



CITY OF
PORTLAND, OREGON
OFFICE OF THE CITY ATTORNEY

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April 20, 2020

INTEROFFICE MEMORANDUM

TO: City Budget Office

FROM: Tracy Reeve
City Attorney

SUBJECT: FY2019-20 Spring Budget Monitoring Process

Attached is the FY2019-20 Spring Budget Monitoring Report for the Office of the City Attorney. The office is expected to spend 98% of its budget. The office has halted all non-essential spending in response to the pandemic and the Mayor's guidance to help preserve as many resources as possible for COVID-19 related impacts.

The office requests one program carryover of \$300,000 to continue the office's software technology replacement fund. The office completed the needs-assessment portion of the project and is currently drafting the RFP for replacement software. Upgraded legal software will increase the office's resiliency and its ability to continue providing core services in a timely manner. The office's current software does not interface with Office 365, which was one of the primary reasons for seeking replacement. This software deficiency has become even more problematic with the current telework situation resulting from the pandemic.

The office also requests a technical adjustment to transfer \$65,000 from External Materials and Services to Internal Materials and Services to cover expenses for additional Facilities and Technology services.

Finally, the office has one request to draw on the Water Main Break Claims Policy Set-Aside resulting from the settlement of claims pursuant to Ordinance No. 189572.

Thank you for your consideration.

TPR/ccj
Encls.

AT - Office of the City Attorney

DP Type

Technical Adjustments

Request Name: 9935 -Technical Adjustments

Package Description

This technical adjustment transfers budget from Misc Services to Facilities and Technology Services. The office increased its inventory of laptops, tablets and RSA tokens for remote access. The office also required workstation improvements and conference room technology repairs and maintenance.

Service Impacts

No impacts.

Equity Impacts

No impacts.

| Account Name | | 2019-20 SPRING Requested Adj |
|--------------|---------------------------------|------------------------------|
| Expense | External Materials and Services | -65,000 |
| | Internal Materials and Services | 65,000 |
| Expense | Sum: | 0 |

AT - Office of the City Attorney

DP Type

GF Program Carryover

Request Name: 9975 -Program Carryover - Technology Upgrades

Package Description

This carryover request for \$300,000 will continue the office's technology replacement fund. The office has worked with a consultant over the last few years to develop its practice management software requirements. The office is currently working with the Procurement Division to draft the request for proposals which was planned for release in April 2020. The coronavirus emergency has delayed some of the work. However, getting a new practice management system in place is critical to core bureau operations.

Service Impacts

The office began a technology replacement fund a few years ago to save money for software replacement and implementation that cannot be funded within its annual budget. The office currently uses a critical matter management software program that has become obsolete in part due to the City's implementation of Office 365. This system is critical for managing litigation cases, deadlines, legal advice, and other work. It also contains a knowledgebase of all City Attorney legal opinions and advice. Because timeliness is very important to providing good legal advice, the ability to quickly locate pertinent records and data is critical to the office's core mission of providing excellent legal services to the City. Having up-to-date, functioning legal software is a necessity. Due to the pandemic, the office is relying heavily on Office 365, which has significantly magnified the problem of using outdated software. The office understands the need to reduce non-essential costs during this challenging time but also is confident this project will help ensure the office can continue its core services.

Equity Impacts

The City Attorney's Office works to ensure that all Portlanders have access to City services, benefits and programs free from discrimination, and that the civil rights of all Portlanders are legally recognized and protected by the City and its contractors and grantees. The office advises the City in programmatic areas such as the ADA and Title VI, the sick leave ordinance, fair contracting, hiring practices and implementation of the City's civil rights ordinance, and provides antidiscrimination training on civil rights and related issues to City employees. Office attorneys are trained to incorporate an equity lens into legal advice to help ensure compliance with equity related laws and policies. Having quick and easy access to office records is necessary for attorneys to provide timely legal advice to the City including advice on equity impacts.

| Account Name | | 2019-20 SPRING Requested Adj |
|----------------|---------------------------------|------------------------------|
| Expense | External Materials and Services | -300,000 |
| Expense | Sum: | -300,000 |

| Account Name | | 2019-20 SPRING Requested Adj |
|----------------|----------------------------|------------------------------|
| Revenue | General Fund Discretionary | -300,000 |
| Revenue | Sum: | -300,000 |

AT - Office of the City Attorney

DP Type

Other Adjustments

Request Name: 9997 -Water Main Break Claims

Package Description

On March 16, 2019, a large water main burst in Northeast Portland near Northeast 23rd Avenue and Skidmore Street. At its peak, the burst water main released 40,000 gallons of water per minute into the neighborhood. This type of large water main failure is exceedingly rare, and the failure was unforeseeable. Several residents and others suffered property damage as a result of the water main break and have asserted claims against the City. While the City denies legal responsibility for any damages, the City acknowledges that it would incur costs to defend claims and the results of any litigation can be uncertain. Accordingly, given the scope of the impacts, disputed claims related to the watermain break should be resolved for the benefit of the City according to the process established in Ordinance No 189572.

The Commissioner-in-Charge of the Water Bureau introduced an ordinance that established a process to submit documented claims to the City Attorney's Office and authorized the City Attorney's Office to attempt to resolve the claims. The ordinance set aside a total of \$250,000 to settle all claims, and the ordinance specified the types of damages and costs the City Attorney's Office was authorized to pay in settlement o fa claim. The ordinance required claimants to execute a full release and an assignment of claims as part of any settlement. Claims were required to be submitted by July 1, 2019, and the City Attorney's Office was required to complete processing of the claims by September 30, 2019.

The ordinance directed the City Budget Office to allocate \$250,000 in unrestricted General Fund contingency resources to a Policy Set Aside account via the FY 2018-19 Over Expenditure Ordinance. These funds were carried over to the FY 2019-20 budget for this purpose and are available for appropriation to the City Attorney's Office. The City Attorney's Office is authorized to only draw funds from the Policy Set Aside account necessary to settle claims, and any excess money in the account shall remain available as unrestricted General Fund contingency. The office settled claims in the amount of \$133,534 before the Fall BMP and settled and additional \$6,078 after the fall BMP and before the final deadline. The total amount of settled claims was \$139,612.

Service Impacts

The large water main break was an unforeseeable and exceedingly rare event that had a wide scope of impacts. Several residents and others suffered property damage as a result of the water main break and have asserted claims against the City. Given the scope of the impacts, disputed claims related to the water main break should be resolved for the benefit of the City according to the process established by the ordinance. The goal of the ordinance is to resolve legitimate claims as soon as possible for the benefit of the City and affected claimants, which will allow the City to use its limited resources to efficiently handle other disputed claims, if necessary.

Equity Impacts

The goal of this ordinance was to resolve legitimate claims as soon as possible for the benefit of the City and affected claimants. An efficient claims resolution process should benefit all those impacted and may reduce the costs and burdens on those making claims.

| Account Name | | 2019-20 SPRING Requested Adj |
|----------------|---------------------------------|------------------------------|
| Expense | External Materials and Services | 6,078 |
| Expense | Sum: | 6,078 |

| Account Name | | 2019-20 SPRING Requested Adj |
|----------------|----------------------------|------------------------------|
| Revenue | General Fund Discretionary | 6,078 |
| Revenue | Sum: | 6,078 |

Business Area Projection Report

Office of the City Attorney - Fund 100

| Major Object | 2019-20 SPRING Requested Total | 2019-20 March Actuals YTD | 2019-20 SPRING Projection | % Projected Actuals to Requested Total |
|---------------------------------|--------------------------------|---------------------------|---------------------------|--|
| External Materials and Services | 621,011 | 470,319 | 560,000 | 90% |
| Internal Materials and Services | 1,190,095 | 864,031 | 1,172,485 | 99% |
| Personnel | 12,813,962 | 9,394,124 | 12,650,000 | 99% |
| Sum: | 14,625,068 | 10,728,473 | 14,382,485 | 98% |

| Major Object | 2019-20 SPRING Requested Total | 2019-20 March Actuals YTD | 2019-20 SPRING Projection | % Projected Actuals to Requested Total |
|----------------------------|--------------------------------|---------------------------|---------------------------|--|
| Charges for Services | 30,000 | 90,388 | 90,388 | 301% |
| General Fund Discretionary | 3,504,404 | 0 | 3,201,433 | 91% |
| General Fund Overhead | 3,996,724 | 0 | 3,996,724 | 100% |
| Interagency Revenue | 7,093,940 | 5,168,205 | 7,093,940 | 100% |
| Sum: | 14,625,068 | 5,258,593 | 14,382,485 | 98% |

Revenue Discussion

General Fund and Interagency Revenue will be collected as budgeted. The Charges for Services category, which includes public records fees, legal services for civil forfeiture work, and miscellaneous litigation awards were higher than budgeted. These revenues are inconsistent and difficult to predict so a variance is expected.

Revenue Risks

Future declines in General Fund revenue could have a severe impact on core legal services. While half of the office budget comes from the General Fund, some Interagency revenues also come from General Fund Bureaus which adds to the risk.

Expenditure Discussion

Due to the pandemic, the office expects to reduce costs in office supplies, maintenance, deliveries, travel, law books, and employment outreach. In addition, the office has also halted spending on professional development, legal publications, office safety improvements, and a comprehensive officewide equity training program. However, some of the office's largest expenses other than personnel are for legal research and software services which are critical to core services. The office expects savings of nearly \$95,000.

Expenditure Risks

Most office expenses are critical to core functions.

Other Notes

Business Area Projection Report

Office of the City Attorney - Fund 100

| Major Object | 2019-20 SPRING Revised Base | 2019-20 SPRING Total ADJ | 2019-20 SPRING Requested Total | Requested Adjustment as % of Total Requested Budget | 2019-20 February Actuals YTD | 2019-20 March Actuals YTD | 2019-20 SPRING Projection | % Projected Actuals to Budget |
|---------------------------------|-----------------------------------|--------------------------------|---|---|------------------------------------|------------------------------|---------------------------------|----------------------------------|
| External Materials and Services | 979,933 | -358,922 | 621,011 | -58% | 434,899 | 470,319 | 560,000 | 90% |
| Internal Materials and Services | 1,125,095 | 65,000 | 1,190,095 | 5% | 759,577 | 864,031 | 1,172,485 | 99% |
| Personnel | 12,813,962 | 0 | 12,813,962 | 0% | 8,310,240 | 9,394,124 | 12,650,000 | 99% |
| Sum: | 14,918,990 | -293,922 | 14,625,068 | -2% | 9,504,717 | 10,728,473 | 14,382,485 | 98% |

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|----------------------------|-----------------------------------|--------------------------------|---|---|------------------------------------|------------------------------|---------------------------------|----------------------------------|
| Charges for Services | 30,000 | 0 | 30,000 | 0% | 89,434 | 90,388 | 90,388 | 301% |
| General Fund Discretionary | 3,798,326 | -293,922 | 3,504,404 | -8% | 0 | 0 | 3,201,433 | 91% |
| General Fund Overhead | 3,996,724 | 0 | 3,996,724 | 0% | 0 | 0 | 3,996,724 | 100% |
| Interagency Revenue | 7,093,940 | 0 | 7,093,940 | 0% | 4,593,960 | 5,168,205 | 7,093,940 | 100% |
| Sum: | 14,918,990 | -293,922 | 14,625,068 | -2% | 4,683,394 | 5,258,593 | 14,382,485 | 98% |

Sum: 14,188,110.46

| | | | | | | | |
|--|-------------------|-----------------|-------------------|------------|-------------------|-------------------|------------|
| | 29,837,980 | -587,844 | 29,250,136 | -2% | 15,987,066 | 28,764,970 | 98% |
|--|-------------------|-----------------|-------------------|------------|-------------------|-------------------|------------|

Sum: 14,188,110.46

Revenue Discussion

General Fund and Interagency Revenue will be collected as budgeted. The Charges for Services category, which includes public records fees, legal services for civil forfeiture work, and miscellaneous litigation awards were higher than budgeted. These revenues are inconsistent and difficult to predict so a variance is expected.

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