

# CITY BUDGET OFFICE

Ted Wheeler, Mayor  
Office of Nick Fish, Commissioner  
Amanda Fritz, Commissioner  
Chloe Eudaly, Commissioner  
Jo Ann Hardesty, Commissioner  
Mary Hull Caballero, Auditor



Jessica Kinard, Director  
(503) 823-6963  
1120 SW 5<sup>th</sup> Avenue, Suite 1010  
Portland, Oregon 97204-1912  
[www.portlandonline.com/citybudgetoffice](http://www.portlandonline.com/citybudgetoffice)

## CITY OF PORTLAND, OREGON

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TO: Mayor Ted Wheeler  
Office of Commissioner Nick Fish  
Commissioner Amanda Fritz  
Commissioner Chloe Eudaly  
Commissioner Jo Ann Hardesty  
Auditor Mary Hull Caballero

FROM: Jessica Kinard  
City Budget Director

DATE: April 20, 2020

**SUBJECT: City Budget Office FY 2019-20 Requested Spring Supplemental Budget**

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The City Budget Office (CBO) has prepared the following adjustments for its Spring Supplemental Budget:

- **Portland Utility Board support true-up for FY 2018-19:** CBO did not fully expense the interagency between the Utility Bureaus and the CBO for the indirect costs to support the PUB staff in FY 2018-19. This request represents a true-up for the utility bureaus support of the PUB administrative staff and increases the interagency by \$20,000. These funds will not be spent by the CBO and will fall to General Fund balance for re-budgeting next year.
- **Increase Interagency Agreement with Bureau of Technology Services:** The City Budget Office is projected to overspend the interagency agreement with the Bureau of Technology Services by \$15,000 in the current year as a result of replacing monitors for staff, RSA tokens for remote work, and increased billable support for the Patternstream publishing software used to produce the City's budget document. CBO proposes to internally absorb this increased cost by allocating a portion of underspending in Phase Two of the Budget Software Implementation.

Following the Mayor's Guidance to reduce non-essential spending, the CBO is projecting to underspend its external materials and services budget by approximately \$113,000. The COVID-

19 emergency is projected to increase underspending through the cancellation of national conferences and training events and associated travel, the cancellation of public budget forums and facilitation and translation support, and by purposefully holding off on other smaller purchases deemed non-essential in the current year. In addition to external materials and services savings, the CBO is projecting underspending in Personnel Service accounts due to vacancy savings for regular and limited term FTE. Prior to the COVID-19 emergency, the CBO planned to request to use current year underspending to support the second phase of the Citywide survey pilot and to adhere to financial policy by contributing to a policy reserve for future budget software replacement. CBO is not requesting these carryovers in order to curtail current year spending to ensure resources are available in the following year for more urgent needs.

Please do not hesitate to contact me with any questions regarding this submission.

**BO - City Budget Office**

**DP Type**

**Technical Adjustments**

**Request Name:** 9921 -PUB Indirect FY 2018-19 Transfer

**Package Description**

This request will increase the interagency agreement with the CBO with the Water Bureau and Bureau of Environmental Services. This increase is to reflect the costs for indirect support for the Portland Utility Board (PUB) from FY 2018-19. These costs were in the budget in FY 2018-19 and incurred, however the CBO did not bill for the cost recovery during FY 2018-19. As the expense has already been incurred, the unspent revenues will fall to General Fund balance at fiscal year end.

**Service Impacts**

There are no anticipated service impacts with this request as it is a technical true-up for prior year expenses.

**Equity Impacts**

There are no anticipated equity impacts with this request as it is a technical true-up for prior year expenses.

Account Name		2019-20 SPRING Requested Adj
Expense	Personnel	20,000
Expense	Sum:	20,000

Account Name		2019-20 SPRING Requested Adj
Revenue	Interagency Revenue	20,000
Revenue	Sum:	20,000

**BO - City Budget Office**

**DP Type**

**Internal Transfer**

**Request Name:** 9922 -CBO Adjust BTS IA

**Package Description**

This request is to increase the interagency agreement between the CBO and the Bureau of Technology Services for billable work orders and the replacement of monitors for staff. There is adequate underspending in the budget software replacement project to fund this request.

**Service Impacts**

There are no associated service impacts with this request. The bureau requests to use internal resources to cover the expenses associated with IT procurement and billable project support for the City's budget publishing software.

**Equity Impacts**

There are no equity impacts associated with this decision.

Account Name		2019-20 SPRING Requested Adj
Expense	Capital Outlay	-15,000
	Internal Materials and Services	15,000
<b>Expense</b>	<b>Sum:</b>	<b>0</b>

# Business Area Projection Report

## City Budget Office - Fund 100

Major Object	2019-20 SPRING Requested Total	2019-20 March Actuals YTD	2019-20 SPRING Projection	% Projected Actuals to Requested Total
Capital Outlay	191,387	160,674	160,674	84%
External Materials and Services	257,242	80,238	144,380	56%
Internal Materials and Services	245,493	181,883	239,248	97%
Personnel	2,603,430	1,701,702	2,323,633	89%
<b>Sum:</b>	<b>3,297,552</b>	<b>2,124,497</b>	<b>2,867,935</b>	<b>87%</b>

Major Object	2019-20 SPRING Requested Total	2019-20 March Actuals YTD	2019-20 SPRING Projection	% Projected Actuals to Requested Total
General Fund Discretionary	1,397,636	0	968,019	69%
General Fund Overhead	1,589,440	0	1,589,440	100%
Interagency Revenue	310,476	178,825	310,476	100%
<b>Sum:</b>	<b>3,297,552</b>	<b>178,825</b>	<b>2,867,935</b>	<b>87%</b>

### Revenue Discussion

The CBO projects it will underspend the General Fund discretionary resources by \$429,617, or 31%. Interagency Revenues from the Water Bureau and the Bureau of Environmental Services in support of the Portland Utility Board (PUB) are expected to be fully collected. The interagency is increased in the Spring BMP by \$20,000 to allow for the collection expenses incurred in the prior fiscal year.

### Revenue Risks

There are no risks to the collection of these resources.

### Expenditure Discussion

The majority of General Fund discretionary underspending is in the Personnel Services category. This is attributed to intermittent vacancy savings throughout the fiscal year and recently hired FTE coming on board at a rate lower than the budgeted rate (both salary and selected benefits packages). In addition, the recent wage freeze and requirement for non-represented employees to take unpaid furlough days will result in additional underspending by year end.

External Materials and Services are projected to be underspent by 44% at year end. The bureau's planned annual maintenance for the budget software support was covered under the second phase of the project implementation and contributes in part to bureau underspending in this category. Going forward this expense will be included as regular external materials and services expenditures.

Due to the COVID-19 epidemic the CBO did not host public community budget forums and all travel related activities were canceled. The combined savings in these two expense categories is approximately \$30,000. In addition, the CBO has significantly curtailed expenses to only include essential spending between March and June 2020.

Capital Outlay in support of the second phase of the budget software implementation is projected to be underspent by \$70,000. The majority of this savings is attributed to the ability for the CBO to use inhouse resources instead of consulting services. CBO's original plans for underspending across all categories would have included: a request for the contribution of \$100,000 into a policy reserve for future budget software replacement; a program carryover request for \$100,000 to fund the Portland Insights Survey in FY 2020-21; and \$40,000 for a limited term analyst to support current analytical workload due to the second phase of the budget software implementation project. Due to the level of financial uncertainty brought by the COVID-19 pandemic, CBO has elected to delay requests for these initiatives until there is a known resource available.

### Expenditure Risks

There is no risk to CBO overspending it's General Fund appropriation in FY 2019-20.

### Other Notes