



PORTLAND FIRE & RESCUE



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TO: Jessica Kinard
City Budget Office

FROM: Chief Sara Boone
Portland Fire & Rescue

SUBJECT: Portland Fire & Rescue FY 2019-20 Spring Budget Adjustment

Attached is the FY 2019-20 Spring Budget Monitoring Report (BMP) submittal for Portland Fire & Rescue (PF&R). This submittal includes the Budget Amendment Request Report and current year spending and revenue projections. PF&R is requesting the following amendments for Council approval:

- General Fund Compensation Set-Aside
- Transfer of several funds to the Fire Capital Fund to assist with asset management and replacement in the bureau
- Revenue adjustments
- Interagency adjustments

As always, PF&R takes pride in serving the city and being fiscally responsible. Your support for the above budget requests will help ensure PF&R achieves this goal. We will continue to implement cost saving measures and closely monitor our expenditures during the remaining two months of the fiscal year, as well as communicate significant changes to the year-end projections.

If you have any questions, please contact PF&R's Mark Whitaker at 823-3725.

FR - Portland Fire & Rescue

DP Type

Compensation Set-Aside

Request Name: 9879 -General Fund Compensation Set Aside

Package Description

The bureau is requesting \$3.5 million from the Compensation Set-Aside to offset unfunded cost of living adjustment expenditures in PF&R's personnel services budget.

Service Impacts

Equity Impacts

Account Name		2019-20 SPRING Requested Adj
Expense	Personnel	3,526,232
Expense	Sum:	3,526,232

Account Name		2019-20 SPRING Requested Adj
Revenue	General Fund Discretionary	3,526,232
Revenue	Sum:	3,526,232

FR - Portland Fire & Rescue

DP Type

Internal Transfer

Request Name: 9886 -Transfer Boathouse Funds

Package Description

This request transfers \$500,000 appropriated for a boathouse at Station 17 into PF&R's capital fund.

The FY 2019-20 Adopted Budget transferred \$500,000 from PF&R's General Fund apparatus reserve for the bureau to install a boathouse at Station 17. The boathouse project is complex and will not be completed in FY 2019-20. Additionally, PF&R has applied for a federal grant to offset the project costs and is waiting to proceed until the grant awards are announced. The proposed transfer will place the \$500,000 in PF&R's capital fund until the project is ready to move forward.

Service Impacts

Equity Impacts

Account Name		2019-20 SPRING Requested Adj
Expense	Capital Outlay	0
	Fund Transfers - Expense	500,000
Expense	Sum:	500,000

Account Name		2019-20 SPRING Requested Adj
Revenue	Fund Transfers - Revenue	500,000
Revenue	Sum:	500,000

FR - Portland Fire & Rescue

DP Type

Internal Transfer

Request Name: 9887 -Transfer Apparatus Reserve to Fire Apparatus Capital Fund

Package Description

This is a budget adjustment to move funds in PF&R's apparatus reserve from a subfund in the General Fund reserve (Fund 210005) to the Fire Capital Fund. PF&R's apparatus reserve has been in the General Fund reserve since its creation. Now that the FY 2019-20 Adopted Budget has created a dedicated PF&R capital fund and PF&R has included a capital improvement plan with its FY 2020-21 Requested Budget, this transfer will allow PF&R to consolidate its reserve capital funds into a single fund. The funds will be placed in a subfund dedicated to apparatus replacement, and PF&R will continue to use the funds to maintain its apparatus replacement cycle of 15 years or 120,000 miles.

Service Impacts

Equity Impacts

Account Name		2019-20 SPRING Requested Adj
Expense	Contingency	7,265,000
Expense	Sum:	7,265,000

Account Name		2019-20 SPRING Requested Adj
Revenue	Fund Transfers - Revenue	7,265,000
Revenue	Sum:	7,265,000

FR - Portland Fire & Rescue

DP Type

Technical Adjustments

Request Name: 9888 -IA Public Safety Work Group Project Manager

Package Description

This adjustment supports PF&R's share of the Public Safety Work Group project manager position.

Service Impacts

Equity Impacts

Account Name		2019-20 SPRING Requested Adj
Expense	External Materials and Services	-12,451
	Internal Materials and Services	12,451
Expense	Sum:	0

FR - Portland Fire & Rescue

DP Type

Internal Transfer

Request Name: 9913 -Close Fund 400, Transfer Balance to Fire Capital Fund

Package Description

This request transfers the remaining balance from a 1998 facilities GO bond to the Fire Capital Fund for facilities. PF&R still intends to use the funds to supplement major maintenance projects, including scheduled roof replacements.

Service Impacts

Equity Impacts

Account Name		2019-20 SPRING Requested Adj
Expense	Capital Outlay	0
Expense	Sum:	0

Account Name		2019-20 SPRING Requested Adj
Revenue	Beginning Fund Balance	0
Revenue	Sum:	0

FR - Portland Fire & Rescue

DP Type

Technical Adjustments

Request Name: 9914 -IA FPDR OPSRP Adjustment

Package Description

Fire & Police Disability & Retirement (FPDR) reimburses PF&R for the bureau's payroll contributions to the Oregon Public Employees Retirement System (PERS) for sworn employees hired after 2006. Pension contribution costs and the associated reimbursement could be higher than originally forecast if PF&R's COVID-19 response results in significant overtime.

Service Impacts

Equity Impacts

Account Name		2019-20 SPRING Requested Adj
Expense	Personnel	400,000
Expense	Sum:	400,000

Account Name		2019-20 SPRING Requested Adj
Revenue	Interagency Revenue	400,000
Revenue	Sum:	400,000

FR - Portland Fire & Rescue

DP Type

Technical Adjustments

Request Name: 9915 -IA BES Adjustment

Package Description

This request increases the interagency agreement with the Bureau of Environmental Services, which provides PF&R with testing and abatement services related to groundwater, mold, asbestos, and diesel exhaust.

Service Impacts

Equity Impacts

Account Name		2019-20 SPRING Requested Adj
Expense	External Materials and Services	-40,000
	Internal Materials and Services	40,000
Expense	Sum:	0

FR - Portland Fire & Rescue

DP Type

Internal Transfer

Request Name: 9987 -Transfer Apparatus Savings to Fire Apparatus Reserve

Package Description

This request transfers \$650,000 from PF&R's FY 2019-20 capital outlay budget to the Fire Capital Fund to support fire apparatus purchases in future years.

PF&R regularly budgets about \$2.3 million annually for apparatus replacement—new engines, trucks, brush trucks, fire boats, and other specialty apparatus. PF&R's FY 2019-20 apparatus replacement plan only called for the replacement of a water tender and two brush trucks, as well as some outfitting of engines purchased in previous years. PF&R also placed a down payment on a new conceptual electric fire engine as part of its effort to reduce carbon emissions. These purchases, however, were less than PF&R's budgeted amount for the year, and PF&R proposes transferring the remaining \$650,000 into its Fire Capital Fund for future apparatus purchases.

Service Impacts

Adding these funds to the Fire Capital Fund for future purchases will help ensure that PF&R has sufficient funds to continue with adequate replacement of its existing apparatus fleet. PF&R's current apparatus reserve is expected to be exhausted later this decade based on PF&R's current capital plan and replacement schedule. Although PF&R does not need all of the funds this fiscal year, there are future years where the required replacement will greatly exceed the regular budgeted amount and PF&R will need to rely on its reserve fund for apparatus replacement.

This request aligns with Comprehensive Financial Management Policy 2.03 on Financial Planning, which requires bureaus to forecast asset management needs across the expected lifecycle of assets and to identify anticipated funding gaps and prepare a strategy to address them. Setting aside funds that were not needed this fiscal year is one of PF&R's strategies for prolonging the life of its apparatus reserve funds.

Equity Impacts

Setting aside these funds in a reserve will comply with Comprehensive Financial Management Policy 2.03 on Financial Planning, which states that "bureau financial plans shall encourage the use of asset management best practices that consider, to the greatest extent feasible, intergenerational equity in distributing the costs of providing public services, so future generations of Portlanders are not forced to pay more than their share of the asset management lifecycle cost burden."

Account Name		2019-20 SPRING Requested Adj
Expense	Capital Outlay	0
	Fund Transfers - Expense	650,000
Expense	Sum:	650,000

Account Name		2019-20 SPRING Requested Adj
Revenue	Fund Transfers - Revenue	650,000
Revenue	Sum:	650,000

FR - Portland Fire & Rescue

DP Type

Technical Adjustments

Request Name: 10019 -IA City Fleet Adjustment

Package Description

This request aligns the bureau's IA with City Fleet in the fuel debt service account.

Service Impacts

Equity Impacts

Account Name	2019-20 SPRING Requested Adj
Expense External Materials and Services	4,883
Internal Materials and Services	-4,883
Expense Sum:	0

FR - Portland Fire & Rescue

DP Type

New Revenue

Request Name: 10025 -Revenue Adjustments

Package Description

This adjustment aligns PF&R revenue from the Prevention Division with projected year-end revenue collection. As discussed in the projection report, PF&R expects Plan Review/Permits revenue to slightly exceed the Adopted Budget amount and Code Enforcement Fee revenue to be slightly below the Adopted Budget amount.

Service Impacts

Equity Impacts

Account Name		2019-20 SPRING Requested Adj
Expense	Personnel	125,000
Expense	Sum:	125,000

Account Name		2019-20 SPRING Requested Adj
Revenue	Charges for Services	-50,000
	Licenses & Permits	175,000
Revenue	Sum:	125,000

Business Area Projection Report

Portland Fire & Rescue - 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	5,041,768	3,861,019	4,950,000	98%
External Materials and Services	9,229,049	5,450,064	9,175,000	99%
Fund Transfers - Expense	1,457,000	307,000	1,436,210	99%
Internal Materials and Services	7,675,430	5,415,052	7,450,000	97%
Personnel	112,857,740	81,613,922	113,249,777	100%
Sum:	136,260,987	96,647,058	136,260,987	100%

Major Object	2019-20 SPRING Requested Total	2019-20 March Actuals YTD	2019-20 SPRING Projection	% Projected Actuals to Requested Total
Charges for Services	1,688,800	1,526,984	1,650,000	98%
Fund Transfers - Revenue	500,000	429,210	429,210	86%
General Fund Discretionary	120,099,941	0	120,099,941	100%
General Fund Overhead	73,068	0	73,068	100%
Interagency Revenue	9,887,678	4,414,967	9,887,678	100%
Intergovernmental	638,500	211,779	580,000	91%
Licenses & Permits	3,138,000	2,948,646	3,350,000	107%
Miscellaneous	235,000	132,906	191,090	81%
Sum:	136,260,987	9,664,492	136,260,987	100%

Revenue Discussion

PF&R's two main revenue sources are Plan Review/Permits revenue and Code Enforcement fee revenue. Plan Review/Permits revenue is expected to exceed the budgeted amount due to strong collections early in the fiscal year and several large projects underway in the city. The projection assumes collections will be about 50% of normal for the remainder of the fiscal year due to the effects of COVID-19 on local economic activity and PF&R operations.

Code Enforcement fee revenue is projected to finish the year slightly below budgeted levels. PF&R is projecting that collections for the remainder of the fiscal year will be at 20% of normal. PF&R expects a significant drop in revenue because of the effects of COVID-19 on local businesses and PF&R operations.

Revenue Risks

The full effects on PF&R's revenue from the economic slow down are still unknown. In PF&R's view, however, the projected revenue reductions (50% for Plan Review/Permits and 80% for Code Enforcement) account for large declines, and the risk is low of steeper revenue declines in the final two months of the fiscal year.

PF&R has increased its interagency agreement with FPDR to provide a cushion in case COVID-19 results in significant overtime for sworn personnel. In the event that overtime levels remain normal, PF&R will not realize the projected level of FPDR reimbursement.

Expenditure Discussion

Business Area Projection Report

The year-end projected personnel services expenditures will exceed the adopted budget. PF&R is projecting that the new PFFA contract will be finalized prior to the end of the fiscal year, resulting in roughly \$3.3 million in retroactive COLA costs for FY 2019-20. PF&R has also experienced extra overtime costs due to a wildland deployment and a smaller traveler pool this fiscal year. The traveler pool helps reduce overtime spending by maintaining minimum staffing when firefighters are on vacation, sick, or injury leave. When the traveler pool is small, PF&R must cover more shifts with overtime. PF&R is requesting the full compensation set-aside amount. With this adjustment, PF&R's personnel services expenditures will be within budget.

PF&R is projecting expenditures in other major categories to be at or below budgeted levels.

Per the Mayor's direction on non-essential spending, PF&R delayed or canceled several projects in facilities, equipment, training, records management, and medical services to reduce external materials and services (EM&S) spending. Examples of delayed or canceled expenditures include overhead door replacements, polished concrete floors, appliance and HVAC replacement, a controlled substance tracking system, oxygen cylinders, EMS equipment bags, equity training, interpersonal skills training, a proposed risk assessment study, and digitizing older permit documents. Not moving forward with these projects reduced EM&S expenditures by just over \$1 million. These savings will allow the bureau to stay within its existing EM&S budget even though PF&R is on track to spend more than \$1 million on previously unplanned expenditures for COVID-19 supplies, mainly for personal protective equipment for firefighters.

PF&R is currently projecting to underspend its capital outlay budget by approximately \$650,000. PF&R's capital budget is primarily for apparatus acquisitions, but PF&R's replacement schedule for engines, trucks, and other apparatus did not require the full appropriation this year. PF&R requests that this excess amount is transferred to the Fire Capital Fund so that it is available in future years when PF&R's apparatus replacement need exceeds its regular budget allotment.

Expenditure Risks

PF&R operations are starting to stabilize, but the risk remains that if there is a spike in workload or in leave usage due to COVID-19, then PF&R could see increases in overtime expenditures that are greater than its personnel services projection. PF&R has built a cushion into its personnel services projection to account for potential increases in overtime, however, so we believe the risk for over-expenditure is low.

Other Notes

Business Area Projection Report

Portland Fire & Rescue - Fund 217

Major Object	2019-20 SPRING Requested Total	2019-20 March Actuals YTD	2019-20 SPRING Projection	% Projected Actuals to Requested Total
Capital Outlay	2,066,050	2,066,050	2,066,050	100%
Sum:	2,066,050	2,066,050	2,066,050	100%

Major Object	2019-20 SPRING Requested Total	2019-20 March Actuals YTD	2019-20 SPRING Projection	% Projected Actuals to Requested Total
Intergovernmental	2,066,050	2,143,687	2,143,687	104%
Sum:	2,066,050	2,143,687	2,143,687	104%

Revenue Discussion

In FY 2019-20, PF&R received reimbursement for the Assistance to Firefighters Grant to replace SCBAs and the Portland General Electric grant for the solar panel installation on Station 1.

Revenue Risks

Expenditure Discussion

In FY 2019-20, PF&R spent approximately \$2 million in grant funds to purchase new SCBAs. The bureau also had minor expenditures to complete the installation of solar panels on Station 1.

Expenditure Risks

Other Notes