



City of Portland

Office for Community Technology

▲ Broadband & Communications Policy

▲ Cable Regulation & Consumer Protection

▲ Utility Franchises, Licenses & Wireless

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March 18, 2019

TO: City Budget Office

FROM: Elisabeth Perez, OCT Acting Director

SUBJECT: Office for Community Technology FY 2018-19 Spring BMP Submission

Please accept the Office for Community Technology's submittal of the FY 2018-19 Spring Budget Monitoring Process.

The Bureau requests:

- \$118,730 program carryover into FY 2019-20 to complete the original objective of Utility and Franchise Management Audit Support the decision package.
- \$225,000 through realignment of underspent resources in the 3 OCT programs including MHCRC and \$262,000 in 1-time general fund resources for OCT relocation.
- Recognition of \$15,000 in new revenue from Multnomah County to support its partnership with OCT in developing Phase II of the Digital Equity Action Plan (DEAP).
- \$646,955 budget transfer from the Revenue Division to complete the re-establishment of OCT as a stand-alone City bureau.

Please note the Office for Community Technology was subject to the performance measure of the Revenue Division of the Office of Management and Finance until September 2018, when it was established as a stand-alone bureau by council. In the next year, the Office for Community Technology will complete a complete a strategic planning process and reorganization. This will include a complete review of performance measures of the Office of Cable Communications and Franchise Management of 2012 and relevant measures tied to the Revenue Division. These objectives will inform the Office for Community Technology's Key Performance Measures going forward.

Thank you.

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CB - Office for Community Technology

DP Type Program Carryover

Request Name: 8012 -OCT - Program Carryover For Utility & Franchise Management Audit Support

Package Description

OCT is requesting that the unspent funding amount for this decision package be carried forward into FY 2019-20 to carry out the original intent of the decision package. Because of competing priorities due to the reorganization and reestablishment of OCT as a stand-alone bureau, dealing with federal proposed and actual preemptions affecting future and ongoing general fund revenue, and coping with high level management vacancies, OCT has not had the opportunity to hire for this position.

Service Impacts

Delivery of outcomes is delayed until FY 2019-20.

Equity Impacts

None.

CBO Analysis

| Budget Detail | | | | | | |
|-------------------|---------------------------------|--------------------------------------|--|--|---------------------------------------|----------|
| Fund | | | | | | |
| Major Object Name | Expense | 2018-19 SPRING Revised Base | 2018-19 SPRING Adjust - DP Only | 2018-19 SPRING CBO/ Council Adj | 2018-19 SPRING Revised Total | |
| 100000 | External Materials and Services | | 0 | -20,000 | 0 | 0 |
| 100000 | Personnel | | 0 | -98,730 | 0 | 0 |
| | Sum: | | 0 | -118,730 | 0 | 0 |
| Major Object Name | Revenue | 2018-19 SPRING Revised Base | 2018-19 SPRING Adjust - DP Only | 2018-19 SPRING CBO/ Council Adj | 2018-19 SPRING Revised Total | |
| 100000 | General Fund Discretionary | | 0 | -118,730 | 0 | 0 |
| | Sum: | | 0 | -118,730 | 0 | 0 |

CB - Office for Community Technology

DP Type New GF Revenue

Request Name: 8013 -OCT - Relocation Funding Request

Package Description

This decision package realigns existing resources and requests new one-time general fund resources to support the relocation of the newly re-established OCT. Physical relocation is necessary and critical because the Integrated Tax System project will soon begin in earnest, and the Revenue Division's staffing levels are expanding substantially and will occupy the space currently filled by OCT staff. Additionally, the security clearance required by Revenue Division for employees and guests is an unnecessary and inequitable hurdle for future employees and community outreach expected to be provided by the bureau. Last, the physical move will help legitimize the bureau. Due to vacancies in the bureau (e.g., newly-created director position, OCT manager) and some materials and services underspending, OCT will be able to contribute \$175,000 of general fund and \$50,000 MHCRC revenue to this project. The balance (\$262,000) is requested from General Fund one-time resources.

This request is informed by a cost estimate provided by OMF Facilities. That estimate included a 30% contingency line-item that OCT is not requesting at this time. Should relocation project costs exceed budget and OCT is unable to absorb the overage, the bureau will return to City Council to request additional resources. Additionally, the estimate signals that OCT may incur INET fiber connectivity costs of \$50,000 ongoing. Again, once actual costs are known and should OCT be unable to absorb that additional cost, the bureau will return to Council with a request for ongoing resources.

Service Impacts

N/A

Equity Impacts

N/A

CBO Analysis

| Budget Detail | | | | | | |
|-------------------|---------------------------------|--------------------------------------|--|--|---------------------------------------|----------|
| Fund | | | | | | |
| Major Object Name | Expense | 2018-19 SPRING Revised Base | 2018-19 SPRING Adjust - DP Only | 2018-19 SPRING CBO/ Council Adj | 2018-19 SPRING Revised Total | |
| 100000 | External Materials and Services | | 0 | 82,000 | 0 | 0 |
| 100000 | Internal Materials and Services | | 0 | 405,000 | 0 | 0 |
| 100000 | Personnel | | 0 | -225,000 | 0 | 0 |
| | Sum: | | 0 | 262,000 | 0 | 0 |

| Major Object Name | Revenue | 2018-19 SPRING Revised Base | 2018-19 SPRING Adjust - DP Only | 2018-19 SPRING CBO/ Council Adj | 2018-19 SPRING Revised Total | |
|-------------------|----------------------------|--------------------------------------|--|--|---------------------------------------|----------|
| 100000 | General Fund Discretionary | | 0 | 262,000 | 0 | 0 |
| | Sum: | | 0 | 262,000 | 0 | 0 |

Office for Community Technology (OCT) Move Estimate

Provided by OMF Facilities

3.20.19

ASSUMPTIONS:

- Plan to accommodate about 15 employees
 - At least four offices
 - Space for up to 11 cubicles
 - Access to conference room – at least 15 people
 - Access to lunch room/kitchenette
- Close proximity to:
 - City Hall
 - Columbia Building (Rev Div)
 - 1900 Building (BPS)
- Lease length:
 - About three years; could consider longer lease if the space provided possibility for future expansion

ESTIMATE:

The Office for Community Technology (OCT) currently occupies space in the Columbia Square building, a facility leased by OMF-Facilities on behalf of the Bureau of Revenue and Financial Services (BRFS). This decision package would relocate 15 OCT employees to one of several locations in the downtown core. A budget range between \$457,600 and \$633,100 is estimated to be needed to prepare the space and relocate staff as estimated below. Any unused funds shall be returned to the general fund.

| Low end | | High end | |
|--|------------|--|------------|
| Move cost in Columbia Square | \$ 25,000 | Move cost into high security building | \$ 50,000 |
| Lease rate differential (4,000 sf @ \$25/sf) | - | Lease rate differential (4,000 sf @ \$36/sf) | - |
| Tenant Improvements | \$ 180,000 | Tenant Improvements | \$ 240,000 |
| Project Management & Design | \$ 40,000 | Project Management & Design | \$ 50,000 |
| Fiber/INET | \$ 25,000 | Fiber/INET | \$ 50,000 |
| Furnishings | \$ 82,000 | Furnishings | \$ 82,000 |
| 15 cubes @ \$4k | | 15 cubes @ \$4k | |
| Reception @ \$10k | | Reception @ \$10k | |
| 2 conference rooms @ \$6k | | 2 conference rooms @ \$6k | |
| existing kitchenette | | new kitchenette | \$ 15,000 |
| Contingency 30% | \$ 105,600 | Contingency 30% | \$ 146,100 |
| | \$ 457,600 | | \$ 633,100 |

**Lease costs are expected to be approximately \$120,000 per year based on several properties currently under review. \$50,000 in additional IT expenses are also anticipated.

CB - Office for Community Technology

DP Type New Revenue

Request Name: 8014 -OCT - Multnomah County Support for DEAP

Package Description

Recognizes new revenue from Multnomah County to support its partnership with OCT in developing Phase II of the Digital Equity Action Plan (DEAP). Multnomah County is providing the funding to assist OCT and the County to engage with underserved communities to identify and understand their technology needs, interests, and barriers, and to design an action plan co-created with those most impacted by the digital divide.

Service Impacts

Multnomah County and OCT are leveraging funds and coordinating data collection activities to more deeply engage those communities who are digitally excluded. We will better understand their barriers to accessing and using technology and will have actions designed by those communities.

Equity Impacts

See above.

CBO Analysis

| Budget Detail | | | | | | |
|-------------------|---------------------------------|--------------------------------------|--|--|---------------------------------------|----------|
| Fund | | | | | | |
| Major Object Name | Expense | 2018-19 SPRING Revised Base | 2018-19 SPRING Adjust - DP Only | 2018-19 SPRING CBO/ Council Adj | 2018-19 SPRING Revised Total | |
| 100000 | External Materials and Services | | 0 | 15,000 | 0 | 0 |
| | Sum: | | 0 | 15,000 | 0 | 0 |

| Major Object Name | Revenue | 2018-19 SPRING Revised Base | 2018-19 SPRING Adjust - DP Only | 2018-19 SPRING CBO/ Council Adj | 2018-19 SPRING Revised Total | |
|-------------------|-------------------|--------------------------------------|--|--|---------------------------------------|----------|
| 100000 | Intergovernmental | | 0 | 15,000 | 0 | 0 |
| | Sum: | | 0 | 15,000 | 0 | 0 |

CB - Office for Community Technology

DP Type None

Request Name: 8015 -OCT - Transfer Remaining OCT Budget

Package Description

This request furthers the re-establishment of the Office for Community Technology as a stand-alone City bureau. The budgetary aspect of this was initiated in the FY 2018-19 Fall BMP, but that action only moved estimated budget amounts. This action is necessary to shift OCT budget that remains in the Revenue Division's.

Service Impacts

The OCT budget will be aligned with the bureau's actual spending and revenue as reflected in the City financial system in FY 2018-19.

Equity Impacts

None.

CBO Analysis

| Budget Detail | | | | | | |
|-------------------|---------------------------------|--------------------------------------|--|--|---------------------------------------|----------|
| Fund | | | | | | |
| Major Object Name | Expense | 2018-19 SPRING Revised Base | 2018-19 SPRING Adjust - DP Only | 2018-19 SPRING CBO/ Council Adj | 2018-19 SPRING Revised Total | |
| 100000 | External Materials and Services | | 0 | 349,522 | 0 | 0 |
| 100000 | Personnel | | 0 | 297,433 | 0 | 0 |
| | Sum: | | 0 | 646,955 | 0 | 0 |

| Major Object Name | Revenue | 2018-19 SPRING Revised Base | 2018-19 SPRING Adjust - DP Only | 2018-19 SPRING CBO/ Council Adj | 2018-19 SPRING Revised Total | |
|-------------------|----------------------------|--------------------------------------|--|--|---------------------------------------|----------|
| 100000 | General Fund Discretionary | | 0 | 467,035 | 0 | 0 |
| 100000 | Intergovernmental | | 0 | 179,920 | 0 | 0 |
| | Sum: | | 0 | 646,955 | 0 | 0 |

Business Area Projection Report

Office for Community Technology

| Fund | Major Object | 2018-19 SPRING Revised Total | 2019 February Actuals YTD | 2018-19 SPRING Projection | % of Projected Actuals to Revised Budget |
|------|---------------------------------|---------------------------------|------------------------------|------------------------------|--|
| 100 | Personnel | 938,596 | 421,405.25 | 938,596 | 100.00% |
| | External Materials and Services | 1,075,727 | 39,966.34 | 1,075,727 | 100.00% |
| | Internal Materials and Services | 158,699 | 34,032.88 | 158,699 | 100.00% |
| | Sum: | 2,173,022 | 495,404.47 | 2,173,022 | |

| Fund | Major Object | 2018-19 SPRING Revised Total | 2019 February Actuals YTD | 2018-19 SPRING Projection | % of Projected Actuals to Revised Budget |
|------|----------------------------|---------------------------------|------------------------------|------------------------------|--|
| | Intergovernmental | 719,764 | 15,000 | 719,764 | 100.00% |
| | General Fund Discretionary | 1,453,258 | 0 | 1,453,258 | 100.00% |
| | Sum: | 2,173,022 | 15,000 | 2,173,022 | |

| | | | | | |
|--|-------------|------------------|-------------------|------------------|--|
| | Sum: | 4,346,044 | 510,404.47 | 4,346,044 | |
|--|-------------|------------------|-------------------|------------------|--|

Revenue Discussion

This report does not accurately capture the entire budget and projection for the Office for Community Technology. Due to the Fall 2018 effective date of the re-establishment of the OCT as a stand-alone bureau, for this single fiscal year OCT's financials are split between the budgets for both the Office of Management and Finance and the Office for Community Technology. Given the "split budget", the current budgeting system does not facilitate consolidation of both into a single report. Rather, OCT is submitting a separate projection of expenditures and revenues to fiscal year end.

Revenue Risks

N/A

Expenditure Discussion

N/A

Expenditure Risks

N/A

Business Area Projection Report Supplement

Office for Community Technology

| | Planned Revised Budget | Year to Date Actuals | Year-end Projection | Projected Surplus/ (Shortfall) | Variance |
|---------------------------|------------------------|----------------------|---------------------|--------------------------------|----------|
| Personnel Services | 1,124,377 | 624,520 | 1,068,414 | 55,963 | 5% |
| External M&S | 1,641,623 | 606,286 | 1,451,371 | 190,252 | 12% |
| Internal M&S | 605,919 | 63,740 | 540,541 | 65,378 | 11% |
| Total Expenses | 3,371,919 | 1,294,545 | 3,060,326 | 311,593 | |
| General Fund Resources | (2,276,873) | - | (2,276,873) | - | 0% |
| Intergovernmental Revenue | (1,095,046) | (190,185) | (807,350) | (287,696) | 26% |
| Total Revenues | (3,371,919) | (190,185) | (3,084,223) | (287,696) | |

Projected Variance Analysis:

External M&S: Projected variance due to expected underspending in the Mt Hood Cable Regulatory Commission (MHCRC) operations budget

Internal M&S: Projected underspending caused by lease costs being charged to OCT as external M&S but budgeted as internal M&S.

Intergovernmental Revenue: Projection indicates significantly less revenue collection than budget. This is due to projected underspending in MHCRC. This program recovers only actual costs.