

FY 2016-17

Fall Supplemental Budget

CITY BUDGET OFFICE ANALYSIS AND
RECOMMENDATIONS

PREPARED: OCTOBER 2016

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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 is scheduled to be released on October 20, 2016.

Beginning Balance and Available Contingency

CBO estimates \$7.96 million in excess beginning General Fund balance is available for re-appropriation in the FY 2016-17 fall supplemental budget process. The City Budget Office forecasts revenues and expenditures conservatively during the course of the year; as such, this is the expected level of excess balance during an economic expansion. The excess balance is calculated using estimated prior year ending balance less encumbrance and program carryovers, as shown below.

FY 2016-17 Excess Beginning Balance	
Available Beginning Balance, per Year End Accounting	44,155,969
<i>Adjustments per Financial Policy</i>	
Recommended Bureau Open Encumbrance Carryovers	(8,445,171)
Recommended Program Carryover	(715,005)
Budgeted Beginning Fund Balance	(27,039,794)
Available "Excess" Beginning Balance	7,955,999
Capital Set Aside 50%	3,978,000
Unrestricted Contingency 50%	3,977,999

Per City policy, at least half of this balance (\$3.98 million) should be dedicated to maintenance and replacement of existing assets, with the remainder being allocated to unrestricted General Fund contingency.

The FY 2016-17 Adopted Budget included \$1.95 million in unrestricted General Fund contingency; adding the excess balance yields \$5.93 million in unrestricted 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.

City Budget Office Recommendations

In total, bureaus submitted 259 decision packages requesting budget changes for Council consideration in the fall supplemental budget. The majority of these packages (66%) were new (non-technical or encumbrance-related) requests. CBO reviewed each request and provides detailed analysis and recommendations in the bureau sections of this document, as well as in the Fall Supplemental Budget Decision Packages report posted on the [CBO webpage](#).

Bureaus requested a total of \$59.25 million in major maintenance and infrastructure project funding from the capital set-aside account. Since FY 2014-15, a citywide Capital Set-Aside Validation Committee has been responsible for evaluating and ranking all projects requesting funds from the Capital Set-Aside account, using agreed-upon criteria such as risk of fatality and magnitude of service impacts. For this supplemental budget, the committee ranked and scored twenty projects; in accordance with available capital set-aside balance, CBO recommends appropriating \$3.98 million towards the following projects:

Project Rank	CBO Recommended Capital Set-Aside Projects	Amount Requested	Amount Funded
1	Traffic Signal Reconstruction Program (PBOT)	950,000	950,000
4	Traffic Signal System Local Controller (PBOT)	4,500,000	864,000
6	SWCC Natatorium Roof (Parks)	1,300,000	1,300,000
7	Boiler Replacement (Parks)	750,000	750,000
8	Overhead Door Replacement (Fire)	120,000	120,000
TOTAL		7,620,000	3,984,000

Bureaus requested a total of \$20.59 million in new General Fund support for non-Capital related projects and programs. CBO recommends appropriating \$3.86 million of unrestricted contingency towards requested projects, as summarized below:

CBO Recommended New Requests	
Data Center Relocation pre-pay	2,103,612
Budget Software	1,000,000
Springwater Corridor Requests	286,483
Parks Health, Safety, and Environment	200,000
Technical Adjustments	96,515
Other urgent and unforeseen requests	169,534
Supplement Capital Set Aside	6,000
Total Recommended New Requests	3,862,144
Recommended Returns to the General Fund	(169,156)
Remaining Available Contingency	2,232,976

In addition, two decision packages that are returning \$156,364 to the General Fund. Approving these requests leaves an unrestricted General Fund contingency balance of \$2.23 million for the remainder of FY 2016-17.

General Fund Summary

CBO Recommended General Fund Allocations

As shown in the General Fund Reconciliation table at the end of this section, CBO makes the following recommendations in the Fall BMP:

Encumbrance Carryover

As prescribed in City Financial Policy 2.04, CBO recommends encumbrance and advance carryovers of \$8.45 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 but the good or service has not yet been delivered.

Capital Set-Aside

Per City Financial Policy, CBO recommends **\$3.98 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 \$59.25 million of capital projects requested. The citywide Capital Set-Aside Committee ranked 20 projects (one project was deemed by the committee to not be eligible for set-aside funds since it provides a service enhancement rather than asset maintenance). The City Budget Office recommends projects in the order they were recommended by the Committee, with the following exceptions:

- Bridge Replacement at NE 42nd (\$10,489,150 – PBOT – ranked 2nd). This project is not recommended because the required resources exceed available funds.
- Halprin Sequence Restoration (\$1,500,000 – Parks – ranked 3rd). This project ranked third due to safety hazards and service disruption (greater than 10,000 customers). CBO is not recommending funding because an alternative solution to the most critical risk due to the outdated electrical vault would be to turn the fountains off; this would yield a service impact but CBO believes that the failure of other Parks assets, such as the Southwest Community Center roof or boilers in three other community centers, would likely cause more severe service impacts.
- Street Lighting Safety and Efficiency (\$600,000 – PBOT – ranked 5th). Similar to the traffic signal local controller project (for which CBO recommends funding \$864,000), this multi-year project involves infrastructure replacement at several locations around the City. Having already recommended funding for two PBOT projects, CBO opted to recommend the next-highest ranked projects from other bureaus that also have multi-million-dollar maintenance backlogs.

Program Carryover

CBO recommends a total of **\$0.72 million** for projects that were approved for carryover by Council during the FY 2015-16 Over-Expenditure Ordinance. These include funding originally in PHB's budget for shelter siting and improvement costs (\$664,546 total, requested by PHB and OMF); \$20,000 originally in the Mayor's Office for OMF campsite costs, and \$30,479 originally in ONI's budget and granted to the Police Bureau through an East Portland Action Plan grant award.

New Requests

Bureaus submitted \$20.59 million in requests for new programming and projects. Over half of these requests (\$11.65 million) are for PBOT proposed projects. CBO has recommended **\$3.86 million** of the requests, focusing only on those requests that are urgent and unforeseen. This total includes the recommendation to set aside \$2.1 million for data center relocation costs in a policy reserve for FY 2017-18. In the FY 2016-17 Adopted Budget, Council allocated funding for the first year costs of the data center relocation project and directed the City Budget Office to add \$2,103,612 of one-time General Fund resources to the Current Appropriation Level targets of General Fund bureaus in FY 2017-18 for the second year costs. The resources to offset the future year expenses have not yet been identified; CBO thus recommends using current year excess balance to fund this commitment.

A full list of bureau requests for new General Fund resources and subsequent CBO recommendations can be viewed in the General Fund Reconciliation report, provided below.

General Fund Reconciliation

Exhibit #4

	<u>Bureau Request</u>	<u>CBO Recommendations</u>
Capital Set-Aside Request		
Bureau of Emergency Communications - Fac - GFCSA - PCC A/C Centralization (MF_05	\$405,107	\$0
Commissioner of Public Affairs - Fac - GFCSA - City Hall Exterior Masonry (MF_048)	\$171,476	\$0
Commissioner of Public Safety - Fac - GFCSA - City Hall Exterior Masonry (MF_048)	\$159,956	\$0
Commissioner of Public Utilities - Fac - GFCSA - City Hall Exterior Masonry (MF_048)	\$171,089	\$0
Commissioner of Public Works - Fac - GFCSA - City Hall Exterior Masonry (MF_048)	\$158,990	\$0
Office of Government Relations - Fac - GFCSA - City Hall Exterior Masonry (MF_048)	\$88,482	\$0
Office of Neighborhood Involvement - Fac - GFCSA - City Hall Exterior Masonry (MF_048)	\$210,905	\$0
Office of the City Attorney - Fac - GFCSA - City Hall Exterior Masonry (MF_048)	\$747,557	\$0
Office of the Mayor - Fac - GFCSA - City Hall Exterior Masonry (MF_048)	\$333,017	\$0
Portland Bureau of Transportation - GF Request - Major Maintenance & Infrastructure (TI	\$50,485,835	\$1,814,000
Portland Fire & Rescue - Capital Project -Burn Building Repairs (FR_004)	\$20,000	\$0
Portland Fire & Rescue - Capital Request - Overhead Door Replacement (FR_005)	\$120,000	\$120,000
Portland Parks & Recreation - Fall - Capital Set-Aside - Halprin Sequence (PK_009)	\$1,500,000	\$0
Portland Parks & Recreation - Fall - Capital Set-Aside - Boiler Replacements (PK_010)	\$750,000	\$750,000
Portland Parks & Recreation - Fall - Capital Set-Aside - CC Fire & Life Safety (PK_011)	\$750,000	\$0
Portland Parks & Recreation - Fall - Capital Set-Aside - SWCC Natatorium Roof (PK_012)	\$1,300,000	\$1,300,000
Portland Parks & Recreation - Fall - Capital Set-Aside - Montavilla CC Roof (PK_013)	\$1,877,000	\$0
Total Capital Set-Aside Request	\$59,249,414	\$3,984,000

Encumbrance Carryover Request		
Bureau of Planning & Sustainability - ENCUMBRANCE CARRYOVER (PN_001)	\$96,967	\$96,967
Commissioner of Public Affairs - GCDV - Encumbrance Carry-Overs (PA_001)	\$110,178	\$110,178
Commissioner of Public Utilities - Commissioner of Public Utilities - Enc Carryover (PU_0	\$14,974	\$14,974
Office of Equity & Human Rights - Encumbrance Carryover (OE_004)	\$2,000	\$2,000
Office of Management & Finance - OMF General Fund - Encumbrance Carryovers (MF_0	\$696,760	\$696,760
Office of Neighborhood Involvement - Encumbrance carryovers (NI_002)	\$80,476	\$80,476
Office of Neighborhood Involvement - Advance Encumbrance Carryover (NI_003)	\$294,617	\$294,617
Portland Bureau of Emergency Management - Encumbrance Carryover (EM_002)	\$18,149	\$18,149
Portland Development Commission - Encumbrance Carryover (ZD_001)	\$44,000	\$34,000
Portland Fire & Rescue - External M&S/Capital Encumbrance Carryovers (FR_006)	\$2,580,871	\$2,580,871
Portland Housing Bureau - General Fund Encumbrance Carryover (HC_002)	\$684,072	\$684,072
Portland Parks & Recreation - Fall - Encumbrance Carryover (PK_003)	\$451,811	\$451,811
Portland Police Bureau - PPB encumbrance carryover (PL_001)	\$3,198,295	\$3,198,295
Special Appropriations - OYVP - Encumbrance Carry-Over (SA_001)	\$12,054	\$12,054
Special Appropriations - SA Encumbrance Carryover (SA_003)	\$169,947	\$169,947
Total Encumbrance Carryover Request	\$8,455,171	\$8,445,171

New Discretionary Revenues		
Fund & Debt Management - FPDR Reimbursement for Alternative Payee Payment (FM_0	(\$156,364)	(\$156,364)
Fund & Debt Management - Dodge Park Revenues (FM_004)	(\$12,792)	(\$12,792)
Total New Discretionary Revenues	(\$169,156)	(\$169,156)

New Request

General Fund Reconciliation

Exhibit #4

	<u>Bureau Request</u>	<u>CBO Recommendations</u>
New Request		
Bureau of Planning & Sustainability - CONTRACT CARRYOVER (PN_004)	\$39,534	\$39,534
Bureau of Planning & Sustainability - OFF-ROAD CYCLING (PN_005)	\$40,000	\$40,000
Bureau of Planning & Sustainability - GREEN LOOP (PN_006)	\$90,000	\$0
City Budget Office - Budget Software Replacement (BO_001)	\$1,000,000	\$1,000,000
Commissioner of Public Affairs - Fac - City Hall Security Enhancements (MF_049)	\$31,466	\$0
Commissioner of Public Affairs - CPA - Carry-Over (PA_002)	\$2,622	\$0
Commissioner of Public Affairs - CPA - GCDV Economic Empowerment (PA_003)	\$20,000	\$20,000
Commissioner of Public Safety - Fac - City Hall Security Enhancements (MF_049)	\$29,418	\$0
Commissioner of Public Utilities - Fac - City Hall Security Enhancements (MF_049)	\$31,537	\$0
Commissioner of Public Works - Fac - City Hall Security Enhancements (MF_049)	\$29,240	\$0
Fund & Debt Management - Replenish FPDR Supplemental Fund (FM_001)	\$6,344	\$6,344
Fund & Debt Management - Harbor Restoration LOC Payment (FM_002)	\$430,000	\$0
Fund & Debt Management - Data Center Relocation - 2nd Year Costs (FM_005)	\$2,103,612	\$2,103,612
Office of Equity & Human Rights - Implement Centralized Service Delivery Model (OE_00)	\$263,460	\$0
Office of Equity & Human Rights - Equitable Contracting & Purchasing Commission (OE_00)	\$35,000	\$35,000
Office of Government Relations - Fac - City Hall Security Enhancements (MF_049)	\$16,271	\$0
Office of Management & Finance - BRFS - Revenue - Collection Agency Arbitration (MF_00)	\$55,000	\$0
Office of Management & Finance - PSSRP - Beg. Fund Bal. Recognition TS Fund (MF_00)	\$82,535	\$0
Office of Management & Finance - Fac - Clean Start Program Expansion (MF_077)	\$202,635	\$0
Office of Management & Finance - Fac - Springwater Corridor Cleanup Reimbursement	\$150,000	\$0
Office of Neighborhood Involvement - Fac - City Hall Security Enhancements (MF_049)	\$38,779	\$0
Office of Neighborhood Involvement - EPNO Director: Part-time to Full-time (NI_005)	\$9,331	\$0
Office of the City Attorney - Text Message Public Records (AT_002)	\$55,000	\$0
Office of the City Attorney - Fac - City Hall Security Enhancements (MF_049)	\$137,492	\$0
Office of the City Auditor - Hearings Office Software Replacement (AU_003)	\$35,000	\$35,000
Office of the City Auditor - Fac - City Hall Security Enhancements (MF_049)	\$124,547	\$0
Office of the Mayor - Fac - City Hall Security Enhancements (MF_049)	\$61,250	\$0
Office of the Mayor - Mayor's Office - Technology Package (MY_002)	\$15,000	\$0
Portland Bureau of Emergency Management - New Encumbrance Request (EM_003)	\$30,622	\$30,622
Portland Bureau of Transportation - GF Request –Maximizing Portland Streetcar System	\$500,000	\$0
Portland Bureau of Transportation - GF Req-Inner Hawthorne Corridor Transit & Bikeway	\$2,600,000	\$0
Portland Bureau of Transportation - GF Req– Seasonal Naito Parkway Bikeway & Walkway	\$350,000	\$0
Portland Bureau of Transportation - GF Req-Connecting Trolley & Springwater Corridor (\$300,000	\$0
Portland Bureau of Transportation - GF Request – Vision Zero (TR_025)	\$2,900,000	\$0
Portland Bureau of Transportation - GF Request – ADA Accessible Sidewalks (TR_028)	\$5,000,000	\$0
Portland Housing Bureau - General Fund Non-Encumbrance Carryover (HC_004)	\$254,403	\$45,000
Portland Housing Bureau - East Portland Action Plan Rental Rehabilitation (HC_005)	\$1,000,000	\$0
Portland Parks & Recreation - Fall - Springwater Trail Rangers/Campsite Clean-up (PK_00)	\$241,483	\$241,483
Portland Parks & Recreation - Fall - Stage 1: Health, Safety & Environment (PK_008)	\$460,000	\$200,000
Portland Parks & Recreation - Fall - FEMA 25% Match for December Storm (PK_014)	\$1,678,641	\$0
Portland Police Bureau - Program Carryover - PPCOA (PL_009)	\$59,549	\$59,549

General Fund Reconciliation

Exhibit #4

	<u>Bureau Request</u>	<u>CBO Recommendations</u>
New Request		
Special Appropriations - COCL - Carryover of unspent funds (SA_002)	\$84,000	\$0
Total New Request	\$20,593,771	\$3,856,144
Program Carryover Request		
Office of Management & Finance - Fac - Campsite Services FTE Conversion (MF_057)	\$20,000	\$20,000
Office of Management & Finance - Fac - DePaul Property Reimbursement (MF_065)	\$22,975	\$22,975
Portland Housing Bureau - Terminal One (HC_001)	\$447,285	\$414,546
Portland Housing Bureau - Program Carryover: St Vincent Depaul (HC_003)	\$227,025	\$227,025
Portland Police Bureau - EPAP English Language Learner Driver Ed. (PL_013)	\$30,479	\$30,479
Total Program Carryover Request	\$747,764	\$715,025
Technical Adjustment		
Portland Bureau of Emergency Management - Contingency Funding (EM_004)	\$70,000	\$70,000
Total Technical Adjustment	\$70,000	\$70,000
Grand Total	\$88,946,964	\$16,901,184

Non-General Fund Changes

Below is a summary of significant or notable 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 of Environmental Services (BES) is requesting a number of changes that result in a \$956,276 draw on Sewer System Operating Fund Contingency. This includes \$335,465 to fund up to three Parks rangers to help address BES property impacts from homeless camping. CBO recommends this request as the bureau's preferred means of dealing with this acute facilities management issue; however, CBO notes concerns about the fragmented Citywide response to campsite cleanup and recommends that OMF-Facilities, Parks, BES, and other property owning bureaus impacted by the camping issue develop a forum for resolving these issues in the most consistent and efficient manner that meets bureau needs and the needs of the public.

Portland Housing Bureau

The Portland Housing Bureau's fall supplemental budget includes several packages outside of the General Fund that signal the beginning of new projects and policies, including: implementation of the new Construction Excise Tax; proposed implementation of a new inclusionary zoning policy; the acquisition and rehabilitation or development of new properties; and a new model of homeownership down-payment assistance. In relation to increased workload from new projects and policies, the bureau is internally realigning or appropriating new funding to support a net of 6.0 new permanent FTE.

Portland Bureau of Transportation

The Portland Bureau of Transportation fall supplemental budget includes four requests which draw approximately 17.1% of the bureau's original budgeted general contingency in the Transportation Operating Fund. PBOT intends to replenish the funds with additional ending fund balance from FY 2015-16. Most of the draws are either for a one-time use, such as the \$140,000 for limited-term staff support in the Business Services Division, or for uses which have future funding sources, such as the new heavy vehicle use tax for the IA with OMF-Revenue Division to administer it, and GTR and overhead recovery for the Supervising Planner position.

Water Bureau

In this supplemental budget, the Water Bureau requested three permanent positions to address the recent increase in lead testing and other ongoing water testing issues. In addition to the requested positions, the bureau plans to create three limited-term positions to address lead testing, using bureau contingency to fund these positions. Within FY 2016-17, these positions would be funded by the reallocation of contingency and other current resources. In

FY 2017-18, these positions would be funded by an ongoing rate increase of 0.2%, not yet approved by Council. As such, CBO has not recommended the ongoing new positions. If the bureau chooses to prioritize this before the regular budget cycle, there are currently vacant positions that could be reallocated for this need.

Position Changes

The following table summarizes CBO recommended position changes in the Fall 2016-17 supplemental budget.

Bureau	Limited Term Positions	Part Time Positions	Full Time Positions	Total
Bureau of Development Services			16.00	16.00
Bureau of Environmental Services	1.00		4.00	5.00
Bureau of Planning and Sustainability	3.00			3.00
Bureau of Transportation	-12.00		34.00	22.00
Housing Bureau			6.00	6.00
Office of Equity and Human Rights	0.75		0.00	0.75
Office of Management and Finance	10.20		5.00	15.20
Office of Neighborhood Involvement	1.00	0.18	0.00	1.18
Parks Bureau	-6.00		10.00	4.00
Police Bureau	8.00			8.00
Total	5.95	0.18	71.00	81.13

All of these positions are supported through bureau internal reallocation of existing resources or through appropriation of non-General Fund resources, with the exception of the 0.75 FTE in the Office of Equity and Human Rights to support the Equitable Contracting and Purchasing Commission. CBO notes that, with the addition of these positions, authorized positions in the City grows to 6,174.63 FTE. Notable bureau changes include:

Bureau of Development Services

BDS is requesting 16 new permanent positions to address increasing workloads throughout the bureau, funded through permit fees and charges. CBO notes that, with these added positions, the bureau will exceed its pre-recessionary staffing peak with 360.10 regular FTE.

Office of Management and Finance

OMF has requested 15.2 FTE, including 11.2 limited term. The increase in limited term staffing is largely associated with operational changes in OMF-Facilities with the goal of increasing the rate at which the bureau delivers projects – both tenant-driven and building systems replacement. These positions are primarily funded out of the major maintenance reserve. OMF has also requested the conversion of two limited term positions to permanent. Ongoing General Fund resources were identified internally for these positions. The other two permanent positions include one interagency-funded position in the Revenue Division for Heavy Vehicle License Tax collection, and one limited term conversion in Facilities which can be sustained with tenant-driven, interagency-funded projects.

Portland Bureau of Transportation

PBOT is adding an additional 22.0 FTE during this fall supplemental budget. Seven are in the Development Permitting and Transit Group to address an increase in workload: public works permits have increased from a volume of 97 in FY 2011-12 to 240 projected for FY 2016-17. The permit engineering group is currently late on processing approximately 40% of its active public works permits. Furthermore, residential and commercial plan reviews have increased 58% from 2011 to 2015, and the bureau believes that at the current pace, they will exceed last year's volumes. Overtime usage has risen greatly in an attempt to reduce the late permit review times.

In addition, the bureau is adding six new positions and converting seven limited term positions to permanent to work directly on delivering roadway and safety projects; adding five positions in Maintenance Operations to provide street patching following utility cuts by the Portland Water Bureau, and four new positions for various programs funded primarily by internal transfers.

Portland Police Bureau

Police is requesting the reallocation of internal personnel services budget to fund eight limited-term positions to address current year operational needs in several divisions. Currently, the bureau has 70 sworn vacancies, and 34 non-sworn vacancies. While recruiting and hiring is a focus of the PPB, it is not projected that the bureau will fill these positions in the current year and additional members are projected to separate from services. The result is the potential for there to be at least 100 vacant sworn positions, which is approximately 8% of the total workforce. CBO is recommending the requests put forth by the PPB, however there are two primary issues facing the bureau in FY 2016-17: the use of one-time resources to establish limited term positions and risks to the bureau's operating budget in FY 2016-17.

Public Safety

Bureau of Emergency Communications

Analyst: Doug Le

Supplemental Budget Changes to Emergency Communications Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 1,085,886	\$ 435,374	\$ -	\$ 1,521,260
Charges for Services	349,000	-	-	349,000
Intergovernmental Revenues	7,784,545	-	-	7,784,545
Fund Transfers - Revenue	15,681,759	-	-	15,681,759
Miscellaneous	10,000	-	-	10,000
General Fund Discretionary	-	405,107	(405,107)	-
Total Resources	\$24,911,190	\$840,481	(\$405,107)	\$25,346,564
Requirements				
Personnel Services	\$ 16,222,467	\$ -	\$ -	\$ 16,222,467
External Materials and Services	819,511	270,000	-	1,089,511
Internal Materials and Services	4,498,227	455,107	(405,107)	4,548,227
Bond Expenses	1,412,541	-	-	1,412,541
Fund Transfers - Expense	882,708	-	-	882,708
Contingency	1,075,736	115,374	-	1,191,110
Total Requirements	\$24,911,190	\$840,481	(\$405,107)	\$25,346,564

Key Decisions

- Appropriate \$265,374 from bureau fund balance to complete the Versaterm Computer-Aided Dispatch (VCAD) System project. (Recommended)
- Appropriate \$20,000 from bureau fund balance to fund the Innovation Fund project, *On Call Community Rescue for Animals*. (Recommended)
- Appropriate \$150,000 from bureau fund balance to complete the BOEC Training Enhancement project. (Recommended)
- Appropriate \$405,107 in General Fund resources for work related to the Portland Communication Center’s heating, ventilation, and air conditioning system. (Not recommended)

Discussion

Versaterm Computer-Aided Dispatch (VCAD) System

BOEC is requesting \$265,374 in increased appropriation to complete the VCAD project. The bureau received \$1.4 million in General Fund resources in FY 2015-16 to upgrade its VCAD

system, the dispatch technology used by BOEC and other Multnomah County public safety agencies to connect the community with emergency services responders. At this time, it is estimated that the project will be completed in FY 2016-17 and will underspend its budget by \$115,000. This amount will be trued up and refunded to the General Fund as part of the Spring BMP process. CBO recommends this request.

[On Call Community Rescue Animals](#)

BOEC is requesting an appropriation increase of \$20,000 to complete the Innovation Fund project, *On Call Community Rescue Animals*. This project was approved by Council as part of the FY 2015-16 Spring BMP. CBO recommends this request.

[Training Enhancement Project](#)

BOEC is requesting an appropriation increase of \$150,000 to complete the Training Enhancement project. The project was approved in the FY 2015-16 Spring BMP and is expected to be completed in FY 2016-17. CBO recommends this request.

[Portland Communication Center – HVAC Project](#)

Facilities Services submitted a \$1,000,000 request for General Fund Capital Set-Aside resources to fund an HVAC centralization project for BTS-maintained telecommunications and data server rooms at PCC. This \$405,107 package was input by CBO to match an unbalanced interagency agreement with Facilities Services for this project, allocated based on square footage occupied. CBO does not recommend this request for Capital Set-Aside funding. See the OMF-Facilities Services supplemental review for additional analysis.

Bureau of Fire & Police Disability & Retirement

Analyst: Christy Owen

Supplemental Budget Changes to All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 13,338,094	\$ -	\$ -	\$ 13,338,094
Taxes	128,071,818	-	-	128,071,818
Interagency Revenue	905,200	-	-	905,200
Fund Transfers - Revenue	1,500,000	-	-	1,500,000
Bond and Note	34,476,000	-	-	34,476,000
Miscellaneous	443,200	-	-	443,200
Total Resources	\$178,734,312	\$0	\$0	\$178,734,312
Requirements				
Personnel Services	\$ 2,086,912	\$ -	\$ -	\$ 2,086,912
External Materials and Services	120,468,600	(156,364)	-	120,312,236
Internal Materials and Services	11,161,988	-	-	11,161,988
Capital Outlay	46,000	-	-	46,000
Bond Expenses	34,899,037	-	-	34,899,037
Fund Transfers - Expense	1,653,664	156,364	-	1,810,028
Contingency	7,668,111	-	-	7,668,111
Unappropriated Fund Balance	750,000	-	-	750,000
Total Requirements	\$178,734,312	\$0	\$0	\$178,734,312

Key Decisions

- Transfer \$156,364 from the Fire & Police Disability & Retirement Fund to the General Fund to reimburse the expenses for alternate payees paid in the previous fiscal year by the General Fund (Recommended)

Discussion

The Bureau of Fire & Police Disability & Retirement (FPDR) has requested to transfer \$156,364 from the bureau's External Materials & Services budget to the General Fund to reimburse for payments made in FY 2016-17 in conjunction with a recent arbitration ruling. CBO recommends this request.

Portland Police Bureau

Analyst: Christy Owen

Supplemental Budget Changes to All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 3,196,694	\$ 654,518	\$ -	\$ 3,851,212
Licenses & Permits	1,481,000	-	-	1,481,000
Charges for Services	2,560,672	-	-	2,560,672
Intergovernmental Revenues	9,677,010	580,356	-	10,257,366
Interagency Revenue	5,804,870	-	-	5,804,870
Miscellaneous	834,550	-	-	834,550
General Fund Discretionary	177,570,783	3,288,323	-	180,859,106
Total Resources	\$201,125,579	\$4,523,197	\$0	\$205,648,776
Requirements				
Personnel Services	\$146,522,277	\$ (462,391)	\$ -	\$146,059,886
External Materials and Services	20,180,915	4,530,489	-	24,711,404
Internal Materials and Services	34,053,387	261,687	-	34,315,074
Capital Outlay	362,000	193,412	-	555,412
Contingency	7,000	-	-	7,000
Total Requirements	\$201,125,579	\$4,523,197	\$0	\$205,648,776

Supplemental Changes to the General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Licenses & Permits	\$ 1,481,000	\$ -	\$ -	\$ 1,481,000
Charges for Services	2,560,672	-	-	2,560,672
Intergovernmental Revenues	6,743,716	48,700	-	6,792,416
Interagency Revenue	5,804,870	-	-	5,804,870
Miscellaneous	804,150	-	-	804,150
General Fund Discretionary	177,570,783	3,337,023	-	180,907,806
Total Resources	\$194,965,191	\$3,385,723	\$0	\$198,350,914
Requirements				
Personnel Services	\$145,825,982	\$ (717,235)	\$ -	\$145,108,747
External Materials and Services	15,508,186	3,699,520	-	19,207,706
Internal Materials and Services	33,269,023	201,724	-	33,470,747
Capital Outlay	362,000	153,014	-	515,014
Total Requirements	\$194,965,191	\$3,337,023	\$0	\$198,302,214

Key Decisions

- Reallocate salary savings to fund eight limited-term positions in support of DOJ compliance, hiring background investigators, Boystrength program administration, and crime analytics in Investigations and the Strategic Services Division. (Recommended)
- Transfer resources to fund an intergovernmental agreement with the Multnomah County District Attorney's Office to fund three investigators and return three Portland Police Officers to patrol duties. (Recommended)
- Transfer \$336,552 from Personnel Services to increase the interagency with the Office of the City Attorney in support of the Department of Justice settlement agreement. (Recommended)
- Appropriate \$3.1 million in encumbrance carryover for purchases not complete in the prior fiscal year and \$59,549 for program carryover per the collective bargaining agreement with the Portland Police Commanding Officers Association. (Recommended)
- Make technical adjustments to Grant Fund revenues and expenditures. (Recommended)
- Increase beginning fund balance by \$654,518 in the Police Special Revenue Fund to match FY 2015-16 actuals. (Recommended)

Discussion

The Fall Supplemental Budget request for the Portland Police Bureau (PPB) consists of requests for encumbrance carryover, technical adjustments to the grant and Special Revenue funds, and reallocation of internal personnel services budget to fund new interagency agreements and eight limited-term positions. Currently, the bureau has 70 sworn vacancies, and 34 non-sworn vacancies. While recruiting and hiring is a focus of the PPB, it is not projected that the bureau will fill these positions in the current year and additional members are projected to separate from services. The result is the potential for there to be at least 100 vacant sworn positions, which is approximately 8% of the total workforce. CBO is recommending the requests put forth by the PPB, however there are two primary issues facing the bureau in FY 2016-17: the use of one-time resources to establish limited term positions and risks to the bureau's operating budget in FY 2016-17.

Current Year Vacancy Savings as One-Time Resource

The bureau has a significant number of current and projected vacancies, which are contributing to a forecasted underspending, net of separation payouts, of approximately \$3 million. This figure is based off of very early spending projections, and does not include more recent payroll postings with increased usage of overtime to cover shifts, training back-fill, and major incident call-outs. In the prior fiscal year, the bureau underspent personnel services by \$2.7 million, which is somewhat consistent with the early forecast spending in FY 2016-17.

While the potential for the bureau to use salary savings for ongoing expenses to meet the immediate needs is within the bureau's discretion; the practice sets up a fiscal cliff due to the eventual filling of all vacant sworn positions in the next three to five years when the pace of separation and hiring is evened out. Without receiving new resources or direction for a reduction in police services, this issue will represent an unfunded ongoing expense. CBO recommends alternatives to new resources, including reductions or realignments of bureau operations, be developed and discussed with Council in the near-term in order to ensure stakeholders are aware of the impacts or shifts of service in the event of reductions or realignments.

Limited Term Positions and Potential Ongoing Requirements

PPB has requested eight limited term positions to address current year operational needs in several divisions. In order to fill precinct patrol positions, the bureau has taken another review of all sworn members in non-patrol assignments to determine if the position should be reassigned to patrol and a non-sworn limited term FTE be used to manage the workload. CBO has recommended the bureau conduct this level of analysis in order to ensure the work that does not require a law enforcement focus be assigned to the appropriate civilian classification. PPB will be using salary savings to add eight limited term FTE in the following divisions: Personnel, the Department of Justice (DOJ) Compliance Unit, Detectives Division, Family Services Division, and the Statistical Services Division.

The total cost estimate for all eight positions is \$866,000. In addition, there is an ongoing increase of \$336,552 in legal services from the Office of the City Attorney in support of the DOJ settlement agreement, and an increase of \$360,000 in an Intergovernmental Agreement with the Multnomah County District Attorney's Office for three investigators. The agreement with MCDA is a multi-year agreement, but does allow three PPB officers to be able to return to patrol duties in the near-term. CBO and PPB agree that the nature of these positions is not limited term, rather these positions will be operational priorities that will continue into the next fiscal year. CBO, however, notes that the bureau could realign existing vacant sworn positions to fill the immediate ongoing need and plan to request new resources for the sworn positions when the pace of hiring and separations is better matched to ensure the bureau is not managing significant vacant positions

There is significant need for the bureau to reallocate persons in sworn positions to address calls for service as evidenced in the Government Accountability Transparency Results session in July 2016 (<http://www.portlandoregon.gov/cbo/71330>). The data illustrates the increase in call volume and the associated impact on officer time and availability for relationship-based policing. CBO recommends the bureau consider the conversion of vacant sworn positions to the non-sworn positions as there is very low probability that the bureau will be at full sworn

strength in the next two to three fiscal years. Additionally, it is likely for there to be continued Citywide constraints for new ongoing resources; therefore, the bureau should be planning to address the ongoing work within the current appropriation levels.

Risks to Utilization of Salary Savings in Current Fiscal Year

In addition to the identified eight limited term positions, the City Council has recently approved a new Collective Bargaining Agreement (CBA) with the Portland Police Association (PPA). This agreement includes a phased-in increase in the number of steps, thereby increasing the total compensation for PPA members at top step each year for the next three years. Pending ratification by Council, the current CBA under consideration has language included to increase to the bureau's Current Appropriation Level (CAL) target to cover the costs of the salary increases over the next three years. The CAL target language does not include an increase in the current fiscal year, and it is anticipated the cost in FY 2016-17 will be \$1.2 million.

Portland Fire & Rescue

Analyst: Christy Owen

Supplemental Budget Changes to All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 2,396,846	\$ 1,427,026	\$ -	\$ 3,823,872
Licenses & Permits	2,550,000	-	-	2,550,000
Charges for Services	1,595,000	-	-	1,595,000
Intergovernmental Revenues	615,000	-	-	615,000
Interagency Revenue	5,179,450	-	-	5,179,450
Miscellaneous	132,000	-	-	132,000
General Fund Discretionary	103,103,985	2,720,871	-	105,824,856
General Fund Overhead	77,098	-	-	77,098
Total Resources	\$115,649,379	\$4,147,897	\$0	\$119,797,276
Requirements				
Personnel Services	\$ 97,023,341	\$ -	\$ -	\$ 97,023,341
External Materials and Services	7,307,569	262,656	-	7,570,225
Internal Materials and Services	6,461,914	100,000	-	6,561,914
Capital Outlay	4,856,555	3,785,241	-	8,641,796
Total Requirements	\$115,649,379	\$4,147,897	\$0	\$119,797,276

Supplemental Changes to the General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Licenses & Permits	\$ 2,550,000	\$ -	\$ -	\$ 2,550,000
Charges for Services	1,595,000	-	-	1,595,000
Intergovernmental Revenues	615,000	-	-	615,000
Interagency Revenue	5,179,450	-	-	5,179,450
Miscellaneous	132,000	-	-	132,000
General Fund Discretionary	103,103,985	2,720,871	-	105,824,856
General Fund Overhead	77,098	-	-	77,098
Total Resources	\$113,252,533	\$2,720,871	\$0	\$115,973,404
Requirements				
Personnel Services	\$ 97,023,341	\$ -	\$ -	\$ 97,023,341
External Materials and Services	7,307,569	262,656	-	7,570,225
Internal Materials and Services	6,461,914	-	-	6,461,914
Capital Outlay	2,459,709	2,458,215	-	4,917,924
Total Requirements	\$113,252,533	\$2,720,871	\$0	\$115,973,404

Key Decisions

- Adjust the beginning fund balance for the Public Safety General Obligation Bond Fund and the Fire Facilities General Obligation Bond Fund. (Recommended)
- Transfer \$100,000 of unspent Fire Facilities GO Bond funds as a resource for the facility assessment of the Sears Facility for potential Fire Bureau occupation. (Recommended)
- Appropriate \$20,000 of General Fund discretionary resources for repairs on the Burn Building at the Training Academy. (Not recommended)
- Appropriate \$120,000 of General Fund discretionary resources for replacement of overhead doors at fire stations where the existing doors are due for lifecycle replacement. (Recommended)
- Approve encumbrance carryover in the amount of \$2.5 million, of which \$2.3 million is for fire apparatus on a purchase order but not received in FY 2015-16. (Recommended)

Discussion

Portland Fire & Rescue (PF&R) has submitted two requests for new resources, unspent encumbrance carryover, and technical adjustments in the Public Safety General Obligation Bond Fund and the Fire Facilities General Obligation Bond Fund. CBO recommends the technical adjustments to beginning fund balance, the encumbrance carryover for the procurement of apparatus and projects not completed by fiscal year end, and new one-time General Fund resources for the replacement of the overhead garage doors at ten stations.

Station Major Maintenance Shortfall

PF&R has requested new resources to repair the Burn Building at the Training Academy and to replace ten apparatus bay overhead doors. The identified overhead doors in need of replacement are approximately 30 years old and at the end of life; the cost to repair is likely to exceed the cost to replace should replacement be delayed. This represents one-sixth of the station doors requiring replacement in FY 2016-17. CBO recommends \$120,000 in General Fund one-time resources for this request. CBO does not recommend new resources for the repairs to the Burn Building but rather recommends the bureau look to internal resources or underspending for this project.

Presently PF&R does not have a dedicated facility reserve fund for scheduled major maintenance for the City's 30 stations. As such, PF&R has used existing external materials and services funds, which has led to delayed or deferred maintenance of City assets due to a funding gap between recommended annual replacement contributions and actual spending authority.

CBO has recommended the bureau prepare a decision package for Council consideration to determine if there should be an ongoing dedicated major maintenance reserve for the City's 30 stations. Both Portland Parks and Recreation and the Office of Management and Finance set aside ongoing major maintenance resources, separate from the operations and maintenance budget, for City-owned facilities. If the internal resources presently assigned to facilities projects are to be redirected to an established major maintenance reserve, the bureau will still face an annual shortfall of approximately \$300,000-400,000.

[Assessment of the Jerome Sears Facility](#)

PF&R has been working with the Office of Management and Finance to conduct a facility needs assessment, which includes potential occupancy by PF&R at the Sears Facility in southwest Portland. There is a desire to relocate the current logistics and prevention operations from inner southeast Portland, with the potential to renovate the bureau's Training facility in east Portland. OMF and PF&R have jointly issued a Request for Proposals to conduct the facility needs, cost-benefits analysis, total project costs, and identification of potential sites for consideration. PF&R will use \$100,000 of unspent GO Bond funds to fund the bureau's share of this study. Responses to this RFP are due in the fall of 2016, and the review with recommendations is likely to be complete by the end of FY 2016-17. Depending upon the selected locations, the bureau may require additional resources in FY 2017-18 to occupy partial space at the Sears Facility, or to procure new sites for future development and operations.

Bureau of Emergency Management

Analyst: Jessica Kinard

Supplemental Budget Changes to the General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Intergovernmental Revenues	\$ 30,266	\$ -	\$ -	\$ 30,266
Interagency Revenue	10,000	-	-	10,000
General Fund Discretionary	1,291,900	118,771	-	1,410,671
General Fund Overhead	1,415,600	-	-	1,415,600
Total Resources	\$2,747,766	\$118,771	\$0	\$2,866,537
Requirements				
Personnel Services	\$ 1,780,998	\$ -	\$ -	\$ 1,780,998
External Materials and Services	450,852	48,771	-	499,623
Internal Materials and Services	515,916	70,000	-	585,916
Total Requirements	\$2,747,766	\$118,771	\$0	\$2,866,537

No changes are proposed to bureau funds outside of the General Fund changes listed above.

Key Decisions

- Carryover \$18,149 in encumbered funds. (Recommended)
- Appropriate \$30,622 in General Fund resources for prior year contracted services. (Recommended)
- Appropriate \$70,000 in funding set aside as a PBEM contingency in the event that the bureau did not receive budgeted levels of federal grant support. (Recommended)

Discussion

Contracted Services Requests

The bureau requests carryover of \$18,149 in prior year encumbered funds and \$30,622 in funds for prior year contracted services which in large part have already been provided, but were mistakenly not encumbered. CBO recommends these requests.

Contingency Request

In the FY 2016-17 Adopted Budget, Council approved a contingency set-aside of \$70,000 for PBEM in the event that the federal Emergency Management Performance Grant awarded to the City after budget development came in significantly below prior year levels. This year's award is \$285,000, which is \$100,000 less than prior year budgeted levels. As Council set aside funding explicitly for this purpose in the Adopted Budget, CBO recommends this request. Funds will be used for internal materials and services costs, which will enable the bureau to shift

General Fund discretionary resources to external materials and services including advertising for public alerts, materials for outreach events, food for training events such as the Cascadia Rising, office supplies and other programmatic expenses.

The bureau relies on the EMPG grant for operational expenses such as payments for technology and rental space. Due to the uncertainty of the grant funding, CBO has recommended that the bureau reorganize their budget to ensure bureau fixed costs do not rely on the level of grant support, and CBO recommends that Council address this during FY 2017-18 budget development. The bureau is currently working on a fiscal plan in the construction of its next strategic plan.

Other Requests

The bureau has also submitted a series of technical changes to provide more specific line-item budget detail for programs, which CBO recommends.

Parks, Recreation, and Culture

Portland Parks & Recreation

Analyst: Ryan Kinsella

Supplemental Budget Changes to All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 44,456,315	\$ 41,257,478	\$ -	\$ 85,713,793
Taxes	500	-	-	500
Licenses & Permits	419,443	-	-	419,443
Charges for Services	43,496,350	(224,073)	-	43,272,277
Intergovernmental Revenues	2,288,271	-	-	2,288,271
Interagency Revenue	2,057,388	232,497	-	2,289,885
Fund Transfers - Revenue	6,103,368	9,171,114	(5,805,641)	9,468,841
Bond and Note	12,916,768	-	-	12,916,768
Miscellaneous	2,130,121	110,527	-	2,240,648
General Fund Discretionary	61,557,774	1,153,294	(260,000)	62,451,068
Total Resources	\$175,426,298	\$51,700,837	(\$6,065,641)	\$221,061,494
Requirements				
Personnel Services	\$ 67,074,979	\$ 507,996	\$ (60,000)	\$ 67,522,975
External Materials and Services	33,379,594	1,061,804	(200,000)	34,241,398
Internal Materials and Services	12,809,671	24,399	-	12,834,070
Capital Outlay	37,171,758	49,841,444	(4,605,641)	82,407,561
Bond Expenses	858,017	(224,073)	-	633,944
Fund Transfers - Expense	1,248,892	223,000	-	1,471,892
Contingency	22,720,087	266,267	(1,200,000)	21,786,354
Unappropriated Fund Balance	163,300	-	-	163,300
Total Requirements	\$175,426,298	\$51,700,837	(\$6,065,641)	\$221,061,494

Supplemental Changes to the General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Licenses & Permits	\$ 419,443	\$ -	\$ -	\$ 419,443
Charges for Services	18,362,591	-	-	18,362,591
Intergovernmental Revenues	108,000	-	-	108,000
Interagency Revenue	2,014,809	232,497	-	2,247,306
Miscellaneous	788,148	-	-	788,148
General Fund Discretionary	61,557,774	1,153,294	(260,000)	62,451,068
Total Resources	\$83,250,765	\$1,385,791	(\$260,000)	\$84,376,556
Requirements				
Personnel Services	\$ 57,427,339	\$ 453,830	\$ (60,000)	\$ 57,821,169
External Materials and Services	17,334,906	857,562	(200,000)	17,992,468
Internal Materials and Services	8,488,520	24,399	-	8,512,919
Capital Outlay	-	50,000	-	50,000
Total Requirements	\$83,250,765	\$1,385,791	(\$260,000)	\$84,376,556

Key Decisions

- Appropriate \$241,483 of General Fund contingency and add 4.0 FTE limited term Park Ranger positions to address homeless camping along the Springwater Corridor Trail and parks in East Portland for the remainder of FY 2015-16. (Recommended)
- Appropriate \$460,000 of General Fund discretionary resources to replace water fixtures that tested positive for lead at the Multnomah Arts Center; continue lead testing in water, soil and paint in Parks facilities and playgrounds; create a limited-term communications position to assist with lead issue response; scope and design a bureauwide Health, Safety and Environment program; analyze electrical hazards at the Children’s Museum and Matt Dishman Community Center. (\$200,000 Recommended)
- Appropriate \$6.2 million from the capital set-aside to repair portions of the Halprin Sequence Fountains (\$1,500,00), replace boilers at three community centers (\$750,000), repair Southwest Community Center (SWCC) natatorium roof (\$1,300,000), replace roof at Montavilla Community Center (\$1,877,000), and replace automatic locks, alarm systems and closed-circuit cameras at the five community centers (\$750,000). (\$1,300,000 for the SWCC Natatorium Roof and \$750,000 for Boiler Replacement recommended)
- Appropriate funding of \$1,678,641 of General Fund discretionary resources to fund 25% of costs to repair culverts and trails, and address landslides that resulted from the December 2015 storm; FEMA match-grants would fund the remaining 75% of costs. (Recommended to be funded through proposed sale of Tabor Annex to PHB)

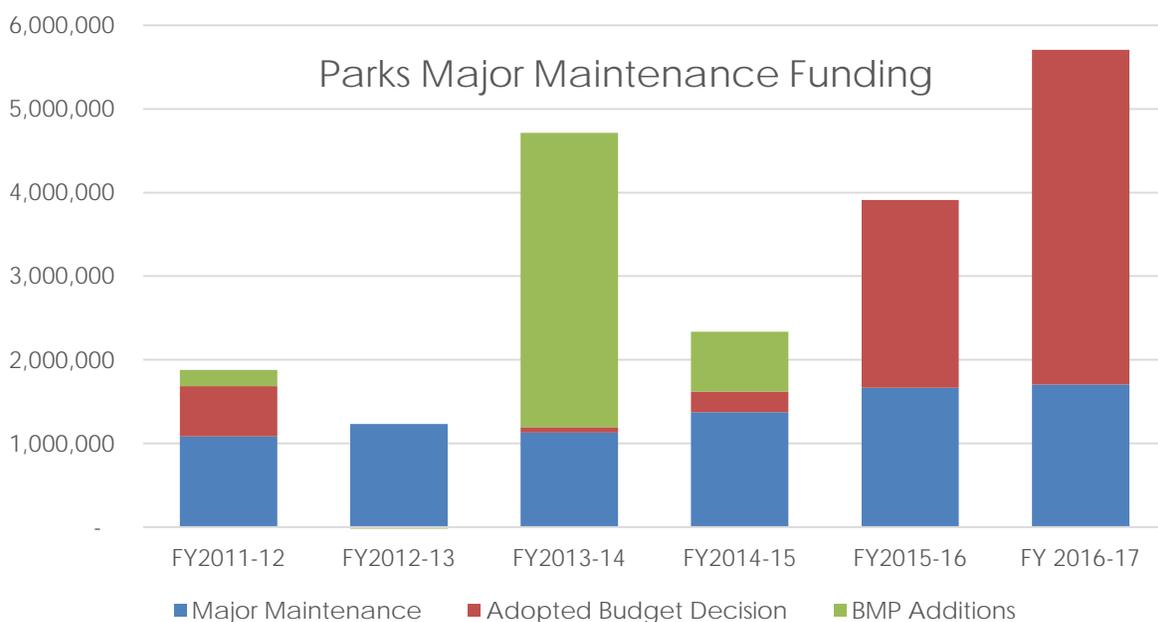
- Appropriate funding \$451,811 of General Fund resources to fund encumbrance carryovers. (Recommended)

Discussion

Portland Parks & Recreation’s requests in the Fall Supplemental Budget can be broadly categorized as requests for funding major maintenance projects, Park Ranger services to address homelessness issues, and lead mitigation in Parks’ facilities. Additionally, technical requests include a series of adjustments that better align budget for the implementation of the recent arbitration settlement and several technical adjustments that represent larger policy and programmatic decisions.

Major Maintenance Funding

Parks requests \$6.2 million of General Fund resources to address high priority major maintenance projects. These requests reflect the bureau’s continued reliance upon one-time General Fund resources to address major maintenance issues across the bureau. Even with the recent approval of the \$68.0 million Parks Replacement Bond and the \$1.7 million annual major maintenance appropriation, Parks estimates an annual major maintenance gap of approximately \$10 million in order to sustain current facilities. This gap does not include the annual operations and maintenance, and infrastructure investments to expand Parks’ services to underserved areas. The chart below illustrates the appropriation of General Fund resources for Parks’ major maintenance needs (excluding bond resources, donations and any SDC funded projects).



As illustrated in the chart, the bureau has benefited from the availability of one-time resources over the past four years, during which average General Fund appropriation was approximately \$4.2 million per year – an amount substantially more than the ongoing appropriation of \$1.7 million and closer to meeting their annual major maintenance gap. In FY 2016-17, Parks already received an additional \$4.0 million of one-time resources; approval of all four BMP requests, totaling \$6.2 million, would increase their major maintenance appropriation to \$11.9 million.

Major maintenance projects that are requested through the capital set-aside process are ranked based on the likelihood and consequences of asset failure in terms of health & safety, service impacts, and environmental impacts. Legal, regulatory and financial factors are given consideration as well. Based on these criteria, the capital set-aside committee ranked 26 projects that totaled \$64 million. Parks highest ranked project, the Halprin Fountain Sequence Restoration, ranked third, behind two Portland Bureau of Transportation Projects. These two PBOT projects totaled \$11.5 million (traffic signal reconstruction and bridge replacement at NE 42nd Ave), which is an amount far greater than the funding available in the capital set-aside of \$4.0 million. Based on the limited availability of one-time funding, CBO has recommended funding for the \$1,300,000 for the SWCC Natatorium Roof and \$750,000 for Boiler Replacement. (For additional analysis on the bureau's major maintenance requests, please see the F4 report.)

[Park Ranger's role in addressing homelessness](#)

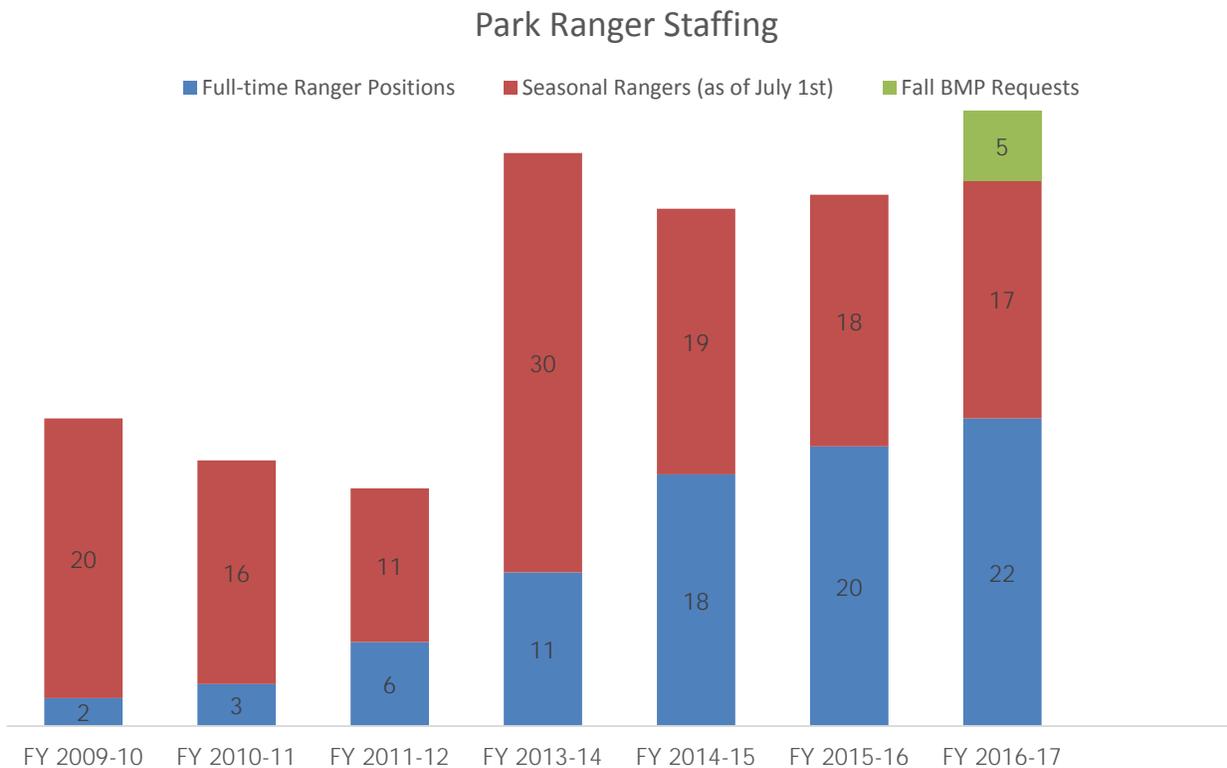
The bureau is requesting 4.0 limited-term ranger positions specifically to address homelessness issues along Springwater Corridor and parks within East Portland. Concurrently, Parks is also requesting to increase an interagency agreement with the Bureau of Environmental Services in order to provide patrol and response services for BES natural areas (see PK_002).

Camping along the Springwater Corridor Trail and other public spaces has caused an increase in the need for ranger services in parks across the city. Recently, the Mayor's Office has directed the Ranger Program to play a central role in enforcing camping restrictions along the corridor. As part of their efforts, rangers notify and ask homeless persons to leave camps along the corridor, refer vulnerable individuals to social services, and when necessary post, remove and clean-up camps on parks properties.

This request raises several questions about the role of Park Rangers in addressing homelessness. While rangers are trained in providing referral services, the primary function of Rangers has been previously focused on securing parks and working with visitors to achieve compliance with park rules rather than working with the homeless population. The requested expansion of the program would provide a positive security presence, but the primary purpose is focused on mitigating the negative impact of homelessness, discouraging re-occupancy, and addressing violations of park camping rules. The strategy is likely to lessen visible camping

along the corridor, but this strategy will not address the broader issue of how to serve the estimated 500 homeless persons that are being displaced as a result of the sweeps. The bureau is anticipating that homeless persons along the corridor are likely to relocate to other nearby parks and neighborhoods, thereby encouraging camping in less visible areas. Tracking these camps, mitigating the negative impacts, and serving this homeless population will become more difficult and may result in the need for additional City resources.

CBO also notes the growth of the Ranger Program over the past seven years, as illustrated in the chart below. Initially, the program was staffed by an average of 20 rangers during peak summer months; however, over the past four years, staffing has doubled to an average of 40 rangers. Over this period, the number of full-time positions has increased from two positions to 21 positions; the requested positions would increase staffing to 26 full-time positions (including seven limited term positions).



The bureau anticipates an ongoing need for the six requested positions, indicating that an additional \$400,000 to \$500,000 for additional ongoing ranger programs will be requested in the FY 2017-18 budget process. CBO recommends the requested positions due to the urgency around the issue of camping in the City’s parks, but encourages the bureau to work with the

Joint Office of Homeless Services in order to better define the Ranger Program's role over the remaining eight months of the fiscal year.

Technical Adjustments

Included within the bureaus technical changes are several adjustments worth highlighting:

- *Golf Fund.* Beginning fund balance in the Golf Fund was decreased by \$126,534 and offset by a decrease in contingency. Additionally, revenue targets at Colwood were decreased by \$224,073 and offset by a decrease in loan repayment to the SDC fund. (In the coming months, Parks will revise the loan terms between the Golf Fund and the SDC subfund.) Lastly, a series technical adjustments were made for closer tracking of Colwood expenses and revenues. These changes are emblematic of a larger problem, which is that the Golf Program continues to struggle to remain solvent after the reopening of Colwood in April 2015. CBO and the bureau will continue to track revenue collections at Colwood over the next year while reassessing the long-term fiscal sustainability of the Golf program. Moreover, CBO recommends that the bureau prepare for reductions to operational costs and develop strategies to ensure that the Golf Program remains solvent.
- *Surplus property proceeds.* The bureau is requesting to increase cash transfers from the Housing Bureau to the Parks' Capital Fund in order to recognize the sale proceeds of the Tabor Annex. Parks identified this property as surplus, and consistent with City protocol on the sale of surplus property, Parks solicited interest from all bureaus. Portland Housing Bureau is the only bureau that expressed interest and has offered the appraised value of \$1.2 million. The bureau is requesting that the sale proceeds be transferred to the Parks Memorial Fund and then be used for a future project. Given the significant major maintenance needs of the bureau, CBO recommends that the funding be used as the 25% match for FEMA grants for projects related to the December 2015 storm.
- *Arbitration Settlement Implementation.* Per the terms of the arbitration settlement, beginning October 1st Parks will fully implement the conversion of positions and redefined responsibilities of Recreation Service employees. As the bureau has refined the specific responsibilities and needs of the community centers, the allocation of positions differs from how it was initially budgeted. As a result, a series of adjustments are requested in order to more accurately budget for these personnel costs. Because the additional costs of the converted positions will not be incurred until October 1st, Recreation Services should have sufficient funding in FY 2016-17. However, the revised staffing model may pose several challenges: for example, restrictions around work hours (ending and beginning time, and shift duration), and consolidation of program offerings into single positions (rather than specialized positions for each activity) has raised questions as to whether services will be equally utilized. To the degree that customers are dissuaded from using recreation services as a result of changing the availability of program hours or limiting courses taught by specialized instructors, program fee

revenues may decrease. CBO and the bureau will be tracking whether monthly revenue targets are achieved through the remainder of the fiscal year.

Public Utilities

Portland Water Bureau

Analyst: Ryan Kinsella

Supplemental Budget Changes to All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$200,349,066	\$ (3,324,048)	\$ -	\$197,025,018
Charges for Services	165,665,337	-	-	165,665,337
Intergovernmental Revenues	555,000	-	-	555,000
Interagency Revenue	3,534,320	10,000	-	3,544,320
Fund Transfers - Revenue	179,612,612	175,000	-	179,787,612
Bond and Note	91,875,000	-	-	91,875,000
Miscellaneous	3,413,770	-	-	3,413,770
Total Resources	\$645,005,105	(\$3,139,048)	\$0	\$641,866,057
Requirements				
Personnel Services	\$ 66,704,235	\$ 297,444	\$ (297,444)	\$ 66,704,235
External Materials and Services	30,242,593	157,208	-	30,399,801
Internal Materials and Services	20,779,345	1,307,000	-	22,086,345
Capital Outlay	55,882,000	(1,100,000)	-	54,782,000
Bond Expenses	60,698,563	-	-	60,698,563
Fund Transfers - Expense	185,204,118	150,058	-	185,354,176
Contingency	102,889,753	(4,075,387)	297,444	99,111,810
Unappropriated Fund Balance	122,604,498	124,629	-	122,729,127
Total Requirements	\$645,005,105	(\$3,139,048)	\$0	\$641,866,057

Supplemental Changes to the Water Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 77,244,561	\$ 4,671,264	\$ -	\$ 81,915,825
Charges for Services	162,665,337	-	-	162,665,337
Intergovernmental Revenues	555,000	-	-	555,000
Interagency Revenue	3,468,820	10,000	-	3,478,820
Fund Transfers - Revenue	97,094,935	-	-	97,094,935
Miscellaneous	1,324,449	-	-	1,324,449
Total Resources	\$342,353,102	\$4,681,264	\$0	\$347,034,366
Requirements				
Personnel Services	\$ 66,347,087	\$ 297,444	\$ (297,444)	\$ 66,347,087
External Materials and Services	29,956,764	(17,792)	-	29,938,972
Internal Materials and Services	20,624,592	1,307,000	-	21,931,592
Capital Outlay	55,882,000	(1,100,000)	-	54,782,000
Bond Expenses	3,913,342	-	-	3,913,342
Fund Transfers - Expense	88,601,676	(24,942)	-	88,576,734
Contingency	77,027,641	4,219,554	297,444	81,544,639
Total Requirements	\$342,353,102	\$4,681,264	\$0	\$347,034,366

Key Decisions

- Add three permanent positions to address the recent increase in lead testing and potential increased monitoring requirements due to the expected revisions to the Environmental Protection Agency’s Lead Copper Rule and findings of the corrosion control study. These positions would be funded with bureau contingency in FY 2016-17 and through an ongoing rate increase of approximately 0.2% beginning in FY 2017-18. (Not Recommended)
- Update beginning fund balances due to prior year underspending and exceeding revenue targets. (Recommended)
- Increase interagency expenses and decrease bureau contingency by \$202,000 to fund the additional costs of upgrading the Cayenta billing system. (Recommended)
- Increase interagency expenses and reallocate capital program budget by \$1,100,000 to fund additional street paving services provided by the Portland Bureau of Transportation. (Recommended)

Discussion

The Portland Water Bureau submitted seven requests for budget adjustments in the Fall FY 2016-17 BMP. Nearly all of the requests are technical adjustments and include true-ups to fund balances, updates to interagency agreements, and adjustments to beginning fund balances.

Lead Sampling and Testing

The bureau is requesting three permanent positions to address the recent increase in lead testing and other ongoing water testing issues. In addition to the requested positions, the bureau plans to create three limited-term positions to address lead testing, using bureau contingency to fund these positions. The bureau is forecasting that lead testing will continue at an elevated workload beyond the next two years for both residential customers and as a result of commitments to provide testing services to City bureaus, regional daycare providers, and school districts. The bureau is also anticipating other lab service needs as a result of likely changes to monitoring requirements due to the revisions of the Lead Copper Rule and the findings of the bureau's corrosion control study. Within FY 2016-17, these positions would be funded by the reallocation of contingency and other current resources. In FY 2017-18, these positions would be funded by an ongoing rate increase of 0.2%. CBO has not recommended the ongoing new positions. If the bureau chooses to prioritize this before the regular budget cycle, there are currently vacant positions that could be reallocated for this need. Moreover, changes to federal regulations are not yet final and the impact on workload is uncertain. Additional time is needed as well to determine whether the bureau should seek reimbursement for testing costs and at what amounts from the school districts and City bureaus. CBO believes those issues should be explored before permanently increasing the staff of the bureau.

Beginning Fund Balance

The bureau will also increase the budgeted beginning balance for its operating fund due to prior year operational underspending in external materials and services and personnel services, in addition to higher than planned water sales and other revenues. In total, the beginning fund balance of the operating fund will increase by \$4.7 million; the beginning fund balance of all funds will decrease by a net of \$3.3 million. The bureau will determine the use of this balance in the FY 2017-18 budget process, and the funds may be used to cash finance a greater portion of capital projects, lessen the expected rate increase in FY 2017-18, or for other budget needs.

Bureau of Environmental Services

Analyst: Claudio Campuzano

Supplemental Budget Changes to Sewer System Operating Fund

	Revised Budget (A)	Request (B)	Recommended Adjustments(C)	Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 69,180,000	\$ -	\$ -	\$ 69,180,000
Licenses & Permits	2,295,000	-	-	2,295,000
Charges for Services	344,735,000	-	-	344,735,000
Intergovernmental Revenues	125,000	15,755	-	140,755
Interagency Revenue	1,762,621	401,847	(46,847)	2,117,621
Fund Transfers - Revenue	121,471,866	(37,231)	-	121,434,635
Miscellaneous	955,000	-	-	955,000
Total Resources	\$540,524,487	\$380,371	(\$46,847)	\$ 540,858,011
Requirements				
Personnel Services	\$ 66,230,481	\$ 363,069	\$ (4,641)	\$ 66,588,909
External Materials and Services	57,009,404	434,633	-	57,444,037
Internal Materials and Services	42,517,473	220,347	-	42,737,820
Capital Outlay	78,120,667	318,598	-	78,439,265
Bond Expenses	3,261,971	-	-	3,261,971
Fund Transfers - Expense	218,733,398	-	-	218,733,398
Contingency	74,471,093	(956,276)	(42,206)	73,472,611
Unappropriated Fund Balance	180,000	-	-	180,000
Total Requirements	\$540,524,487	\$380,371	(\$46,847)	\$ 540,858,011

Key Decisions

- Appropriate funds from contingency to support increased costs (\$355,465) associated with camping impacts on BES property and citywide. (Recommended)
- Appropriate funds from contingency to support space planning (\$50,000), strategic planning (\$100,000), computer monitors to accommodate digital building plan submission and review (\$80,920), and various other items (\$63,000). (Recommended)
- Appropriate \$55,000 for additional contract staff in Pollution Prevention. (Recommended)
- Increase regular staffing by 5.0 FTE through the conversion of three positions from contract status, the creation of one position funded through increased permit revenue, and the addition of a support position in Business Services. Funded through a draw of \$147,291 from contingency in the current year. Additional permit revenues to be budgeted in the outyears. (Recommended)
- Budget \$1.5 million in carryover. (Recommended)

- Budget \$364,616 in additional revenue, most of which falls to contingency. This amount includes \$315,000 in interagency revenue from the Portland Housing Bureau for estimated rent at Terminal 1. (Recommended at \$317,769, based on change submitted by the bureau after the request.)

Discussion

The Bureau of Environmental Services (BES) has requested changes resulting in a \$956,276 draw on Sewer System Operating Fund contingency. CBO has recommended these requests with the exception of the request to receive new interagency revenue from the Office of Management and Finance; this request was rescinded subsequent to the bureau's submission.

Camping Impacts

BES has identified a number of impacts from homeless camping and requested additional budget to address these issues. These total \$355,465 and include:

- \$75,000 to cover additional cleanup response related to RV tank dumping, spills, etc. Incidents have increased roughly four-fold in recent years. Each response costs between \$1,000 and \$1,800.
- \$50,000 to perform a damage assessment for sensitive environmental zones following camp relocations.
- \$235,465 to fund an interagency agreement with Portland Parks & Recreation for ranger services to monitor and facilitate removal of unauthorized camping on BES properties.

The ranger interagency is recommended by CBO as the bureau's preferred means of dealing with this acute facilities management issue. However, CBO notes concerns about the fragmented Citywide response. Simultaneous with this request, OMF has requested additional General Fund to expand the Clean Start program to address small campsites (1-2 tents) as well. CBO has not recommended General Fund resources for that program but, to the degree that it is a program design that meets bureau property management needs, it should be charged to bureaus. That these two requests are coming forward simultaneously highlights the multifaceted nature of the problem and the solutions being applied. CBO recommends that OMF-Facilities, Parks, BES, and other property owning bureaus impacted by the camping issue develop a forum for resolving these issues in the most consistent and efficient manner that meets bureau needs and the needs of the public.

Staffing Requests

Continuing an effort to convert long-term contract employees to regular staff, this supplemental budget converts three positions in Engineering Services for a total savings of ~\$14,000 this year, increasing in outyears based on the full-year differential. Additionally, BES has requested a new Engineering Technician II position to address workload-related to permit

volume and the implementation of BDS's permitting software project. This position will be supported by permit revenue going forward. Finally, the bureau has requested a Senior Administrative Specialist. A similar position was requested in the FY 2016-17 budget development process but was not added due to the lack of a documented workload increase. As part of this supplemental process some of the growing needs have been further clarified and quantified. The main drivers are structural increases in human resources workload - both in terms of the quantity of Family and Medical Leave Act requests and recruitments and the increased requirements of that work resulting from level of service reductions in the Bureau of Human Resources - as well as acute issues including homeless camping on BES property and the planned move to the Portland Building (as well as other space issues). Altogether, BES has identified 25-30 hours per week of increased workload in the administrative team. While this required work is getting done, it has been crowding out other less urgent but higher value work. CBO recommends these position changes.

Other New Items

Besides the camping-related costs and the new positions, BES has also requested to fund several other items from Sewer System Operating Fund contingency, including:

- \$40,000 for a new piece of sampling and monitoring equipment to meet permit requirements;
- \$55,000 to bring in a contract employee in the Pollution Prevention group to assist with call volume in Spill Protection & Citizen Response;
- \$15,000 to correct an error that dropped interns from the budget in the adoption process;
- \$50,000 to fund a space consultant to plan for the bureau's move to the Portland Building and other office needs;
- \$3,000 for property coordination provided by OMF;
- \$100,000 for strategic planning consulting; and
- \$80,920 for new monitors in the Engineering Services group to accommodate the new plan review software.

CBO recommends these requests.

Miscellaneous Changes

As noted above, the bureau is carrying over \$1.5 million in budgeted spending from the prior year. Additionally, BES requested budgeting \$364,616 in net new revenue. This request was subsequently reduced to \$317,769. The bulk of it (\$315,000) comes from rent to PHB at Terminal 1. As of the time of this writing, no agreement has been negotiated between BES and PHB; details of the proposed use of the property are pending. The amount budgeted is derived

from a BES estimate of monthly cost of ownership of the entire site. If PHB and its partners initially lease only a portion of the property the rent would likely lower. CBO recommends the changes that are requested with the subsequent alterations.

Community Development

Bureau of Development Services

Analyst: Doug Le

Supplemental Budget Changes to Development Services Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 62,159,090	\$ -	\$ -	\$ 62,159,090
Licenses & Permits	37,282,949	-	-	37,282,949
Charges for Services	15,909,098	-	-	15,909,098
Interagency Revenue	1,116,021	27,365	-	1,143,386
Fund Transfers - Revenue	2,117,744	-	-	2,117,744
Miscellaneous	3,459,447	-	-	3,459,447
Total Resources	\$122,044,349	\$27,365	\$0	\$122,071,714
Requirements				
Personnel Services	\$ 39,220,130	\$ 943,640	\$ -	\$ 40,163,770
External Materials and Services	2,887,657	-	-	2,887,657
Internal Materials and Services	10,030,231	329,152	-	10,359,383
Capital Outlay	1,611,117	-	-	1,611,117
Bond Expenses	1,165,052	-	-	1,165,052
Fund Transfers - Expense	1,734,257	-	-	1,734,257
Contingency	25,395,905	(1,245,427)	-	24,150,478
Unappropriated Fund Balance	40,000,000	-	-	40,000,000
Total Requirements	\$122,044,349	\$27,365	\$0	\$122,071,714

Key Decisions

- Add 16 new positions supported by BDS fees and permit revenues. (Recommended)
- Carryover \$184,002 to continue the Design Overlay Zone Assessment project with the Bureau of Planning & Sustainability. (Recommended)

Discussion

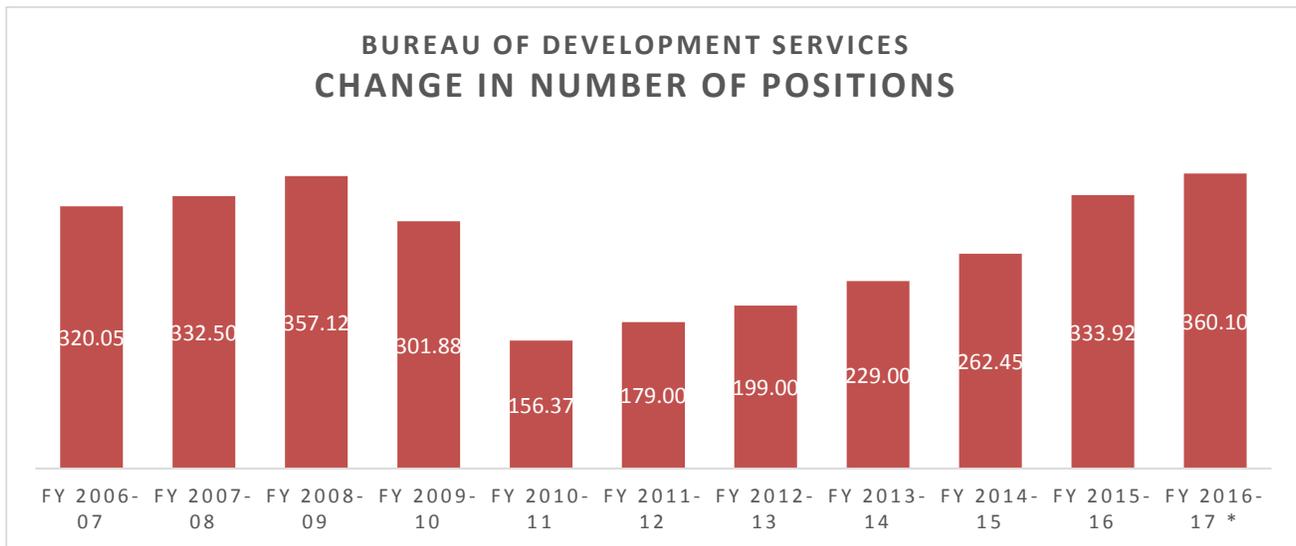
New Positions

BDS is requesting 16 new permanent positions to address increasing workloads throughout the bureau. The new positions include:

- one administrative specialist in the Director's Office
- one management analyst in the Public Information and Enforcement Division
- five administrative/finance/technician positions in the Business Operations and Finance Services Division

- four inspector positions in the Inspection Services Division
- three plans examiner/engineer positions in the Plan Review and Permitting Services Division, and
- two planner positions in the Land Use Services Division.

These positions will be funded by permit fees and charges. CBO recommends the addition of these positions as requested. CBO notes that, with these added positions, the bureau will exceed its pre-recessionary staffing peak with 360.10 regular FTE. The chart below presents the change in the number of authorized positions, full time equivalents for regular and limited-term, in the bureau since FY 2006-07. The bureau plans to use reserves to ease the impact of the next recession. As of August 2016, the cumulative reserves balance stands at \$74 million; this amount exceeds the reserve goal by \$41 million.



(*) 16 new positions requested in the FY 2016-17 Fall BMP

Carryover

BDS is requesting a carryover of \$184,002 to continue a joint effort with the Bureau of Planning and Sustainability for work related to the Design Overlay Zone Assessment project which promotes the conservation, enhancement, and continued vitality of areas in the City. CBO recommends the carryover as requested.

Portland Housing Bureau

Analysts: Jessica Kinard and Jane Marie Ford

Supplemental Budget Changes to All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 11,898,934	\$ 3,310,002		\$ 15,208,936
Taxes	-	2,688,000		2,688,000
Charges for Services	541,800	676,551		1,218,351
Intergovernmental Revenues	93,426,083	6,942,765		100,368,848
Interagency Revenue	100,964	(5,000)		95,964
Fund Transfers - Revenue	1,200,000			1,200,000
Bond and Note	14,400,000	(2,500,000)		11,900,000
Miscellaneous	5,396,989	3,840,000		9,236,989
General Fund Discretionary	26,345,543	2,612,785	(1,242,142)	27,716,186
Total Resources	\$153,310,313	\$17,565,103	(\$1,242,142)	\$169,633,274
Requirements				
Personnel Services	\$ 6,648,236	\$ 309,540		\$ 6,957,776
External Materials and Services	140,566,740	8,041,212		148,607,952
Internal Materials and Services	1,502,511	324,466	(1,242,142)	584,835
Capital Outlay		7,190,834		7,190,834
Bond Expenses	2,984,769	232,178		3,216,947
Fund Transfers - Expense	515,612	1,089,473		1,605,085
Contingency	1,092,445	377,400		1,469,845
Total Requirements	\$153,310,313	\$17,565,103	(\$1,242,142)	\$169,633,274

Supplemental Changes to the General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Interagency Revenue	\$ 100,964	\$ (5,000)	\$ -	\$ 95,964
General Fund Discretionary	26,345,543	2,612,785	(1,242,142)	27,716,186
Total Resources	\$26,446,507	\$2,607,785	(\$1,242,142)	\$27,812,150
Requirements				
Personnel Services	\$ 552,335	\$ (14,469)	\$ -	\$ 537,866
External Materials and Services	25,851,981	2,307,254	-	28,159,235
Internal Materials and Services	42,191	315,000	(1,242,142)	(884,951)
Total Requirements	\$26,446,507	\$2,607,785	(\$1,242,142)	\$27,812,150

Key Decisions

- Appropriate and internally re-allocate \$8.1 million in Housing Investment Funds and Tax Increment Financing Funds for the purchase and prospective rehabilitation of two new properties: the Joyce Hotel and Mt. Tabor Annex. (Recommended with reservations)
- Process \$684,072 in program carryovers for the Terminal 1/Harbor of Hope and the St. Vincent DePaul shelters. (\$641,571 recommended, consistent with program carryover)
- Appropriate anticipated non-General Fund resources and add staff associated with Construction Excise Tax implementation and anticipated implementation of the proposed Inclusionary Zoning policy. (Recommended)
- Appropriate \$254,403 in General Fund contingency resources for homeless services allocated but unspent in FY 2015-16. (\$45,000 recommended)
- Appropriate \$1,000,000 in General Fund contingency resources to enhance the newly funded Rental Rehab program in East Portland. (Not recommended)
- Create five new regular positions and one new limited term position to assist with the anticipated implementation of inclusionary zoning (2.0 FTE), and to support records management (1.0 FTE), homeless services data and reporting (1.0 FTE), anticipated expanded homeownership programming (1.0 FTE), and internal property management (1.0 FTE). These requests are funded with new and existing non-General Fund resources. (Recommended)

Discussion

The bureau submitted a total of 16 requests in the Fall Supplemental Budget. Many of these requests are technical in nature; however, a number of these requests will facilitate new projects that either are not fully developed and/or present some level of uncertainty and financial and operational risk to the City. In our recommendations, CBO recognizes the time-sensitive nature of these requests; however, we are highlighting project concerns and potential risks for Council consideration.

New Projects:

Terminal 1/Shelter Sites

In the FY 2015-16 Over-Expenditure Ordinance, Council approved the carryover of \$414,546 for “capital and renovations costs for shelters not yet sited.” These funds were originally appropriated for shelter expenses in the State of Emergency Ordinance #187629 on March 16, 2016. The bureau is requesting the re-appropriation of these funds, plus the appropriation of an additional \$32,739 in prior year unspent and unencumbered funds, to support tenant improvement and lease costs associated with siting a shelter at the Terminal 1 location. The bureau estimates that \$315,000 will be paid to the Bureau of Environmental Services for lease

costs and \$132,285 will be expended on temporary tenant improvements. PHB assumes that the City will not be responsible for service costs associated with operating the shelter, as agreed upon with the developer.

As the proposed package is in line with the stated purpose when Council approved the carryover of General Fund resources, CBO recommends appropriating \$414,546 towards this request. However, CBO notes that there remains significant uncertainty and risk related to this project proposal, including but not limited to the following:

- The intent is for the temporary shelter to be operational for 18 months; assuming the lease cost for 9 months of this fiscal year is \$315,000, the City will need to find an additional \$315,000 for the FY 2017-18 budget to continue supporting the lease.
- As of early October, the lease has not been finalized, and the actual costs in terms of both lease costs and necessary – and allowable – tenant improvements are unknown.
- It is assumed that private fundraising will cover the costs of shelter services; however, the full operational budget has not been released.
- Legal challenges against this proposed use of the property have been filed, and the impact of these challenges on the ability of the shelter to move forward as well as the financial risk of the proposed use to the City is uncertain.

The current proposal is to increase shelter capacity over three 6-month phases: the site will shelter 100 people in the first 6 months, 200 people in the second 6 months, and 400 in the third 6 months. CBO notes that, if the project proceeds as planned and is successful, it could prove to be publicly cost-effective: while shelter costs vary greatly depending on services offered, the Joint Office of Homeless Services (JOHS) has provided a rough estimate of shelter lease and operational costs, averaging \$750,000/year per 100-bed shelter. Given the potential for leveraging private dollars, this shelter could cost the City significantly less while serving more people. In the FY 2016-17 budget, the JOHS received \$5 million in new funding (\$2.55 million from the City) to provide ‘safety off the streets’ interventions for 650 individuals, and is well on its way towards meeting that target with an anticipated 425 new ‘safety off the streets’ options available by November. The successful completion of this project should enable the City and the County together to shelter significantly more individuals than the budgeted target. However, the bureau and private partners will need to continue working with the Joint Office to ensure that the shelter has the appropriate services to ensure the best outcomes for clients and our agreed-upon goals.

In the event that any or all of these funds are not required for this specific project, CBO recommends that they return to the General Fund unrestricted contingency for re-prioritization.

Joyce Hotel

PHB requests the appropriation and re-allocation of a total of \$6.87 million for the purchase, rehabilitation, and operations of a 69-unit single-room-occupancy building known as the Joyce Hotel. The proposed project budget includes \$6.72 million in Tax Increment Financing (“TIF”) dollars from the South Parks Block Urban Renewal Area and \$141,000 in Housing Investment Fund (“HIF”) short-term rental revenue. While the Adopted Budget assumes that the short term rental revenue stream would be fully securitized for \$14.4 million in one-time funds, using \$141,000 of these funds towards this purpose reduces the amount of potentially available current year one-time funds by \$2.5 million; however, the \$141,000 will again be available on an ongoing basis beginning in FY 2017-18.

The purchase of the building was approved by Council through Ordinance #187988 on September 14th. The item was heard a week earlier than expected on the 4/5th agenda, which did not allow for CBO to provide Council with a fiscal review or analysis. Since Council has already passed this item, CBO recommends the request; however, we note that there is a fair amount of uncertainty and some risk associated with the project.

The South Parks Block URA is expiring, and there is a maximum of \$11.53 million in URA-related TIF funds available for this project. \$4.22 million of this source is dedicated to the building purchase, leaving \$7.31 million for renovation and tenant relocation costs. There are an estimated 20 current building occupants, and relocation of these individuals may cost the City up to \$1 million. The building requires significant rehabilitation, including seismic retrofitting as an Unreinforced Masonry (URM) building. The initial estimates of potential needed retrofits range from \$3.0 million to \$5.0 million; however, these are low confidence estimates. Specifically, there is substantial uncertainty around estimated costs to retrofit URM buildings¹; however, the bureau has stated it will control the scope of the rehabilitation to match available resources. PHB estimates operational costs during rehabilitation to be between \$20,000-\$30,000/year, but there remains some uncertainty about the actual cost as well as the duration of the required renovations.

The bureau intends to use the 69 single-room occupancy units as temporary relocation options for individuals living in other affordable buildings that require seismic upgrades. The bureau estimates that once fully functional, operational costs will be around \$5,000/unit per year. The bureau is confident it will be able to cover building costs with lease revenues once the building is fully leased.

¹ The City’s URM policy committee used data from the FEMA database to estimate the potential costs of seismic retrofits to URM buildings at \$68/sqft to \$120/sqft, which would equal between \$1.4 million and \$2.53 million for the Joyce Hotel. However, these figures are from a 16-year-old database that has been adjusted for inflation, so there is still uncertainty around these estimates.

CBO notes that, if the renovation and relocation costs stay within the estimated budget, the per-unit project costs will be between \$107,000/unit to \$148,000/unit. While affordable housing costs vary greatly, \$100,000/unit is a generally promoted average public subsidy for fully equipped, newly developed affordable apartments which have more amenities and can often accommodate more people than SROs.

Mt. Tabor Property Acquisition

PHB is requesting appropriation of non-General Fund resources to fund the \$1.2 million purchase of the Mount Tabor annex property from Portland Parks & Recreation. Funding would come from \$500,000 in loan repayment resources and \$700,000 in Housing Investment Fund resources that were budgeted for a yet-to-be-determined development opportunity. The bureau intends to deconstruct the existing structure and redevelop the property as affordable housing. The bureau has not yet identified the project timeline, budget, funding source, or development process. As this property is not within an Urban Renewal Area, the funding source will have to be discretionary housing funds such as Housing Investment Funds, General Fund, or Construction Excise Tax funds.

Parks is requesting that the sale proceeds be transferred to a Parks Memorial Fund and then be used for a future project. CBO is recommending that, given the large number of pressing and unfunded capital needs in the Parks bureau, the funding be transferred to the Parks Capital Improvement Program Fund to address the highest priority projects or for funding the 25% match of FEMA grants for projects related to the December 2015 storm.

CBO recommends this request. Although there is not yet an available affordable housing development plan, the property is simply being transferred from one bureau's books to another, and the funding from non-General Fund sources enables Parks to fund some much needed major maintenance.

Property Management Coordinator

Funded through non-General Fund resources, the bureau requests the addition of a property management coordinator. In the past several months, the bureau has been moving towards a model of greater property management and acquisition/ownership. The Portland Development Commission, which had been providing property management services for PHB since the 2010 merger, will be discontinuing this service in December 2016. PHB is also currently involved in property management issues that have arisen in properties owned by bureau partners. In addition, the planned or recently completed purchase of three properties - including those discussed in this supplemental budget request - have demonstrated the need for dedicated property management staff.

CBO recommends this request based on the clear, immediate need for this function and the ability of the bureau to prioritize internal resources to support it. However, CBO notes that the bureau has been taking steps to move towards greater capital asset ownership and management, and this will likely require significant financial and operational changes within the bureau. CBO recommends that the larger potential benefits and risks of having PHB adopt a more consistent model of asset ownership and management be presented to Council as properties are considered for purchase.

Inclusionary Zoning Implementation

Through packages HC_009 and HC_012, the bureau requests a total appropriation of \$600,000 in expected inclusionary zoning in-lieu fee revenues, primarily to support three staff in anticipation of a new Inclusionary Zoning policy being implemented in early 2017. Two staff will be stationed in BDS to assist with questions and liaise between customers, BDS and PHB on programmatic issues; and one existing staff member will be shifted to work on tax exemption programming associated with Inclusionary Zoning.

At the time of this review, many of the proposed policy details are still being finalized (including details around inclusion of an in-lieu fee) and, as a result, it is difficult to assess the financial impact of this policy or the ability of PHB to generate the proposed revenues. The most straightforward financial impact to the City of the new policy will result from the incentive packages included in the final policy. A new or expanded tax exemption policy – which will likely be part of the final policy – will have a direct effect on the available discretionary General Fund for the City. CBO will continue to track the policy and provide our analysis of financial impacts as more details are known.

Should an Inclusionary Zoning policy be approved by Council this December with an implementation date of early February, the bureau would need budget authority to begin the program before the Spring Supplemental Budget. The bureau has stated that it will not begin the hiring process until the policy is passed and the need for implementation is certain. As a result, CBO recommends this request.

Other General Fund Requests:

St. Vincent DePaul Shelter Carryover

In the FY 2015-16 Over-Expenditure Ordinance, Council approved the carryover of \$250,000 for “renovation costs for St. Vincent DePaul shelter.” These funds were originally appropriated in the State of Emergency Ordinance #187629 on March 16, 2016. PHB is requesting carryover of \$227,025 for shelter renovation expenses and OMF-Facilities is requesting carryover of the \$22,975 balance for due diligence costs OMF incurred during the original acquisition of the property. CBO recommends this request.

General Fund Non-Encumbrance Carryover

PHB requests re-appropriation of funds for homeless services that were appropriated in the prior year but unspent and unencumbered at the end of the fiscal year, including: \$96,687 in housing placement and eviction prevention funds; \$41,383 in mobile provider pilot funding; \$16,333 in landlord recruitment funding; and \$100,000 for Springwater Corridor clean up, outreach, and relocation expenses.

As these funds were not encumbered, this is a request for one-time resources out of General Fund contingency. The FY 2016-17 Adopted Budget includes \$7.5 million in new General Fund resources for housing placement and eviction prevention services, \$1.2 million for the mobile provider pilot program, and \$300,000 in continued landlord recruitment funding. While approval of these additional funds will provide an estimated 60 additional households with housing placement services, it does not meet CBO criteria for program carryover as the funds were not set aside for carryover in the prior year and are not for discrete one-time funded projects. CBO recommends supplemental budget funding for new requests that address issues that are urgent and unforeseen, with proposals that are fully developed and cannot be absorbed in a bureau's existing budget. As the need for most of these services is not unforeseen, they do not meet CBO criteria for supplemental budget funding.

The request for \$100,000 for Springwater Corridor clean-up was initiated by the Mayor's Office for costs incurred by Joint Office service contractors to assist with the clean-up of the Springwater Corridor trail. As homeless camps along the trail have been disbanded, contractors were asked to spend funds on services like transportation, storage, ID, application fees, and personal care items to minimize the adverse impact of the clean-up. The contractors have spent \$45,000 to date on these services; the full \$100,000 request is anticipated to support the completion of the clean-up along the Corridor as well as continued clean-up efforts as individuals relocate to other areas. CBO finds that the services provided to date meet an urgent and unforeseen need. However, CBO notes that these services do not appear to be directly furthering City Key Performance Measures such as placement in permanent housing and retention of permanent housing, nor A Home for Everyone measures such as safety off the streets or permanent housing placements. Requiring contractors to absorb these costs will affect their ability to provide services that are aligned with Key Performance Measures. As such, CBO recommends funding those expenses that have been incurred to date, but does not recommend continued funding for these services as people move to new locations. Additional expenses incurred in relation to the urgent Springwater cleanup need may be requested in the Spring BMP once they are known.

To address the longer term issue of relocated camping, CBO recommends that the City work with the Joint Office and the County to develop a strategy that mitigates the adverse effects of public camping while also supporting AHFE goals and City Key Performance Measures.

East Portland Action Plan

The bureau requests the appropriation of \$1,000,000 in one-time funds to enhance the newly funded Rental Rehab program. The FY 2016-17 Adopted Budget includes \$487,500 in ongoing General Fund resources to launch this program, which proposes that the City provide required code upgrades to market-rate affordable units in exchange for the owners' contractual obligation to maintain unit affordability for 10 years. Resources are built into the bureau's FY 2017-18 base budget to increase the funding for this program to \$1,500,000. The bureau is in the process of convening an advisory committee to finalize program administrative rules, and will not be directly contacting landlords to gauge programmatic interest until after administrative rules are finalized. Thus, while Bureau of Development Services data finds there are more than 2,000 units in East Portland with outstanding code violations, the number of buildings that will participate and amount of funding required is unknown. CBO does not recommend that Council revisit its decision to fund this program at \$487,500 in the current fiscal year.

Other Requests:

Staffing Adjustments

In addition to positions related to the property acquisition and inclusionary housing proposals, the bureau is requesting the conversion of a limited term position to a permanent position and the addition of three new positions: a limited term Housing Business Analyst for homeless data management and support; a permanent records management position; and a permanent Housing Program Coordinator to support increased workloads in the homeownership program. All of these positions are funded through non-General Fund resources.

The need for these positions are all connected to the bureau's substantial programmatic and budgetary expansion over the past year: Council approved \$13.9 million in new General Fund resources for homeless services with the expectation that the investment would result in specific measurable outcomes for individuals experiencing homelessness, making the accurate collection and reporting of homeless services data critical to measuring investment impact; the continued homeless crisis and the major shift in housing policy signaled by inclusionary housing proposals as well as the placement of the Housing Bond on the ballot has led to a dramatic increase in public records requests enhancing the need for records management; and the inclusionary housing proposal reallocates a staff member from the homeownership program, leaving a gap to be filled at the same time as that program is investigating new programs and coordinating the newly funded Rental Rehab program. CBO finds these requests to largely

respond to time-sensitive needs that were unknown at the time of budget development, and the bureau is prioritizing existing or internal resources to fund these needs. CBO recommends this request.

New non-General Fund Appropriations

The bureau is requesting the appropriation of several non-General Fund programmatic resources. One of these requests signals the existence of a new model around homeownership assistance: because of the competitive homeownership market, PHB has partnered with Proud Ground to purchase homes using all-cash offers to preserve the competitive ability of potential low- and middle-income families to become homeowners. PHB fronts the funding for Proud Ground to purchase and renovate the homes, and Proud Ground repays the interest-free loan over 12-24 months. This model is being employed as part of the Council-approved N/NE Neighborhood Housing strategy, which includes the provision of \$2.4 million towards creating 40 new homeowners. This proposal would include 11 homeowner loans of approximately \$320,000 each. Proud Ground will repay \$240,000 of each loan and the remaining \$80,000 – or \$880,000 total – will remain in the houses as a permanent subsidy. CBO recommends these requests as they are in line with the Council-approved plan, but notes that the increased cost of housing is requiring greater per-house investment to meet stated objectives, which may require some re-calibration on behalf of the bureau.

The bureau is also requesting the appropriation of \$2,688,000 in anticipated tax revenue as a result of the passage of the Construction Excise Tax through Ordinance #187855 on June 29, 2016. CBO recommends this request.

Other Carryovers

The bureau is requesting carryover of \$481,428 in encumbered General Fund purchase order funds; the re-budgeting of \$5,859,465 in unspent prior year Tax Increment Financing (TIF) and federal grant funds for homeownership, home retention, and affordable housing development projects; and a series of technical adjustments. CBO recommends these requests.

Bureau of Planning & Sustainability

Analyst: Jane Marie Ford

Supplemental Budget Changes to All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 2,773,911	\$ 58,402	\$ -	\$ 2,832,313
Licenses & Permits	2,957,729	-	-	2,957,729
Charges for Services	2,806,284	-	-	2,806,284
Intergovernmental Revenues	1,827,432	361,895	-	2,189,327
Interagency Revenue	870,940	211,002	-	1,081,942
Miscellaneous	83,313	-	-	83,313
General Fund Discretionary	7,754,521	266,501	(90,000)	7,931,022
General Fund Overhead	794,790	-	-	794,790
Total Resources	\$19,868,920	\$897,800	(\$90,000)	\$20,676,720
Requirements				
Personnel Services	\$ 11,434,177	\$ 293,077	\$ (10,000)	\$ 11,717,254
External Materials and Services	2,933,266	563,973	(80,000)	3,417,239
Internal Materials and Services	2,456,944	40,750	-	2,497,694
Bond Expenses	62,016	-	-	62,016
Fund Transfers - Expense	192,699	-	-	192,699
Contingency	80,361	-	-	80,361
Unappropriated Fund Balance	2,709,457	-	-	2,709,457
Total Requirements	\$19,868,920	\$897,800	(\$90,000)	\$20,676,720

Supplemental Changes to the General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Interagency Revenue	\$ 865,940	\$ 209,002	\$ -	\$ 1,074,942
General Fund Discretionary	7,754,521	266,501	(90,000)	7,931,022
General Fund Overhead	794,790	-	-	794,790
Total Resources	\$9,415,251	\$475,503	(\$90,000)	\$9,800,754
Requirements				
Personnel Services	\$ 7,923,988	\$ 161,879	\$ (10,000)	\$ 8,075,867
External Materials and Services	906,869	313,624	(80,000)	1,140,493
Internal Materials and Services	584,394	-	-	584,394
Total Requirements	\$9,415,251	\$475,503	(\$90,000)	\$9,800,754

Key Decisions

- Allocate \$96,967 in General Fund encumbrance carryover and \$39,534 to fund prior year encumbrances closed in error. (Recommended)
- Allocate \$40,000 in new one-time General Fund resources for additional costs associated with Off-Road Cycling Master Plan development. (Recommended)
- Fund \$90,000 for the first phase of “Green Loop” implementation. (Not recommended)
- Reallocate internal resources to fund internal GIS staff for Comprehensive Plan and zoning code-related project support. (Recommended)

Discussion

Most of the bureau’s requested changes are technical in nature, including carryover of open encumbrances, prior year grant carryover and true-up, adjustments to various Interagency Agreements, and carryover of prior year recycling rebates that the Bureau of Planning and Sustainability (BPS) manages on behalf of other bureaus. BPS has also requested new General Fund resources to carry out additional public engagement activities for the Off-Road Cycling master plan, as well as funding for the first phase of Green Loop implementation.

Off-Road Cycling

Portland Parks and Recreation (Parks) requested \$350,000 in its FY 2015-16 budget submission to develop a comprehensive off-road cycling plan, aiming to meet demand for increased trails and facilities while protecting natural resources. Previous efforts have focused on identifying specific sites for off-road cycling use, while this project provides a citywide assessment. BPS was ultimately charged with leading this task, receiving \$300,000 in one-time resources in the FY 2014-15 Spring Supplemental Budget; Parks was allocated \$50,000 for its role. The project has proven to be more complicated than originally anticipated, both from a technical and a community engagement standpoint. In particular, recently emerging renewed public concern over expanding trail access and use in Forest Park has led to the need for an extended public process in order to mitigate the same conflict that suspended the last effort to develop an off-road cycling plan in 2009.

The bureau is requesting new one-time General Fund resources of \$20,000 for a consultant to facilitate three to four additional Project Advisory Committee meetings, which includes coordination, membership building, and facilitating review and feedback on each step of the process. BPS requests another \$20,000 for a Community Service Aide to continue with logistics and public outreach once a limited term position dedicated to this project expires in October 2016. While the bureau is making progress through project milestones, it expects the draft plan presentation to Council to be pushed back from December 2016 to June 2017 in order to work through stakeholder relationships and public discourse.

The need for the requested resources is unforeseen in that there was not a clear sense of what would be required to carry out a comprehensive assessment and plan development on a citywide scale during the initial request. Waiting until the next fiscal year to allocate additional resources will result in further delays, and could critically impact the City's effort to develop a final, comprehensive off-road cycling plan. As such, CBO recommends this request.

Green Loop

In August, the Portland Bureau of Transportation (PBOT) received funding to begin its Central City Multimodal Project (CCMP), which aims to make it easier, safer, and more convenient to travel by foot, bike, and transit in the Central City. Concurrently, BPS recently announced the winning design team for the proposed Green Loop, a six-mile linear park and multi-use path connecting the east and west Central City. BPS is requesting \$80,000 to obtain engineering conceptual design and cost estimates in order to ensure that relevant Green Loop transportation projects are considered as PBOT moves forward with the CCMP, and to identify the resources needed for the next phase of the project. The bureau is also requesting \$10,000 to develop a plan to enable a partner nonprofit organization to help fundraise private dollars for the project, following the successful models employed for the New York Greenline and the Atlanta Beltline, as well as the City's own Portland Park Foundation.

Allocating funding for these purposes in the Fall Supplemental Budget will help to ensure that Green Loop development aligns with the CCMP, potentially leading to greater efficiency and effectiveness through leveraging project planning, resources, and outreach. While the bureau is requesting one-time dollars to support the first phase of the Green Loop, this will be a multi-year project that will likely require public subsidy for several years. Accordingly, CBO does not see this as a discrete one-time request and does not recommend funding. CBO believes the decision to begin funding this project should be a policy decision for Council to consider along with other Council priorities.

Limited Term GIS II

The bureau proposes reallocating internal funds to create a new limited term GIS Technician position in support of the Comprehensive Plan and related zoning code projects. These funds were originally allocated for procuring external technical analysis, but the bureau finds that the work can be completed more efficiently by internal staff. This position will also receive funding from increases to two interagency agreements with the Bureau of Development Services and Portland Bureau of Transportation. CBO recommends this request.

Office of Neighborhood Involvement

Analyst: Jessica Kinard

Supplemental Budget Changes to the General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Charges for Services	\$ 1,182,369	\$ 37,500	\$ -	\$ 1,219,869
Intergovernmental Revenues	286,191	-	-	286,191
Interagency Revenue	18,261	-	-	18,261
Miscellaneous	-	3,000	-	3,000
General Fund Discretionary	8,483,902	780,396	(259,015)	9,005,283
General Fund Overhead	282,340	-	-	282,340
Total Resources	\$10,253,063	\$820,896	(\$259,015)	\$10,814,944
Requirements				
Personnel Services	\$ 5,258,693	\$ 64,756	\$ (9,331)	\$ 5,314,118
External Materials and Services	4,217,341	506,456	-	4,723,797
Internal Materials and Services	777,029	249,684	(249,684)	777,029
Total Requirements	\$10,253,063	\$820,896	(\$259,015)	\$10,814,944

There are no proposed changes to funds outside of the General Fund changes listed above.

Key Decisions

- Process \$375,093 in carryovers for encumbered and advanced funds. (Recommended)
- Increase projected Noise Program revenues by \$37,500 and fund a new limited term Code Specialist position. (Recommended)
- Appropriate \$9,331 in General Fund contingency resources to increase the East Portland Neighborhood Office Director position from part time to full time. (Not recommended)
- Appropriate \$38,779 and \$210,905 in General Fund discretionary resources to match an interagency agreement with Facilities Services for security enhancements and exterior masonry/major maintenance work at City Hall. (Not recommended)
- Internally re-allocate funding for special projects and neighborhood office spending. (Recommended)

Discussion

The bureau is mostly requesting a series of typical and technical changes to the budget, including: the carryover of \$80,476 in encumbered funds and \$294,617 in advanced funds for projects currently underway; the recognition of \$3,000 in miscellaneous revenue supporting neighborhood office staff; the internal reallocation of resources to cover unencumbered prior

year contract costs; the internal reallocation and/or allocation of new miscellaneous funds for personnel costs in the East Portland and North Portland Neighborhood Offices; and re-budgeting disability program funds in the correct location. CBO recommends these changes. Other key issues are discussed below.

Noise Program Revenue and Limited Term Position

The bureau requests the addition of a limited term Code Specialist II, which will be supported by projected increases in Noise Program revenue. The bureau currently has one dedicated inspector to manage noise complaints, which typically exceed 2,500 complaints per year; and the Police bureau has noted approximately 7,000 noise calls to the non-emergency line on average per year. Depending on the complexity of the complaint, one inspector can handle approximately 25-50 complaints/month or 300-600/year.

The bureau proposes funding this position through a \$37,500 increase in projected Noise Program revenues. Currently budgeted revenues total \$172,000. However, revenues have steadily increased with workload in recent years; actual revenue receipt in FY 2015-16 totaled \$211,018. In addition, on September 7, 2016, Council passed Ordinance #187977, instituting a 15% fee increase on noise variance requests beginning in October.

Assuming recent trends in noise variance requests continue, CBO finds the increased revenue projections reasonable and recommends this request. However, CBO notes that supporting the full time position on an ongoing basis will require additional funds in FY 2017-18 and beyond. To address ongoing program workload issues and programmatic costs, the bureau plans to come to Council in Spring 2017 with a more thorough fee analysis and a new proposed fee structure for adoption and implementation.

Increase EPNO Director to Full Time

The bureau is requesting \$9,331 in new ongoing General Fund resources to increase the Director position of the East Portland Neighborhood Office (EPNO) from 0.75 FTE to 1.0 FTE. The bureau notes that workload for office staff has increased as a result of increased grant and services work associated with the East Portland Action Plan (EPAP). CBO does not recommend new funding for this request. Only one-time General Fund support is available in the supplemental budget. To the extent that increased funding for EPAP programming has increased workload on existing staff, CBO recommends that the bureau prioritize adequate funding from the increased EPAP resources to ensure that the bureau and its partners are able to successfully manage new responsibilities.

City Hall Security Enhancements and Major Maintenance

Facilities Services submitted two requests for General Fund Capital Set-Aside resources: \$500,000 to fund security enhancements and \$2,718,637 for exterior masonry/major

maintenance work at City Hall. Both packages were input into ONI's budget by CBO to match an unbalanced interagency agreement with Facilities Services for this project, allocated based on square footage occupied. CBO does not recommend this request for Capital Set-Aside funding. See the OMF-Facilities Services supplemental review for additional analysis.

Portland Development Commission

Analyst: Katie Shifley & Josh Harwood

Supplemental Changes to the General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
General Fund Discretionary	5,818,465	44,000	(10,000)	5,852,465
Total Resources	\$5,818,465	\$44,000	(\$10,000)	\$5,852,465
Requirements				
External Materials and Services	5,818,465	44,000	(10,000)	5,852,465
Total Requirements	\$5,818,465	\$44,000	(\$10,000)	\$5,852,465

Key Decisions

- Requests encumbrance carryover of \$25,000 for PDC's grant to Portland Incubator Experiment, the \$10,000 Athletic and Outdoor Study, and \$9,000 for the DHM contracted business survey (recommended at total of \$34,000).

Discussion

PDC's funding from the City's General Fund is governed by an IGA with CBO. Due to timing issues around PDC's final invoice and unknowns around their encumbered contracts in FY 2015-16, CBO encumbered the full amount of the remaining balance on the IGA with PDC. After PDC's final invoice was submitted and paid by the City, \$42,358 remained from FY 2015-16 funds. PDC requested \$44,000 in funding for encumbrances they made in FY 2015-16. PDC was able to provide documentation of \$25,000 in funds encumbered for the Portland Incubator Experiment and \$9,000 encumbered for the Business Survey. PDC was unable to provide documentation or other verification of \$10,000 in funds encumbered for the Athletic and Outdoor Study. PDC did provide a draft scope of work with EcoNW for this project, but indicated that no specific work order was issued as of June 30, 2016. PDC has a flexible services contract with EcoNW, and, to the degree that no final scope or funding was agreed to or contracted as of June 30, 2016, any services provided in the current fiscal year would be appropriately funded out of PDC's current year General Fund allocation for Cluster Development services (\$1,252,585 in FY 2016-17 IGA).

Office of Equity & Human Rights

Analyst: Jane Marie Ford

Supplemental Changes to the General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Intergovernmental Revenues	\$ -	\$ 5,000	\$ -	\$ 5,000
Interagency Revenue	5,126	-	-	5,126
General Fund Discretionary	1,091,319	300,460	(263,460)	1,128,319
General Fund Overhead	575,741	-	-	575,741
Total Resources	\$1,672,186	\$305,460	(\$263,460)	\$1,714,186
Requirements				
Personnel Services	\$ 1,297,841	\$ 284,780	\$ (224,770)	\$ 1,357,851
External Materials and Services	185,320	25,680	(38,690)	172,310
Internal Materials and Services	189,025	(5,000)		184,025
Total Requirements	\$1,672,186	\$305,460	(\$263,460)	\$1,714,186

Key Decisions

- Authorize \$263,460 for four FTE to implement a new centralized service delivery model using General Fund discretionary resources. (Not recommended)
- Allocate \$35,000 in new General Fund discretionary resources for a part-time position to support the Equitable Contracting & Purchasing Commission. (Recommended)
- Allocate new funds and realign internal resources to extend a limited term position supporting Racial Equity Roadmap implementation. (Recommended)
- Allocate \$2,000 for a one-time encumbrance carryover. (Recommended)

Discussion

The bureau is requesting significant one-time and ongoing changes to its budget, with the addition of temporary and permanent staff through new General Fund resources, intergovernmental revenue, and reallocating funding internally.

Staffing Assessment

In response to an FY 2016-17 Adopted Budget Note, the Office of Equity & Human Rights (OEHR) conducted a staffing assessment to identify a bureau model that would allow it to balance its programmatic, training, and policy needs in order to meet its mission and mandate as set by Council. The Budget Note directed OEHR to provide a proposal in December for FY 2017-18 Budget Development consideration. In the Fall Supplemental Budget, OEHR proposes implementation of a centralized staffing model to provide equity technical assistance and

education to all bureaus Citywide by requesting four new FTE to work in tandem with existing bureau equity managers.

The Budget Monitoring Process is not typically used to make permanent position changes requiring General Fund resources, as these require ongoing funds not available during the supplemental budget processes. In addition, Council does not have an opportunity to weigh these ongoing changes against other ongoing City priorities. CBO recommends new requests in the Fall Supplemental Budget that are one-time, unforeseen, urgent, fully developed, and unlikely to be absorbed in existing bureau budgets. Consistent with the budget note direction, CBO recommends that Council consider this proposal as part of FY 2017-18 budget development.

Equitable Contracting & Purchasing Commission (ECPC)

The Equitable Contracting & Purchasing Commission (ECPC) was established in February 2015 to investigate and report on the City's equitable contracting and purchasing efforts and to incorporate socially equitable programs, policies, and procedures. The Office of Management & Finance (OMF) realigned internal resources to support ECPC through a Community Service Aide position, which had not yet been filled when administrative responsibility and \$25,000 in funding was transferred to OEHR in the FY 2017-18 Adopted Budget.

In its February 2016 meeting, ECPC issued a no-confidence vote against the City, suggesting that City leadership did not support its efforts. In its September 2016 presentation to City Council, the commission specifically requested additional staff resources in alignment with the City's commitment in Ordinance #187030 as amended, which notes that "[s]taff support necessary for the conduct of the Commission work shall be furnished by appropriate agencies as directed by the Mayor's Office" as well as "resources for successful implementation and ongoing operations." Accordingly, the bureau is requesting an additional \$35,000 in one-time General Fund resources to partially fund a new limited term 0.75 FTE Program Coordinator to support the commission and provide data analysis, with the remaining approximately \$10,000 coming from the existing program budget.

While not unforeseen, the need for additional support is urgent in order to meet the City's obligation to the commission as outlined in the original ordinance. The level of support and data analysis required to help the commission carry out its mission and recommendations cannot be provided within existing bureau resources, and failure to allocate funding for this purpose at this time would severely limit the commission's work in the current fiscal year. As such, CBO recommends funding a limited term position with one-time General Fund resources in the current year, and recommends that the bureau consider the ongoing needs for this commission and other data analysis functions as part of its proposed staffing structure.

Racial Equity Roadmap Support

OEHR is requesting to appropriate \$5,000 in intergovernmental revenue and reallocate \$10,000 in internal resources to fund part-time staff support of the Racial Equity Roadmap process through the end of the fiscal year. The limited term position dedicated to this work is set to expire in November 2016, and extending this appointment will allow OEHR to launch the implementation phase of the Bureau Racial Equity Plans. CBO recommends this request.

Encumbrance Carryover

CBO recommends OEHR's request for \$2,000 in a one-time encumbrance carryover for the final payment on a contract related to the Leadership Development Program pilot, an initiative of the Diverse and Empowered Employees of Portland (DEEP). This pilot launched in FY 2014-15 with the goals of 1) creating a replicable model of a mentorship program that could be leveraged by other affinity groups in the City, and 2) creating a better and more demographically representative candidate pool for management and supervisory opportunities in the City. The program utilized \$10,000 in internally-realigned General Fund resources to cover the cost of materials, consultant assistance, and other program expenses. In total, 18 mentors supported 17 mentees across nine bureaus. DEEP is in the process of carrying out a survey of program participants to assess satisfaction, potential changes, and next steps.

Transportation and Parking

Portland Bureau of Transportation

Analyst: Yung Ouyang

Supplemental Budget Changes to All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 81,109,640	\$ 8,632,908	\$ -	\$ 89,742,548
Taxes	13,250,000	-	-	\$ 13,250,000
Licenses & Permits	7,831,200	-	-	\$ 7,831,200
Charges for Services	80,596,478	339,000	-	\$ 80,935,478
Intergovernmental Revenues	103,543,756	262,356	-	\$103,806,112
Interagency Revenue	31,933,016	1,140,750	-	\$ 33,073,766
Fund Transfers - Revenue	22,603,431	62,135,835	(60,321,835)	\$ 24,417,431
Bond and Note	31,000,000	-	-	\$ 31,000,000
Miscellaneous	4,173,430	-	-	\$ 4,173,430
Total Resources	\$376,040,951	\$72,510,849	(\$60,321,835)	\$388,229,965
Requirements				
Personnel Services	\$ 92,411,566	\$ 8,005,504	\$ (5,151,600)	\$ 95,265,470
External Materials and Services	72,100,078	12,588,114	(8,446,000)	\$ 76,242,192
Internal Materials and Services	34,110,533	385,777	-	\$ 34,496,310
Capital Outlay	49,900,829	51,011,257	(46,724,235)	\$ 54,187,851
Bond Expenses	14,873,775	-	-	\$ 14,873,775
Fund Transfers - Expense	12,828,819	3,503	-	\$ 12,832,322
Contingency	98,142,304	516,694	-	\$ 98,658,998
Unappropriated Fund Balance	1,673,047	-	-	\$ 1,673,047
Total Requirements	\$376,040,951	\$72,510,849	(\$60,321,835)	\$388,229,965

Supplemental Changes to the Transportation Operating Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 63,669,018	\$ 8,632,908	\$ -	\$ 72,301,926
Taxes	13,250,000	-	-	\$ 13,250,000
Licenses & Permits	7,831,200	-	-	\$ 7,831,200
Charges for Services	66,310,568	339,000	-	\$ 66,649,568
Intergovernmental Revenues	73,637,953	262,356	-	\$ 73,900,309
Interagency Revenue	30,958,481	1,140,750	-	\$ 32,099,231
Fund Transfers - Revenue	19,936,701	62,135,835	(60,321,835)	\$ 21,750,701
Bond and Note	31,000,000	-	-	\$ 31,000,000
Miscellaneous	4,048,430	-	-	\$ 4,048,430
Total Resources	\$310,642,351	\$72,510,849	(\$60,321,835)	\$322,831,365
Requirements				
Personnel Services	\$ 86,200,159	\$ 8,005,504	\$ (5,151,600)	\$ 89,054,063
External Materials and Services	65,904,741	12,588,114	(8,446,000)	\$ 70,046,855
Internal Materials and Services	22,939,912	385,777	-	\$ 23,325,689
Capital Outlay	28,358,494	51,011,257	(46,724,235)	\$ 32,645,516
Bond Expenses	11,031,045	-	-	\$ 11,031,045
Fund Transfers - Expense	10,153,855	3,503	-	\$ 10,157,358
Contingency	86,054,145	516,694	-	\$ 86,570,839
Total Requirements	\$310,642,351	\$72,510,849	(\$60,321,835)	\$322,831,365

Key Decisions

- Carryover the following amounts in the Transportation Operating Fund for further work on projects (recommended):
 - \$3,566,552 to complete various General Transportation Revenue (GTR) projects;
 - \$4,988,837 in General Fund resources to complete projects funded in prior years.
- Allocate up to \$50.5 million in General Fund Major Maintenance resources for fourteen projects (\$1,814,000 recommended based on funds available and scoring by committee).
- Allocate an additional \$11.7 million in General Fund one-time resources for six other requests:
 - \$500,000 for maximizing the Portland Streetcar System (not recommended);
 - \$2.6 million for a protected bikeway on Hawthorne and a traffic signal (not recommended);
 - \$350,000 for a seasonal Naito Parkway bikeway and walkway (not recommended);
 - \$300,000 for the widening of a sidewalk connecting two major trails (not recommended);

- \$2.9 million for Vision Zero purposes: the Outer-Halsey Streetscape project, targeted outreach to impaired drivers, Safe Routes to School outreach in high schools, and safety projects requested by the community (not recommended);
- \$5.0 million to construct 1,000 ADA-compliant curb ramps (not recommended).
- Add an additional 22.0 FTEs and convert 13.0 FTEs from limited term to permanent (all recommended):
 - Six permanent FTEs and one limited term (LT) FTE in the Development Permitting and Transit Group to address workload demands, as well as the conversion of three LT positions to permanent in the Utility, Constructions, Inspections Division (\$378,024, funded by additional permit fees and a transfer from part-time salaries);
 - One Capital Project Manager to support the delivery of a variety of capital projects (\$62,722, funded mostly by an internal transfer from part-time salaries);
 - One Supervising Planner to oversee the Complete Streets planning section (\$72,500, funded this year by a draw from general contingency and by GTR and overhead recovery in future years);
 - One Storekeeper position to handle an increased workload (\$77,700, funded by a transfer from the Facilities section's materials budget);
 - One Management Analyst in Parking Operations to support key security, meter shop inventory, contracts, and back-of-house system management (\$100,000, funded by a transfer from miscellaneous services);
 - Six new positions and converting seven LT positions to permanent to work directly on delivering roadway and safety projects (\$493,620, funded by internal transfers, as well as the contingency from the new gas tax's revenues);
 - Five positions to provide street patching following utility cuts by the Water Bureau (\$379,044, funded by interagency revenues);
 - The conversions of three other positions from limited term to permanent.
- Withdraw funds from general contingency in the Transportation Operating Fund to support new costs (recommended):
 - \$221,777 to increase an IA with OMF-Revenue Division to administer the Heavy Vehicle Use Tax;
 - \$72,500 to create a Supervising Planner to oversee a new Complete Streets planning section. The position will be funded by GTR and overhead recovery in future years;
 - \$140,000 to provide the Business Services Division additional personnel support to address growth in program areas on a limited term basis;
 - \$3,000 to increase the IA with OMF-Facilities to provide coordination of surplus property and assist with property ownership between bureaus.

Discussion

Major Maintenance Requests from the General Fund Capital Set-Aside

PBOT submitted 14 projects during the Fall BMP for consideration for funds from the General Fund Capital Set-Aside. These were ranked by the scoring committee alongside other projects that were submitted during previous budget development and supplemental processes but were not funded. Based on the amount of funds available in the General Fund Capital Set-Aside and the results from the ranking committee, CBO is recommending funding for the two traffic signal-related projects: \$950,000 for the Traffic Signal Reconstruction Program (ranked first) and \$864,000 for the Traffic Signal System Local Controller project (ranked fourth). Although the total request for the Traffic Signal System Local Controller project is \$4.5 million, PBOT has indicated that the request is scalable. The \$864,000 in additional General Fund resources can be matched with \$50,000 of GTR to replace the software at about 288 intersections out of a total need of 1,500 intersections.

Non-Capital General Fund One-Time Requests

Six of PBOT's requests are for additional one-time General Fund resources. For the Fall BMP, CBO typically only recommends additional General Fund resources for requests that are urgent, well-developed, and unforeseen. PBOT's six requests are fairly well-developed, and some of them can be considered urgent since they seek to address safety issues. However, none of these requests are unforeseen from the perspective of the nature of the needs that General Fund contingency is intended to address. However, if Council does decide that an infrastructure project addressing safety needs should be funded, CBO recommends the Outer-Halsey Safety Streetscape Project that is a component of PBOT's Vision Zero request be funded over the others (Inner Hawthorne Corridor Transit & Bikeway, Better Naito, and Seasonal Naito) because it addresses issues of equity. The project is located in outer East Portland where a higher percentage of low-income residents live, and there is a documented need for traffic safety improvements in this area.

Draws from the Transportation Operating Fund's General Contingency

Four requests involve draws from the bureau's general contingency in the Transportation Operating Fund, amounting to 17.1% of the original budgeted amount in contingency. PBOT intends to replenish the funds with additional ending fund balance from FY 2015-16. Most of the draws are either for a one-time use, such as the \$140,000 for limited-term staff support in the Business Services Division, or for uses which have future funding sources, such as the new heavy vehicle use tax for the IA with OMF-Revenue Division to administer it, and GTR and overhead recovery for the Supervising Planner position.

Additional Positions

PBOT is adding an additional 22.0 FTE during this Fall BMP. Seven are in the Development Permitting and Transit Group to address an increase in workload. The funding for these new positions mostly consists of additional permit fees (\$203,000) and a transfer from part-time salaries (\$100,000). The bureau has provided data from the Bureau of Development Services to show the increase in workload and has noted that public works permits have increased from a volume of 97 in FY 2011-12 to 240 projected for FY 2016-17. The permit engineering group is currently late on processing approximately 40% of its active public works permits.

Furthermore, residential and commercial plan reviews have increased 58% from 2011 to 2015, and the bureau believes that at the current pace, they will exceed last year's volumes.

Overtime usage has risen greatly in an attempt to reduce the late permit review times.

Costing \$493,620, six new positions are added and seven limited term positions are converted to permanent to work directly on delivering roadway and safety projects. PBOT states that it is transferring \$125,064 from the capital budget for the Street Light Efficiency Program because LED street lights installations contribute to safety, and businesses and residents rely on street lights to illuminate hazards in the right-of-way, thereby improving safety for drivers, cyclists, and pedestrians. Moreover, \$120,180 is transferred from the bureau's part-time salary line item, in addition to \$98,088 transferred from contingency in the Street Repair and Traffic Safety Fund funded by the new gas and heavy vehicle use taxes. Finally, \$150,288 is transferred from materials and services to fund the conversion of two limited term positions to permanent because these were added through the HR process and did not have the associated budget.

Five positions are added in Maintenance Operations to provide street patching following utility cuts by the Portland Water Bureau (PWB). Costing \$379,044, the positions are funded by IA revenues from PWB. During the Spring BMP last year, PWB requested to increase its IA with PBOT for street patching by \$1.0 million. PBOT was concerned that with so little time left in the fiscal year, it could not meet its own street maintenance goals and accomplish the work that the Water Bureau needed. The two bureaus subsequently came to an agreement as to how to manage planning and communications about the work and are thus making the budget adjustment earlier in the fiscal year.

Four other positions are added in various programs for different purposes; these are funded mostly by internal transfers.

Other Interagency Agreement Adjustments

Other IA adjustments not already mentioned above include:

- \$10,000 increase to pay PWB for participation in the development of the SW Corridor Light Rail Project's Draft Environmental Impact Statement;

- \$5,000 increase to pay the Bureau of Planning and Sustainability (BPS) for real estate and zoning analysis of potential streetcar system expansion;
- \$20,000 increase to pay BPS for work on the map based web application in the Transportation System Plan proposals;
- \$136,000 increase to pay OMF-CityFleet for the purchase of four new trucks for the Development Permitting and Transit Group and the Streetcar program;
- \$40,750 in addition revenues from BPS to provide planning services for two projects.

Elected Officials

Office of the Mayor

Analyst: Jane Marie Ford

Supplemental Changes to the General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
General Fund Discretionary	\$ 1,590,725	\$ 409,267	\$ (409,267)	\$ 1,590,725
General Fund Overhead	1,545,962	-	-	1,545,962
Total Resources	\$3,136,687	\$409,267	(\$409,267)	\$3,136,687
Requirements				
Personnel Services	\$ 1,865,190	\$ -	\$ -	\$ 1,865,190
External Materials and Services	791,833	15,000	(15,000)	791,833
Internal Materials and Services	479,664	394,267	(394,267)	479,664
Total Requirements	\$3,136,687	\$409,267	(\$409,267)	\$3,136,687

Key Decisions

- Allocate \$15,000 in General Fund resources for BuildingBlocks Data Tool subscription. (Not recommended)
- Appropriate \$31,250 and \$333,017 in General Fund discretionary resources to match an interagency agreement with Facilities Services for security enhancements and exterior masonry/major maintenance work at City Hall. (Not recommended)

Discussion

BuildingBlocks Data Tool Subscription

The Mayor's Office has requested \$15,000 in one-time General Fund resources for a subscription to the BuildingBlocks Data Tool through the vendor OpportunitySpace. The City was approached by this startup as a candidate for its cloud-based application designed to synthesize data across City departments related to extremely distressed properties and foreclosures. The tool includes functions to help manage workflow across bureaus, including the Bureau of Development Services, the Auditor's Office, Portland Police Bureau, Bureau of Emergency Communications, and others. The Mayor's Office expects that ongoing funding will likely be provided by these bureaus but believes that the pilot year launch should be provided by the Mayor's Office. No resources were allocated specifically for this purpose in FY 2016-17, as the Mayor's Office learned about this tool after budget development. CBO recommends that the pilot costs be absorbed through current year vacancy savings. CBO will work with finance

staff to continue to monitor the office's budget and will recommend amendments as necessary in the Spring BMP to prevent over-expenditures at year's end.

City Hall Security Enhancements and Major Maintenance – General Fund Capital Set Aside

Facilities Services submitted two requests for General Fund Capital Set-Aside resources: \$500,000 to fund security enhancements and \$2,718,637 for exterior masonry/major maintenance work at City Hall. Both packages were input in the Mayor's Office budget by CBO to match an unbalanced interagency agreement with Facilities Services for this project, allocated based on square footage occupied. CBO does not recommend this request for Capital Set-Aside funding. See the OMF-Facilities Services supplemental review for additional analysis.

Commissioner of Public Affairs (Saltzman)

Analyst: Jane Marie Ford

Supplemental Changes to the General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Intergovernmental Revenues	\$ 27,000	\$ -	\$ -	\$ 27,000
Miscellaneous	20,890	-	-	20,890
General Fund Discretionary	1,321,324	335,742	(205,564)	1,451,502
General Fund Overhead	587,213	-	-	587,213
Total Resources	\$1,956,427	\$335,742	(\$205,564)	\$2,086,605
Requirements				
Personnel Services	\$ 1,201,357	\$ -	\$ -	\$ 1,201,357
External Materials and Services	552,833	132,800	(2,622)	683,011
Internal Materials and Services	202,237	202,942	(202,942)	202,237
Total Requirements	\$1,956,427	\$335,742	(\$205,564)	\$2,086,605

There are no changes to bureau funds outside of the General Fund changes listed above

Key Decisions

- Authorize \$110,178 in one-time General Fund discretionary resources for encumbrance carryovers for the Gateway Center for Domestic Violence Services. (Recommended)
- Allocate \$20,000 in one-time General Fund discretionary resources for an Economic Empowerment Pilot Program through the Gateway Center for Domestic Violence Services. (Recommended)
- Allocate \$2,622 for FY 2015-16 Commissioner’s Office expenses invoiced in FY 2016-17. (Not recommended)
- Appropriate \$31,466 and \$171,476 in General Fund discretionary resources to match an interagency agreement with Facilities Services for security enhancements and exterior masonry/major maintenance work at City Hall. (Not recommended)

Discussion

In the Fall Supplemental Budget, the Commissioner of Public Affairs is requesting additional General Fund resources for the Gateway Center for Domestic Violence Services (Gateway Center), funding for improvements to City Hall through OMF-Facilities, and technical adjustments.

Economic Empowerment Pilot Program

The Gateway Center requests \$20,000 in new General Fund resources to fund a pilot program assisting survivors of domestic violence in securing sustainable employment through a private job developer. This aligns with existing housing placement and eviction prevention services, ensuring that survivors are able to maintain housing placements after the short-term assistance expires. The County has also funded an economic empowerment position in the current fiscal year with one-time resources (\$55,000). A partner agency providing related services unexpectedly lost grant funding at the end of the last fiscal year, and the Gateway Center developed this pilot both to fill a critical need as well as to leverage existing services. The Gateway Center expects to be able to serve between 20 and 25 households in the pilot program, supporting the State of Housing Emergency Key Performance Measure of preventing or diverting 526 households from experiencing homelessness. CBO finds the unexpected loss in grant funding combined with the State of Housing Emergency to create an urgent and unforeseen need for these funds, and as such CBO recommends this request.

Technical Adjustments

CBO recommends requested one-time encumbrance carryovers, which will fulfill contractual obligations for services provided by the Gateway Center through partner organizations in FY 2015-16. The Commissioner's Office also requested \$2,622 for 2015-16 office expenses that were not invoiced until the current fiscal year. As it is still early in the fiscal year, CBO recommends waiting to determine if this cost can be absorbed in the current year budget. CBO will work with finance staff to continue to monitor the office's budget, and will recommend amendments as necessary in the Spring BMP to prevent over-expenditures.

City Hall Security Enhancements and Major Maintenance – General Fund Capital Set Aside

Facilities Services submitted two requests for General Fund Capital Set-Aside resources: \$500,000 to fund security enhancements and \$2,718,637 for exterior masonry/major maintenance work at City Hall. Both packages were input in the Commissioner's Office budget by CBO to match an unbalanced interagency agreement with Facilities Services for this project, allocated based on square footage occupied. CBO does not recommend this request for Capital Set-Aside funding. See the OMF-Facilities Services supplemental review for additional analysis.

Commissioner of Public Safety (Novick)

Analyst: Jane Marie Ford

Supplemental Changes to the General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
General Fund Discretionary	\$ 490,208	\$ 189,374	\$ (189,374)	\$ 490,208
General Fund Overhead	586,197	-	-	586,197
Total Resources	\$1,076,405	\$189,374	(\$189,374)	\$1,076,405
Requirements				
Personnel Services	\$ 859,061	\$ -	\$ -	\$ 859,061
External Materials and Services	41,380	-	-	41,380
Internal Materials and Services	175,964	189,374	(189,374)	175,964
Total Requirements	\$1,076,405	\$189,374	(\$189,374)	\$1,076,405

Key Decisions

- Appropriate \$29,418 and \$159,956 in General Fund discretionary resources to match an interagency agreement with Facilities Services for security enhancements and exterior masonry/major maintenance work at City Hall. (Not recommended)

Discussion

City Hall Security Enhancements and Major Maintenance – General Fund Capital Set Aside

Facilities Services submitted two requests for General Fund Capital Set-Aside resources: \$500,000 to fund security enhancements and \$2,718,637 for exterior masonry/major maintenance work at City Hall. Both packages were input in the Commissioner’s Office budget by CBO to match an unbalanced interagency agreement with Facilities Services for this project, allocated based on square footage occupied. CBO does not recommend this request for Capital Set-Aside funding. See the OMF-Facilities Services supplemental review for additional analysis.

Commissioner of Public Utilities (Fritz)

Analyst: Jane Marie Ford

Supplemental Changes to the General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
General Fund Discretionary	\$ 491,846	\$ 217,600	\$ (202,626)	\$ 506,820
General Fund Overhead	588,156	-	-	588,156
Total Resources	\$1,080,002	\$217,600	(\$202,626)	\$ 1,094,976
Requirements				
Personnel Services	\$ 822,546	\$ -	\$ -	\$ 822,546
External Materials and Services	79,598	14,974	-	94,572
Internal Materials and Services	177,858	202,626	(202,626)	177,858
Total Requirements	\$1,080,002	\$217,600	(\$202,626)	\$ 1,094,976

Key Decisions

- Allocate \$14,947 in one-time General Fund encumbrance carryover. (Recommended)
- Appropriate \$31,537 and \$171,089 in General Fund discretionary resources to match an interagency agreement with Facilities Services for security enhancements and exterior masonry/major maintenance work at City Hall. (Not recommended)

Discussion

City Hall Security Enhancements and Major Maintenance – General Fund Capital Set Aside

Facilities Services submitted two requests for General Fund Capital Set-Aside resources: \$500,000 to fund security enhancements and \$2,718,637 for exterior masonry/major maintenance work at City Hall. Both packages were input in the Commissioner’s Office budget by CBO to match an unbalanced interagency agreement with Facilities Services for this project, allocated based on square footage occupied. CBO does not recommend this request for Capital Set-Aside funding. See the OMF-Facilities Services supplemental review for additional analysis.

Encumbrance Carryover

The Commissioner of Public Utilities has requested \$14,974 in encumbrance carryover for the remaining contract services provided by the Oregon Bureau of Labor and Industries (BOLI) to enforce the City of Portland Sick Time Ordinance. CBO recommends this request.

Commissioner of Public Works (Fish)

Analyst: Jane Marie Ford

Supplemental Changes to the General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
General Fund Discretionary	\$ 490,080	\$ 188,230	\$ (188,230)	\$ 490,080
General Fund Overhead	586,044	-	-	586,044
Total Resources	\$1,076,124	\$188,230	(\$188,230)	\$1,076,124
Requirements				
Personnel Services	\$ 863,489	\$ -	\$ -	\$ 863,489
External Materials and Services	34,780	-	-	34,780
Internal Materials and Services	177,855	188,230	(188,230)	177,855
Total Requirements	\$1,076,124	\$188,230	(\$188,230)	\$1,076,124

Key Decisions

- Appropriate \$29,240 and \$158,990 in General Fund discretionary resources to match an interagency agreement with Facilities Services for security enhancements and exterior masonry/major maintenance work at City Hall. (Not recommended)

Discussion

City Hall Security Enhancements and Major Maintenance – General Fund Capital Set Aside

Facilities Services submitted two requests for General Fund Capital Set-Aside resources: \$500,000 to fund security enhancements and \$2,718,637 for exterior masonry/major maintenance work at City Hall. Both packages were input in the Commissioner’s Office budget by CBO to match an unbalanced interagency agreement with Facilities Services for this project, allocated based on square footage occupied. CBO does not recommend this request for Capital Set-Aside funding. See the OMF-Facilities Services supplemental review for additional analysis.

Office of the City Auditor

Analyst: Katie Shifley

Supplemental Budget Changes to All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 16,688,763	\$ 16,688,763	\$ -	\$ 16,688,763
Charges for Services	1,171,045	1,171,045	-	1,171,045
Interagency Revenue	165,000	165,000	-	165,000
Fund Transfers - Revenue	500,000	500,000	-	500,000
Bond and Note	9,027,599	9,027,599	-	9,027,599
Miscellaneous	8,487,937	8,487,937	-	8,487,937
General Fund Discretionary	4,334,984	4,334,984	35,000	4,369,984
General Fund Overhead	5,183,821	5,183,821	-	5,183,821
Total Resources	\$45,559,149	\$45,559,149	\$35,000	\$45,594,149
Requirements				
Personnel Services	\$ 6,239,753	\$ 6,239,753	\$ -	\$ 6,239,753
External Materials and Services	1,523,032	1,523,032	135,000	1,658,032
Internal Materials and Services	3,415,436	3,415,436	-	3,415,436
Bond Expenses	12,375,028	12,375,028	-	12,375,028
Fund Transfers - Expense	5,487,264	5,487,264	-	5,487,264
Contingency	2,886,682	2,886,682	(100,000)	2,786,682
Unappropriated Fund Balance	13,631,954	13,631,954	-	13,631,954
Total Requirements	\$45,559,149	\$45,559,149	\$35,000	\$45,594,149

Supplemental Changes to the General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Charges for Services	118,565	118,565	\$ -	118,565
Interagency Revenue	165,000	165,000	-	165,000
Miscellaneous	5,500	5,500	-	5,500
General Fund Discretionary	4,334,984	4,334,984	35,000	4,369,984
General Fund Overhead	5,183,821	5,183,821	-	5,183,821
Total Resources	\$9,807,870	\$9,807,870	\$35,000	\$9,842,870
Requirements				
Personnel Services	\$ 6,239,753	\$ 6,239,753	-	\$ 6,239,753
External Materials and Services	1,513,034	1,513,034	135,000	1,648,034
Internal Materials and Services	2,055,083	2,055,083	(100,000)	1,955,083
Total Requirements	\$9,807,870	\$9,807,870	\$35,000	\$9,842,870

Key Decisions

- Appropriate \$35,000 in one-time General Fund discretionary resources for replacement of the Hearings Office caseload software. (Recommended)
- Appropriate \$124,547 in one-time General Fund discretionary resources to match an interagency agreement with OMF-Facilities Services for security enhancements at City Hall. (Not recommended)
- Process a technical adjustment to increase the overhead payment from the Local Improvement District Fund to the Assessments, Finance & Foreclosure division by \$100,000 to fund programming support for the Lien Accounting System. (Recommended)

Discussion

Hearings Office Caseload Software Replacement

The Auditor's Office has requested \$35,000 in one-time General Fund discretionary resources to fund the purchase of new caseload software for the Hearings Office division. The current software is beyond its useful life, is no longer supported and, per the BTS Technology Business Consultant, could become unusable and unrecoverable at any time. The total estimated cost of the caseload software replacement is \$65,000; this request is for the balance of the total estimated cost of software replacement less \$30,000 in available funds previously carried over for this project.

The Hearings Office has limited ability to absorb the one-time costs of \$35,000 in the current year. The FY 2016-17 External Materials and Services (EMS) budget for this division is \$54,102, with year-end actuals hovering at or below \$20,000 for the last five years. The bureau anticipates higher than average EMS spending in FY 2016-17 due the retirement of the Hearings Officer; more specifically, the bureau anticipates higher than average utilization of a contract with an external land use specialist. The bureau anticipates approximately \$10,000 in ongoing costs for software licensing, and \$12,000 in ongoing cost for server hosting. The City Budget Office recommends this request, with the expectation that all ongoing costs associated with the caseload software replacement be absorbed in the Auditor's Office existing budget.

City Hall Security Enhancements – Auditor's Office

OMF-Facilities Services submitted a request for \$500,000 of General Fund discretionary resources, via the Capital Set-Aside process, to fund security enhancements at City Hall. A portion of the security enhancements are intended to be specific to the Auditor's Office, and this request was generally supported by Auditor's Office. However, the Capital Set-Aside Validation Committee declined to score this request; Capital Set-Aside funding is restricted for Major Maintenance and Repair uses only, and this project was deemed ineligible.

The request for \$124,547 in General Fund discretionary resources was input by the City Budget Office to match the unbalanced interagency agreement input by Facilities Services (MF_049) for City Hall security enhancements. The dollar amount of the request is based on Facilities Services' allocation of the \$500,000 request across all City Hall tenant bureaus based on square footage occupied. It is not based on the cost of security enhancements for specific tenants. The Auditor's Office's portion of the \$500,000 request, based on square footage, was \$124,547. However, as presented to the City Budget Office, \$200,000 of the \$500,000 total request was a placeholder amount to represent enhancements for the Auditor's Office. It remains unclear why these enhancements would be subsidized by other City Hall tenants if the Auditor's Office is requesting security related tenant improvements.

According to the Auditor's Office, a security and vulnerability assessment conducted in March recommended that the open counters in Independent Police Review, Council Clerk, and Contracts offices be secured with bulletproof glass and hardened, full-sized doors accessible only by employee keycards. To the degree that these recommendations are in line with security measures that are in place for other public-facing customer service groups, these may be appropriate security enhancements. Facilities Services' planned Citywide Security Assessment may help establish standards for such customer service locations, as well as provide context for the prioritization of this request vis-à-vis security needs across the City.

However, at this time there is insufficient information to evaluate this request independently of the asset-wide request from Facilities Services, and CBO does not recommend this request. See the OMF-Facilities Services review for additional analysis on the Facilities Services combined security enhancements request.

City Support Services

City Budget Office

Analyst: Jeramy Patton

Supplemental Budget Changes to the General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Interagency Revenue	\$ 200,286	\$ -	\$ -	\$ 200,286
General Fund Discretionary	1,044,452	1,000,000	-	2,044,452
General Fund Overhead	1,248,967	-	-	1,248,967
Total Resources	\$2,493,705	\$1,000,000	\$0	\$3,493,705
Requirements				
Personnel Services	\$ 2,099,333	\$ -	\$ -	\$ 2,099,333
External Materials and Services	192,260	1,000,000	-	1,192,260
Internal Materials and Services	202,112	-	-	202,112
Total Requirements	\$2,493,705	\$1,000,000	\$0	\$3,493,705

Key Decisions

- Allocate \$1,000,000 of General Fund discretionary resources to replace the City’s budget preparation software.

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 project scores has ranked the project 16th out of 20 requested projects. Given the nature of the project, it is unlikely that the project will ever receive a score that will rank it in the top tier of projects for the capital set-aside. The vendor has notified the bureau that the software is unsupported with Windows 10 and recent migration efforts to upgrade the software to be minimally compliant with City technology standards highlighted the instability of the system. Furthermore, the official end of life of the software is December 2020, therefore it will need to be replaced in advance of the FY 2020-21 budget process (which starts in September, 2019). Given the instability of the existing system, and the approaching end of life date, the City Budget Office recommends approval of the request.

Office of the City Attorney

Analyst: Jane Marie Ford

Supplemental Changes to the General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Charges for Services	\$ 106,000	\$ -	\$ -	\$ 106,000
Interagency Revenue	5,660,939	336,552	-	5,997,491
General Fund Discretionary	3,037,182	940,049	(940,049)	3,037,182
General Fund Overhead	3,524,279	-	-	3,524,279
Total Resources	\$12,328,400	\$1,276,601	(\$940,049)	\$12,664,952
Requirements				
Personnel Services	\$ 10,396,979	\$ 310,000	\$ -	\$ 10,706,979
External Materials and Services	848,205	81,552	(55,000)	874,757
Internal Materials and Services	1,083,216	885,049	(885,049)	1,083,216
Total Requirements	\$12,328,400	\$1,276,601	(\$940,049)	\$12,664,952

Key Decisions

- Increase an interagency agreement with the Portland Police Bureau by \$336,552 for additional temporary staffing support. (Recommended)
- Allocate \$55,000 in one-time General Fund resources for text message archiving. (Recommended with alternate funding)
- Appropriate \$137,492 and \$747,557 in General Fund discretionary resources to match an interagency agreement with Facilities Services for security enhancements and exterior masonry/major maintenance work at City Hall. (Not recommended)

Discussion

Increase Interagency Agreement with Portland Police Bureau

The Portland Police Bureau (PPB) has requested to utilize one-time vacancy savings for additional temporary legal support related to the City’s Settlement Agreement with the US Department of Justice (DOJ). The City’s strategic objective is to obtain approval from the DOJ and Compliance Officer and Community Liaison (COCL) for 47 policies by the end of 2017; PPB has reallocated resources to fund internal staff to meet this goal, but the additional legal review and training needs cannot be absorbed by existing attorneys and support staff. The requested \$336,552 includes funding for a limited term 1.00 Sr. Deputy Attorney and 1.00 Paralegal.

CBO recommends this request; however, while a mid-year funding adjustment is necessary to meet an urgent need, it is possible that continued implementation of the Settlement Agreement will require ongoing additional legal positions. In the event new ongoing resources are not approved by Council in FY 2017-18, PPB will need to determine if ongoing resources can be reallocated, and how this shift would impact services.

Text Message Archiving

Oregon Public Records law requires that text messages and social media account activity are appropriately captured and archived. Current City practices are neither comprehensive or consistent, putting the City at potential risk for non-compliance with public records, archiving, and litigation retention requirements if City employees fail to manually maintain these records. The City Attorney's Office recommends working with Smarsh, a local company with an enterprise solution that captures all web pages, text messages, and social media types identified by City policy. Given the potential legal risk, the City Attorney's Office requests \$55,000 in one-time General Fund resources to support high-priority offices – elected officials and their staff, bureau directors, and the Portland Police Bureau – for the remainder of the fiscal year, a total of approximately 1,200 phones. The bureau will submit an ongoing request for all supported devices and social media accounts in FY 2017-18 budget development. The negotiated monthly fees are \$4 per supported device and \$5 per social media account, for an estimated Citywide total of approximately \$163,200 to \$244,800 per year². There is minimal additional administrative workload associated with this service, as the texts are captured at the carrier level, and no software is required.

CBO recommends reconvening a workgroup with representation from the Office of the City Attorney, Bureau of Technology Services (BTS), and the Office of the City Auditor to develop a policy and funding mechanism for next fiscal year. To date, CBO is aware that meetings between those parties have taken place, but the parties were unable to reach consensus on a funding mechanism. CBO recommends utilizing BTS reserves as an interim funding source. These reserves represent underspending by BTS on services provided to customers. To the degree that these costs will be paid for by bureaus in relation to their utilization of electronic devices through a permanent funding structure, the BTS reserve seems an appropriate proxy in the interim. CBO looks forward to working with the relevant parties to ensure that this service is delivered in a way that is efficient and effective, and that the costs are borne by the users of the technology.

² The larger number includes all supported devices, some of which do not have text messaging capacity. The City Attorney's Office has not confirmed the final number of devices that would be included in the contract.

City Hall Security Enhancements and Major Maintenance – General Fund Capital Set Aside

Facilities Services submitted two requests for General Fund Capital Set-Aside resources: \$500,000 to fund security enhancements and \$2,718,637 for exterior masonry/major maintenance work at City Hall. Both packages were input in the City Attorney’s Office budget by CBO to match an unbalanced interagency agreement with Facilities Services for this project, allocated based on square footage occupied. CBO does not recommend this request for Capital Set-Aside funding. See the OMF-Facilities Services supplemental review for additional analysis.

Office of Government Relations

Analyst: Doug Le

Supplemental Changes to the General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Intergovernmental Revenues	\$ 35,000	\$ -	\$ -	\$ 35,000
Interagency Revenue	187,361	-	-	187,361
General Fund Discretionary	640,888	104,753	(104,753)	640,888
General Fund Overhead	766,383	-	-	766,383
Total Resources	\$1,629,632	\$104,753	(\$104,753)	\$1,629,632
Requirements				
Personnel Services	\$ 1,098,238	\$ -	\$ -	\$ 1,098,238
External Materials and Services	325,267	-	-	325,267
Internal Materials and Services	206,127	104,753	(104,753)	206,127
Total Requirements	\$1,629,632	\$104,753	(\$104,753)	\$1,629,632

Key Decisions

- Appropriate \$16,271 and \$88,842 in General Fund discretionary resources to match an interagency agreement with Facilities Services for security enhancements and exterior masonry/major maintenance work at City Hall. (Not recommended)

Discussion

Facilities Services submitted two requests for General Fund Capital Set-Aside resources: \$500,000 to fund security enhancements and \$2,718,637 for exterior masonry/major maintenance work at City Hall. Both packages were input into the Office of Government Relations budget by CBO to match an unbalanced interagency agreement with Facilities Services for this project, allocated based on square footage occupied. CBO does not recommend this request for Capital Set-Aside funding. See the OMF-Facilities Services supplemental review for additional analysis.

Special Appropriations

Analyst: Doug Le

Supplemental Changes to the General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Intergovernmental Revenues	\$ 65,024	\$ -	\$ -	\$ 65,024
Interagency Revenue	134,572	-	-	134,572
General Fund Discretionary	12,031,231	266,001	(84,000)	12,213,232
General Fund Overhead	171,149	-	-	171,149
Total Resources	\$12,401,976	\$266,001	(\$84,000)	\$12,583,977
Requirements				
Personnel Services	\$ 464,349	\$ -	\$ -	\$ 464,349
External Materials and Services	11,770,822	266,001	(84,000)	11,952,823
Internal Materials and Services	166,805	-	-	166,805
Total Requirements	\$12,401,976	\$266,001	(\$84,000)	\$12,583,977

Key Decisions

- Allocate \$84,000 in General Fund support for the Compliance Officer and Community Liaison (COCL) program. (Not recommended)
- Allocate \$182,001 in General Fund support for encumbrance carryover. (Recommended)

Discussion

COCL – Carryover of Unspent Funds

This request seeks an increase in appropriation of \$84,000 to fund prior year expenditures planned but not encumbered in the last fiscal year. While this package is titled “Carryover of Unspent Funds” a carryover was not submitted as part of the FY 2015-16 Spring BMP for Council consideration. As a result, the unspent funds fell to fund balance and this package is being treated as a new request.

Because it is still early in the fiscal year and there remain many uncertainties regarding the program costs, CBO does not recommend funding this request at this time. General Fund contingency should only be provided for items that are one-time, unforeseen, urgent, fully developed, and unlikely to be absorbed in existing bureau budgets. CBO will continue to monitor the program’s budget and will recommend amendments as necessary in the Spring BMP to prevent any over-expenditures at year-end.

Encumbrance Carryover

This request appropriates \$182,001 in General Fund resources for encumbrances and advances that remain outstanding at the end of last fiscal year. These encumbrances and advances are projected to be expended in this fiscal year. CBO recommends this request.

Office of Management & Finance

Analyst: Katie Shifley and Claudio Campuzano

Supplemental Budget Changes to All Funds

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 155,389,642	\$ 32,135,165	\$ (38,888)	\$ 187,485,919
Taxes	29,763,000	-	-	29,763,000
Licenses & Permits	5,643,450	-	-	5,643,450
Charges for Services	70,899,363	100,828	-	71,000,191
Intergovernmental Revenues	10,769,957	96,680	-	10,866,637
Interagency Revenue	154,788,125	5,609,467	(4,218,637)	156,178,955
Fund Transfers - Revenue	5,255,558	328,145	(285,170)	5,298,533
Bond and Note	21,574,814	-	-	21,574,814
Miscellaneous	5,128,750	-	-	5,128,750
General Fund Discretionary	15,294,206	901,760	(205,000)	15,990,966
General Fund Overhead	10,661,968	-	-	10,661,968
Total Resources	\$485,168,833	\$39,172,045	(\$4,747,695)	\$519,593,183
Requirements				
Personnel Services	\$ 79,867,841	\$ 2,006,516	\$ 87,696	\$ 81,887,353
External Materials and Services	189,260,209	23,542,052	(4,610,160)	208,181,031
Internal Materials and Services	25,633,118	637,265	(48,787)	26,221,596
Capital Outlay	27,108,474	4,260,748	-	31,369,222
Bond Expenses	15,615,806	1	-	15,615,807
Fund Transfers - Expense	6,080,750	-	-	6,080,750
Contingency	141,602,635	8,725,463	(178,384)	150,237,424
Total Requirements	\$485,168,833	\$39,172,045	(\$4,749,635)	\$519,593,183

Supplemental Changes to the General Fund

	Current Revised Budget (A)	Bureau Request (B)	CBO Recommended Adjustments(C)	Total Recommended Revised (A+B+C)
Resources				
Budgeted Beginning Fund Balance	\$ 35,000	\$ -	\$ -	\$ 35,000
Licenses & Permits	160,000	-	-	160,000
Charges for Services	80,500	-	-	80,500
Intergovernmental Revenues	2,609,370	96,680	-	2,706,050
Interagency Revenue	8,876,878	444,615	-	9,321,493
Fund Transfers - Revenue	291,746	-	-	291,746
Miscellaneous	1,802,860	-	-	1,802,860
General Fund Discretionary	15,294,206	751,760	(55,000)	15,990,966
General Fund Overhead	10,661,968	-	-	10,661,968
Total Resources	\$39,812,528	\$1,293,055	(\$55,000)	\$41,050,583
Requirements				
Personnel Services	\$ 29,945,681	\$ 97,910	\$ -	\$ 30,043,591
External Materials and Services	4,397,635	1,182,645	(55,000)	5,525,280
Internal Materials and Services	5,469,212	12,500		5,481,712
Total Requirements	\$39,812,528	\$1,293,055	(\$55,000)	\$41,050,583

Key Decisions

OMF submitted over 100 individual decision packages. Several key items are noted below. For full detail, please see the complete CBO recommendations online.

- Appropriate \$600,000 in increased costs for Enterprise Asset Management module in SAP, funded with Enterprise Business Solutions Fund contingency. (Recommended, with conditions)
- Increase funding by \$392,710 and carry over funding of \$4.5 million for new and existing BTS projects, funded with Technology Services Fund balance. (Recommended)
- Carry over \$696,760 in General Fund underspending for projects from FY 2015-16. (Recommended)
- Appropriate \$22,975 to reimburse Facilities Services for costs associated with the DePaul property purchase. Funded with a portion of carryover requested by PHB in the Overexpenditure Ordinance. (Recommended)
- Appropriate \$55,000 in the Revenue Division of the Bureau of Revenue and Financial Services to fund settlement of a legal dispute. (Not recommended)
- Appropriate \$211,777 in the Revenue Division, funded with interagency revenue from PBOT, for Heavy Vehicle Use Tax collection. (Recommended)
- Carryover of \$82,535 in General Fund underspending for RegJIN. (Not recommended)

- Add 15 positions including 4 limited term conversions, 10 limited term positions, and 1 regular position. (Partially recommended)
- Re-appropriate \$2,795,646 for Facilities Services major maintenance projects budgeted but not completed in FY 2015-16. (Recommended)
- Appropriate General Fund discretionary resources for three projects submitted for Capital Set-Aside scoring; \$2,718,637 for City Hall Exterior Masonry, \$1,000,000 for Portland Communications Center HVAC Centralization, and \$500,000 for City Hall Security Enhancements. (Not recommended)
- Appropriate \$225,000 for a Citywide Security Assessment. (Recommended)
- Appropriate \$202,635 in General Fund discretionary resources to Facilities Services for expansion of the Clean Start program. (Not recommended)
- Appropriate \$150,000 in General Fund discretionary resources to Facilities Services for reimbursement of costs incurred related to the Springwater Corridor Clean-up. (Not recommended)
- Appropriate \$306,094 in Facilities Services underspending for Campsite Services carried over from FY 2015-16. (Recommended)
- Appropriate \$221,961 to develop a Facilities Services asset hierarchy for Enterprise Asset Management implementation. (Recommended)
- Appropriate \$200,000 in Facilities Services for the completion of a Sears Occupancy Study. (Recommended)

Discussion

Position Increases

OMF has requested fifteen positions as part of the Fall Supplemental Budget. Four are conversions of limited term positions. One is a new permanent position and ten are new limited term positions. This represents a 2.3% increase over the staffing authorized in OMF in the FY 2016-17 Adopted budget. The requested positions include:

- Printing & Distribution has requested a limited term position to address increased workload related to building permits. The position will be funded through interagency billings to customers. CBO recommends this position.
- Risk Management has requested to convert a temporary Assistant Claims Technician to limited term with the intention of requesting a permanent position in the FY 2017-18 budget development process. The position is funded with contingency. To the degree that it is added ongoing in the budget process, it will have a rate impact on customers. This work is currently being performed and there is no indication that the workload will decline. CBO recommends this position.
- The Bureau of Human Resources' Diversity Outreach Employment Resources program has requested the conversion of a limited term Senior Administrative Specialist to a

permanent position. The conversion is funded with ongoing General Fund resources that have heretofore allowed the bureau mid-year flexibility. CBO recommends this position.

- Business Operations' Communications Team has requested the conversion of a limited term Management Analyst to a permanent position. The conversion is funded with ongoing General Fund resources that have heretofore been used to fund limited term positions and community service aides and to allow the bureau mid-year flexibility. CBO recommends this position.
- Revenue Division has requested a Revenue & Tax Specialist V to implement and collect the Heavy Vehicle Use Tax. The position will be funded through an interagency agreement with PBOT. CBO recommends this position.
- Revenue Division has requested the conversion of a limited term Sr. Management Analyst, currently funded with one-time resources in the IRS Data Exchange program, to permanent. As there is no identified ongoing source of funding for this position, CBO does not recommend this position.
- PSSRP has requested the transfer of a position to the Technology Business Consultant team to implement the recommendation made by the consultant as part of public safety technology recommendations. Because these two functions are funded through different means (General Fund versus a corporate charge to all BTS customers), CBO does not recommend the elimination of the PSSRP position and simultaneously recommends the TBC position be funded from bureau contingency as limited term only. The permanent position should be requested as part of the FY 2017-18 budget development process after consultation with the Budget Advisory Committee.
- Facilities Services has requested four limited term appointees to expand the division's capacity to address a backlog of major maintenance projects. The positions will be billed to major maintenance projects that are funded in the current year but have not been assigned to project management staff due to lack of capacity. CBO recommends for one Facilities Construction Project Specialist, one Buildings Systems Engineer, and one Program Coordinator. CBO also recommends the request for a Project Manager to focus on tenant improvement projects, which will bill to both funded major maintenance and tenant improvement projects.
- Facilities Services has requested two limited term appointees to backfill an Operations Dispatcher and Property Management Specialist. These employees have subject matter expertise that is required for implementation of the SAP Enterprise Asset Management system, and will be dedicating a large portion of their time to the project. CBO recommends the request, which will be funded from operating reserves.
- Facilities Services is requesting a limited term Program Coordinator to oversee the development of an asset hierarchy for Facilities Services' portfolio of City-owned property. CBO recommends this request, which is funded out of major maintenance reserves.

- Facilities Services requests a limited term Office Support Specialist III to perform the duties of the City Real Property Coordinator, along with other administrative work. The request is to fund the position from a combination of sources: interagency agreements with property-owning bureaus, the Facilities corporate services charge, the Coordinated Campsite Cleanup budget, and one-time funding from Facilities Campsite Services. CBO recommends this request with concerns, as the core function of the City Real Property Coordinator is ongoing and should be performed by a permanent employee funded by ongoing resources.
- Facilities Services requests to increase two 0.9 FTE limited term employees in the Campsite Services group to full time. Funding for this increase was identified and approved for this use in the FY 2015-16 over expenditure ordinance. CBO recommends this request.
- Facilities Services requests to convert a limited term Facilities Construction Project Manager to permanent. The position is funded by billable hours, and no additional appropriation is being requested. CBO recommends this request.

BTS Projects

BTS has requested \$4.5 million in carryover for projects not completed in FY 2015-16. In addition, the bureau has requested \$337,710 in new project funding including \$120,000 for a new project – Real Time Threat Monitoring – in the Information Security group, an additional \$30,000 to cover closing costs and other transaction expenses on the Forest Heights radio site purchase, an additional \$100,000 for the Secure Web Gateway Technology Refresh, an additional \$60,000 for StellarRad telecommunications system replacement, and an additional \$27,710 for the Virtual Desktop Infrastructure Proof of Concept project.

CBO has recommended all carryovers and new requests.

CBO does note one particular area of concern which is the rate at which the Information Security group has been able to deliver budgeted projects. Of the \$4.8 million in projects identified above, Information Security accounts for \$1.1 million. With the exception of the Real Time Threat Monitoring project, which is new, all of this is carryover; last year, the group spent only \$1.9 million of a \$2.8 million budget. The group experienced similar underspending and carryover in the prior year. Based on OMF responses to CBO questions, this underspending seems to be the result of staffing constraints in Information Security and challenges in coordinating priorities and resources with other critical project partner groups within the bureau.

Enterprise Asset Management Cost Increase

The Fall Supplemental includes a request to increase appropriation by \$600,000 for the Enterprise Asset Management project in EBS. This system builds out SAP's workorder

functionality, real property management, and several other modules as a successor and enhancement to the existing system used by OMF-Facilities. The project is intended as a pilot with the goal of making the new functionality available to bureaus Citywide. The increase in costs is funded out of EBS contingency and brings the total estimated project cost to \$2.2 million. In the FY 2015-16 Adopted Budget, an early medium-confidence placeholder was budgeted at \$450,000. The subsequent increases are the result of increased functionality included in the scope. This additional functionality was determined through engagement with Facilities as well as an ad hoc subcommittee of technical experts from around the City. The estimates then increased through price discovery in the competitive proposal process.

Concurrent with the Fall Supplemental, the contract for the implementation vendor is coming before City Council. That contract has a not-to-exceed amount of \$1.85 million. The total \$2.2 million includes software, consultant costs, and anticipated additional BTS costs, including \$200,000 for GIS services.

The project is funded with EBS rate-payer funds in the form of fund balance. While the project is primarily focused on the OMF-Facilities Division business needs, there is an expectation that this implementation will become an enterprise solution, the functionality of which will be made available to other City bureaus at their option. According to EBS staff, several bureaus have expressed interest in participating in a future roll-out.

In reviewing this request, CBO identified several potential project risks which we have discussed with the bureau. We anticipate these risks will be explored by the project team and, if validated, will be mitigated as part of the project and the engagement with the Technology Oversight Committee. In addition, in reviewing this specific project, CBO noted some opportunities for general improvement of the EBS governance structure to ensure continued customer engagement subsequent to initial Program Advisory Committee and Technology Executive Steering Committee approvals— particularly with regard to cost increases. We will work with the bureau to explore these opportunities.

[PSSRP Wind-Down and Disposition of Resources](#)

The Radio Project, the final project in the PSSRP program, is expected to be complete at the end of FY 2016-17. The Fall Supplemental Budget includes a number of requests related to this program including the carryover of Radio Project funds totaling \$8.4 million (including a \$4.2 million contingency), the carryover of RegJIN underspending (\$1.5 million) bringing the program contingency to \$3.7 million, the carryover of unspent General Fund allocation for the program (\$82,535), and the elimination of a position to transfer it to the TBC group (as described above).

CBO does not recommend the carryover of the General Fund underspending based on the robust program and project contingencies totaling \$8.3 million. CBO also does not recommend the elimination of the position, as noted above. To the degree that that position is no longer necessary, it should remain vacant with underspending being retained by the project.

As the PSSRP program winds down, CBO requests that OMF provide as part of the FY 2017-18 budget development specific recommendations – in the form of decision packages – for the remaining resources. The unutilized contingency for the Radio Project in the Public Safety GO Bond Fund represents replacement funding that was contributed to the project; this funding is expected to be returned to the replacement reserve in the Technology Services Fund where it will fund the eventual replacement of the systems implemented by PSSRP. The estimated \$3.7 million contingency in the Technology Services Fund represents the PSSRP program reserve, inclusive of RegJIN project underspending. Current thinking of the bureau regarding the use of this funding is the following:

“PSSRP would advise that the money be used to seed the eventual replacement of the updated systems implemented during the life of the PSSRP program or other public safety technology major maintenance projects or upgrades. The City should continue to provide leadership in the public safety technology field to preserve their investment in these and future public safety technology focused projects. The PSSRP division will likely make recommendations with advice from a combination of the public safety stakeholders and the TSC for future use of funds, the final determination would be made by Council.”

Other General Fund Appropriation Requests

Besides requests for Facilities Services, OMF has made several requests for General Fund including:

- Carryover of \$696,760 to fund a number of purchase order encumbrances that were open at the end of FY 2015-16. CBO has reviewed and recommended all of these items for carryover.
- Funding totaling \$55,000 for a legal settlement in the Revenue Division. CBO has identified sufficient available resources in the Revenue Division’s current budget to absorb these costs and therefore does not recommend this request. Identified resources include vacancy savings in the first two months of the fiscal year and revenue offsets included in the supplemental budget request.
- Underspending in the PSSRP program. CBO has not recommended this, as discussed above.

Archiving of Text Messages

As part of their supplemental budget request, the Office of the City Attorney included a \$55,000 request for General Fund contingency to fund costs associated with the archiving of

text messages on BTS-issued electronic devices. This request was identified as an interim solution and indicated the desire to work with CBO to develop a permanent funding and policy solution.

While CBO looks forward to developing a policy and funding mechanism for next fiscal year, we recommend that the interim source be BTS reserves. These reserves represent underspending by BTS on services provided to customers. And to the degree that, through the permanent funding structure, these costs will be paid for by bureaus in relation to their utilization of electronic devices, the BTS reserve seems an appropriate proxy in the interim.

BTS has raised concerns about this recommendation, noting that ownership of archiving (including electronic records and correspondence) is assigned to the Office of the Auditor in City Administrative Rule ADM 8.12 which cites both the City Code and Charter. BTS further notes that ownership, management, and funding of archive related technology such as TRIM currently fall within the responsibility and budget of the City Auditor and that a new text messaging archiving solution should be owned and funded following this precedent.

Given these concerns regarding the permanent funding and service delivery structure, we recommend that CBO convene a workgroup with representation from the Office of the City Attorney, BTS, and the Office of the City Auditor to resolve these issues as part of the FY 2017-18 budget.

Facilities Services Major Maintenance and Asset Management Program Development

Several initiatives are underway within Facilities Services to advance the division's capacity to plan, prioritize, and complete major maintenance projects using a more robust asset management framework than currently exists. The division is actively developing 30-year lifecycle plans for its portfolio of buildings, restructuring operational units to improve project delivery, implementing a new Enterprise Asset Management (EAM) system, and working on incremental improvements to project intake and prioritization methods. The division submitted a number of budget requests in the Fall BMP designed to facilitate these efforts and improve the division's rate of project completion. Generally speaking, CBO is supportive of these efforts to lower lifecycle costs for managing assets and improve customer experience. CBO notes, however, that these major organizational changes are happening very quickly and will ultimately impact customer rates.

Facilities Services requested appropriation for several limited term appointees to address the backlog of major maintenance projects, develop an asset hierarchy, and to backfill for employees dedicating time to EAM implementation. CBO is recommending for these requests in cases where the additional staff capacity will be focused on completion of asset-management

driven major maintenance projects (as opposed to cosmetic tenant-driven projects) or will advance the development of the division's asset management framework.

These requests are funded with one-time resources, but the larger organizational shifts that underpin these requests will impact rates and require customer input. CBO recommends that Facilities Services convene a working group of its customer bureau's finance and operations representatives to facilitate staff-level input and buy-in for Facilities Services FY 2017-18 plans and budget requests.

Facilities Services Campsite and Homelessness Services

It is the responsibility of the City to manage the clean-up of City-owned properties. However, the planning and resource-marshalling for any other homelessness related services should be led by the Joint Office for Homeless Services (JOHS). JOHS is the lead agency for homelessness services provision and coordination, and receives a substantial amount of City of Portland General Fund resources. Any expansion of services around homelessness or of campsite clean-up on non-City property should be at the direction of the Joint Office, and such work should be funded through the resources of that office.

Facilities Services' core function around campsite services is the provision of coordinated campsite clean-up for property-owning customers, charged via interagency agreement. In the Fall BMP, the division requested \$352,635 in General Fund discretionary resources to support or expand these services:

- \$202,635 to expand the Clean Start program to provide rapid response to small campsites on City-owned property. This program has potential benefits and cost savings could be achieved by performing upstream interventions at nascent campsites on City-owned property. However, as an internal service provider Facilities Services' role in campsite clean-up and homelessness services should be driven by customer-bureaus in response to their needs. This program expansion was not proposed as a service to property-owning bureaus, who have cited concerns over their lack of control over the prioritization of campsite clean-up and the 3-4 week turnaround time for campsite clean-up, but as a stand-alone service directed by Facilities Campsite Services. CBO does not recommend this request for General Fund discretionary resources, but to the degree that property-owning bureaus are interested in piloting this early intervention approach, a one-time increase to interagency agreements would be an appropriate funding method.
- \$150,000 to reimburse costs associated with the Springwater Corridor Clean-up. CBO similarly does not recommend General Fund resources for this request, which is more appropriately funded via interagency agreements with property-owning bureaus.

General Fund Capital Set-Aside Requests

Facilities Services submitted three projects to be scored and considered for Capital Set-Aside funding. CBO does not recommend any of these projects for funding from General Fund Capital Set-Aside resources due to their relatively low ranking, or lack of ranking, relative to other submitted projects.

City Hall Exterior Masonry Project

Facilities Services requests one-time General Fund discretionary resources of \$2,718,637 to make repairs to the City Hall exterior masonry. This project ranked 10th out of 20 projects scored through the Capital Set-Aside validation process. The estimated total project cost is \$5,641,887, with the balance of \$2,923,250 funded from the City Hall major maintenance account.

According to externally prepared recommendations and cost estimates for the restoration project, approximately \$956,640 in repairs (construction only estimate) of the \$3,382,950 total direct construction costs were considered “high priority.” CBO recommends that Facilities Services re-order City Hall major maintenance activities within its existing resources to address higher priority issues (e.g. life and safety concerns) before addressing lower level repairs.

Portland Communications Center

Facilities Services requested \$1,000,000 in General Fund discretionary resources to complete an HVAC centralization project at the Portland Communication Center (PCC) for BTS-maintained telecommunications and data server rooms. This project ranked 14th out of 20 projects ranked during the Capital Set-Aside validation process.

A failure of the existing localized units currently cooling BTS server rooms could have significant financial impacts if not addressed before excessive heat caused damage to BTS equipment. While emergency communications systems have multiple layers of built in redundancy, the IRNE system may not have sufficient redundancy to prevent a service impact to City users should BTS equipment experienced heat-related failure. CBO recommends that the project be funded by a one-time charge to the BTS rental rate should Facilities Services choose to move forward with the project.

City Hall Security Enhancements

Facilities Services requested \$500,000 in General Fund discretionary resources to fund security enhancements at City Hall. The purpose of the security enhancements is to reduce the risk of an active shooter causing harm to city employees at City Hall, and the request was based on a Portland City Hall Security Assessment performed by the Police Bureau in January-May 2016. The enhancements include \$200,000 of physical hardening improvements to the Auditor’s

Office, and \$50,000 in security enhancements at 4 Commissioner's Offices, the Office of the City Attorney, and the Office of Governmental Relations.

The Capital Set-Aside Validation Committee declined to score the request submitted by Facilities Services, as it was not considered an eligible infrastructure maintenance or replacement project under the Capital Set-Aside guidelines established under FIN-2.03 – Financial Planning. The proposed security enhancements constitute a level of service not previously provided at City Hall and does not constitute a major maintenance or replacement project. See Security Related Requests for additional analysis.

Security Related Requests

Facilities Services has experienced an increase in the number of tenant-driven requests for security enhancements. This is particularly true for tenants that have public facing customer service engagement (e.g. Bureau of Development Services) and tenants at City Hall. Facilities Services does not have deep expertise in security management. Historically, Facilities Services has responded to tenant-driven requests for security enhancements rather than providing clearly defined levels of service around security management for tenants. As a result, Facilities Services is requesting appropriation of \$225,000 from major maintenance reserves to perform a Citywide Security Assessment.

The assessment will take a comprehensive look at security provisions (electronic surveillance, lighting, security staffing, etc.) across 100 City-owned properties, employing a tiered approach to evaluate critical properties more intensively than non-critical facilities. This new information will help to identify security risks and contextualize them within a Citywide framework. However, it is unclear to what degree the information from the Citywide Security Assessment will address the lack of centralized decision-making on the optimal levels of protection and/or deterrence measures for tenants.

Facilities Services simultaneously put forward a \$500,000 request to fund security enhancements at City Hall, based on tenant requests and findings from the City Hall security assessment performed between January and May 2016. However, a security assessment was not completed for all City Hall tenants, and the request for security enhancements does not address other strategies for security enhancement (e.g. protocols and training around emergency response plans) also included in the assessment. This current request is in addition to \$362,000 in funding that was included in the FY 2016-17 Adopted Budget to implement recommendations from this assessment.

Facilities Services has characterized these security enhancements as generalized security upgrades, rather than tenant-requested upgrades, with costs allocated to all City Hall tenants based on square footage occupied. However, based on information provided, CBO

characterizes these security enhancements as individual tenant improvements more appropriately funded by one-time surcharges to City Hall tenants based on the cost of the security enhancements received.

Regardless, CBO does not believe that the City Hall security assessment provides sufficient information to support moving forward with these specified security enhancements at this time. Rather, CBO recommends that Facilities Services move forward with the Citywide Security Assessment and use the findings to develop a comprehensive plan for determining an optimal level of security management for employees across the City. If warranted, the review of City Hall security could be prioritized for external analysis in order to quickly move forward with any needed security improvements.