

CITY BUDGET OFFICE

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CITY OF PORTLAND, OREGON

TO: City Budget Office

FROM: Andrew Scott, Budget Director 

DATE: March 26, 2018

SUBJECT: City Budget Office FY 2017-18 Spring 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 carryover of funding for the budget software replacement project.
2. Current Year Projections. CBO is projecting to underspend by less than 1% (after carryover).
3. Updates on FY 2017-18 budget notes and decision packages. (Decision package updates are provided in electronic Excel format only via email.)

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

Bureau: City Budget Office

Type: Program Carryover Request

Request: BO_004 - Software Replacement Carryover

	Spring BMP Requested Adjustments	Spring BMP CBO/Council Changes	Spring BMP Total Adjustments
EXPENDITURES			
Personnel Services	(80,000)	0	(80,000)
External Materials and Services	(1,003,346)	0	(1,003,346)
TOTAL EXPENDITURES	(1,083,346)	0	(1,083,346)
REVENUES			
General Fund Discretionary	(1,083,346)	0	(1,083,346)
TOTAL REVENUES	(1,083,346)	0	(1,083,346)

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. Since that allocation, \$38,000 has been spent on a consultant contract for requirements gathering. Additionally, \$20,000 was de-funded as the result of CBO's conservative estimate of FY 2016-17 spending; only \$940,000 was carried over into the current fiscal year (FY 2017-18) based on the assumption that the requirements work would cost as much as \$60,000 in FY 2017-18. An RFP was issued in November 30, 2017 and the selection process has almost concluded; at the time of this writing, an intent to award has been issued. Based on the selected proposal and estimates of staff costs and other project costs and contingencies, CBO is estimating at medium confidence the total remaining project cost (and the total to be capitalized) to be \$1.1 million. While only \$940,000 remains from the initial allocation, CBO is not funding maintenance on the unsupported system, BRASS, this fiscal year. The service level agreement with CGI, the BRASS vendor, was budgeted at \$63,000. CBO is requesting to carryover the remaining project allocation, the current year's system maintenance budget, and additional underspending to fully fund the project in FY 2018-19. CBO anticipates beginning implementation activities as soon as contracting concludes which is estimated to be June 2018. Further, CBO anticipates the project will complete in FY 2018-19.

CBO Discussion and Recommendation

Business Area Projection Report

	Spring BMP Revised Budget	FY 2017-18 YTD Actuals Thru AP8	Spring BMP Year-End Projection	% of Projected Actuals to Revised Bud
City Budget Office				
EXPENDITURES				
Personnel Services	\$1,999,215	\$1,261,790	\$1,993,313	100%
External Materials and Services	\$287,182	\$203,241	\$262,176	91%
Internal Materials and Services	\$243,872	\$159,962	\$254,333	104%
TOTAL EXPENDITURES	\$2,530,269	\$1,624,992	\$2,509,822	99%
REVENUES				
Interagency Revenue	\$204,906	\$126,509	\$204,385	100%
General Fund Discretionary	\$486,811	\$0	\$466,885	96%
General Fund Overhead	\$1,838,552	\$0	\$1,838,552	100%
TOTAL REVENUES	\$2,530,269	\$126,509	\$2,509,822	99%

Bureau Projection Narrative

The personnel services budget is reduced as part of the Spring BMP to fully fund the revised estimate of the budget software replacement project. The remaining budget will be spent nearly in its entirety.

The external materials and services budget is reduced by the software project carryover amount (including the current annual maintenance funding). The remaining budget is expected to be mostly spent.

The internal materials and services budget is currently expected to be slightly overspent. This will be reassessed later in the year. If the overspending persists, an internal adjustment moving budget from external materials and services will be performed as part of the Overexpenditure Ordinance.

Interagency revenue to fund staff costs and overhead for the PUB position is anticipated to be fully collected.

General Fund (discretionary and overhead) is anticipated to be underspent by roughly \$20,000 (<1%).

Budget Note Update

City Budget Office

Date of Budget Note: July 1, 2017 in Current FY 2017-18 Adopted Budget

Budget Note Title: Open and Accountable Elections Program

Budget Note Language: The City's public matching campaign finance program is to be implemented in time for the 2020 election. Council directs the City Budget Office to conduct an analysis of the staffing and operational needs of the program and report back to Council with recommended funding levels for FY 2017-18 and beyond. CBO is also directed to make a recommendation as to the appropriate location of this function.

Summary Status: Complete

Budget Note Update: March 15, 2018

CBO completed its report and sent it to City Council on November 30, 2017. The report is available at <https://www.portlandoregon.gov/cbo/article/675022>.

Date of Budget Note: July 1, 2017 in Current FY 2017-18 Adopted Budget

Budget Note Title: Portland Film Office

Budget Note Language: The FY 2017-18 Adopted Budget includes \$142,240 in General Fund one-time funding to continue the Portland Film Office. City Council directs the City Budget Office to provide options for funding the office outside of General Fund Discretionary funding as part of the FY 2018-19 Budget Process.

Summary Status: Complete

Budget Note Update: March 16, 2018

The City Budget Office worked with Commissioner Nick Fish's Office and Prosper Portland to devise a process by which the Portland Film Office will no longer require General Fund support. A comprehensive plan was established whereby the Film Office would offer a one-stop point of contact for the film industry, including the development of a universal film permit. The hope is that increasing the Film Office's level of service would allow it to become self-sustaining, likely through a combination of existing revenue that would otherwise go to bureaus – primarily Transportation and Parks – and increased permit fees for specialized services. Implementation of this process improvement would require an additional year of one-time General Fund support, which CBO included in its General Fund recommendations.

Date of Budget Note: July 1, 2017 in Current FY 2017-18 Adopted Budget

Budget Note Title: Land Use Revenue

Budget Note Language: Council directs the City Budget Office, Bureau of Development Services, and Bureau of Planning and Sustainability to develop a plan to provide long term funding for necessary code development and revision work using Land Use revenue as appropriate and permissible by law. Annual work plans and funding amounts for both bureaus should be included in the budget process for Council consideration.

Summary Status: Complete

Budget Note Update: March 16, 2018

The Bureau of Development Services and the Bureau of Planning and Sustainability have reached an agreement for long-term code development funding. BPS will receive 35% of BDS' Development Services Fee revenue. Revenue from the Development Services Fee is unrestricted and, therefore, negates potential legal nexus concerns from the previous code development funding source. CBO supports this agreement.

Date of Budget Note: July 1, 2017 in Current FY 2017-18 Adopted Budget

Budget Note Title: Experience PDX

Budget Note Language: Council directs the City Budget Office to set aside \$200,000 in one-time General Fund resources to fund the Experience PDX program in FY 2018-19.

Summary Status: In Progress

Budget Note Update: March 23, 2018

This adjustment will be incorporated into the Special Appropriations base budget as part of the FY 2018-19 Mayor's Proposed Budget.

Budget Note Update: March 20, 2018

Date of Budget Note: July 1, 2017 in Current FY 2017-18 Adopted Budget

Budget Note Title: Joint Office of Homeless Services Funding Conversation

Budget Note Language: Council directs the City Budget Office to coordinate a work session to discuss the City's role in supporting the efforts of the Joint Office of Homeless Services, which will include a discussion of current and future funding levels, including funding sustainability.

Summary Status: Complete

Budget Note Update: March 20, 2018

This Work Session took place on September 5th, 2017. Materials are available at <https://www.portlandoregon.gov/cbo/article/655238>.

Date of Budget Note: July 1, 2017 in Current FY 2017-18 Adopted Budget

Budget Note Title: Participatory Budgeting

Budget Note Language: Council directs the City Budget Office to create a proposal for developing and implementing a Participatory Budgeting pilot process. CBO shall present their recommendations to Council during the FY 2017-18 Fall Supplemental Budget process for consideration as part of FY 2018-19 Budget Development.

Summary Status: Underway

Budget Note Update: March 20, 2018

CBO reviewed Participatory Budgeting (PB) programs across the country, as well as consulted academic research on both national and international efforts to implement PB. CBO outlined key decision points and recommendations for Council consideration in preparation for a work session that was scheduled for January 2018. The work session is expected to be rescheduled, and may instead focus on expanding the community-driven, inclusive budget process used to allocate Recreational Marijuana Tax revenue in FY 2017-18.

Date of Budget Note: July 1, 2017 in Current FY 2017-18 Adopted Budget

Budget Note Title: Community-Driven, Inclusive Budgeting Process

Budget Note Language: The FY 2017-18 budget includes \$500,000 in Recreational Marijuana Tax revenue to be allocated via a Participatory Budgeting community-driven, inclusive process, to be managed by the City Budget Office with guidance from Commissioners Eudaly and Fritz. The project managers will implement the process using the Participatory Budgeting Project's guidelines and shall report to Council by November 30th, 2017 on their progress. Funding allocated through this process will go toward the following: support for neighborhood small businesses, especially women-owned and minority-owned businesses, including but not limited to business incubator programs, management training, and job training opportunities; and providing economic opportunity and education to communities disproportionately-impacted by cannabis prohibition.

Summary Status: Underway

Budget Note Update: March 20, 2018

A Cannabis Tax Allocation Steering Committee comprised of community stakeholders convened several meetings in Fall 2017 to identify priority areas for investment, using a restorative justice lens. A survey was distributed through targeted outreach channels for community input on the proposed allocation categories. This feedback was used to create two Request for Proposals, one to be administered by Prosper Portland for projects related to industry support and technical assistance (\$150,000) and one to be administered through the City's Grant Management Division for records expungement and re-entry support (\$350,000). The City's RFP is currently accepting proposals through the end of March; an internal selection committee comprised of representatives from each elected office will review applications and chose projects in April. Grants with selected applicants are expected to be finalized before the end of the current fiscal year, with the work to take place in FY 2018-19.

Date of Budget Note: July 1, 2017 in Current FY 2017-18 Adopted Budget

Budget Note Title: Commissioners Office Budgets

Budget Note Language: Council directs the City Budget Office to evaluate funding levels for the Commissioner's office budgets relative to the Mayor's Office and make recommendations to adjust funding levels as appropriate. This may include but is not limited to establishing an appropriate ratio of Commissioner Office budgets to the Mayor's Office budget. This evaluation should be complete and submitted to Council for consideration by November 30th, 2017 in preparation of the FY 2018-19 budget.

Summary Status: Complete

Budget Note Update: March 20, 2018

CBO completed its report and sent it to City Council on November 30, 2017.

<https://www.portlandoregon.gov/cbo/article/677874>

Date of Budget Note: July 1, 2017 in Current FY 2017-18 Adopted Budget

Budget Note Title: Build Portland

Budget Note Language: As part of the Build Portland initiative started in the FY 2017-18 Budget, the plan includes a schedule of periodic debt issuances for infrastructure repair, rehabilitation, and replacement. Council directs the City Budget Office to highlight for Council in the General Fund forecast the future debt service costs as soon as the next proposed debt issuance falls within the five-year forecast timeframe and discuss with Council the costs and benefits of proceeding with the program. Council expresses its intent to hold a work session during the Summer of 2017 to discuss Build Portland. In the fall of 2017, the Mayor will present to Council a binding resolution to formalize the City's commitment to Build Portland.

Summary Status: Underway

Budget Note Update: March 22, 2018

A work session was held on August 29, 2017. Materials are available at <https://www.portlandoregon.gov/cbo/article/655239>. Binding resolution 37322, which formalized the City's commitment to Build Portland, was passed by Council on October 11, 2017. The resolution directed the Office of Management and Finance to establish a Build Portland Advisory Committee comprised of the Chief Administrative Office (CAO), Chief Financial Officer, Directors of PBOT, Parks, the City Budget Office, City Asset Managers and community advisors. The resolution tasked the committee to develop criteria to determine the eligibility and prioritization of Build Portland projects. Using the criteria, the Build Portland Advisory Committee selected seven projects for the initial \$50 million investment. On March 28, 2018, the CAO will go before Council with a resolution that proceeds with the seven projects.

Date of Budget Note: July 1, 2017 in Current FY 2017-18 Adopted Budget

Budget Note Title: Office of Community Technology

Budget Note Language: The Office of Community Technology (OCT) is currently a division of the Bureau of Revenue and Financial Services. Council directs the City Budget Office to engage an external consultant that will evaluate options and make recommendations to Council on the optimal location and structure for OCT within the City's organizational framework.

Summary Status: Underway

Budget Note Update: March 26, 2017

The City Budget Office contracted with a consultant, Virtual Information Executives, in January 2018 to evaluate options and make recommendations for the placement of the Office for Community Technology. The consultant has performed a series of interviews with stakeholders, and has provided Phase 1 deliverables as of March 26, 2018. A draft report with recommendations for the optimal location of OCT is expected in early April, with final recommendations and an implementation strategy expected by the end of April 2018.