

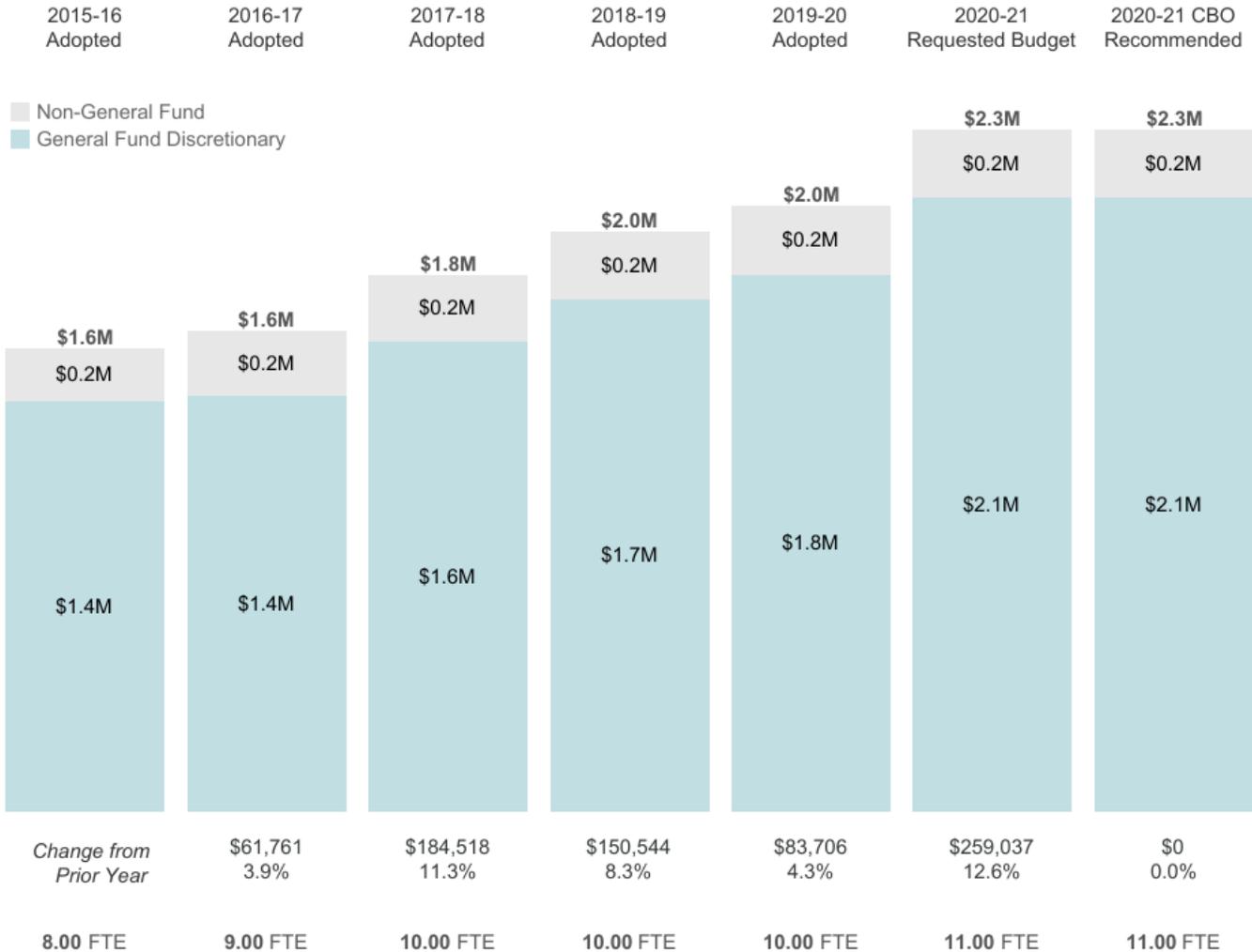


**City  
Budget  
Office**

# Office of Government Relations

*Analysis by Kea Cannon*

## Adopted Budget Revenues | 5-Year Lookback



## INTRODUCTION

The Office of Government Relations’ (OGR) FY 2020-21 Requested Budget totals \$2.3 million, including \$2.1 million in General Fund discretionary resources. There are no significant changes to the bureau’s base budget, however OGR has requested \$150,000 in General Fund ongoing resources and 1.0 FTE for the Tribal Relations program to meet increasing service level demands for liaison services for City bureaus, external Tribal Governments, and other stakeholders.

The bureau has submitted an offset decision package for this request per budget guidance, wherein the Portland Water Bureau (Water), the Bureau of Environmental Services (BES), and Prosper Portland (Prosper) would cover 50% of the requested amount through increased interagency and intergovernmental funding. OGR is also updating its Strategic Plan for 2020-2023 and its Racial Equity Plan, both will include the Tribal Relations and Regional Relations programs. This will be completed in FY 2019-20.

## BASE BUDGET KEY ISSUES

The Office of Government Relations is balancing rising personnel and internal services costs due to pay equity and the classification and compensation study against limited growth in General Fund resources. The bureau does not have as much flexibility as larger bureaus to absorb cost increases outside of its Current Appropriation Level (CAL). For FY 2020-21 OGR is likely to experience an assumed increase in personnel costs as a result of pending decisions to reclassify up to five existing full-time positions.

Historically, OGR personnel were classified as Commissioner Staff Representatives and Specialists. Certain positions are currently in bureau classifications, while others remain in Commissioner classifications. OGR has been working closely with the Bureau of Human Resources (BHR) to assess new classifications for the Office. From a timing perspective, the recent adjustments for pay equity and the initial classification compensation study in FY 2018-19 took precedence, and BHR has determined that FY 2019-20 is the appropriate time to revisit the initial classifications for OGR.

OGR and BHR anticipate finalizing new classifications for up to five – or possibly six - positions later this year.<sup>1</sup> With the potential for new position classifications to be developed for OGR, it is expected that personnel costs could increase by approximately \$35,748 (or 3%). Currently this amount is included within the bureau's base budget for FY 2020-21 and the bureau has absorbed this increase without programmatic reductions.

Over time, the continued growth in personnel costs will result in a larger percentage of OGR's base budget appropriation being allocated to personnel instead of external and internal materials and services (EMS/IMS). Growth in personnel costs, should they exceed standard inflationary increases supported by CAL, could result in reduced funds available for future travel and lobbying efforts, outreach, education and engagement, trainings and training materials for its programs, resulting in service level impacts. As of the close of December 2019 in FY 2019-20, the City Budget Office (CBO) is projecting OGR will over-expend its personnel budget by \$556.00. This will require OGR to request compensation set-aside in the upcoming Spring Budget Monitoring Process – for the first time – to remain balanced by year end unless OGR is able to absorb this cost via a reallocation from EMS or IMS.

Given the limited flexibility in a relatively small operational budget, it is recommended the bureau work with the CBO to construct a more robust financial planning model to pinpoint the probability of growth in expenses outpacing growth in resources. This will allow the bureau to develop contingency plans and support a more accurate budget estimation during budget development annually. This recommendation is in advance of planned changes to City financial policies requiring all City bureaus to conduct five-year financial planning from the Bureau of Revenue and Finance (BRFS).

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<sup>1</sup> The classification title is not yet developed. The additional sixth FTE would occur if Council approves the Tribal Relations Program Enhancement decision package. Currently, the requested FTE is listed as a Commissioner Staff Representative based on the options available to OGR at the time of budget development.

## DECISION PACKAGES

### Tribal Relations Program Enhancement

9655, \$150,000, 1.00 FTE

#### Request Summary

The Office of Government Relations is requesting \$150,000 in ongoing General Fund resources for 1.0 FTE – Commissioner Staff Representative (classification subject to change) and associated external materials and services costs for the Tribal Relations Program. This position will support coordination, outreach, and advice on tribal relations for City bureaus. The \$44,766 in external materials and services will support the annual Tribal Nations Summit, delegation visits, and attendance to various conferences.

#### Offset Summary

Per the Mayor’s Budget Guidance, OGR submitted an offset package replacing 50% of the General Fund request with other resources. Water Bureau will increase its interagency agreement (IA) with OGR by \$35,000 using water rate revenues, BES will also increase its IA by \$35,000 using sewer and stormwater rate and fee revenue, and Prosper Portland will increase its intergovernmental agreement (IGA) by \$5,000 using a mix of its existing non-federal resources.

Under this offset package, approximately half of the additional Tribal Relations resources would support providing coordination, outreach, and advice on Levee Ready Columbia, Columbia River Treaty Review, Portland Harbor clean up, the Portland water filtration plant, the reintroduction of tribal related plants and trees, Redbook revisions to ensure compliance and appropriate involvement of tribes, among other specified work in the decision package narrative. The other half of additional resources would provide citywide support on tribal relations needs.

#### CBO Analysis

The Tribal Relations program transitioned to Government Relations in FY 2018-19 from the Mayor’s Office. According to OGR when the program transitioned it did not include “programmatic” funding (EMS) for basic supplies, outreach, coordination, and events. For the past two fiscal years OGR has supported this need through vacancy savings (\$14,854), one-time contributions from external parties, and significant registration fees charged to participants. Reliance on vacancy savings to fund ongoing program-related expenses is not sustainable as the bureau currently is fully staffed.

In addition, OGR would like to reduce registration fees to allow for an increase in registered participants for the Tribal Nations Summit as the fee does present a barrier to participation. Without increased support for this program OGR will have to limit the resources for the Tribal Nations Summit by keeping the fees high; reduce the number of conferences attended; and reduce OGR’s ability to address current requests for services by other City bureaus, local and regional tribal governments, and other stakeholders. OGR notes that the bureau has received requests for increased service levels for this specific program. Without additional support, OGR will not be able to meet these requests, resulting in fewer instances of trainings for City staff, fewer engagement events with tribal governments, and slower response times for services.

CBO recommends this decision package as requested. The Tribal Relations Program serves a critical need for the City of Portland by engaging and incorporating Tribal Government input into the City and regional government and policy work. The planned work supporting Water and BES’ efforts at tribal government outreach and engagement is especially vital, as those bureaus are leading several upcoming large and significant projects directly impacting tribal communities.

The work of this requested position and overall service level enhancement of the Tribal Relations program supports the City’s Racial Equity goals for serving underserved populations, reduces the risk of losing participation and project support from this important subset of Portlanders on large City projects, has a significant positive impact on outreach and engagement, and cannot be absorbed within OGR’s existing resources.

**CBO Recommendation: \$150,000 ongoing | 1.00 FTE**

## SUMMARY OF REQUESTS AND RECOMMENDATIONS

Below is a summary of the Office of Government Relations’ total budget. CBO recommended the full amount requested of General Fund resources totaling \$150,000 and reduced the offset amount of \$75,000 from the bureaus budget. The table below reflects the decrease of the offset package and not an actual reduction to OGR’s budget. As part of the upcoming balancing phase, OGR will recognize the increase of \$75,000 in interagency revenue (IA) and intergovernmental revenues (IGA).

### Office of Government Relations - General Fund

		2019-20 Adopted Budget	2020-21 Requested Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Budget (A+B+C)
Expense	Personnel	\$1,547,976	\$1,596,215	\$210,468	(\$105,234)	\$1,701,449
	External Materials and Services	\$297,221	\$298,427	\$89,532	(\$44,766)	\$343,193
	Internal Materials and Services	\$203,203	\$262,795	\$0	\$0	\$262,795
	<b>Total</b>	<b>\$2,048,400</b>	<b>\$2,157,437</b>	<b>\$300,000</b>	<b>(\$150,000)</b>	<b>\$2,307,437</b>
Revenue	General Fund Discretionary	\$850,316	\$878,311	\$102,584	(\$34,195)	\$946,700
	General Fund Overhead	\$967,084	\$1,048,126	\$122,416	(\$40,805)	\$1,129,737
	Interagency Revenue	\$196,000	\$196,000	\$70,000	(\$70,000)	\$196,000
	Intergovernmental	\$35,000	\$35,000	\$5,000	(\$5,000)	\$35,000
	<b>Total</b>	<b>\$2,048,400</b>	<b>\$2,157,437</b>	<b>\$300,000</b>	<b>(\$150,000)</b>	<b>\$2,307,437</b>