



Office of the City Attorney

Analysis by Noah Myhrum

	2020-21 Revised Budget	2020-21 Actuals	Remaining Budget	Percent Remaining
Expenses	\$15,496,282	\$9,421,783	\$6,074,499	39%
Operating Expenses	\$15,496,282	\$9,421,783	\$6,074,499	39%
Personnel	\$13,144,137	\$8,276,191	\$4,867,946	37%
External Materials and Services	\$892,283	\$198,040	\$694,243	78%
Internal Materials and Services	\$1,459,862	\$947,552	\$512,310	35%
Revenue	\$15,496,282	\$4,362,858	\$11,133,424	72%
External Revenue	\$25,000	\$12,587	\$12,413	50%
Charges for Services	\$25,000	\$12,587	\$12,413	50%
Intergovernmental	\$0	\$0	\$0	
Miscellaneous	\$0	\$0	\$0	
Internal Revenue	\$7,625,465	\$4,350,271	\$3,275,194	43%
Interagency Revenue	\$7,625,465	\$4,350,271	\$3,275,194	43%
General Fund Allocation	\$7,845,817	\$0	\$7,845,817	100%
General Fund Discretionary	\$3,616,388	\$0	\$3,616,388	100%
General Fund Overhead	\$4,229,429	\$0	\$4,229,429	100%

Figure 1. This table shows the Office of City Attorney's budget.

INTRODUCTION

Two-thirds through the fiscal year, the Office of the City Attorney has expended 60.8% of its budgeted expenses and has collected 57% of its non-General Fund revenues. Expenses are tracking slightly under budget due to a reduction in spending in the External Materials & Services budget due to COVID-19 and savings in travel expenditures. The Office of the City Attorney has had collected less revenue than projected in Charges for Services but has recognized an increase in revenue within Interagency Revenue. **CBO anticipates that the bureau will end the year within budget, and may underspend its General Fund discretionary allocation by up to 5.6% or about \$200,000.**

KEY DECISIONS FOR COUNCIL

The Office of the City Attorney Spring BMP submission includes a request for new General Fund carryover for a software replacement project, processing a technical adjustment for office space security upgrades, a new General Fund request to use set aside dollars for Portland Police Association bargaining expense, and returning resources to the City's fund to assist with revenue shortfall (as directed by the Mayor's spring supplemental guidance).

General Fund Program Carryover

- The Office of City Attorney requests to carryover \$225,000 in underspending for the planned purchase of legal software.
- The bureau received resources in the FY 2019-20 Spring Supplemental Budget process for this project, and in the current year there is \$225,000 of unspent resources for software and technology needs of the office. The Attorney's Office has requested the carryover of

these funds for multiple years due to the delays in product sourcing and, more recently, delays due to COVID-19. The Attorney's Office is again requesting to carryover these resources into the next fiscal year to continue to support their software and/or technology needs. Specifically, the Attorney's Office anticipates needing to update their practice management software and eDiscovery software. See Additional Analysis section for more information.

- **CBO recommends this request as it is for a one-time discrete project that will not be completed prior to the end of the year.**

New General Fund Requests

- The Office of City Attorney requests new General Funds in the amount of \$50,003 to pay for outside counsel in support of Portland Police Association (PPA) bargaining efforts.
- City Council reserved \$250,000 in a policy set aside in the Fiscal Year 2019-20 Fall BMP to pay for outside counsel in support of the Portland Police Association bargaining process. To date the Attorney's Office has expended \$79,019 of the original \$250,000 and is requesting \$50,003 from this set-aside for the expenses incurred between October 2020 and March 2021. See Additional Analysis section for more information.
- **CBO recommends this request for reimbursement for PPA bargaining expenses from the set aside in alignment with the intended use of these resources.**

Technical Adjustments

- The Office of City Attorney is requesting a technical adjustment of \$170,000 from external materials and services to internal materials and services.
- The Office of City Attorney has underspending within external materials and services and is proposing sending funds to their internal materials and services fund. The proposal sends \$70,000 for the office's computer Lifecycle Replacement Fund along with \$100,000 to install a wall and door to the reception area for security purposes. See Additional Analysis section for more information.
- **CBO recommends this request to realign budget across major object categories to match with anticipated spending.**

Mid-Year Reduction

- The Office of City Attorney has included a return of \$100,000 of General Fund resources per the Mayor's supplemental budget guidance.
- Net of the requested transfers and carryovers listed above, the Office of City Attorney is projected to underspend its General Fund allocation sufficiently to return \$100,000 to the General Fund. See Additional Analysis section for more information.
- **CBO recommends this request as current projections show the dollar amount to be reasonable and the resources will help address the FY 2021-22 forecasted General Fund deficit.**

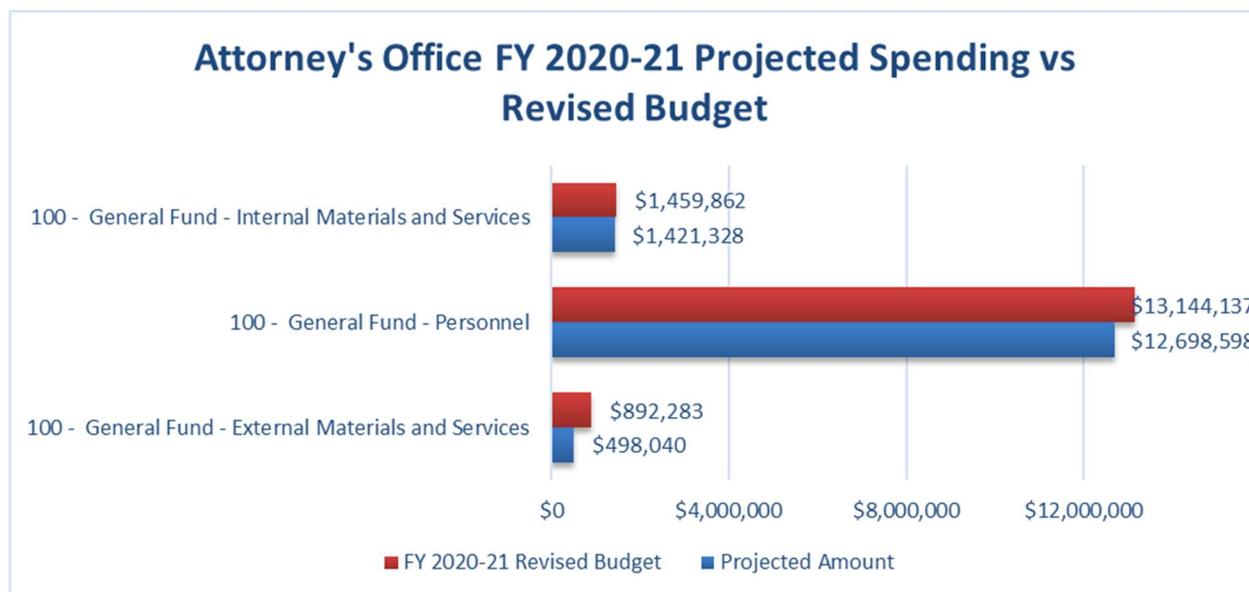
CURRENT YEAR BUDGET MONITORING

Financial Projections and Analysis

The City Attorney's Office is projected to come in under budget by about \$100,000 after the

proposed underspending of \$100,000 is returned to the General Fund and considering the bureau's request to carryover \$225,000 for the office's technology needs. With these calculations built in, the Attorney's Office is projected end the year within budget, expending about 99.5% of total budgeted expenses.

A majority of the cost savings can be found in personnel services and external materials and services. Personnel savings were recognized due to the unfilled Deputy City Attorney position; the bureau has held this position vacant pending decisions to restore resources in the FY 2021-22 budget process. The Attorney's Office EMS underspending is primarily found within out-of-town travel, office supplies, and miscellaneous services. Underspending in those categories occurred due to the effects of COVID-19.



ADDITIONAL ANALYSIS

Software Carryover

With the realized impacts of COVID-19 economically to the City and community, the Mayor's Spring BMP guidance limited General Fund carryover requests to packages that either 1) Fund one-time requests made part of a bureau's FY 2021-22 requested budget or 2) Continue one-time work that was funded in the current fiscal year but not completed. CBO has analyzed and developed recommendations based on these criteria.

The City Attorney's FY 2020-21 Spring Supplemental Budget request includes one General Fund carryover request amounting to \$225,000 for software replacement. The City Attorney's Office carried over \$300,000 in the FY 2019-20 Spring BMP.¹ but that amount has decreased due to spending some of those funds on new software that catalogs video and images from social media and various other sources for the use in court cases and the proposed reduction of \$50,000 from this balance to be returned to the General Fund.

¹ For additional analysis, please see CBO's FY 2019-20 Spring BMP Review: <https://www.portlandoregon.gov/cbo/article/760286>

The City Attorney's Office has begun the procurement process and has plans in FY 2021-22 to spend some if not most of these funds on the last two key software components, which is the eDiscovery software and practice management software. The Attorney's Office was unable to make these purchases in FY 2020-21 due to COVID-19 and the increase in workload that has been placed on the attorneys and support staff as it relates police litigation, risk management cases, and tort claims to name a few. This request would allow the Attorney's Office to continue to ensure continuity of its core services and operations for FY 2021-22. The Attorney's Office would be unable to fund the purchase of these two software packages within their existing budget; the new software technology is ultimately expected to lead to efficiencies in operations and likely to increase revenues through the avenue of successful cases.

As it stands now not just the Attorney's Office but any of the General Fund bureaus current materials and services budget only funds regular annual expenses. Much of the bureau's lifecycle replacement needs are covered under interagency agreements with the Bureau of Technology Services. However, there is limited capacity within ongoing resources to fund larger and needed one-time purchases that are not covered under BTS replacement rates (such as a software replacement that the Attorney's Office requires). This same issue is present across many General Fund bureaus, especially smaller offices with less ability to build in off-cycle project expenses and no simple mechanism for planning for outyear expenses other than multi-year carryovers.

In the FY 2018-19 Spring BMP, the Attorney's Office requested \$300,000 to fund multiple software upgrades it identified as necessary. Since the FY 2018-19 original request for funding the Attorney's Office has had to request to carryover this funding as portions of this project have moved forward but yet to be fully completed for various and legitimate reasons. This method that the Attorney's Office (and other General Fund bureaus²) use is somewhat cumbersome and is not the most effective way to plan for and communicate outyear expenses. There has been some discussion that the City could move toward a Technology Replacement Reserve (TRR) so General Fund bureaus have a mechanism to begin to identify and save for a bureau's technology needs. Having this TRR would allow bureaus, the Bureau of Technology Services, and CBO to better track and analyze upcoming technology needs and allow bureaus to place some amount of underspent funds for projected and/or needed technology projects.

Portland Police Association Bargaining

The City Attorney's Office has requested to draw \$50,003 from a policy set aside for outside counsel costs for PPA bargaining. This amount covers expenses incurred between October 2020 through March 2021. As noted above, the resources in the amount of \$250,000 were set aside to support a contract for the specialized expertise of outside counsel. Inclusive of the current request, about \$79,000 has been expended against the set aside resources to-date. The Attorney's Office will continue to incur expenses and additional draws from this set aside can be expected in the Fall BMP FY 2021-22 (and until PPA negotiations are complete).

Technical Adjustment

The Attorney's Office has realized savings within its external materials and services (EMS) fund in the amount of \$170,000 and proposes to transfer this amount to their internal materials and services (IMS) fund. The savings within the EMS fund was obtained with the reduction of out-of-state travel and miscellaneous supplies expenses.

The Attorney's Office has two projects that need to be completed prior to the end of FY 2020-21.

² <https://www.portlandoregon.gov/cbo/article/754860> (Page 15)

The first project would be using \$70,000 to supplement its Lifecycle Replacement Fund and to purchase laptops. The Attorney’s Office has decided to move the entire staff to laptop computers versus desktop computers to provide the entire staff an easy and equitable ability to telework. Currently, some staff had to bring their desktop computers from the office to their homes because not all staff had laptops while other staff are using their personal laptop computers to telework.

The second project would use the remaining \$100,000 to add a wall, a door, and some COVID-19 protection measures to the reception area at the office. In the past there has been some potential threats to the safety and security of staff and visitors. As it stands now the members of the public have walked back to the main work area where the attorneys’ offices and staff cubicles are located. This has caused many safety and security concerns among staff members especially with the current social climate in the downtown arena. By adding a wall and employee-only door access it would provide necessary safety and security for the back-office staff and attorneys.

The final portion of this project would add some COVID-19 protection to the reception area to protect the receptionist who is often in close contact with many members of the public, guests, and staff. Due to providing fair and equitable access to laptops to ease teleworking encumbrances along with providing staff with the safety and security of staff, CBO recommends this transfer of funds from the Office’s EMS fund to their IMS fund to pay for these projects.

General Fund Return

In response to the Mayor’s BMP guidance, the Attorney’s Office evaluated its budget trends and is sending \$100,000 in savings to the City’s General Fund. The Attorney’s Office has reduced non-essential spending in response to the pandemic and the Mayor’s guidance to help preserve any and all excess resources to assist in the City’s General Fund shortfall. The Office has been able to find savings of \$100,000 in its materials and services budget, including \$30,000 in miscellaneous services, \$10,000 in office supplies, \$10,000 in out-of-town travel, and \$50,000 from its technology replacement funds to total the full \$100,000 to be returned. CBO concurs with the recognition of \$100,000 in underspending estimated by the Attorney’s Office and recommends resources be returned to the General Fund to support FY 2021-22 budget development.

SPRING SUPPLEMENTAL BUDGET CHANGES

	2020-21 Spring Revised Base (A)	Spring Decision Package Total (B)	CBO Recommended Adjustments (C)	Total Recommended Budget (A+B+C)
Expense	\$15,496,282	(\$274,997)	\$0	\$15,221,285
Personnel	\$13,144,137	\$0	\$0	\$13,144,137
External Materials and Services	\$892,283	(\$444,997)	\$0	\$447,286
Internal Materials and Services	\$1,459,862	\$170,000	\$0	\$1,629,862
Revenue	\$15,496,282	(\$274,997)	\$0	\$15,221,285
Charges for Services	\$25,000	\$0	\$0	\$25,000
General Fund Discretionary	\$3,616,388	(\$274,997)	\$0	\$3,341,391
General Fund Overhead	\$4,229,429	\$0	\$0	\$4,229,429
Interagency Revenue	\$7,625,465	\$0	\$0	\$7,625,465