers - Expense	325,763,117	-	-	325,763,117
Contingency	157,971,600	11,503,879	40,000	169,515,479
Unappropriated Fund Balance	61,955,000	-	-	61,955,000
<b>Total Requirements</b>	<b>\$960,783,777</b>	<b>\$15,083,060</b>	<b>\$0</b>	<b>\$975,866,837</b>

## Sewer System Operating Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$ 60,180,000	\$ 5,000,000	\$ -	\$ 65,180,000
Licenses & Permits	1,980,000	-	-	1,980,000
Charges for Services	325,228,227	-	-	325,228,227
Intergovernmental Revenues	128,000	-	-	128,000
Interagency Revenue	1,356,526	12,513	-	1,369,039
Fund Transfers - Revenue	117,746,296	(26,053)	-	117,720,243
Miscellaneous	730,000	(50,000)	-	680,000
<b>Total Resources</b>	<b>\$507,349,049</b>	<b>\$4,936,460</b>	<b>\$0</b>	<b>\$512,285,509</b>
<b>Requirements</b>				
Personnel Services	\$ 63,708,188	\$ 298,782	\$ -	\$ 64,006,970
External Materials and Services	55,253,718	1,921,486	(40,000)	57,135,204
Internal Materials and Services	41,688,893	18,563	-	41,707,456
Capital Outlay	71,633,651	1,068,711	-	72,702,362
Bond Expenses	3,049,167	-	-	3,049,167
Fund Transfers - Expense	209,077,835	-	-	209,077,835
Contingency	62,757,597	1,628,918	40,000	64,426,515
Unappropriated Fund Balance	180,000	-	-	180,000
<b>Total Requirements</b>	<b>\$507,349,049</b>	<b>\$4,936,460</b>	<b>\$0</b>	<b>\$512,285,509</b>

## ***Key Decisions***

- Request 4.5 FTE including one limited term, one conversion of a contracted position, and one part-time to full-time conversion (recommended).
- Request \$0.5 million in new spending for various projects and programs. (CBO recommends all but \$40,000 for emergency kits.)
- Request to revise the SDC budget to refund \$1.5 million to a development that provides on-site treatment (recommended).
- Request to receive and allocate a \$14,989 Innovation Fund grant (recommended).

## ***Discussion***

Increases in beginning balances in the Sewer System Operating Fund (\$5.0 million) and the Sewer System Rate Stabilization Fund (\$9.8 million) bring those balances to \$65.2 million and \$49.8 million, respectively. The operating fund increase consists of roughly \$2 million in cash and non-billing receivables and \$3 million in non-cash assets including unbilled services and liens receivable.

The Sewer System Rate Stabilization Fund is used to smooth the impacts of very large capital projects (e.g. the CSO/'Big Pipe' and the Mid-County Sewer Program), to smooth the impacts of alternate year debt service changes, and to serve as an operating reserve. Due to a number of factors, the balance is higher than planned in previous budget cycles and is greater than all but the three peak years of CSO work. This stabilization balance is not associated with attenuating a specific project, and is considerably higher than the reserve target. As such, it provides the bureau and Council with flexibility during upcoming budget processes to address – among other possibilities – additional priorities, emergent risks, or ratepayer relief.

The non-balance changes are primarily associated with several newly requested positions, carryover of a number of operating expenses (funded out of the resulting balance), and several new costs which are mostly of a one-time nature. In addition, as noted in Key Decisions above, the bureau is budgeting a \$1.5 million SDC refund to a developer for including on-site treatment as part of the project. These changes are discussed in more detail below.

## ***Position Changes***

The supplemental budget includes an increase of 4.5 FTE including the following:

- A limited term Senior Program Manager in the Portland Harbor program, funded by a reduction in materials and services. This position has already been created administratively; this action addresses the budget implications of that position creation. This position is included to plan, organize, and manage work related to the bureau's response and work related to the remediation plan.

- Two Engineering Tech IIs in Construction Management, funded by an offset in the temporary services budget for the same services. The bureau has experienced a baseline workload for several years that is more appropriately performed with in-house staff.
- One Botanical Specialist II to reflect the increasing ongoing and increasing workload of the reveg group as the City develops additional greenstreets. This position is funded through a reduction in contracts performing the same service.

### Carryover and New Expenses

In addition to a number of planned operating expenses that carry over from FY 2014-15, the bureau is requesting an additional operating expense increase of \$453,818. These newly budgeted expenses include:

- \$140,000 for replacement equipment at the water pollution control lab,
- \$90,000 for additional costs on the storm water abatement project at Laurelhurst School,
- \$28,563 in increased costs associated with Fair Wage,
- \$75,000 to close out a monitoring requirement with state DEQ,
- \$40,000 to provide all employees with 72-hour emergency kits,
- \$30,000 for a joint analysis with the Multnomah County Drainage District,
- \$21,265 for rent, utilities, and training increases, and
- \$20,100 for application support for the new eBuilder CIP management solution.

CBO recommends all of these adjustments with the exception of the emergency kits. While CBO understands the desire to prepare City employees so that they might be more available to perform work in the case of an emergency, these kits seem to be intended for at-home preparation. The composition of these kits appears more in line with personal emergency preparation rather than increasing the bureau's ability to respond in an emergency. CBO does not recommend these expenses.

### SDC Refund for On-Site Treatment

The supplemental budget includes appropriation to refund up to \$1.5 million (61%) of SDCs paid by the developer of the Hassalo on Eighth for completion of their “living system” on-site treatment facility. The SDCs were originally paid in May 2014. CBO notes that there is currently no established policy on SDC refunds for on-site treatment; the refund calculation is based on the discharge limit on the project. The proposed agreement contains a clawback provision in the event of any system failure or sustained excess discharges. CBO recommends that, should this facility prove successful and/or other developers seek to include similar features, the

bureau work to develop a consistent policy to address this type of development going forward to ensure an equitable distribution of the costs of existing and future public infrastructure.

# COMMUNITY DEVELOPMENT

# Bureau of Development Services

Analyst: Doug Le

## All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$ 45,634,924	\$ -	\$ -	\$ 45,634,924
Licenses & Permits	32,808,701	265,405	-	33,074,106
Charges for Services	13,633,486	-	-	13,633,486
Interagency Revenue	1,076,213	19,000	-	1,095,213
Fund Transfers - Revenue	2,177,273	231,799	(182,551)	2,177,273
Miscellaneous	2,442,221	-	-	2,442,221
<b>Total Resources</b>	<b>\$97,772,818</b>	<b>\$516,204</b>	<b>(\$182,551)</b>	<b>\$98,057,223</b>
<b>Requirements</b>				
Personnel Services	\$ 35,656,588	\$ 263,956	\$ (23,877)	\$ 35,896,667
External Materials and Services	2,581,908	100,000	(100,000)	2,581,908
Internal Materials and Services	8,684,895	117,062	(28,000)	8,773,957
Capital Outlay	2,690,225	-	-	2,690,225
Bond Expenses	1,084,750	-	-	1,084,750
Fund Transfers - Expense	1,193,727	-	-	1,193,727
Contingency	14,782,627	35,186	(30,674)	14,737,891
Unappropriated Fund Balance	31,098,098	-	-	31,098,098
<b>Total Requirements</b>	<b>\$97,772,818</b>	<b>\$516,204</b>	<b>(\$182,551)</b>	<b>\$98,057,223</b>

## Key Decisions

- Adjust interagency agreements with Portland Parks & Recreation, OMF – Facilities Services, and Bureau of Planning & Sustainability (recommended).
- Add five new positions funded by permit revenues and fees (recommended).
- Request \$49,248 in one-time General Fund resources to cover costs of waived demolition appeal fee (not recommended – pending City Attorney opinion).
- Request \$182,551 in one-time General Fund resources to expand the Extremely Distressed Properties Enforcement Program (not recommended).

## Discussion

### Adjust Interagency Agreements

BDS is requesting adjustments to interagency agreements with Portland Parks & Recreation for work related to the Citywide Tree Project; the Bureau of Planning & Sustainability for landlord training sessions; and with the Office of Management Finance – Facilities Services for additional costs related to the Fair Wage Policies. CBO recommends these adjustments.

### *New Positions*

BDS is requesting five new permanent positions to address increasing workloads throughout the bureau. The new positions include: one Development Services Project Coordinator in the Plan Review and Permitting Services Division; one Electrical Inspector in the Inspections Services Division; one Building Inspector to support the Field Issuance Remodel Program; one Development Services Technician in the Administrative Services Division; and one Office Support Specialist in the Neighborhood Inspection Division. These positions will be funded by permit revenues and fees. CBO recommends the addition of these positions as requested.

### *Demolition Appeal Fee Waiver*

Council adopted Ordinance #187151 on May 27, 2015 to eliminate barriers to accessing administrative appeal processes. The current process for residential demolition delays appeal includes an appeal reviewal by the Code Hearing Office for a fee of \$1,368 per appeal paid for by the appellants. Ordinance #187151 allows for this fee to be waived under certain circumstances; however, when the fee is waived, the Hearings Office bills BDS for the fee. BDS is requesting General Fund resources to pay for the reviews when the fee is waived.

The Ordinance was passed too late in the fiscal year for costs to be incorporated into the FY 2015-16 adopted budget, therefore this need is new and unforeseen. BDS claims it cannot use demolition fee revenues to reimburse the Hearing Office for the waived fees because of a potential conflict of interest, and the City Attorney's Office has stated that the legal issues around the use of demolition fees to pay for appeals needs to be clarified. As such, CBO recommends approval of this request. CBO notes that Council's intent in passing this change to the appeals process was for the costs to be absorbed into the existing programs, and BDS did not raise this issue at the time. Many non-General Fund bureaus, such as Water and PBOT, will experience cost increases that will have to be absorbed within existing budgets, and CBO does not believe that it was Council's intent for the General Fund to subsidize those programs. CBO recommends that Council direct BDS to work with the state to clarify that the City appeals process is part of the City's administration of building permits and, as a result, paying for appeals is an allowable use of demolition fees.

### *Extremely Distressed Properties Enforcement Program*

BDS requests \$182,551 in one-time General Fund to support one Housing Inspector and \$100,000 for nuisance abatements to expand the Extremely Distressed Properties Enforcement Program. This program currently has two Housing Inspectors, and this request would add a third position. The request is due to an ongoing backlog of properties requiring abatement and

continued referral of new cases from Portland Police Bureau and other agencies in the City. While this is an important program to protect the livability of neighborhoods and communities, the package does not qualify as unforeseen and is not a true one-time request. As a result, CBO does not recommend funding for this package. These expansions are more appropriately requested as part of a comprehensive annual budget process.



# Portland Housing Bureau

Analyst: James M. Carter

## All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$ 1,393,337	\$ 21,526		\$ 1,414,863
Charges for Services	511,437			511,437
Intergovernmental Revenues	73,495,104	(12,430,442)		61,064,662
Interagency Revenue	87,895	10,568		98,463
Fund Transfers - Revenue	2,524,554	150,000		2,674,554
Miscellaneous	3,105,341	165,000		3,270,341
General Fund Discretionary	15,580,253	1,055,000	(630,000)	16,005,253
<b>Total Resources</b>	<b>\$96,697,921</b>	<b>(\$11,028,348)</b>	<b>(\$630,000)</b>	<b>\$85,039,573</b>
<b>Requirements</b>				
Personnel Services	\$ 6,460,632	\$ 11,944		\$ 6,472,576
External Materials and Services	86,546,064	(11,191,033)	(630,000)	74,725,031
Internal Materials and Services	1,463,657	10,741		1,474,398
Bond Expenses	1,373,414	140,000		1,513,414
Fund Transfers - Expense	762,654			762,654
Contingency	91,500			91,500
<b>Total Requirements</b>	<b>\$96,697,921</b>	<b>(\$11,028,348)</b>	<b>(\$630,000)</b>	<b>\$85,039,573</b>

## General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Intergovernmental Revenues	220,000	52,233		272,233
Interagency Revenue	87,895	10,568		98,463
General Fund Discretionary	15,580,253	1,055,000	(630,000)	16,005,253
<b>Total Resources</b>	<b>\$15,888,148</b>	<b>\$1,117,801</b>	<b>(\$630,000)</b>	<b>\$16,375,949</b>
<b>Requirements</b>				
Personnel Services	\$ 807,926	\$ (3,212)		\$ 804,714
External Materials and Services	15,059,097	1,121,013	(630,000)	15,550,110
Internal Materials and Services	21,125			21,125
<b>Total Requirements</b>	<b>\$15,888,148</b>	<b>\$1,117,801</b>	<b>(\$630,000)</b>	<b>\$16,375,949</b>

## Key Decisions

- Request \$425,000 in General Fund resources for affordable rental housing access through increased utilization of HUD Housing Choice Vouchers (recommended).
- Request \$130,000 in General Fund resources for a study to determine the feasibility of development fees to support affordable housing (not recommended).

- Request \$500,000 in General Fund resources to provide grants and loans for home repair assistance (not recommended).

### ***Discussion***

Portland Housing Bureau's Fall 2014-15 BMP submission requests: a decrease of \$16,173,000 in current year non-General Fund appropriation for affordable housing; \$1,055,000 in new one-time General Fund resources; and technical changes that allocate awarded Innovation Fund dollars and true up prior year and current year revenues and expenses.

The bureau submitted this request on September 28th, 2015. On October 7th, during CBO BMP analysis, City Council declared a State of Housing Emergency in Portland. The existence of a State of Housing Emergency has influenced CBO BMP analysis and recommendations, as financial policy on Budget Monitoring states that "[contingency] funds should be used for...unanticipated needs or emergencies."

CBO is recommending approval of the proposed technical changes and \$425,000 in General Fund resources for additional HUD Housing Choice Vouchers. CBO does not recommend new funding for home repair assistance or for a nexus study related to development fees. CBO has only recommended new requests in the Fall Supplemental Budget that are one-time, unforeseen, urgent, fully developed, and are unlikely to be absorbed in existing bureau budgets. These requests are discussed in more detail below.

Housing requests a \$16,173,000 decrease in FY 2015-16 appropriation of non-General Fund resources in order to use this funding for affordable housing development in future fiscal years. Housing reports that for sake of transparency they budget funding that will be made available for development of affordable housing in each year's Notice of Funding Availability (NOFA) cycle. However, the requested decrease in appropriation reflects the fact that although a substantial portion of those funds will be awarded this fiscal year, construction expenses will likely be minimal prior to the end of the fiscal year. This is because the following must take place prior to construction: PHB formally announces NOFA; developers submit proposals; PHB reviews proposals and makes awards; project pre-development activities take; developers secure financing; PHB closes project loan.

Although CBO is recommending against two of the three key packages put forward by the Housing Bureau, CBO does recommend that additional packages be developed in direct response to the State of Housing Emergency. The Mayor and Council have expressed an intent to allocate \$20 million in funding to increase access to affordable housing and homeless services. The Fall BMP is an opportunity to act on that intent. CBO recommends that all funding appropriated to address the state of emergency include specific metrics that demonstrate the extent to which individuals and households achieve desired housing outcomes.

### Housing Choice Voucher Success Fund

The bureau requests \$425,000 in one-time General Fund resources to improve utilization of federally-funded housing vouchers. The bureau reports that Home Forward will match this funding. Of this request, \$25,000 will support a study to update the Fair Market Rate (FMR) used by US Department of Housing and Urban Development (HUD) as criteria for utilizing Housing Choice Vouchers (HCV). Updating the FMR should hasten landlord participation in the HUD Section 8 program as demonstrated through their acceptance of HCV. Additionally, \$250,000 is sought to support cash transfers to an estimated 250 households for leasing expenses (e.g. deposits, application fees, and utility connection fees). Finally, the request includes \$150,000 to fund three new staff workers at Home Forward to provide intensive housing search assistance to 225 households with barriers to accessing housing.

Although these needs are not unforeseen, the recently declared State of Housing Emergency included a finding that “low-wage workers have experienced a reduced ability to find adequate and affordable rental housing.” As such, CBO recognizes that there is heightened urgency to provide immediate, increased access to affordable housing, and recommends one-time General Fund resources for this request.

### North / Northeast Home Retention

The bureau is requesting \$500,000 in one-time General Fund resources to provide loans and grants for home repair assistance to 50-60 homeowners living in North and Northeast Portland. Housing’s FY 2015-16 budget request identified a waiting list for homeowners seeking home repair assistance from Housing programs – this waiting list is separate from community providers who maintain their own waiting lists. While there is a clear need for program resources, this need is not unforeseen. Council’s declaration of a State of Housing Emergency cited Portland’s lack of adequate and affordable rental housing and the inadequate number of emergency shelters for people experiencing homelessness. CBO’s interpretation is that these findings are neither directly nor significantly mitigated through home repair assistance; as such, CBO does not recommend this request at this time.

### Nexus Study

The bureau is requesting \$130,000 in one-time General Fund resources to fund a study that will determine the feasibility of development fees based on the link between development (commercial and residential), low wage jobs, and related demand for affordable housing. The development fee would be charged to the construction of residential and commercial development. The potential fee resulting from the study would provide a funding alternative to

existing resources for affordable housing development. The need for alternative funding sources is not unanticipated: it has been highlighted in the bureau's 5-year financial forecasts, which show downward trajectories in the primary existing affordable housing funding sources (i.e. federal funds and Tax Increment Financing (TIF) resources).

Although the need is foreseen, there is nonetheless an urgency to identify alternative funding sources to develop affordable housing, especially in the context of the Council declared State of Housing Emergency. However, any proposed linkage fees resulting from the study might require approval by the State Legislature. Council will be setting its legislative agenda for the state session, which is scheduled to begin this coming January, potentially furthering the sense of urgency. However, it is not clear at this time whether or not the legislature will take up the issue during a short session. CBO does not view this request as directly fulfilling an immediate, unanticipated need. To the extent that having recommendations in time for the January session is part of the City's legislative agenda, CBO recommends reprioritization of existing resources.

### Technical Changes

The bureau is requesting technical changes to Beginning Fund Balance, Intergovernmental Revenues and External Materials and Supplies to reflect prior year actuals and current year spending plans in Housing Investment Funding and TIF resources. In addition, the bureau is recognizing a \$150,000 Innovation Fund award, updating CDBG revenues and expenses, and updating interagency agreements with the Office of Equity and Human Rights and the Mayor's Office to support the new Compliance Officer Community Liaison (COCL) position.

# Bureau of Planning and Sustainability

Analyst: Jessica Kinard

## All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$ 2,678,687	\$ 246,699	\$ -	\$ 2,925,386
Licenses & Permits	2,903,916	-	-	2,903,916
Charges for Services	2,252,975	-	-	2,252,975
Intergovernmental Revenues	973,404	68,246	-	1,041,650
Interagency Revenue	417,500	(1,754)	-	415,746
Miscellaneous	60,989	-	-	60,989
General Fund Discretionary	8,587,407	77,219	-	8,664,626
General Fund Overhead	783,723	-	-	783,723
<b>Total Resources</b>	<b>\$ 18,658,601</b>	<b>\$ 390,410</b>	<b>\$ -</b>	<b>\$ 19,049,011</b>
<b>Requirements</b>				
Personnel Services	\$ 11,226,945	\$ 17,630	\$ -	\$ 11,244,575
External Materials and Services	2,411,787	355,773	-	2,767,560
Internal Materials and Services	2,388,659	17,007	-	2,405,666
Bond Expenses	57,742	-	-	57,742
Fund Transfers - Expense	177,643	-	-	177,643
Contingency	2,395,825	-	-	2,395,825
<b>Total Requirements</b>	<b>\$ 18,658,601</b>	<b>\$ 390,410</b>	<b>\$ -</b>	<b>\$ 19,049,011</b>

## General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Intergovernmental Revenues	\$ 150,000	\$ -	\$ -	\$ 150,000
Interagency Revenue	412,500	(3,754)	-	408,746
General Fund Discretionary	8,587,407	77,219	-	8,664,626
General Fund Overhead	783,723	-	-	783,723
<b>Total Resources</b>	<b>\$ 9,933,630</b>	<b>\$ 73,465</b>	<b>\$ -</b>	<b>\$ 10,007,095</b>
<b>Requirements</b>				
Personnel Services	\$ 8,028,196	\$ 425	\$ -	\$ 8,028,621
External Materials and Services	1,263,599	65,626	-	1,329,225
Internal Materials and Services	641,835	7,414	-	649,249
<b>Total Requirements</b>	<b>\$ 9,933,630</b>	<b>\$ 73,465</b>	<b>\$ -</b>	<b>\$ 10,007,095</b>

## Key Decisions

- Reallocate internal resources to more accurately align budget with actual costs and to support the creation of 0.5 new limited term FTE (recommended).

- Allocate \$89,805 in General Fund encumbrance carryover (the maximum allowable) and \$141,439 in Solid Waste Management Fund encumbrance carryover (recommended).
- Fund a deconstruction incentive pilot with \$50,000 in Solid Waste Management Fund contingency funds (recommended).
- Transfer \$30,000 for City Asset Managers Group (CAMG) work to the City Budget Office (recommended).

### ***Discussion***

Most of the bureau's requested changes are technical in nature and are in line with common Fall BMP practices. These changes include the carryover of open encumbrances and non-general fund recycling rebate dollars, true-up of grant fund balances, true-up of interagency agreements, and internal movement of funds to the appropriate budget object to complete work associated with prior year decision packages and/or priority projects.

Non-technical changes include: appropriating Solid Waste Management Fund dollars for a pilot deconstruction incentive program; transferring responsibilities and \$30,000 in supporting funds for CAMG work to the City Budget Office; and reflecting the recent awarding of an innovation grant. In addition, the bureau requested a new, internally funded, limited term 0.5 FTE for Comprehensive Plan related work. All of these requests respond to urgent and/or unforeseen needs, with the exception of the new FTE and a change to an interagency agreement which are funded through internal resources and discussed in more detail below.

### ***New Limited Term FTE***

The Bureau is requesting a new limited term FTE to work on the Comprehensive Plan which is scheduled to be completed before the end of the fiscal year. This request is being funded by internally reallocating resources in request PN\_001. Given the Comprehensive Plan's high workload demands and imminent deadline, CBO finds that the creation of a new limited term FTE through this fiscal year is an appropriate use of existing internal funds and recommends this request.

### ***Changes to Interagency Agreements***

The bureau is decreasing its interagency agreement with PBOT for the Southwest Corridor project by \$28,995 to reflect the actual expenditures that remain. This has freed up General Fund resources that are mostly being re-appropriated through other interagency agreements, including \$14,500 to PBOT to provide land use analysis for fast-growing transit corridors. BPS is also increasing its interagency agreement with the Portland Housing Bureau by \$10,741 to support the Central City Bonus and Transfer Study, and with the Bureau of Development

Services (BDS) by \$4,000 to support landlord trainings. While these changes may not all be unforeseen or urgent, they do support emerging needs and are closely aligned with overall BPS strategic goals. BPS is able to internally realign resources to accomplish this work. For these reasons, CBO recommends these changes.

### *Deconstruction Incentive Program*

Resolution 37127 was passed by Council on June 6, 2015 and required BPS to “establish a program to provide incentives, training and technical assistance to promote voluntary deconstruction as a viable alternative to mechanical demolition resolution.” The timing of the resolution was such that it was not possible for BPS to include the necessary funding for the program in the annual budget. However, the resolution also dictated that BPS report back to Council in September of 2016 with long-term programmatic recommendations. Thus, BPS cannot wait until next budget cycle to begin work and must allocate funds now to begin the pilot program with enough time to enable robust analysis and recommendations next fall.

Funding for this program is being appropriated from the Solid Waste Management Fund and does not require any general fund support at this time. As a pilot program, CBO expects that this appropriation may lead to more substantial budget requirements and will seek additional supporting information if that becomes the case.

# Portland Development Commission

Analyst: James M. Carter

## General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
General Fund Discretionary	\$ 6,997,110	\$ 170,376	\$ -	\$ 7,167,486
<b>Total Resources</b>	<b>\$6,997,110</b>	<b>\$170,376</b>	<b>\$0</b>	<b>\$7,167,486</b>
<b>Requirements</b>				
External Materials and Services	\$ 6,997,110	\$ 170,376	\$ -	\$ 7,167,486
<b>Total Requirements</b>	<b>\$6,997,110</b>	<b>\$170,376</b>	<b>\$0</b>	<b>\$7,167,486</b>

## Key Decisions

- Requests \$80,376 in one-time General Fund resources for program carryover from FY 2014-15 (recommended).
- Transfers \$90,000 in one-time General Fund resources from Special Appropriations for an approved Innovation Fund project award (recommended).

## Discussion

PDC's Fall BMP submission includes a request for \$80,376 in new one-time General Fund resources for FY 2014-15 program carryover and a technical adjustment that awards \$90,000 in Innovation Fund resources.

### FY 2014-15 Program Carryover

A total of \$80,376 in program expenses were expected to be spent by the end of FY 2014-15, and these unspent funds fell to ending fund balance. CBO recommends approval of carryover for this unspent balance. Unspent balance includes: \$35,999 for the final disbursement for the Venture Portland East Portland initiative; \$32,900 grant for tech diversity training set to be dispersed in October; \$9,228 for neighborhood economic development grants; \$540 for entrepreneurship support; and \$1,709 in Innovation Funds awarded in FY 2013-14. It should be noted that PDC reports no specific service disruption tied to the \$540 for entrepreneurship support and the \$1,709 in Innovation Funds. Additionally, the \$9,228 was expected to be dispersed to grantees by the end of FY 2014-15, and as such seemingly not included in the FY 2014-15 Spring BMP carryover of neighborhood economic development grants. In general, CBO recommends that the timing of program expenditures is congruous with the sense of urgency expressed when one-time resources are requested.



# Office of Neighborhood Involvement

Analyst: Jessica Kinard

## General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Charges for Services	\$ 312,296	\$ 466,750	\$ -	\$ 779,046
Intergovernmental Revenues	280,804	-	-	280,804
Interagency Revenue	18,061	-	-	18,061
Miscellaneous	-	10,000	-	10,000
General Fund Discretionary	8,275,195	332,372	-	8,607,567
General Fund Overhead	209,744	-	-	209,744
<b>Total Resources</b>	<b>\$ 9,096,100</b>	<b>\$ 809,122</b>	<b>\$ -</b>	<b>\$ 9,905,222</b>
<b>Requirements</b>				
Personnel Services	\$ 4,458,827	\$ 318,740	\$ -	\$ 4,777,567
External Materials and Services	3,965,534	316,781	-	4,282,315
Internal Materials and Services	671,739	173,601	-	845,340
<b>Total Requirements</b>	<b>\$ 9,096,100</b>	<b>\$ 809,122</b>	<b>\$ -</b>	<b>\$ 9,905,222</b>

## Key Decisions

- Request \$327,770 in General Fund carryovers, including \$151,701 in advance carryover, \$87,455 in open encumbrance carryover, and \$88,614 in program carryover (recommended).
- Increase fee revenue and program expenditures by \$426,750 for the Marijuana Licensing Program, including 5 new FTE (recommended).
- Reallocate \$72,700 internally to support staff at Neighborhood Coalition offices (recommended).
- Increase Noise Control program revenue by \$40,000 and request one new FTE for the Noise Control and Liquor Licensing programs (recommended).

## Discussion

The bureau is requesting \$332,372 in General Fund support, primarily for open encumbrance and advance carryover. The bureau is requesting \$88,614 in program carryover for small grants to community based organizations that were in contract but unencumbered by the end of the fiscal year. This is discussed in more detail below.

The major change in the bureau's budget is related to the legalization of the sale of recreational Marijuana on October 1<sup>st</sup>, 2015. There remains a good deal of uncertainty around program needs and rollout, and ONI is proposing its best guess as to the program rollout staffing and material needs. The request is backed by revenue estimates based on the proposed fee schedule and knowledge of current and projected vendor applications and

licenses. CBO believes it is extremely important that ONI have flexibility during this initial transitional time to successfully establish and uphold program regulations, respond to constituent expectations, and react to emerging needs. For this reason, CBO is recommending the package as requested, but notes that there will need to be additional analysis and conversations around ongoing program needs.

ONI is also proposing a variety of changes at a net zero cost to the General Fund, but many have staffing implications. These are discussed below.

### *Program Carryover*

ONI is requesting \$88,614 in General Fund resources to complete 16 grants to community organizations. These funds are mostly small one-time grants to East Portland Action Plan grantees, and were awarded FY 2014-15. Due to an unusually large number of grants being processed last year, ONI was unable to encumber these grants before year end close. Grantees are in contract with ONI and many have begun work. Going forward, ONI is taking measures to improve internal processes to improve their ability to encumber grant funds before fiscal year end. CBO notes that this type of program carryover is not a preferred practice, but in this instance given the unusual circumstance leading to not encumbering the funds in time as well as the urgent needs for the funds on the part of the grantees, CBO is recommending this carryover be approved.

### *Marijuana Licensing Program*

This request includes 4 Code Specialist IIs and 1 Office Support Specialist II, which brings total program staff to 8 FTE. The bureau is requesting 4 Code Specialists because they anticipate a large amount of the initial program work to entail heavy site visit work to verify location compliance, legal compliance, and to investigate complaints. ONI anticipates processing 230 applications in FY 2015-16, requiring this investigatory work, and ONI plans to send Code Specialists out in pairs for safety reasons. However, ONI acknowledges that they may change this approach as they know more about the required work.

ONI also requests \$78,000 for vehicles, \$18,308 for temporary staffing, and \$138,750 for other materials and supplies. CBO observes that the proposed staffing and material and supplies budget seems extensive. However, given the aforementioned uncertainty around community needs and stakeholder demand during program rollout, CBO believes it is in the City's best interest to err on the side of providing generous resources to ensure successful program rollout, as long as the expenses will be recovered by projected revenues.

ONI is projecting the following one-time application and ongoing licensing fee revenue to support this request:

License type	Application Fee	# apps	Revenue
Medical Dispensary	\$ 975	130	\$ 126,750
Marijuana Processor	\$ 500	15	\$ 7,500
Marijuana Producer	\$ 500	15	\$ 7,500
Marijuana Retailer	\$ 975	70	\$ 68,250
Marijuana Wholesaler	\$ 500	0	\$ -
	<b>Total</b>	<b>230</b>	<b>\$ 210,000</b>
	License fee	# licenses	Revenue
Medical Dispensary	\$ 2,000	100	\$ 200,000
Marijuana Processor	\$ 2,000	0	\$ -
Marijuana Producer	\$ 2,000	15	\$ 30,000
Marijuana Retailer	\$ 4,175	0	\$ -
Marijuana Wholesaler	\$ 2,000	0	\$ -
	<b>Total</b>	<b>115</b>	<b>\$ 230,000</b>
<b>Total Revenues</b>			<b>\$ 440,000</b>

Before the October 1 legalized date for recreational marijuana, there were 109 medical dispensaries in Portland<sup>1</sup>, so CBO believes the projections are reasonable. These numbers may change depending on what Council ultimately decides around location regulation. CBO estimates that the program will need to generate at least \$500,000 in ongoing support to continue supporting the current requested level of staff. Given the currently proposed fee schedule, this baseline can be achieved if the City approves the above licenses plus 65 Marijuana Retailer licenses on an annual basis.

### Other Position Changes

ONI is requesting one new Office Support Specialist II – backed by an anticipated increase in Noise Control revenue – to support the Noise and Liquor Licensing programs. Both programs are experiencing peak workloads and currently share one support staff person. The Liquor Licensing program is expected to process 5,200 applications this year – a 27% increase since 2008 – with 1.5 regular FTE and seasonal staff during peak periods. Liquor License fees are controlled by the State so the bureau is unable to raise fees to help pay for the needed staff. The recent influx of Noise Control revenue provides an opportunity for both the Liquor License Notification program and the Noise Control program to obtain much needed support without requiring additional General Fund dollars. CBO does note that the Noise Control program is not cost recovering, so the use of the Noise Control program revenues for an additional staff person means the General Fund will continue to subsidize the program. Council may want to consider increases to noise control revenues in FY 2016-17 that would fully fund the costs of enforcement.

<sup>1</sup> <http://www.wweek.com/2015/09/28/here-are-the-47-portland-medical-marijuana-dispensaries-approved-to-sell-you-weed-on-oct-1/>

ONI is also transferring \$62,700 from miscellaneous services to personnel services for staffing support at the East Portland and North Portland Neighborhood Coalition offices. This transfer was originally approved in the FY 2014-15 Fall BMP but staff were not hired in time to have the budget moved to the appropriate location. ONI is also accepting \$10,000 in outside revenues to fund staff to work at the North Portland Tool Library, through an agreement with the North Portland Neighborhood Coalition office.

# Office of Equity and Human Rights

Analyst: Shannon Carney

## General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Charges for Services		\$ 4,300		\$ 4,300
Interagency Revenue		5,823		5,823
General Fund Discretionary	1,301,988	43,366	(8,050)	1,337,304
General Fund Overhead	516,088			516,088
<b>Total Resources</b>	<b>\$1,818,076</b>	<b>\$53,489</b>	<b>(\$8,050)</b>	<b>\$1,863,515</b>
<b>Requirements</b>				
Personnel Services	\$ 1,481,884	\$ -		\$ 1,481,884
External Materials and Services	172,826	50,993	(8,050)	215,769
Internal Materials and Services	163,366	2,496		165,862
<b>Total Requirements</b>	<b>\$1,818,076</b>	<b>\$53,489</b>	<b>(\$8,050)</b>	<b>\$1,863,515</b>

## Key Decisions

- Allocate \$35,316 of General Fund resources for encumbrance carryover, including \$31,058 supporting translation services from the FY 2014-15 translation pool of funding and \$1,342 to complete the ADA Transition Plan (recommended).
- Create an interagency agreement with the Mayor’s office for \$5,823 for additional indirect costs associated with the Compliance Officer-Community Liaison (recommended).

## Discussion

The Office of Equity and Human Rights (OEHR) requested a total of \$43,366 in new General Fund one-time resources, all dedicated to encumbrance carryover. OEHR requested an adjusted carryover total of \$35,316 upon determining remaining receivables to complete the ADA transition plan in FY 2015-16 to be \$1,341, rather than the full amount of \$9,391. The carryover also includes \$31,058 for bureau translation and interpretation services from the pool of funding established in FY 2014-15 to support Citywide translation, interpretation, and community engagement outcomes. All but \$2,791 of these funds will be utilized by other City bureaus. The remaining \$2,917 of carryover is for consulting services to provide technical assistance to City bureaus in the development and implementation of their racial equity roadmaps. CBO recommends the revised encumbrance carryover request of \$35,316.

CBO also recommends the establishment of an interagency agreement with the Mayor’s office for \$5,823 to support the Compliance Officer-Community Liaison (COCL) position in OEHR, and a corresponding increase of \$2,496 to the Portland Housing Bureau for increased sub-lease expenses related to the COCL position.

Finally, CBO recommends OEHR's request to increase their budget appropriation by \$4,300 to reflect additional sponsor support for the Americans with Disabilities Act 25<sup>th</sup> Anniversary work, as well as several small technical adjustments that have net zero impact on the bureau's budget.

# TRANSPORTATION AND PARKING

# Portland Bureau of Transportation

Analyst: Yung Ouyang

## All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$ 61,255,957	\$ 8,627,688	\$ -	\$ 69,883,645
Licenses & Permits	3,276,500	-	-	3,276,500
Charges for Services	67,523,779	300,000	-	67,823,779
Intergovernmental Revenues	97,203,939	433	-	97,204,372
Interagency Revenue	30,632,978	15,593	-	30,648,571
Fund Transfers - Revenue	38,896,613	35,257,968	(35,590,444)	38,564,137
Bond and Note	24,840,000	-	-	24,840,000
Miscellaneous	2,359,204	61,308	-	2,420,512
<b>Total Resources</b>	<b>\$325,988,970</b>	<b>\$44,262,990</b>	<b>(\$35,590,444)</b>	<b>\$334,661,516</b>
<b>Requirements</b>				
Personnel Services	\$ 83,990,899	\$ 4,800,370	\$ (4,000,000)	\$ 84,791,269
External Materials and Services	66,855,289	8,631,061	(5,050,000)	70,436,350
Internal Materials and Services	31,022,974	(287,275)	-	30,735,699
Capital Outlay	39,794,494	27,323,437	(26,358,232)	40,759,699
Bond Expenses	17,550,908	-	-	17,550,908
Fund Transfers - Expense	14,128,029	(491,999)	-	13,636,030
Contingency	70,963,916	4,287,396	(182,212)	75,069,100
Unappropriated Fund Balance	1,682,461	-	-	1,682,461
<b>Total Requirements</b>	<b>\$325,988,970</b>	<b>\$44,262,990</b>	<b>(\$35,590,444)</b>	<b>\$334,661,516</b>

## Transportation Operating Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$ 49,157,329	\$ 5,188,996	\$ -	\$ 54,346,325
Licenses & Permits	3,276,500	-	-	3,276,500
Charges for Services	54,714,664	-	-	54,714,664
Intergovernmental Revenues	72,609,931	-	-	72,609,931
Interagency Revenue	29,729,833	15,593	-	29,745,426
Fund Transfers - Revenue	35,524,962	28,650,884	(28,983,360)	35,192,486
Bond and Note	24,840,000	-	-	24,840,000
Miscellaneous	2,302,430	-	-	2,302,430
<b>Total Resources</b>	<b>\$272,155,649</b>	<b>\$33,855,473</b>	<b>(\$28,983,360)</b>	<b>\$277,027,762</b>
<b>Requirements</b>				
Personnel Services	\$ 78,101,620	\$ 4,802,567	\$ (4,000,000)	\$ 78,904,187
External Materials and Services	61,479,415	7,818,542	(5,050,000)	64,247,957
Internal Materials and Services	21,240,824	15,752	-	21,256,576
Capital Outlay	26,983,092	20,898,565	(19,933,360)	27,948,297
Bond Expenses	13,199,757	-	-	13,199,757
Fund Transfers - Expense	10,103,046	8,001	-	10,111,047
Contingency	61,047,895	312,046	-	61,359,941
<b>Total Requirements</b>	<b>\$272,155,649</b>	<b>\$33,855,473</b>	<b>(\$28,983,360)</b>	<b>\$277,027,762</b>



## ***Key Decisions***

- Carryover the following amounts for further work on projects or setting aside the funds for future efforts:
  - \$4,166,137 in the Transportation Operating Fund to complete various General Transportation Revenue (GTR) projects;
  - \$3,438,692 in the Parking Facilities Fund for future major maintenance at the 10<sup>th</sup> & Yamhill SmartPark garage. See discussion below;
  - \$449,199 in General Fund resources in the Transportation Operating Fund to complete projects funded in the prior year; and
  - \$366,532 in the Transportation Operating Fund in the set-aside for Parking Enforcement handheld equipment.
- Allocate up to \$35.4 million in General Fund Major Maintenance resources for 14 projects (not recommended due to the lack of available resources).
- Allocate \$182,212 in General Fund resources for increased costs at the Parking Garages resulting from the passage of the Fair Wage Policy (not recommended - see discussion below).
- Create four new FTEs, funded by internal transfers (recommended):
  - Two FTEs are added to respond to an increase in development and utility permit applications and to maintain effective service delivery;
  - Two new positions are added to mitigate a substantial backlog of sewer facility repairs that require excavation.
- Withdraw funds from contingency to support new costs (recommended):
  - \$148,320 from the Parking Facilities Fund to cover increased Payment Card Industry (PCI) compliance costs at the Parking Garages;
  - \$11,870 from the Transportation Operating Fund for overhead for operating grants in Transportation Planning; and
  - \$32,877 from the Transportation Operating Fund and \$7,664 from the Parking Facilities Fund to pay OMF for the increased costs resulting from the passage of the Fair Wage Policy at facilities that OMF manages.
- Reduce unrestricted contingency in the Transportation Operating Fund by \$500,000 or 67%, as a result of a reduction in the transfer from the Parking Facilities Fund, shifting the funds to pay for a marketing plan for the garages (recommended - see discussion below).

## ***Discussion***

### ***Major Maintenance at the 10th & Yamhill Parking Garage***

Two requests involve major maintenance at the 10th & Yamhill Parking Garage. In request TR\_003, PBOT is requesting \$6.4 million from the General Fund Major Maintenance set-aside

for renovation of the garage. Total project costs, including finance costs, are expected to be \$25 million. In 2007, the site was considered for a redevelopment project, a partnership between PBOT, PDC, and an outside developer. Due to many factors, including the economic downturn, the project did not move forward. CBO does not recommend the additional General Fund contribution due to the lack of available resources for infrastructure projects. Without General Fund support, the bureau would need to increase debt-financing backed by parking garage revenues. Currently, PBOT has set-aside \$7.2 million for the project, and the bureau has also identified other sources of revenue, including debt financing, to fund the project. In TR\_018, the bureau is recognizing additional beginning fund balance (\$3.4 million) for the project in the Parking Facilities Fund, budgeting the funds in contingency, and bringing the total set-aside for the project to \$7.2 million. This request is recommended.

### *Fair Wage Policy Implementation*

Two requests pertain to the recent passage of the Fair Wage Policy. In TR\_013, PBOT is drawing from its contingencies in the Transportation Operating and the Parking Facilities Funds to pay OMF for increased costs at facilities that OMF manages. CBO recommends this as requested.

In TR\_014, PBOT requests \$182,212 in General Fund resources for increased janitorial, security, and attendant costs at its parking garages. CBO is not recommending the request because the bureau is expecting an additional \$300,000 in parking garage revenue based on recent trends which the bureau is budgeting in contingency. While the City had set aside \$900,000 from General Fund contingency to fund requests related to implementation of the policy, CBO recommends that the set-aside only be appropriated for costs related to General Fund supported contracts.

### *Draws and Reductions in Contingency*

Three requests involve draws from contingency: the request pertaining to the Fair Wage Policy noted above; \$11,870 from the Transportation Operating Fund for overhead for transportation planning projects; and \$148,320 from the Parking Facilities Fund for PCI Compliance at the Parking Garages. The draw in the Parking Facilities Fund represents 16% of the original budgeted contingency balance of \$925,470. However, as noted above, the bureau expects an additional \$300,000 in parking garage revenues that it is budgeting back into contingency.

In TR\_017, PBOT is reducing its annual transfer from the Parking Facilities Fund to the Transportation Operating Fund by \$500,000 in order to fund an Integrated Marketing Communications Plan for the Parking Garages. To balance, the bureau is reducing its unrestricted contingency in the Operating Fund by 67%, from \$750,000 to \$250,000, not counting additional draws in other requests totaling \$44,747. While the bureau may have a

plan for absorbing possible additional costs resulting from emergencies, CBO recommends that the bureau make an effort to replenish the unrestricted contingency.

# ELECTED OFFICIALS

# Office of the Mayor

Analyst: Jane Marie Ford

<b>Budget Summary- All Funds</b>	<b>Current Revised Budget (A)</b>	<b>Bureau Request (B)</b>	<b>CBO Recommended Adjustments(C)</b>	<b>Total Recommended Revised (A+B+C)</b>
<b>Resources</b>				
General Fund Discretionary	\$ 2,078,450	\$ 533,499	\$ (94,244)	\$ 2,517,705
General Fund Overhead	1,216,131	-	-	1,216,131
<b>Total Resources</b>	<b>\$3,294,581</b>	<b>\$533,499</b>	<b>(\$94,244)</b>	<b>\$3,733,836</b>
<b>Requirements</b>				
Personnel Services	\$ 1,764,695			\$ 1,764,695
External Materials and Services	1,138,175	504,622	(94,244)	1,548,553
Internal Materials and Services	291,711	28,877		320,588
Fund Transfers - Expense	100,000			100,000
<b>Total Requirements</b>	<b>\$3,294,581</b>	<b>\$533,499</b>	<b>(\$94,244)</b>	<b>\$3,733,836</b>

## Key Decisions

- Allocates \$277,180 in General Fund support for encumbrance carryover (recommended).
- Requests \$60,298 in General Fund support for the Last Thursday and Restorative Justice Programs (not recommended).
- Requests \$155,841 for Compliance Officer Community Liaison (COCL) Program carryover (\$121,895 recommended).
- Allocates \$37,250 in General Fund support for an Innovation Grant (recommended).
- Creates an interagency agreement for Last Thursday liability insurance (recommended without new funding).
- Creates new interagency agreements for COCL-related rental costs (recommended).

## Discussion

The Office of the Mayor's FY 2015-16 Fall BMP submission includes requests for \$533,499 in total General Fund resources. This includes \$277,180 in recommended one-time encumbrance carryover funding. The Office is also requesting a program carryover as well as funding for two programs, and is creating interagency agreements in support of these programs.

## Prior Year Carryforward

CBO recommends approval of the requested \$277,180 in one-time encumbrance carryovers, which the Office has sufficient FY 2014-15 General Fund discretionary underspending to fund.

The Office is requesting a program carryover of \$155,841 in unspent FY 2014-15 COCL funds for urgent needs that it was unable to encumber last year. This includes both one-time and ongoing expenses. At this time, CBO recommends funding the estimated one-time costs totaling \$121,895, and recommends that the ongoing costs (estimated at \$35,000) be funded

through the existing ongoing COCL budget of \$634,316. CBO recognizes that there is a high degree of uncertainty regarding program needs during the startup phase, and will continue to monitor the Office’s budget and recommend amendments as necessary in the Spring BMP.

### *Innovation Fund Project*

The proposed Innovation Fund project, “For Teens, By Teens: PP&R Community Center App – Improving Access to Community Centers” was approved by Council on October 7<sup>th</sup> for \$37,250, and is recommended for funding as a technical adjustment.

### *Last Thursday*

The Office requests \$32,298 in one-time General Fund discretionary resources for liability insurance, porta potty rentals, garbage, recycling, and private patrol for the Last Thursday program. These are citywide expenses currently being paid out of the Mayor’s Office budget. CBO has previously recommended that these annual costs be included in the Mayor’s Office budget rather than requested as supplemental funds during the Fall and Spring Budget Monitoring Processes.

CBO only recommends approval of Fall BMP requests that are one-time, unforeseen, and urgent. Last Thursday has been an ongoing cost to the City for a number of years. During the budget process, the City was looking for a sponsor for the event, which led the Mayor to not include funding for this program in the FY 2015-16 budget. Since a sponsor was not found, the costs incurred for Last Thursday could be arguably classified as unanticipated. However, as it is early in the fiscal year, CBO believes it may be possible for the Mayor’s Office to absorb this cost within existing resources over the course of the year. Thus, CBO is not recommending this request at this time, but will continue to monitor the Office’s budget throughout the year.

### *Restorative Justice Program*

The Office also requests \$28,000 to go toward Resolutions NW’s Restorative Justice Program in the Parkrose School District. The City of Portland has historically pledged approximately \$28,000 as its contribution toward this ongoing project, which relies on funding from multiple public and private sources. This item was discussed but not ultimately included in the FY 2015-2016 budget. As such, CBO does not consider this request to be unforeseen and does not recommend funding this request with limited General Fund contingency resources.

*Fair Wage Policy Space Rental Adjustment*

The Office requests \$2,930 for increased rental costs, which CBO recommends as requested. On May 13, 2015, City Council passed an ordinance adopting code changes to chapter 3.99 Fair Wage Policies. This request reflects the cost impact of these code changes to facilities OMF manages and the resulting impact to supported bureaus and their interagency agreements.

# Commissioner of Public Affairs (Saltzman)

Analyst: Jane Marie Ford

## General Fund

<b>Resources</b>					
Budgeted Beginning Fund Balance	\$ 3,157,368	\$ -	\$ -	\$ 3,157,368	
Taxes	\$ 13,997,967	\$ -	\$ -	\$ 13,997,967	
Intergovernmental Revenues	\$ 37,000	\$ -	\$ -	\$ 37,000	
Miscellaneous	\$ 12,636	\$ -	\$ -	\$ 12,636	
General Fund Discretionary	\$ 1,217,859	\$ 191,189	\$ (76,677)	\$ 1,332,371	
General Fund Overhead	\$ 538,812	\$ -	\$ -	\$ 538,812	
<b>Total Resources</b>	<b>\$ 18,961,642</b>	<b>\$ 191,189</b>	<b>\$ (76,677)</b>	<b>\$ 19,076,154</b>	
<b>Requirements</b>					
Personnel Services	\$ 1,707,501	\$ -	\$ -	\$ 1,707,501	
External Materials and Services	\$ 16,537,020	\$ 189,680	\$ (76,677)	\$ 16,650,023	
Internal Materials and Services	\$ 192,391	\$ 1,509	\$ -	\$ 193,900	
Fund Transfers - Expense	\$ 25,000	\$ -	\$ -	\$ 25,000	
Contingency	\$ 499,730	\$ -	\$ -	\$ 499,730	

## Key Decisions

- Allocate \$129,680 in General Fund support for encumbrance carryover (recommended with adjustments).
- Allocate \$60,000 in General Fund support for eviction prevention services (recommended).

## Discussion

The Commissioner of Public Affairs requests a total appropriation increase of \$191,189. This includes \$129,680 in recommended one-time encumbrance carryovers. The Office is also requesting one-time General Fund support for a new program at the Gateway Center for Domestic Violence (GCDV).

## Prior Year Carryforward

The requested one-time encumbrance carryovers will fulfill prior year contractual obligations for services provided in FY 2014-15 through the Gateway Center for Domestic Violence (GCDV). These costs cannot be absorbed by current year appropriations without impacting FY 2015-16 service levels. This request is recommended with adjustments based on accruals incurred prior to the close of FY 2014-15, for a revised total of \$53,003 in encumbrance carryforward.

## Eviction Prevention Services

The Office is requesting \$60,000 in one-time General Fund resources to provide eviction prevention services for domestic violence survivor households through the Gateway Center for Domestic Violence. The Office's FY 2014-15 budget contained \$60,000 in unspent funds for



legal services through the Gateway Center. The Office's intent was to carryforward these funds; however, as the Office is requesting to change the programmed purpose of the funds, this is classified and considered as a new request in the Fall BMP.

This request is for an urgent need compounded by the current affordable housing crisis, surge of no-cause evictions, and recently declared Housing State of Emergency. This issue is also time-sensitive with regards to the availability of the partner organization, as the YWCA is ready to provide its expertise and staff resources to administer these funds. As such, CBO recommends this request.

#### *Fair Wage Policy Space Rental Adjustment*

The office requests \$1,509 in one-time General Fund discretionary resources for increased rental costs, which CBO recommends as requested. On May 13, 2015, City Council passed an ordinance adopting code changes to chapter 3.99 Fair Wage Policies. This request reflects the cost impact of these code changes to facilities OMF manages and the resulting impact to supported bureaus and their interagency agreements.

# Commissioner of Public Safety (Novick)

Analyst: Jane Marie Ford

## General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -
General Fund Discretionary	\$ 466,145	\$ 1,408	\$ -	\$ 467,553
General Fund Overhead	\$ 538,812	\$ -	\$ -	\$ 538,812
<b>Total Resources</b>	<b>\$ 1,004,957</b>	<b>\$ 1,408</b>	<b>\$ -</b>	<b>\$ 1,006,365</b>
<b>Requirements</b>				
Personnel Services	\$ 852,326	\$ -	\$ -	\$ 852,326
External Materials and Services	\$ 40,158	\$ -	\$ -	\$ 40,158
Internal Materials and Services	\$ 112,473	\$ 1,408	\$ -	\$ 113,881
<b>Total Requirements</b>	<b>\$ 1,004,957</b>	<b>\$ 1,408</b>	<b>\$ -</b>	<b>\$ 1,006,365</b>

## Key Decisions

- None.

## Discussion

The Commissioner of Public Safety requests \$1,408 in one-time General Fund discretionary resources for increased rental costs, which CBO recommends as requested. On May 13, 2015, City Council passed an ordinance adopting code changes to chapter 3.99 Fair Wage Policies. This request reflects the cost impact of these code changes to facilities OMF manages and the resulting impact to supported bureaus and their interagency agreements.

# Commissioner of Public Utilities (Fritz)

Analyst: Jane Marie Ford

## General Fund

Budget Summary- All Funds	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
General Fund Discretionary	\$ 503,645	\$ 33,506	\$ -	\$ 537,151
General Fund Overhead	\$ 538,812	\$ -	\$ -	\$ 538,812
<b>Total Resources</b>	<b>\$ 1,042,457</b>	<b>\$ 33,506</b>	<b>\$ -</b>	<b>\$ 1,075,963</b>
<b>Requirements</b>				
Personnel Services	\$ 817,342	\$ -	\$ -	\$ 817,342
External Materials and Services	\$ 89,620	\$ 32,000	\$ -	\$ 121,620
Internal Materials and Services	\$ 135,495	\$ 1,506	\$ -	\$ 137,001
<b>Total Requirements</b>	<b>\$ 1,042,457</b>	<b>\$ 33,506</b>	<b>\$ -</b>	<b>\$ 1,075,963</b>

## Key Decisions

- Allocate \$25,000 in General Fund support for advance carryover (recommended).
- Allocate \$7,000 in General Fund support for encumbrance carryover (recommended).

## Discussion

The Commissioner of Public Utilities requests a total appropriation increase of \$33,506, including \$32,000 in carryforward requests.

## Prior Year Carryforward

CBO recommends approval of the requested \$25,000 advance carryover, and \$7,000 encumbrance carryover to fund contract obligations to be incurred through December 31, 2015.

## Fair Wage Policy Space Rental Adjustment

The office additionally requests \$1,506 in one-time General Fund discretionary for increased rental costs, which CBO also recommends as requested. On May 13, 2015, City Council passed an ordinance adopting code changes to chapter 3.99 Fair Wage Policies. This request reflects the cost impact of these code changes to facilities OMF manages and the resulting impact to supported bureaus and their interagency agreements.

# Commissioner of Public Works (Fish)

Analyst: Jane Marie Ford

## General Fund

Budget Summary- All Funds	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
General Fund Discretionary	\$ 466,145	\$ 4,044	\$ -	\$ 470,189
General Fund Overhead	\$ 538,812	\$ -	\$ -	\$ 538,812
<b>Total Resources</b>	<b>\$ 1,004,957</b>	<b>\$ 4,044</b>	<b>\$ -</b>	<b>\$ 1,009,001</b>
<b>Requirements</b>				
Personnel Services	\$ 844,061	\$ -	\$ -	\$ 844,061
External Materials and Services	\$ 33,622	\$ 2,645	\$ -	\$ 36,267
Internal Materials and Services	\$ 127,274	\$ 1,399	\$ -	\$ 128,673
<b>Total Requirements</b>	<b>\$ 1,004,957</b>	<b>\$ 4,044</b>	<b>\$ -</b>	<b>\$ 1,009,001</b>

## Key Decisions

- Allocate \$2,645 in General Fund support for encumbrance carryover (recommended).

## Discussion

The Commissioner of Public Works requests a total appropriation increase of \$4,044, which includes \$2,645 in recommended one-time encumbrance carryover funding.

## Prior Year Carryforward

CBO recommends approval of the requested \$2,645 for encumbrances related to office retreat planning and strategic development services that will be delivered in FY 2015-16.

## Fair Wage Policy Space Rental Adjustment

The Office requests \$1,399 in one-time General Fund discretionary resources for increased rental costs, which CBO recommends as requested. On May 13, 2015, City Council passed an ordinance adopting code changes to chapter 3.99 Fair Wage Policies. This request reflects the cost impact of these code changes to facilities OMF manages and the resulting impact to supported bureaus and their interagency agreements.

# Office of the City Auditor

Analyst: James M. Carter

## All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$ 16,598,989	\$ -	\$ -	\$ 16,598,989
Charges for Services	1,076,341	-	-	1,076,341
Interagency Revenue	67,190	-	-	67,190
Bond and Note	5,370,065	-	-	5,370,065
Miscellaneous	7,542,520	-	-	7,542,520
General Fund Discretionary	4,102,572	177,620	(98,761)	4,181,431
General Fund Overhead	4,742,122	-	-	4,742,122
<b>Total Resources</b>	<b>\$39,499,799</b>	<b>\$177,620</b>	<b>(\$98,761)</b>	<b>\$39,578,658</b>

<b>Requirements</b>				
Personnel Services	\$ 5,926,165	\$ 131,984	\$ (74,241)	\$ 5,983,908
External Materials and Services	1,554,446	168,540	(24,520)	1,698,466
Internal Materials and Services	3,025,252	212,298	-	3,237,550
Bond Expenses	8,001,626	-	-	8,001,626
Fund Transfers - Expense	3,674,222	-	-	3,674,222
Contingency	3,662,578	(335,202)	-	3,327,376
Unappropriated Fund Balance	13,655,510	-	-	13,655,510
<b>Total Requirements</b>	<b>\$39,499,799</b>	<b>\$177,620</b>	<b>(\$98,761)</b>	<b>\$39,578,658</b>

## General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Charges for Services	\$ 262,841	\$ -	\$ -	\$ 262,841
Interagency Revenue	67,190	-	-	67,190
Miscellaneous	5,500	-	-	5,500
General Fund Discretionary	4,102,572	177,620	(98,761)	4,181,431
General Fund Overhead	4,742,122	-	-	4,742,122
<b>Total Resources</b>	<b>\$9,180,225</b>	<b>\$177,620</b>	<b>(\$98,761)</b>	<b>\$9,259,084</b>

<b>Requirements</b>				
Personnel Services	\$ 5,926,165	\$ 131,984	\$ (74,241)	\$ 5,983,908
External Materials and Services	1,546,446	168,540	(24,520)	1,690,466
Internal Materials and Services	1,707,614	(122,904)	-	1,584,710
<b>Total Requirements</b>	<b>\$9,180,225</b>	<b>\$177,620</b>	<b>(\$98,761)</b>	<b>\$9,259,084</b>

### ***Key Decisions***

- Allocate \$20,500 in General Fund resources to cover projected increased costs for live captioning of City Council proceedings (not recommended).
- Allocate \$140,024 in General Fund resources for additional investigative personnel in the Independent Police Review division (recommended with reduction to 1 FTE).

### ***Discussion***

The Auditor's Office Fall 2015-16 BMP submission requests \$177,620 in General Fund discretionary resources, including \$140,024 for two limited term Independent Police Review (IPR) investigators, \$20,500 to support live captioning projected workload increases at City Council proceedings, \$10,000 in encumbrance carryover requests, and \$7,096 in increased facilities costs related to Fair Wage Ordinance implementation. In addition, the bureau is requesting to internally reallocate \$335,202 to support the Lien Accounting System (LAS) replacement. The materials and services increases related to the LAS replacement project are funded by increased overhead charges to the Local Improvement District (LID) fund.

CBO is recommending approval of the proposed technical changes and one additional IPR investigator. CBO does not recommend funding for projected workload increases in live captioning at City Council proceedings. These requests are discussed in more detail below.

### ***Live Captioning City Council proceedings***

The Auditor's Office requests \$20,500 in new General Fund discretionary resources to cover projected increased costs associated with live captioning City Council meetings and work sessions. The projected workload increase is based on expected meetings and work sessions, which the Office projects to be greater in number this year than in previous years. New General Fund discretionary resources are not recommended at this early point in the fiscal year. CBO recommends that the Auditor's Office continue to monitor the projected cost increase to actual expenditures and identify underspending or reallocation opportunities to fund this unanticipated cost. To the degree that no such flexibility is possible and projected increases are realized or exceeded, the bureau should resubmit this request as part of the Spring Supplemental budget and/or as part of the over-expenditure ordinance at fiscal year's end. General Fund contingency resources are very limited, and bureaus should, as a general matter, work to accommodate unanticipated expenses in existing budgets prior to requesting draws on this limited resource.

### Investigators in Independent Police Review (IPR)

The Auditor's Office requests \$140,024 in new General Fund discretionary resources to fund two limited term investigators to meet unforeseen statutory (Oregon House Bill 2002) and community requirements. To gain compliance with the terms of the city's settlement agreement with the US Department of Justice (DOJ), the City is required to close investigations within 180 days. IPR's ability to impact timeliness is primarily during the intake phase of investigations; this process has generally taken 34 days (as measured by the median). The DOJ has recently stated that IPR will need to expand the scope of the types of police officer misconduct cases that are fully investigated. This expansion is projected to cause an increase in workload for the five investigators currently staffed. The increased workload might create a backlog and result in an increased number of investigations exceeding the 180 days requirement in the DOJ agreement.

It should be recognized that the bureau's request only expands investigation capacity through the end of FY 2015-16. This raises the concern about the creation of an ongoing obligation for a reasonably projected – albeit somewhat uncertain – increase in investigations. The Auditor's Office has stated its intent to request permanent positions in the FY 2016-17 budget process.

It is important to note that neither the settlement agreement nor HB 2002 prescribe specific details on defining compliance at this time. In the case of HB 2002, the legislative rule-making process is underway (e.g. defining sanctions for non-compliance). Additionally, the Police Bureau is in the process of rewriting its biased-based directive to be in compliance with HB 2002. It could be argued that delaying hiring until rules have been set and directives have been written is not acting out of compliance with HB 2002.

CBO recommends the hiring of one limited term position due to concerns about the City being responsive to the terms of the DOJ settlement agreement and legislative intent of HB 2002. Once rules are clearly established and directives are written, the bureau may need to submit a request for additional investigative personnel as part of the Spring Supplemental budget or FY 2016-17 budget process.

# CITY SUPPORT SERVICES



# City Budget Office

Analyst: Jeramy Patton

## General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Interagency Revenue	\$ 200,418	\$ -	\$ -	\$ 200,418
General Fund Discretionary	986,860	1,030,710	(1,000,000)	1,017,570
General Fund Overhead	1,140,700	-	-	1,140,700
<b>Total Resources</b>	<b>\$2,327,978</b>	<b>\$1,030,710</b>	<b>(\$1,000,000)</b>	<b>\$2,358,688</b>
<b>Requirements</b>				
Personnel Services	\$ 1,963,089	\$ 30,000	\$ -	\$ 1,993,089
External Materials and Services	186,388	1,000,000	(1,000,000)	186,388
Internal Materials and Services	178,501	710	-	179,211
<b>Total Requirements</b>	<b>\$2,327,978</b>	<b>\$1,030,710</b>	<b>(\$1,000,000)</b>	<b>\$2,358,688</b>

## Key Decisions

- Allocate \$1,000,000 of General Fund discretionary resources to replace the City's budget preparation software (not recommended pending results of capital validation committee).
- Transfer \$30,000 and support functions for the Citywide Asset Manager's Group from the Bureau of Planning & Sustainability to the City Budget Office (recommended).

## Discussion

The bureau requested \$1,000,000 of one-time funding to replace the City's budget preparation software. The inter-bureau process of validating and ranking project scores is ongoing at the time that CBO reviews are being prepared for City Council. That process is expected to be completed prior to the work session, at which time CBO will update Council on the outcome and recommendations for the set-aside.

The bureau's submission also included two technical adjustments. The first transfers support functions for the Citywide Asset Manager's Group and the second offsets an increased interagency with the Office of Management & Finance as part of the Fair Wage Policy implementation. Both adjustments are recommended as requested.

# Office of the City Attorney

Analyst: Jane Marie Ford

## General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Charges for Services	\$ 78,049	\$ -	\$ -	\$ 78,049
Interagency Revenue	\$ 5,625,426	\$ -	\$ -	\$ 5,625,426
General Fund Discretionary	\$ 2,921,772	\$ 133,440	\$ (126,864)	\$ 2,928,348
General Fund Overhead	\$ 3,174,964	\$ -	\$ -	\$ 3,174,964
<b>Total Resources</b>	<b>\$ 11,800,211</b>	<b>\$ 133,440</b>	<b>\$ (126,864)</b>	<b>\$ 11,806,787</b>
<b>Requirements</b>				
Personnel Services	\$ 9,959,964	\$ 110,864	\$ (110,864)	\$ 9,959,964
External Materials and Services	\$ 876,672	\$ 8,000	\$ (8,000)	\$ 876,672
Internal Materials and Services	\$ 963,575	\$ 14,576	\$ (8,000)	\$ 970,151
<b>Total Requirements</b>	<b>\$ 11,800,211</b>	<b>\$ 133,440</b>	<b>\$ (126,864)</b>	<b>\$ 11,806,787</b>

## Key Decisions

- Requests \$63,432 for a litigation paralegal (not recommended).
- Requests \$63,432 for a Legal Records Management Project (LRMP) paralegal (not recommended).

## Discussion

### Providing Support Staff for High-Priority Projects

The Office of the City Attorney requests \$126,864 in one-time General Fund discretionary resources for two full-time, limited term paralegals. The first position would assist in processing the large volume of documents generated by the *Anderson et al v. City of Portland* federal court lawsuit.

The second paralegal position was originally requested but not ultimately funded in the FY 2014-15 Adopted Budget to support the Legal Records Management Project. The office did request and receive funding for a new full-time Assistant Program Specialist (reclassified into a Management Assistant position) specifically to support the Legal Holds portion of the LRMP project in the FY 2015-16 Adopted budget. This position was filled as of September 3, 2015, but the Office does not believe that this is sufficient to meet the increased workload generated by the entire LRMP project. In addition, the office is being asked to handle an increasing number of records requests related to Council activities, and anticipates requesting a permanent, full-time paralegal for this work in the FY 2016-17 budget development process.

The need for additional support staff in the Office of the City Attorney is clear, and CBO recommends addressing this issue during FY 2016-17 budget development. However, new General Fund discretionary resources are not recommended to fund new positions at this time. General Fund contingency resources are very limited, and CBO is recommending that bureaus

work to accommodate unanticipated expenses in existing budgets prior to requesting draws on contingency. This may include reprioritizing vacancy savings to fund these support staff or working with the Mayor and Council to clarify if and how much of the funding allocated for “Ban-the-Box” (i.e. initiative related to screening job applications from ex-offenders) is anticipated to be expended this fiscal year. The Office of the City Attorney may also need to reprioritize existing projects and litigation.

The City Attorney also requests \$6,576 in one-time General Fund discretionary resources for increased rental costs, which CBO recommends as requested. On May 13, 2015, City Council passed an ordinance adopting code changes to chapter 3.99 Fair Wage Policies. This request reflects the cost impact of these code changes to facilities OMF manages and the resulting impact to supported bureaus and their interagency agreements.

# Office of Government Relations

Analyst: Doug Le

## General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Intergovernmental Revenues	\$ 35,000	\$ -	\$ -	\$ 35,000
Interagency Revenue	142,386	-	-	142,386
General Fund Discretionary	650,332	779	-	651,111
General Fund Overhead	740,153	-	-	740,153
<b>Total Resources</b>	<b>\$1,567,871</b>	<b>\$779</b>	<b>\$0</b>	<b>\$1,568,650</b>
<b>Requirements</b>				
Personnel Services	\$ 1,017,738	\$ -	\$ -	\$ 1,017,738
External Materials and Services	414,492	-	-	414,492
Internal Materials and Services	135,641	779	-	136,420
<b>Total Requirements</b>	<b>\$1,567,871</b>	<b>\$779</b>	<b>\$0</b>	<b>\$1,568,650</b>

## Key Decisions

- Increase interagency agreement with Office of Management & Finance – Facilities Services by \$779 (recommended).

## Discussion

The bureau's one request is recommended as requested. On May 13, 2015, City Council passed an ordinance adopting code changes to chapter 3.99 Fair Wage Policies. This request reflects the cost impact of these code changes to facilities OMF manages and the resulting impact to supported bureaus and their interagency agreements.

# General Fund Special Appropriations

Analyst: Doug Le

## General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Interagency Revenue	\$ 133,493	\$ -	\$ -	\$ 133,493
General Fund Discretionary	11,365,866	(472,479)	-	10,893,387
General Fund Overhead	173,235	-	-	173,235
<b>Total Resources</b>	<b>\$11,672,594</b>	<b>(\$472,479)</b>	<b>\$0</b>	<b>\$11,200,115</b>
<b>Requirements</b>				
Personnel Services	\$ 226,412	\$ 40,000	\$ -	\$ 266,412
External Materials and Services	11,339,371	(910,003)	-	10,429,368
Internal Materials and Services	106,811	-	-	106,811
Internal Materials and Services	-	397,524	-	397,524
<b>Total Requirements</b>	<b>\$11,672,594</b>	<b>(\$472,479)</b>	<b>\$0</b>	<b>\$11,200,115</b>

## Key Decisions

- Transfer \$71,084 to the Bureau of Transportation and \$461,000 in budgeted General Fund resources to the Portland Police Bureau for the World Indoor Track and Field Championships (recommended).
- Allocate \$151,483 in General Fund resources for encumbrance carryover (recommended).
- Transfer \$579,074 to bureaus receiving Innovation Fund grants via Ordinances #187271 and #187367 (recommended).
- Allocate \$1,672 in General Fund support for Citizens' Utility Board Mailers (recommended).
- Allocate \$88,000 in General Fund resources for the Columbia River Levee Project (recommended).

## Discussion

### Transfers to the Bureau of Transportation and Portland Police Bureau

Council approved a grant agreement with Track Town Events via ordinance #187361 for work related to the International Association of Athletics Federations 2016 World Indoor Track & Field Championships. This agreement is funded by Special Appropriations through the FY 2015-16 budget. According to the terms of the agreement, the Bureau of Transportation and the Portland Police Bureau will be reimbursed for their services supporting this event. This request transfers the necessary resources from Special Appropriations to these bureaus according to the agreement. CBO recommends this request.

### *Advance Encumbrance Carryover*

This request appropriates resources for outstanding advances made to grantees in prior years, but which were recovered by fiscal year end. These advances are projected to be recovered and therefore will become expenditures in this fiscal year. CBO recommends this request.

### *Innovation Fund*

The FY 2015-16 budget includes \$1.1 million in General Fund support for Innovation Fund grants to City Bureaus. Council awarded \$579,074 in Innovation Fund grants to bureaus via ordinances #187271 and #187367. In the Fall BMP, funds are being transferred to bureaus receiving these grants. CBO recommends this request.

### *Citizen Utility Board Mailers*

The FY 2015-16 budget includes \$5,000 for the printing and shipping of Citizens' Utility Board mailers. This request appropriates additional resources to match the actual costs of these services. CBO recommends this request.

### *Columbia River Levee Project*

The U.S. Army Corps of Engineers' certification of certain levees in Multnomah County Drainage Districts expired in August 2013. The loss of this certification puts the County at risk of losing levee accreditation under the Federal Emergency Management Agency's (FEMA) National Flood Insurance Program. The City of Portland is one of many partner jurisdictions that are contributing to the cost of assessments and repairs, as allocated by a finance subcommittee which consists of representatives from each of the financial partners. This request appropriates the \$88,000 City share of Levee Ready project management costs that are not eligible for the IFA loan. In addition, the City will be responsible for approximately \$1.0 million in costs related to remediation, which may either be paid in full in FY 2015-16 or amortized over several years. CBO recommends this request.

# Office of Management & Finance

Analyst: Claudio Campuzano

## All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$ 154,356,848	\$ 18,810,081		\$ 173,166,929
Taxes	26,099,650	1,922,850		28,022,500
Licenses & Permits	5,352,500			5,352,500
Charges for Services	69,411,121			69,411,121
Intergovernmental Revenues	10,784,726			10,784,726
Interagency Revenue	148,672,128	357,898	(292,000)	148,738,026
Fund Transfers - Revenue	8,442,202	4,407,172	(3,922,019)	8,927,355
Bond and Note	12,604,127			12,604,127
Miscellaneous	5,079,786	34,035		5,113,821
General Fund Discretionary	15,985,651	1,835,869	(193,000)	17,628,520
General Fund Overhead	10,810,909			10,810,909
<b>Total Resources</b>	<b>\$467,599,648</b>	<b>\$27,367,905</b>	<b>(\$4,407,019)</b>	<b>\$490,560,534</b>
<b>Requirements</b>				
Personnel Services	\$ 78,296,899	\$ 1,767,438	\$ (89,508)	\$ 79,974,829
External Materials and Services	183,572,488	9,406,275	(4,025,511)	188,953,252
Internal Materials and Services	25,977,251	12,206		25,989,457
Capital Outlay	16,828,421	6,947,642	(292,000)	23,484,063
Bond Expenses	21,145,991			21,145,991
Fund Transfers - Expense	5,089,894	-		5,089,894
Contingency	136,688,704	9,234,344		145,923,048
<b>Total Requirements</b>	<b>\$467,599,648</b>	<b>\$27,367,905</b>	<b>(\$4,407,019)</b>	<b>\$490,560,534</b>

## General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
<b>Resources</b>				
Budgeted Beginning Fund Balance	\$ 20,000	\$ 11,729		\$ 31,729
Licenses & Permits	157,500			157,500
Charges for Services	61,992			61,992
Intergovernmental Revenues	2,560,855			2,560,855
Interagency Revenue	8,608,347	(70,363)		8,537,984
Fund Transfers - Revenue	284,060			284,060
Miscellaneous	1,547,301			1,547,301
General Fund Discretionary	15,985,651	1,835,869	(193,000)	17,628,520
General Fund Overhead	10,810,909			10,810,909
<b>Total Resources</b>	<b>\$40,036,615</b>	<b>\$1,777,235</b>	<b>(\$193,000)</b>	<b>\$41,620,850</b>
<b>Requirements</b>				
Personnel Services	\$ 29,533,142	\$ (227,584)	\$ (89,508)	\$ 29,216,050
External Materials and Services	4,965,364	1,970,622	(103,492)	6,832,494
Internal Materials and Services	5,538,109	34,197		5,572,306
<b>Total Requirements</b>	<b>\$40,036,615</b>	<b>\$1,777,235</b>	<b>(\$193,000)</b>	<b>\$41,620,850</b>

## Key Decisions

- Request \$93,000 in new General Fund discretionary for 1.0 FTE in the Revenue Division related to enforcement of Short-Term Rental regulations (not recommended).
- Request \$100,000 in new General Fund discretionary for interagency services provided by the Office of the City Attorney related to Code Hearings Officers resulting from increased enforcement of the Transient Lodging Tax Code (not recommended).
- Request \$75,000 in new General Fund discretionary to upgrade the duress system (i.e. panic alarm) in City Hall and the Portland Building (not recommended).
- Request \$3.8 million from the Capital set-aside funding for major maintenance projects (Capital set-aside recommendations pending; individual projects are not recommended in interim).
- Request to carry over \$1.6 million in encumbrance, project, program, and advance funding (recommended).
- Request \$1.2 million from BTS reserves to fund additional Payment Card Industry compliance activities (recommended).
- Request \$50,000 additional funding from EBS reserves for HCM Processes and Forms (recommended).
- Reduce appropriation by \$450,000 for the Enterprise Asset Management; estimated project cost is now \$900,000 plus \$160,000 for mobile solution and is expected to begin in early FY 2016-17, subsequent to a vendor solicitation this year (recommended).



- Request \$200,000 from BTS contingency for data center assessment (recommended).
- Request an increase of 2.0 FTE in Facilities and reduce 1.0 FTE in Printing & Distribution with the net increase funded internally within the Facilities Division (recommended).
- Request numerous adjustments in the current year and in CAL to address changes in the Fair Wage law (recommended).

### ***Discussion***

Changes to OMF's budget include:

- True-ups for beginning fund balance, much of which funds project carryover in those funds as well as – in the case of several dedicated tax revenue streams – increases to the dedicated pass-through entities; much of the remainder falls to OMF fund contingencies.
- Allocations of salary contingency to fund the cost of living increases in various funds.
- Personnel services changes also include several position changes as discussed below.
- As an internal service provider, the net increase in interagency revenue primarily represents a net increase in service requests from customer bureaus.

OMF is a sizeable organization comprised of a number of bureaus with numerous divisions. Some of the most significant issues are discussed below.

### ***Short-Term Rental Program***

On January 21, 2015, City Council approved Ordinance 186985, which clarified and expanded Revenue Division authority to regulate and tax short term rental activities conducted through booking agent websites such as Airbnb.com and HomeAway.com. The ordinance findings included the Division's intent to request an additional 1.0 FTE for enforcement activities related to the thousands of hosts operating in Portland. The Division has made this request as part of the Fall FY 2015-16 Supplemental Budget.

The request is not recommended at this time. This is an ongoing position, and ongoing resources are not available in the General Fund during supplemental budget processes. Only one-time contingency draws are possible. The bureau has currently reallocated staff to this function from the Unregistered Compliance Team that focuses on bringing Business License Tax payers into compliance. Effectively, any additional resources would be utilized to backfill that position and the decision to do so should be based on the return on investment for that function.

The reallocation to address Short Term Rentals seems appropriate both strategically to create an environment of compliance by educating and encouraging compliance with these new rules and from a return-on-investment perspective; initial efforts will likely yield considerable revenues in relation to expenses. Over the last year, STR revenues have increased by over \$1

million. Between fines and taxes, these revenues should continue to increase over the near term.

CBO acknowledges that the short-term rental enforcement position would likely recover more than the costs associated with it and supports OMF's decision to reallocate internal resources. Despite the lack of available additional General Fund, the bureau should seek to reallocate resources or identify underspending to apply to this program - either from the Revenue Division, elsewhere in BRFS, or from elsewhere in OMF. CBO recommends that this request be brought forth during the FY 2016-17 budget development process for ongoing funding.

### PCI/PPI Compliance

The Bureau of Technology Services request includes a \$1.2 million draw on reserves to fund costs associated with compliance with Payment Card Industry data security standards. PCI compliance is an ongoing function at BTS. This request reflects a one-time increase to augment that ongoing effort to fund a remediation effort that addresses particular deficiencies. The project is underway and has been identified by the City Treasurer as critical to maintaining the City's ability to process credit card transactions. CBO recommends this reserve draw with concerns, based on the recent report to the Technology Oversight Committee from the Quality Assurance vendor (QA). The QA, in the most recent report (October 2015) noted that the schedule for the project is not detailed enough to be considered a reasonable timeline and that no budget has yet been established for the effort. This request represents an effort to establish a budget for this increased effort.

While the funding of this project does not have an immediate BTS customer rate impact, to the degree that this project impacts BTS reserves a replenishment plan will either have project capacity or rate impacts in future years.

### Facilities Changes

There are two changes in the Facilities personnel budget including a limited term conversion of a Principal Management Analyst and a new, ongoing program manager. Both are funded out of external materials and services and will be ongoing reductions to those budget lines going forward.

### Facilities-Police Coordination

There are several requests related to Police facilities that match requests initiated by Police. These include a reduction in the interagency of \$500,000 for major maintenance, a \$485,153 increase in cash transfer from Police for the purchase of an enclave lot within the Kelly Building

parking lot, and a \$784,935 request from capital set-aside funds for water pipe and exterior work at the Justice Center. CBO notes that these various facilities priorities seem to be in conflict; having Police reduce its major maintenance contribution while making the decision to purchase a new asset of marginal benefit, while the Facilities Division requests additional funding for major maintenance projects. The bureau notes that Police and the Facilities Division develop major maintenance plans together and meet regularly to discuss projects and changes to plans. Nonetheless, based on the conflicting priorities and communication issues that became apparent through the various requests, CBO recommends that Facilities and Police work together to develop a comprehensive condition assessment and a long term investment profile and funding plan that addresses the risks and desired/required levels of service for facilities utilized by Police.

### FTE Changes

In addition to the 2.0 FTE added in Facilities, Printing & Distribution is eliminating a position that previously provided microfilm services. The position has been vacant since June 2014 and was not included in the FY 2015-16 rates or IAs. In addition, the Bureau of Internal Business Services (BIBS) is shifting funding from external materials and services to fund two Community Service Aide positions, one to provide additional administrative support for the BIBS organization and the other to provide staff support to the new Equitable Contracting and Purchasing Commission established by the Mayor's Office.

### Fair Wage Impacts

On May 13, 2015, City Council passed an ordinance adopting code changes to chapter 3.99 Fair Wage Policies. This supplemental budget reflects the cost impact of these code changes to facilities that OMF manages and the resulting impact to supported bureaus and their interagency agreements. Increases to General Fund and non-General Fund bureau interagencies for Facilities related to Fair Wage total \$315,733. General Fund bureaus have been provided with additional funding to cover these increased IA costs and Current Appropriation Levels will be adjusted accordingly.