

CITY BUDGET OFFICE


Ted Wheeler, Mayor
Nick Fish, Commissioner
Amanda Fritz, Commissioner
Chloe Eudaly, Commissioner
Dan Saltzman, Commissioner
LaVonne Griffin-Valade, Auditor



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

CITY OF PORTLAND, OREGON

TO: City Budget Office

FROM: Andrew Scott, Budget Director 

DATE: September 11, 2017

SUBJECT: City Budget Office FY 2017-18 Fall BMP

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

1. Summary of Budget Adjustments. The City Budget Office is requesting encumbrance carryover as well as additional unspent discretionary resources for the BRASS replacement project.
2. Prior year budget to actual reconciliation report
3. Updates on FY 2016-17 budget notes and decision packages. Decision package updates are provided in electronic Excel format only via email.
4. Prior year performance data
5. Encumbrance carryover worksheet in electronic Excel format only via email.

**CBO Discussion and Recommendations
FY 2017-18 Fall Supplemental Budget Ordinance**

Bureau: City Budget Office

Type: Encumbrance Carryover Request

Request: BO_001 - CBO FY 2017-18 Fall BMP Carryover

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
External Materials and Services	20,501	0	20,501
TOTAL EXPENDITURES	20,501	0	20,501
REVENUES			
General Fund Discretionary	20,501	0	20,501
TOTAL REVENUES	20,501	0	20,501

Bureau Description:

CBO requests encumbrance carryover for the following items:

- \$20,000 for a task order with Delaris LLC for consulting services related to the development of requirements for the replacement of the current budgeting software (PO# 22215106 - 6/21/17) As part of a separate item (BO_02), CBO is requesting that the remaining \$20,000 unencumbered budget for this project be carried over.
- \$501 for a chair that was ordered in FY 2016-17 but not received (PO# 22215717 - 6/28/17)

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2017-18 Fall Supplemental Budget Ordinance**

Bureau: City Budget Office

Type: New Request

Request: BO_002 - Budget System Replacement Additional Carryover

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
External Materials and Services	20,000	0	20,000
TOTAL EXPENDITURES	20,000	0	20,000
REVENUES			
General Fund Discretionary	20,000	0	20,000
TOTAL REVENUES	20,000	0	20,000

Bureau Description:

As part of the General Fund capital set-aside process in the FY 2016-17 Fall BMP, CBO was allocated a project budget of \$1 million for the replacement of the current enterprise budgeting system. Work on the replacement project has begun. As part of that work, CBO expected to enter into a task order with an on-call consultant to develop requirements for the new system. A total of \$40,000 was set aside in FY 2016-17 for that purpose, with the remaining \$960,000 project budget carried over into FY 2016-17. Based on proposals from the on-call consultants available to do the work, only \$20,000 was encumbered in FY 2016-17. While that \$20,000 has been requested as encumbrance carryover in this Fall BMP, CBO is also requesting that the remaining \$20,000 of underspending be reallocated, in order to maintain the full \$1 million project budget. Note that this estimate is still a low-confidence figure. Based on RFP responses and subsequent contracting anticipated later this year, a higher confidence estimate of project costs - as well as any ongoing costs associated with the new system - is expected.

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2017-18 Fall Supplemental Budget Ordinance**

Bureau: City Budget Office

Type: Technical Adjustment

Request: BO_003 - GovInvest modelling software

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
External Materials and Services	(11,673)	0	(11,673)
Internal Materials and Services	11,673	0	11,673
TOTAL EXPENDITURES	0	0	0

Bureau Description:

CBO is shifting EMS resources to fund a modelling software subscription in partnership with OMF and FPDR. The one-time costs are \$3,885 and the ongoing costs are \$7,787. At this point, CBO anticipates being able to absorb the ongoing cost.

CBO Discussion and Recommendation

Prior Year Business Area Reconciliation Report

	FY 2016-17 Revised Budget	FY 2016-17 Year-End Actuals	Percent of Actuals to Revised
City Budget Office			
EXPENDITURES			
Personnel Services	\$1,957,833	\$1,927,281	98%
External Materials and Services	\$292,260	\$239,063	82%
Internal Materials and Services	\$216,112	\$212,092	98%
TOTAL EXPENDITURES	\$2,466,205	\$2,378,436	96%
REVENUES			
Interagency Revenue	\$200,286	\$185,472	93%
General Fund Discretionary	\$1,016,952	\$0	0%
General Fund Overhead	\$1,248,967	\$0	0%
TOTAL REVENUES	\$2,466,205	\$185,472	8%

Bureau Reconciliation Narrative

Personnel services and internal materials and services were spent within 98% of revised budget. External materials and services were underspent by \$53,197. Of this amount, \$40,000 was related to anticipated spending on a consultant contract to develop requirements for the budget system replacement, leaving only \$13,197 of general EMS underspending. Of the \$40,000 budgeted for the system replacement, \$20,000 was encumbered and has been spent in FY 2017-18. CBO is requesting to carry over the \$15,000 that was budgeted and not encumbered in order to maintain the full \$1 million project budget. This project budget continues to be a low confidence figure. A better understanding of costs will be available later this fiscal year.

Interagency revenues were less than anticipated based on actual cost recovery for the Portland Utility Board program which includes staff, direct materials and services, and indirect charges.

Overall, CBO underspent its General Fund Discretionary and overhead allocation by \$72,955; underspending is \$32,454 if all encumbrances and all IT funds are carried over.

Budget Note Update

City Budget Office

Date of Update: July 1, 2016 in PRIOR FY 2016-17 Adopted Budget

Budget Note Title: General Fund Support for Data Center Relocation

Budget Note Language: In the FY 2016-17 Adopted Budget, Council allocated funding for the first year costs of the data center relocation project. Council directs 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 and \$596,024 of one-time resources in FY 2018-19. These one-time resources are dedicated to fund the remaining General Fund share of costs to finish the data center relocation project.

Summary Status: Complete

Budget Note Update: September 11, 2017

All forecast adjustments have been made, per this budget note.

City Budget Office Performance Measures

Performance Measure	Type	FY 2014-15 Year-End Actuals	FY 2015-16 Year-End Actuals	FY 2016-17 Adopted Budget	FY 2016-17 Year-End Actuals	FY 2017-18 Adopted Budget
BO_0001 - Percentage of City KPMs with positive year-over-year results	KPM	37.9%	42.5%	33.7%	tbd	45.0%
BO_0002 - Number of instances financial policies were waived by Council	EFFECTIVE	0	8	5	0	5
BO_0003 - Annual repair, rehabilitation, & replacement funding gap (Citywide)	KPM	\$241,600,000	\$267,800,000	\$280,000,000	\$287,900,000	\$287,923,533
BO_0004 - Percentage of capital project funding that is expended on repair, rehabilitation, & replacement	EFFICIENCY	63.1%	64.0%	63.7%	tbd	67.4%
BO_0005 - Customer service rating (5pt scale)	KPM	3.98	4.37	4.35	tbd	4.50
BO_0006 - Received GFOA budget presentation award (1=yes, 0=no)	EFFECTIVE	1	1	1	1	1

Performance Measure Variance Descriptions

BO_0001 - Prior year actual data for this measure cannot be calculated until all Fall BMP submissions are received by the City Budget Office. Historical figures have been moving in a positive direction.

BO_002 - The office didn't start tracking the frequency that financial policies were waived until FY 2015-16. No instances were identified in FY 2016-17, however, CBO is not confident in the method for tracking the number of waiver instances. We will be working to implement a more consistent approach as part of FY 2017-18.

BO_003 - The annual repair, rehabilitation, and replacement funding gap continues to increase Citywide. The goal of erasing the gap by 2025 is probably unattainable unless the City Council continues to make even more significant investments in infrastructure maintenance over the next 5-10 years. Several years ago, Council approved a change to financial policies to allocate 50% of available one-time General Fund resources to infrastructure maintenance. This policy change has slowed the rate of growth of the gap, but has yet to reverse the trend. A new effort - Build Portland - was announced as part of the FY 2017-18 budget and the expectation is to fund \$50 million in projects over the next several years and up to \$600 million over the next 20 years primarily on Parks and Transportation assets. This should further slow the rate of growth of the gap. BES has also increased the planned level of reinvestment in assets, also a contributor to slowing the overall trend. Further measures will be necessary Citywide to achieve a sustainable level of service.

BO_004 - This measure relies on bureau reporting for actuals. This information will be collected in time for the FY 2018-19 reporting period.

BO_005 - The City Budget Office's customer service survey was not performed in time for this reporting period. Figures will be available as part of the FY 2018-19 budget submittal.