

CITY BUDGET OFFICE

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Dan Ryan, Commissioner
Amanda Fritz, Commissioner
Chloe Eudaly, Commissioner
Jo Ann Hardesty, Commissioner
Mary Hull Caballero, Auditor



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CITY OF PORTLAND, OREGON

TO: Mayor Ted Wheeler
Commissioner-Elect Dan Ryan
Commissioner Amanda Fritz
Commissioner Chloe Eudaly
Commissioner Jo Ann Hardesty
Auditor Mary Hull Caballero

FROM: Jessica Kinard
City Budget Director

DATE: September 9, 2020

SUBJECT: City Budget Office FY 2020-21 Requested Fall Supplemental Budget

The City Budget Office (CBO) has prepared the following Fall Supplemental Budget adjustments:

- **Current Year Reduction (\$1,000 one-time GF reduction):** CBO achieved the majority of its required FY 2020-21 5.6% target through non-represented furloughs and wage freezes in the Adopted Budget. The remaining amount, \$1,000, is included as a one-time reduction to the bureau's travel budget in FY 2020-21.
- **Reduction in Space Rent (\$3,557 one-time GF reduction):** OMF-Facilities Services has reduced in the interagency for facility rent due to the changes in the debt service payment schedule. The identified savings will be returned to the General Fund, per BMP guidance to all General Fund bureaus impacted by this change in rate calculation.
- **Non-represented furlough true-up (\$14,131 GF carryover):** The City's furlough process for employees spanned fiscal years, however the entire savings associated with the furloughs was budgeted in FY 2020-21. Per Citywide guidance, this request recognizes and carries over \$14,131 in General Fund one-time savings incurred last fiscal year.
- **Portland Harbor and Columbia Levee Obligation funding (\$1.2M one-time GF request):** In

order to quickly adjust to the decline in General Fund resources as a result of COVID-19, the City depleted General Fund reserves for known future costs associated with the Portland Harbor Clean-Up and Columbia River Levee intergovernmental agreement. On behalf of these Citywide obligations, the City Budget Office is submitting a request to replenish these reserves by the amounts known to be required in the upcoming fiscal year.

As a result of vacancy savings and the direction last Spring to halt spending for non-emergency related expenses and to preserve as much resource as possible for the uncertain financial future, the City Budget Office returned \$523,981 to the General Fund as part of FY 2019-20 ending balance. Expenditures in the current year are focused on the bureau's core services, training employees in a remote environment, and seeking to further bureau development and implementation of an anti-racist and equity-centered culture and strategies. The Fall BMP submission does not include adjustments outside of the referenced packages as the bureau is managing its operations within current resource levels.

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

BO - City Budget Office

DP Type

Encumbrance Carryover

Request Name: 10863 -FY 2019-20 GF Furlough Savings True-Up

Package Description

This request is a technical adjustment to true-up the furloughs taken in the prior budget year with the estimate for furloughs in the current budget year.

Service Impacts

There is minimal service impact as this is a technical adjustment associated with timing of furloughs that spanned fiscal years.

Equity Impacts

There is no equity impact associated with this true-up.

2020-21 FALL Requested Adj	
Personnel	14,131

2020-21 FALL Requested Adj	
General Fund Discretionary	14,131

BO - City Budget Office

DP Type

Mid-Year Reduction

Request Name: 10889 -CBO target reduction

Package Description

The Adopted FY 2020-21 Budget required General Fund bureaus to submit programmatic reductions in the Fall Supplemental Budget. This request identifies a reduction of \$1,000 in General Fund Discretionary resources with an off-setting expense reduction in the bureau's Travel and Training budget. This is a one-time reduction impacted external materials and services resources for CBO in the current fiscal year.

Service Impacts

It is not anticipated that this request will have significant service level impacts. Historically, CBO does spend the travel budget throughout the year, however it is unlikely that large training or conferences will occur in FY 2020-21 due to the public health crisis.

Equity Impacts

There is low impact to equity initiatives at the City and within the CBO due to the lack of probable travel occurring in the next twelve-eighteen months. CBO is committed to furthering staff training opportunities through virtual training, and this may increase access as employees will not be required to travel for training opportunities.

2020-21 FALL Requested Adj	
External Materials and Services	-1,000

2020-21 FALL Requested Adj	
General Fund Discretionary	-1,000

BO - City Budget Office

DP Type

Mid-Year Reduction

Request Name: 11095 -Reduce Facilities IA Blended Rate

Package Description

Reduce interagency with OMF-Facilities per reduction in rent charges due to changes in the blended rate model. This request returns \$3,557 to the General Fund.

Service Impacts

There is no associated service level impact with this decision.

Equity Impacts

There is no associated equity impact with this decision.

2020-21 FALL Requested Adj	
Internal Materials and Services	-3,557

2020-21 FALL Requested Adj	
General Fund Discretionary	-3,557

FM - Fund & Debt Management

DP Type

Internal Transfer

Request Name: 11102 -Restore funding for Portland Harbor & Levee project

Package Description

In the Fall FY 2019-20 Fall BMP, the City deposited sufficient funds into the City's General Obligations reserve to fund known near-term obligations associated with the Portland Harbor Trust Fund and the Columbia River Levee IGA. However, when the COVID-19 pandemic hit and the City had to rapidly adjust to a decline in available resource, the City depleted the reserves for FY 2021-22 and beyond to protect critical services and jobs. This request pre-funds the known costs for both Portland Harbor and the Columbia River Levee in FY 2021-22, ensuring that those requirements are taken care of for the upcoming fiscal year.

Service Impacts

The Portland Harbor Clean-up and the Columbia River Levee project are federally mandated projects which require City resources to complete. Delaying this request will require future commitment of city resources in the FY 2021-22 Budget process, and approving this request in the Fall BMP will restore the one-time reduction taken in response to COVID-19, therefor negating a request in the upcoming budget process.

Equity Impacts

There is no significant equity impact associated with this request as the nature of the request is to restore funding previously set aside for the mandated projects.

2020-21 FALL Requested Adj	
Contingency	-1,191,150
Fund Transfers - Expense	1,191,150

2020-21 FALL Requested Adj	
General Fund Discretionary	0

FY 2019-20 Budget Note Update

City Budget Office

Date of Budget Note: July 1, 2019 in the FY 2019-20 Adopted Budget

Budget Note Title: Harbor Restoration Trust Fund

Budget Note Language: City Council directs the City Budget Office (on behalf of the General Fund), the Portland Bureau of Transportation, and Prosper Portland to identify and budget resources for FY 2020-21 and FY 2021-22 in order to fund their portions of the initial funding for a Harbor Restoration Trust Fund. These funds are in addition to funding provided by the Bureau of Environmental Services as part of the FY 2019-20 Adopted Budget.

Summary Status: Complete

Budget Note Update: September 9th, 2020

The City Budget Office budgeted FY 2020-21 and FY 2021-22 General Fund resources for the Harbor Restoration Trust Fund as directed during the FY 2019-20 Fall BMP. In the Spring of 2020, the General Fund funds earmarked for the FY 2021-22 were used on a one-time basis to balance the loss in revenues associated with the COVID-19 public health crisis. These resources need to be restored in preparation for the FY 2021-22 budget and CBO is submitting a Fall BMP request to that effect.

Date of Budget Note: July 1, 2019 in the FY 2019-20 Adopted Budget

Budget Note Title: Funding for 311

Budget Note Language: Council is committed to establishing a 311 program in the City of Portland, but a decision point remains regarding the size and scale of this program. Council directs the Office of Management & Finance and the Office of Community and Civic Life to work with Council Offices on a resolution that confirms the details (including size, scope, additional FTE, funding requirements, and implementation timeline) of the 311 program. The resolution shall be before Council prior to October 1st, 2019, so that Council agreement on the scale and cost of the program is achieved prior FY 2020-21 budget development. Upon passage of a resolution, Council further directs CBO to increase the current appropriation level of the program to fund the one-time and ongoing costs of the 311 implementation as part of FY 2020-21 budget development.

Summary Status: Complete

Budget Note Update: September 9th, 2020

The current appropriation level (CAL) for supporting the 311 program was increased in preparation for the FY 2020-21 Budget.

Date of Budget Note: July 1, 2019 in the FY 2019-20 Adopted Budget

Budget Note Title: Urban Renewal Area Returning Resources

Budget Note Language: Updated forecast information indicates the expiration of current Urban Renewal Areas (URAs) would result in increased revenue to the City as soon as FY 2021-22. The City Economist is directed to provide an updated forecast of anticipated revenues as a result of expiring URAs over the next ten years, and the City Budget Office, the Chief Administrative Officer, and the Chief Financial Officer are directed to provide options and recommendations to Council that will maximize the fiscal health of the City to protect and preserve the ability of the City to meet service level demands. Further, the City Budget Office is directed to convene a work session by November 2019 to discuss the updated forecast and the potential for and impact of new Urban Renewal Areas.

Summary Status: Incomplete

Budget Note Update: September 9th, 2020

The CBO prepared work session materials per the instruction from this Budget Note and was scheduled for a Council Work Session on December 11, 2019. However, this work session was cancelled and not rescheduled.

Date of Budget Note: July 1, 2019 in the FY 2019-20 Adopted Budget

Budget Note Title: Auditor's Office Prior Year Underspending

Budget Note Language: Beginning in FY 2019-20, City Council directs the City Budget Office to create a sub-fund in the General Reserve Fund. Annually, as part of the Fall Supplemental Budget Process, CBO is directed to transfer prior year underspending in the Auditor's Office to the sub-fund for the purpose of funding duties as charter-mandated or agreed to by the City Auditor. The total amount of the sub-fund shall not exceed \$500,000. Any excess underspending of the Auditor's Office shall be included in General Fund year-end underspending

Summary Status: Complete

Budget Note Update: September 9th, 2020

This sub-fund is established, and there will be a request submitted by the City Auditor for \$500,000 in the FY 2020-21 Fall BMP.

Prior Year Fund Reconciliation Report

City Budget Office

100 - General Fund

EXPENDITURES	2019-20 Revised Budget	2019-20 Actuals	Percent of Actuals to Revised
Personnel	2,603,430	2,249,596	86.41%
External Materials and Services	257,242	117,234	45.57%
Internal Materials and Services	245,493	231,727	94.39%
Capital Outlay	191,387	160,674	83.95%
TOTAL EXPENDITURES	3,297,552	2,759,231	83.68%

REVENUES	2019-20 Revised Budget	2019-20 Actuals	Percent of Actuals to Revised
General Fund Discretionary	1,397,636	0	0%
Interagency Revenue	310,476	290,006	93.41%
General Fund Overhead	1,589,440	0	0%
TOTAL REVENUES	3,297,552	290,006	8.79%

Expenditure Discussion

The CBO did not fully expend its budget across all categories and the City Budget Office returned \$523,981 to the General Fund. The underspending is attributed to vacancy savings and the direction last Spring to halt expenditures for non-emergency related purchases in order to preserve as much resource as possible for the uncertain financial future. Underspending for EMS is attributed to the cancellation of training and travel, and to software support costs for BFM being charged in the Capital Outlay category. Additional unspent funds had been earmarked for future contributions to the Portland Insight Survey and to continue to set aside funds for future BFM replacement reserve account. The revised Spring BMP guidance instructed bureaus to prioritize spending for COVID-19 response, and these items in CBO did not meet this threshold.

Revenue Discussion

Revenues from the General Fund were received in accordance with budget expenditures. The CBO received interagency revenues in support of the Portland Utility Board in accordance with the interagency agreement for direct and indirect costs. This includes revenues to support the indirect costs of the PUB in FY 2018-19 that were not billed during that fiscal year.

Prior Year Fund Reconciliation Report

City Budget Office

227 - Recreational Marijuana Tax Fund

EXPENDITURES	2019-20 Revised Budget	2019-20 Actuals	Percent of Actuals to Revised
Personnel	10,000	10,000	100%
TOTAL EXPENDITURES	10,000	10,000	100.00%

REVENUES	2019-20 Revised Budget	2019-20 Actuals	Percent of Actuals to Revised
Miscellaneous Fund Allocation	10,000	0	0%
TOTAL REVENUES	10,000	0	0.00%

Expenditure Discussion

The funds supporting CBO were expensed in personnel services.

Revenue Discussion

Fund 227000 provided resources of \$10,000 fund management services. Revenues were not dispersed at the detailed level for CBO operations.

Bureau Performance Narrative

Several of CBOs key performance measures do not have data to report in the Fall BMP submission, including the status of bureau KPMs trending positively, ending fund balance, and calendar year website views. The CBO annual survey will be issued in September of 2020, with results updated upon receipt. CBO does have some measures that are internal to the Budget & Economics program with data to report in the Fall BMP. There is a small increase in the overall conditions of city assets with 67% categorized as "good" or "better" condition, which may be attributed to the continued efforts to fund major maintenance or replacement initiatives. Funding streams that impact this measure may be negatively impacted by the financial uncertainty for funding attributed to the COVID-19 public health crisis, however at present it is too early to make a final determination as to any long-term impacts of delayed funding or project completion. CBO is unable to report on a new measure established to track paper consumption for the bureau's sustainability efforts as not enough time has elapsed to compare year-over-year data. It is anticipated that the bureau will use significantly less paper in FY 2020-21 than FY 2019-20 due to operational changes brought by the office working remotely and by greatly reducing the number of printed and bound budget books. Both of these changes are primarily driven by the different working environment brought by the public health crisis and the closure of public facilities where the printed budget books would historically be made available.

During the development of the FY 2020-21 annual budget, the CBO created new performance measures for the program supporting the Portland Utility Board (PUB). The following narrative highlights the current data for these programs:

Annual number of Portland Utility Board meetings held This is a new measure for the Portland Utility Board (PUB) support program in the CBO and it is not feasible to state if this data point is trending favorably. The PUB was able to conduct virtual meetings for full board participation and subcommittee meetings. In FY 2019-20 there were twelve board meetings and eight subcommittee meetings. The program at present is supported through virtual meeting environments and conducting its business remotely.

Number of inquiries about board work from the public This is a new measure for the Portland Utility Board (PUB) support program in the CBO and it is not feasible to state if this data point is trending favorably. There were 32 requests for information in FY 2019-20 and depending on current year trends the program may adjust its strategic target and year-end goals. The program continued to engage with the PUB and support the PUB throughout the public health crisis in FY 2019-20.

Percent of PUB members who have received equity training This is a new measure for the Portland Utility Board (PUB) support program in the CBO and at present approximately 70% of the membership has received equity training. The support team is working to provide the training to new board members, and anticipates having the current members trained by June 2020.

Key Performance Measures	Measure Type Name	FY 2017-18 Actuals	FY 2018-19 Actuals	FY 2019-20 Target	FY 2019-20 Actuals	FY 2020-21 Target	Strategic Target	Details
BO_0001 Percentage of City KPMs with positive year-over-year results	OUTCOME	38.2%	39.8%	43.0%	0	45.0%	60%	As this measure relies on the reporting of key performance measures from across the City, CBO must wait until bureaus submit their Fall BMP materials to calculate the aggregate, citywide percentage of KPMs that have had positive results. CBO will thus update this measure once Fall BMP submissions are complete.

BO_0003	Annual repair, rehabilitation, & replacement funding gap (Citywide)	OUTCOME	\$310,000,000	\$427,800,000	\$310,000,000	\$475,000,000	\$513,000,000	0	<p>The annual funding gap increased significantly between 2018 and 2019 from an estimated gap of \$427 million per year in 2018 to an estimated gap of \$475 million in 2019. This increase is occurring primarily in the asset condition reports from PBOT and Portland Parks and Recreation. The Office of Management & Finance has yet to complete its revised assessment of owned assets, and when this work is complete it is probable there will be an additional growth in the City's RRR gap.</p> <p>CBOs annual customer service survey will be completed early this fall, and the results will be updated and shared at this time. Due to the constraints of time associated with required furloughs and internal prioritization of work within CBO, the annual survey was determined to be of lower priority during the first quarter of FY 2020-21.</p>
BO_0005	Customer service rating (4 pt scale)	OUTCOME	3.48	3.28	3.00	0	3.40	4.00	

BO_0008	CBO budget process work products website views	OUTPUT	55,990	31,326	50,000	35,142	50,000	90,000	This tracks the total number of views for the CBO website specifically for the content associated with the City's annual budget development process. There is a significant increase in views for the FY 2020-21 Mayor's Proposed Budget, Council Approved Budget, and the Police Bureau Requested Budget, likely attributed to the heightened public interest in public safety budgets in June 2020.
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Other Performance Measures	Measure Type Name	FY 2017-18 Actuals	FY 2018-19 Actuals	FY 2019-20 Target	FY 2019-20 Actuals	FY 2020-21 Target	Strategic Target	Details
BO_0009	Citywide asset condition summary	67%	66%	100%	67%	67%	90%	
BO_0010	General Fund Excess Ending Balance (forecast accuracy)	\$11,900,000	\$11,800,000	\$10,000,000	0	\$10,000,000	\$10,000,000	
BO_0011	There are no performance measures associated with this program	N/A	N/A	N/A	0	N/A	N/A	
BO_0012	Annual number of Portland Utility Board meetings held	0	0	0	20	12	18	
BO_0013	Number of inquiries about board work from the public	0	0	0	32	10	12	
BO_0014	Percent of PUB members who have received equity training	0	0	0	70.0%	100.0%	100%	
BO_0015	Net change in printed output when compared to FY 2019-20 output	0	0	0	0	-20.0%	-50%	
BO_0016	Number of bureau performance measures using Insights Survey data	0	0	0	0	14	21	

