

CITY BUDGET OFFICE

Charlie Hales, Mayor
Nick Fish, Commissioner
Amanda Fritz, Commissioner
Steve Novick, Commissioner
Dan Saltzman, Commissioner
LaVonne Griffin-Valade, Auditor



Andrew Scott, Director
(503) 823-6925
1120 SW 5th Ave, Suite 1300
Portland, Oregon 97204-1912
www.portlandonline.com/citybudgetoffice

CITY OF PORTLAND, OREGON

TO: City Budget Office

FROM: Andrew Scott, Budget Director *AS*

DATE: September 12, 2016

SUBJECT: City Budget Office FY 2016-17 Fall BMP

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

1. Summary of Budget Adjustments. The City Budget Office is requesting funding to replace the City's budget software.
2. Prior year budget to actual reconciliation report
3. Updates on FY 2015-16 budget notes and decision packages
4. Prior year performance data

**CBO Discussion and Recommendations
FY 2016-17 Fall BMP**

Bureau: City Budget Office

Type: Capital Set-Aside Request

Request: BO_001 - Budget Software Replacement

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

Bureau Description:

The City implemented its current budget preparation software (BRASS) in 2003. When the City adopted Windows 10 as its operating system in 2016, the vendor who supports BRASS notified the City that the software's platform will not be updated to support Windows 10. Initial estimates from our existing vendor and estimates from SAP (our Citywide ERP system) show the costs of a new system in the \$1 million to \$3.5 million range. If funds are awarded in FY 2016-17, it is expected that a new system will be available for the start of the FY 2018-19 budget process.

Without a new system, all users of BRASS will need to remain on Windows 7 machines which will not comply with BTS lifecycle replacement policies.

CBO Discussion and Recommendation

City Budget Office Performance Measures

Performance Measure	Type	FY 2013-14 Year-End Actuals	FY 2014-15 Year-End Actuals	FY 2015-16 Adopted Budget	FY 2015-16 Year-End Actuals	FY 2016-17 Adopted Budget
BO_0001 - Percentage of City KPMs with positive year-over-year results	KPM	31.8%	37.9%	52.5%	0.0%	33.7%
BO_0002 - Number of instances financial policies were waived by Council	EFFECTIVE	0	0	0	8	5
BO_0003 - Annual repair, rehabilitation, & replacement funding gap (Citywide)	KPM	\$222,800,000	\$241,600,000	\$260,000,000	\$267,800,000	\$280,000,000
BO_0004 - Percentage of capital project funding that is expended on repair, rehabilitation, & replacement	EFFICIENCY	60.7%	63.1%	72.1%	64.0%	63.7%
BO_0005 - Customer service rating (5pt scale)	KPM	4.09	3.98	4.35	4.37	4.35
BO_0006 - Received GFOA budget presentation award (1=yes, 0=no)	EFFECTIVE	1	1	1	1	1

Performance Measure Variance Descriptions

BO_0001 - Prior year actual data for this measure cannot be calculated until all Fall BMP submissions are received by the City Budget Office. Historical figures have been moving in a positive direction with a goal of 60% showing positive year-over-year results by 2025.

BO_002 - The office didn't start tracking the frequency that financial policies were waived until FY 2015-16. Furthermore, language for waiving financial policies on grant ordinances that did not undergo a competitive bid process were not previously enforced.

BO_003 - The annual repair, rehabilitation, and replacement funding gap continues to increase Citywide. The goal of erasing the \$267.8 million funding gap by 2025 is probably unattainable unless the City Council makes significant investments in infrastructure maintenance over the next 5-10 years. Council recently approved a change to financial policies to allocate 50% of available one-time General Fund resources to infrastructure maintenance. This policy change has slowed the rate of growth of the deficit, but has yet to reverse the trend.

BO_005 - The City Budget Office's customer service rating significantly increased between FY 2014-15 and FY 2015-16. The office's goal of receiving a 4.75 (5-point scale) approval rating by 2025 can be achieved if these efforts continue to be a focus of the bureau's strategic planning.

Prior Year Business Area Reconciliation Report

	FY 2015-16 Revised Budget	FY 2015-16 Year-End Actuals	Percent of Actuals to Revised
City Budget Office			
EXPENDITURES			
Personnel Services	\$1,788,681	\$1,756,441	98%
External Materials and Services	\$204,388	\$215,024	105%
Internal Materials and Services	\$202,111	\$196,399	97%
TOTAL EXPENDITURES	\$2,195,180	\$2,167,864	99%
REVENUES			
Interagency Revenue	\$116,910	\$107,677	92%
General Fund Discretionary	\$937,570	\$0	0%
General Fund Overhead	\$1,140,700	\$0	0%
TOTAL REVENUES	\$2,195,180	\$107,677	5%

Bureau Reconciliation Narrative

Total expenditures were within 1% of budget. External materials and services were overspent by approximately \$11,000. The bureau had personnel services savings due to vacancies that were reprogrammed for external materials and services expenses such as process improvement training and replacing the office copier. Since overspending a major object category is not a violation of State Budget Law, the bureau did not believe it was necessary to move the budget appropriation to match the actual expenses.