City Budget Office

Requested Budget

FY 2016-17

Office of Mayor Charlie Hales
City of Portland

TO: Commissioner Fish
Commissioner Fritz
Commissioner Novick
Commissioner Saltzman
Auditor Hull Caballero
City Budget Office

FROM: Mayor Charlie Hales

DATE: February 1, 2016

SUBJECT: City Budget Office FY 2016-17 Requested Budget

Attached for your consideration is the FY 2016-17 Requested Budget for the City Budget Office. As required, the budget includes a 5% reduction option that would eliminate a limited term Assistant Financial Analyst position. The budget also includes a request for $1 million of one-time General Fund discretionary and overhead funds to replace the City's current budget preparation software.

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

1221 SW Fourth Avenue, Suite 340 ♦ Portland, Oregon 97204
MayorCahrlieHales@PortlandOregon.gov

CITY BUDGET OFFICE

Charlie Hales, Mayor
Nick Fish, Commissioner
Amanda Fritz, Commissioner
Steve Novick, Commissioner
Dan Saltzman, Commissioner
Mary Hull Caballero, Auditor

Andrew Scott, Director

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CITY OF PORTLAND, OREGON

FY 2016-17 Budget Advisory Committee Report

The City Budget Office Budget Advisory Committee convened on January 19, 2016. The committee members include Donald Wood (citizen and Citywide Community Budget Advisor), Katie Shriver (Commissioner Novick's Office), and Judith Mowry (Office of Equity & Human Rights). Donald Wood was unable to attend the meeting, but he received all the materials that were discussed, and provided feedback via email.

The committee reviewed the office's base budget by line item and concurred with the expected expenditures for the fiscal year. The committee would like to see the office expand its budget outreach by providing more "Budget 101" training opportunities to underrepresented groups and by identifying ways to better utilize online resources to gather public testimony.

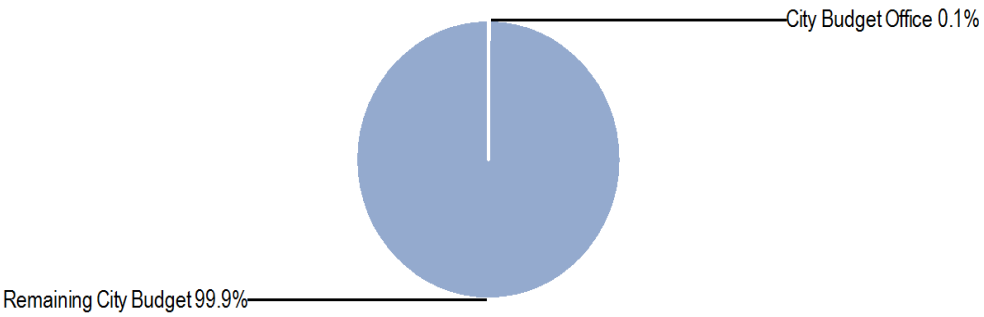
The committee is very supportive of the office's funding request to replace its aging budget software system. In regards to the office's 5% reduction option, while the committee believes that the office could manage the loss of the position, it is concerned that the position reduction may reduce the office's ability to provide a transparent budget process with the necessary community outreach. Given the small size of the office, eliminating another analyst position may have a significant impact on the office's ability to achieve its goals.

City Budget Office

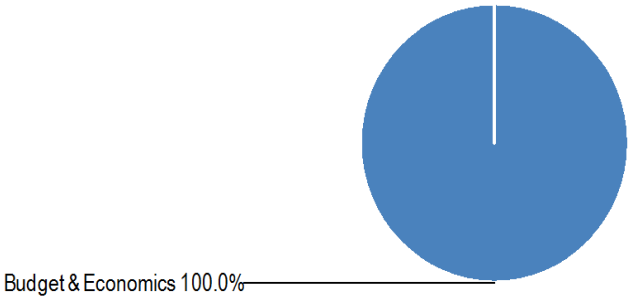
City Support Services Service Area

Mayor Charlie Hales, Commissioner-in-Charge
Andrew Scott, Director

Percent of City Budget

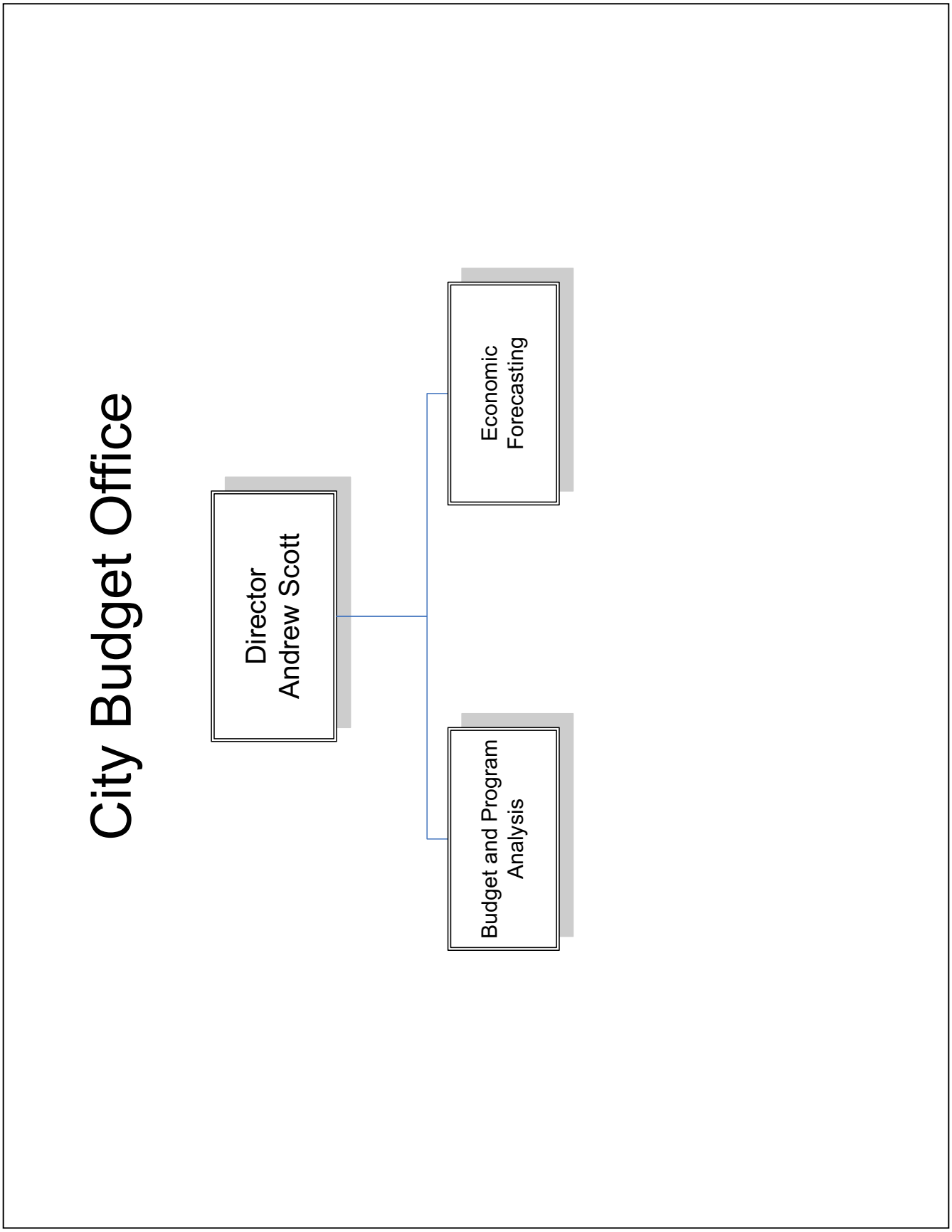


Bureau Programs



Bureau Overview

Expenditures	Revised FY 2015-16	Requested FY 2016-17	Change from Prior Year	Percent Change
Operating	2,358,688	3,291,922	933,234	39.57
Capital	0	0	0	0.00
Total Requirements	**2,358,688**	**3,291,922**	**933,234**	**39.57**
Authorized Positions	15.00	14.00	(1.00)	(6.67)


City Budget Office
Director
Andrew Scott
Economic
Forecasting
Budget and Program
Analysis

Bureau Summary

Bureau Mission

The City Budget Office provides timely, accurate, and unfiltered information and analysis regarding budgeting, forecasting, and fiscal policy issues to the Mayor, Commissioners, City Auditor, City bureaus, and the public.

Bureau Overview

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

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

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

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

Strategic Direction

Bureau Goals

The bureau focuses its efforts on achieving excellence in four primary areas: budget processes, Council deliverables, budget and policy analysis, and communications.

Budget Processes

A core function of the office is to manage the budget development and budget monitoring processes. The office works with City Council and City bureaus to eliminate inefficient processes and practices through lean process improvement strategies.

Council Deliverables

The office will continue to deliver high quality work products to Council (e.g. budget reviews, budget monitoring reports, and special studies) through peer reviews, training, and a consistent analytical approach.

Budget and Policy Analysis

The office strives to have a deep knowledge and understanding of the relevant issues within a bureau and the analytical skill to evaluate them. The office plans to increase its focus on connecting bureau budgets, operations, and performance to better identify the public value of City services.

Communications

The office is refining its communication efforts to ensure that its analysis and reporting is shared in a way that positively impacts the decision-making process. These efforts include developing a communications strategy, strengthening relationships with City bureaus and Elected Officials, and providing City dashboards to help explain budget and performance data to the public.

Addressing City Plans

The bureau's efforts towards City adopted plans are primarily focused on the Portland Plan. The Portland Plan includes three action items where CBO is the shared lead with the Bureau of Planning & Sustainability. These action items focus on developing a budget process that incorporates Portland Plan priorities, goals, and measures into the decision making process. In the FY 2015-16 Adopted Budget, the bureau received funding for a position that is dedicated to performance management efforts across the City. Part of this effort includes developing and tracking performance measures that align with the Portland Plan. The position was funded with ongoing resources, so the bureau does not expect any fiscal barriers to continue this work.

Although the bureau is involved in analyzing other City plans such as the Climate Action Plan, East Portland Action Plan, and Comprehensive Plan, it does not have a role in the direct implementation of those plans.

Budget & Economics

Description

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

Goals

Budget and Economics supports the Citywide goal of delivering efficient, effective, and accountable municipal services. The City Budget Office completed a strategic planning effort in FY 2014-15, which identified four goals for the future: improving processes, improving deliverables, improving analysis, and improving communications.

Performance

As a result of enhanced performance management efforts, the office created six new measures in FY 2015-16. Although the majority of the measures track performance in areas where the office has little to no control over outcomes, they are valuable measures when tracking the success of the City's overall budget process. In particular, the office is working with City asset managers to find options to reduce the annual repair, rehabilitation, and replacement funding gap. Addressing the funding gap will prevent further deterioration of the City's assets and put the City on a more sustainable funding path.

Changes to Services and Activities

The FY 2016-17 Requested Budget includes a decision package to eliminate a limited term Assistant Financial Analyst position as part of the 5% reduction target, and a request to replace the City's aging budget software system.

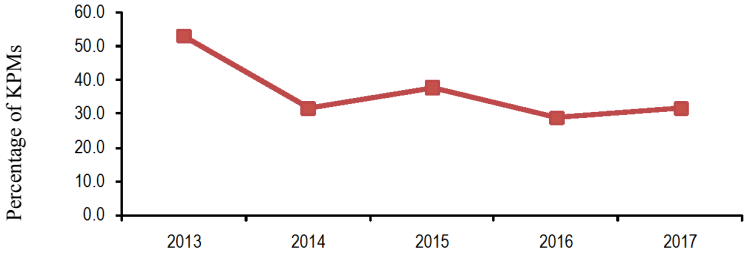
FTE & Financials	Actual FY 2013-14	Actual FY 2014-15	Revised FY 2015-16	Requested No DP FY 2016-17	Requested FY 2016-17
FTE	12.58	13.00	15.00	15.00	14.00
Expenditures					
Budget & Economics	1,816,713	1,915,924	2,358,688	2,402,008	3,291,922
Total Expenditures	**1,816,713**	**1,915,924**	**2,358,688**	**2,402,008**	**3,291,922**

Performance	Actual FY 2013-14	Actual FY 2014-15	Yr End Est. FY 2015-16	Base FY 2016-17	Target FY 2016-17
Key Performance Measure					
Percentage of City KPMs with positive year over year results	31.8%	37.9%	29.0%	24.7%	31.8%
Annual repair, rehabilitation, & replacement funding gap (Citywide)	$222,800,000	$241,600,000	$267,800,000	$280,000,000	$280,000,000
Percentage of capital project funding that is expended on repair, rehabilitation, & replacement	60.7%	63.1%	70.9%	71.0%	71.0%
Customer service rating (5pt scale)	4.09	3.98	4.35	4.35	4.25
Effectiveness					
Number of instances financial policies were waived by Council	0	0	8	5	5
Received GFOA budget presentation award (1=yes, 0=no)	1	1	1	1	1

Performance Measures

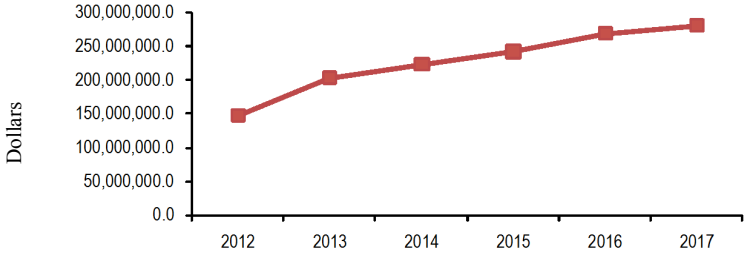
City KPMs with Positive Year-Over-Year Results

With effective implementation of the Citywide performance management initiative, the goal is for measures to largely trend in the positive direction. However, KPMs with stable year over year performance impact this measure negatively, and resource limitations may lead to negative year over year trends.



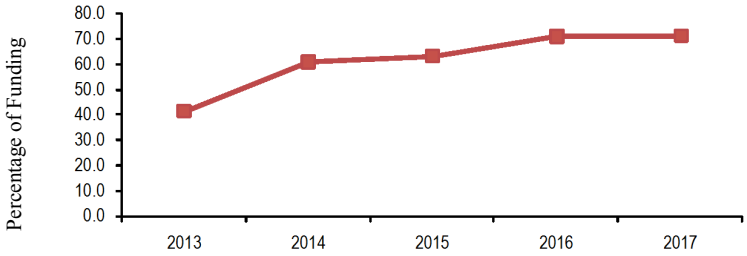
Annual Replacement/Repair/Rehabilitation Capital Funding Gap (Citywide)

The annual funding gap has steadily increased over the last few years. The 2015 Citywide Assest Report expects the funding gap to continue to increase over the next ten years.



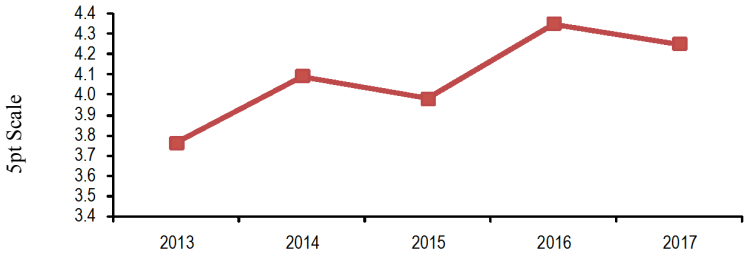
Percentage of Capital Project Funding on Replacement, Repair, or Rehabilitation

The passage of Resolution #34423 dedicated at least 50% of General Fund one-time resources to infrastructure maintenance or replacement. The addition of these funds, and the bureaus' continued efforts in regards to asset management, are responsible for the positive trend in this measure.



Customer Service Rating

The measure depicts the bureau's customer service rating on a 5 point scale, with a 1 reflecting poor customer service and a 5 for outstanding service. The rating is expected to decrease due to the elimination of a financial analyst position as part of the bureau's 5% reduction options.



	Actual FY 2013-14	Actual FY 2014-15	Revised FY 2015-16	Requested No DP FY 2016-17	Requested FY 2016-17
Resources					
External Revenues					
Miscellaneous	309	0	0	0	0
Total External Revenues	**309**	**0**	**0**	**0**	**0**
Internal Revenues					
General Fund Discretionary	667,280	857,469	1,017,570	1,002,692	1,407,970
General Fund Overhead	1,149,124	1,058,455	1,140,700	1,199,030	1,683,666
Interagency Revenue	0	0	200,418	200,286	200,286
Total Internal Revenues	**1,816,404**	**1,915,924**	**2,358,688**	**2,402,008**	**3,291,922**
Beginning Fund Balance	0	0	0	0	0
Total Resources	**$1,816,713**	**$1,915,924**	**$2,358,688**	**$2,402,008**	**$3,291,922**
Requirements					
Bureau Expenditures					
Personnel Services	1,440,953	1,547,751	1,993,089	2,019,333	1,919,069
External Materials and Services	167,793	175,548	186,388	191,550	1,183,400
Internal Materials and Services	207,967	192,625	179,211	191,125	189,453
Total Bureau Expenditures	**1,816,713**	**1,915,924**	**2,358,688**	**2,402,008**	**3,291,922**
Fund Expenditures					
Total Fund Expenditures	**0**	**0**	**0**	**0**	**0**
Ending Fund Balance	0	0	0	0	0
Total Requirements	**$1,816,713**	**$1,915,924**	**$2,358,688**	**$2,402,008**	**$3,291,922**
Programs					
Budget & Economics	1,816,713	1,915,924	2,358,688	2,402,008	3,291,922
Total Programs	**1,816,713**	**$1,915,924**	**$2,358,688**	**$2,402,008**	**$3,291,922**

		Salary Range		Revised FY 2015-16		Requested No DP FY 2016-17		Requested FY 2016-17	
Class	Title	Minimum	Maximum	No.	Amount	No.	Amount	No.	Amount
30000434	Administrative Assistant	49,275	75,899	1.00	68,166	1.00	70,956	1.00	70,956
30002040	Budget Director, Assistant	88,275	117,562	1.00	117,564	1.00	117,564	1.00	117,564
30000570	Budget Director, City	101,962	142,397	1.00	142,392	1.00	142,392	1.00	142,392
30000578	Economist, City	88,275	117,562	1.00	117,564	1.00	117,564	1.00	117,564
30000566	Financial Analyst, Assistant	49,275	75,899	1.00	61,578	2.00	123,156	2.00	123,156
30000569	Financial Analyst, Principal	82,098	109,346	3.00	310,050	3.00	320,408	3.00	320,408
30000568	Financial Analyst, Sr	69,285	92,498	5.00	418,846	4.00	357,701	4.00	357,701
30000452	Management Analyst, Sr	69,285	92,498	1.00	78,000	1.00	80,403	1.00	80,403
TOTAL FULL-TIME POSITIONS				14.00	1,314,160	14.00	1,330,144	14.00	1,330,144
TOTAL PART-TIME POSITIONS				0.00	0	0.00	0	0.00	0
30000566	Financial Analyst, Assistant	49,275	75,899	1.00	50,926	1.00	69,120	0.00	0
TOTAL LIMITED TERM POSITIONS				1.00	50,926	1.00	69,120	0.00	0
GRAND TOTAL				15.00	1,365,086	15.00	1,399,264	14.00	1,330,144

Decision Package Summary

Bureau: City Budget Office

Priority: 01

Type: Reductions

Decision Package: BO_01 - Eliminate LT Asst. Financial Analyst

Program: Budget and Economics

	FY 2016-17 Requested 1 Time DP	FY 2016-17 Requested Ongoing DP	FY 2016-17 Requested Budget	FY 2017-18 Estimated Budget	FY 2018-19 Estimated Budget	FY 2019-20 Estimated Budget	FY 2020-21 Estimated Budget	
EXPENDITURES								
Personnel Services	0	(100,264)	(100,264)	0	0	0	0	0
External Materials and Services	0	(8,150)	(8,150)	0	0	0	0	0
Internal Materials and Services	0	(1,672)	(1,672)	0	0	0	0	0
TOTAL EXPENDITURES	**0**	**(110,086)**	**(110,086)**	**0**	**0**	**0**	**0**	**0**
REVENUES								
General Fund Discretionary	0	(50,134)	(50,134)	0	0	0	0	0
General Fund Overhead	0	(59,952)	(59,952)	0	0	0	0	0
TOTAL REVENUES	**0**	**(110,086)**	**(110,086)**	**0**	**0**	**0**	**0**	**0**
FTE								
Limited Term Positions	0.00	-1.00	-1.00	0.00	0.00	0.00	0.00	0.00
TOTAL FTE	0.00	-1.00	-1.00	0.00	0.00	0.00	0.00	0.00

Description:

The package eliminates a limited term Assistant Financial Analyst position and related materials and services. In addition, the bureau also replaced its existing subscription for economic data received from Moody's with an agreement for the same services from Portland State University. The new agreement will save the bureau $5,000 per year and will provide more localized economic data.

Expected Results:

The limited term analyst position is assigned to analyze a portfolio of bureaus and is responsible for various special projects. If eliminated, the portfolio and special project assignments will be transferred to other analysts. The increased workload on existing analysts will reduce the amount of time available for more in depth analysis and special projects as requested by Council. Given the increased workload, it is also expected that the bureau's customer service rating (a key performance measure) will be negatively affected - dropping from a goal of 4.35 to 4.25 on a 5-point scale.

Decision Package Summary

Bureau: City Budget Office

Priority: 01

Type: Adds

Decision Package: BO_02 - Replace Budget Software System

Program: Budget & Economics

	FY 2016-17 Requested 1 Time DP	FY 2016-17 Requested Ongoing DP	FY 2016-17 Requested Budget	FY 2017-18 Estimated Budget	FY 2018-19 Estimated Budget	FY 2019-20 Estimated Budget	FY 2020-21 Estimated Budget	
EXPENDITURES								
External Materials and Services	1,000,000	0	1,000,000	0	0	0	0	0
TOTAL EXPENDITURES	**1,000,000**	**0**	**1,000,000**	**0**	**0**	**0**	**0**	**0**
REVENUES								
General Fund Discretionary	455,412	0	455,412	0	0	0	0	0
General Fund Overhead	544,588	0	544,588	0	0	0	0	0
TOTAL REVENUES	**1,000,000**	**0**	**1,000,000**	**0**	**0**	**0**	**0**	**0**

Description:

The City implemented its current budget preparation software (BRASS) in 2003. Although the software continues to provide the basic tools for budget preparation and monitoring, it is currently operating on out-of-date and soon to be unsupported hardware. The City Budget Office believes it is in the City's best interest to replace BRASS with a software that is more actively supported by the vendor, including opportunities for future enhancements.

Expected Results:

Replacing the existing software will ensure that the City remains on a supported environment in the future. The technology surrounding budget implementation software has seen great improvements over the last 11 years since the City purchased BRASS. Implementing these improvements could reduce time spent on data entry and processing, and enhance our capabilities in regards to performance budgeting.

Budget Equity Assessment Tool

CITY POLICY

This Budget Equity Assessment Tool is a general set of questions to guide city bureaus and their Budget Advisory Committees in assessing how budget requests benefit and/or burden communities, specifically communities of color and people with disabilities. As noted in Portland's 25-year strategic plan, the Portland Plan, Goal-Based Budgeting, and page 102:

When fully implemented, the new budget approach will direct City of Portland bureaus and offices to:

- Use an asset management approach to achieve more equitable service levels across communities and geographies.
- Track and report on service levels and investments by community and geography, including expanding the budget mapping process
- Assess the equity and social impacts of budget requests to ensure programs, projects and other investments to help reduce disparities and promote service level equity, improve participation and support leadership development.
- Identify whether budget requests advance equity, represent a strategic change to improve efficiency and service levels and/or are needed to provide for basic public welfare, health and/or meet all applicable national and state regulatory standards.

It is the policy of the City of Portland that no person shall be denied the benefits of, or be subjected to, discrimination in any City program, service, or activity on the grounds of race, color, national origin, English proficiency, sex, age, disability, religion, sexual orientation, gender identity, or source of income. Additionally, the City's Civil Rights Title VI program guidelines obligate public entities to develop systems and procedures that guard against or proactively prevent discrimination, while simultaneously ensuring equitable impacts on all persons. Therefore, City bureaus may find this tool helpful when evaluating equitable impacts on all residents.

The Office of Equity and Human Rights is also available for discussion/training/consultation regarding the use of this document.

City Budget Office
BUREAU/OFFICE/DEPARTMENT

SECTION ONE: BASE BUDGET

What considerations were taken into account in this request to maximize equity?

The City Budget Office reviewed its budget outreach efforts with its BAC (which includes a staff member from the Office of Equity and Human Rights) to ensure that our methods and public meeting locations attract persons of color and persons with disabilities. The base budget also includes funding for interpretation, community liaisons, and translation services for the public hearings held in the community.

In addition, CBO continues to train its analysts to incorporate equity considerations into budget reviews. Equity has been added as one of the primary criteria that analysts are to use when making recommendations to Council regarding a program. We continue to look for ways to provide information to the public that will allow them to measure the City's equity efforts, such as maps showing budget expenditures throughout the City and bureau and Council performance dashboards.

SECTION TWO: DECISION PACKAGES

If your bureau or office has multiple decision packages, please address each one separately.

1. How does this program or service align with the goal of advancing equity?
    a. Identify all Citywide Goals and or Strategies you are using:
        i. http://www.portlandoregon.gov/oehr/article/537589

    The City Budget Office has submitted two decision packages. The first eliminates a limited term position as part of our 5% required reduction. As stated below, this may have an adverse effect on our efforts to hire new diverse employees. The second package requests funding to replace our aging budget development software which should have no impact on equity goals or strategies.

2. What areas of the city will be impacted by your program or service and is there a larger than average population of people of color in those areas?

    The services of the City Budget Office are delivered citywide, and neither decision package has an impact on a specific geographic area or community within the city.

3. Identify potential impacts on people living with a disability. (See Attached Worksheet)

    Neither decision package has an impact on people living with a disability.

4. Identify impacts on workforce demographics. (Goal #1)

    The limited term position included in our reduction package is currently vacant, and therefore has no direct impact on our workforce demographics. However, if the reduction package is

taken, it will impact the bureau's ability to bring on new diverse employees since this entry-level position is an avenue to recruit talented professionals in the early stages of their careers in governmental budgeting.

Section THREE: EQUITABLE ENGAGEMENT AND ACCESS (Goal #2)

How does this budget build the bureaus capacity to engage with and include communities most impacted by inequities? (e.g., improved leadership opportunities, advisory committees, commissions, targeted community meetings, stakeholder groups, increased outreach, etc.)

The City Budget Office holds public budget forums in various areas of the city every year. We also provide small grants for community groups to hold budget events in their communities. The events include budget trainings, question & answer sessions, or other activities as requested by the group. These small group settings are much less formal than the larger public hearings and provide a less stressful environment for citizens to ask questions. The budget also includes funding for the use of Community Engagement Liaisons, interpretation services, and translation services in our budget outreach efforts in order to ensure that everyone has an opportunity to participate in the public budgeting process.

Identifying Impacts Worksheet

Once you have identified the populations/communities impacted, use the following chart to name the potential burdens and benefits.

Populations Impacted	Potential Positive Impacts	Potential Negative Impacts
Communities most impacted by inequities	Increased participation in the budget process through budget forums, hearings, trainings, and the use of Community Engagement Liaisons.	None identified

Andrew Scott, Budget Director

1/29/16
Date

Rev: October 2014