



Portland Fire & Rescue

Analysis by Katie Shifley

	2020-21 Revised Budget	2020-21 Actuals	Remaining Budget	Percent Remaining
Expenses	\$145,627,134	\$90,694,420	\$54,932,714	38%
Operating Expenses	\$133,873,901	\$90,420,817	\$43,453,084	32%
Personnel	\$117,341,362	\$81,983,403	\$35,357,959	30%
External Materials and Services	\$9,059,803	\$3,852,889	\$5,206,914	57%
Internal Materials and Services	\$7,472,736	\$4,584,525	\$2,888,211	39%
Capital Expenses	\$3,483,844	\$273,603	\$3,210,241	92%
External Materials and Services	\$506,284	\$149,192	\$357,092	71%
Capital Outlay	\$2,977,560	\$124,411	\$2,853,149	96%
Fund Level Expenses	\$8,269,389	\$0	\$8,269,389	100%
Contingency	\$8,269,389	\$0	\$8,269,389	100%
Revenue	\$145,627,134	\$6,461,189	\$139,165,945	96%
External Revenue	\$8,479,303	\$3,561,549	\$4,917,754	58%
Charges for Services	\$2,238,000	\$1,114,265	\$1,123,735	50%
Intergovernmental	\$3,525,603	\$1,010,150	\$2,515,453	71%
Licenses & Permits	\$2,505,000	\$1,288,824	\$1,216,176	49%
Miscellaneous	\$210,700	\$148,310	\$62,390	30%
Internal Revenue	\$19,148,157	\$2,899,640	\$16,248,517	85%
Beginning Fund Balance	\$8,663,689	\$0	\$8,663,689	100%
Interagency Revenue	\$10,484,468	\$2,899,640	\$7,584,828	72%
General Fund Allocation	\$117,999,674	\$0	\$117,999,674	100%
General Fund Discretionary	\$117,915,014	\$0	\$117,915,014	100%
General Fund Overhead	\$84,660	\$0	\$84,660	100%

Figure 1. This table shows the Fire Bureau's budget across the General Fund, the Grants Fund, and the Fire Capital Fund.

INTRODUCTION

Two-thirds through the fiscal year, the Fire Bureau has expended 67% of its budgeted expenses in the General Fund and has collected 37% of its non-discretionary General Fund revenues. Personnel expenditures – particularly for overtime – are trending higher than budget by as much as \$3.4 million. External revenues for plan review and code enforcement in the Planning Division are trending well under budget due to reduced economic activity and the impacts of COVID-19. Prior to Spring BMP adjustments related to COVID-19 grant revenue and the receipt of reimbursement from the State for wildland firefighting activity, the Fire Bureau was on track to over-expend its General Fund allocation if planned capital and external materials & services expenses were not constrained to offset this overspending. Net of these adjustments, however, and inclusive of the Fire Bureau's request for compensation set-aside resources, **CBO anticipates that the bureau will end the year within budget, but will underspend its General Fund discretionary allocation by less than 1%, or about \$750,000.**

KEY DECISIONS FOR COUNCIL

Compensation Set-aside

- The Fire Bureau requests \$517,045 in new General Fund resources from Compensation Set-Aside.
- The Fire Bureau's personnel expenses are on track to exceed budget, driven by overtime expenses, payouts, and cost-of-living adjustments for Portland Fire Fighters Association (PFFA). While the resources in Compensation Set-Aside are specifically for healthcare benefit cost increases, this is an available resource to support anticipated overspending in personnel. There are a number of revenue adjustments submitted as part of the Spring BMP that will mitigate this anticipated overspending (i.e. grants revenue, reimbursement from the State for wildland activities). However, even with these adjustments and accounting for projected underspending in other spending categories, the allocation of these resources is likely warranted to ensure the Fire Bureau does not over-expend its total appropriations. An alternative to this approach would be to require the Fire Bureau to limit its external materials and services and capital spending for the remainder of the year.
- **CBO recommends this request as part of an overall set of adjustments to ensure the Fire Bureau does not over-expend its General Fund allocation.**

General Fund Program Carryover

- The Fire Bureau is requesting to carry over \$72,656 in General Fund resources currently allocated to the Portland Street Response (PSR) pilot program.
- This request de-appropriates resources intended to fund the purchase a van for the PSR pilot program. The purchase is not anticipated to be finalized in the current year, and the Fire Bureau intends to carry these resources into FY 2021-22 in order to complete the purchase next year. This van is one of six total vans the PSR program intends to purchase, and the remaining five are planned for in the program's FY 2021-22 requested budget. There may be larger questions for Council consideration during budget development about the scope and pace of PSR's planned rollout, including the total required fleet for PSR during FY 2021-22, but the carry over of these one-time resources is unlikely to have a significant impact on those discussions.
- **CBO recommends this request, as the carryover is for a one-time discrete purchase that will not be completed during current fiscal year.**

New General Fund Requests

- The Fire Bureau is requesting new one-time General Fund resources of \$50,000 to support the costs for outside counsel during PFFA arbitration.
- Arbitration costs are anticipated to be incurred in June 2021. The Attorney's Office typically charges the cost of outside counsel to bureaus requiring the service. In this case, however, components of the PFFA arbitration will help settle Citywide questions around Individual Account Program (IAP) contributions under new PERS legislation.
- **CBO recommends the Fire Bureau's request for new General Fund resources given the Citywide nature of issues to be determined under arbitration.** However, CBO recommends Council allocate resources from the existing Outside Counsel policy set-aside rather than from unrestricted contingency. This set aside can be replenished as part of the Fall BMP if

necessary. While those resources were initially set aside for Portland Police Association (PPA) labor negotiations, it may be a good practice going forward to simply maintain a small outside counsel set-aside for labor negotiations impacting General Fund bureaus.

New Non-GF Requests

- The Fire Bureau submitted requests to adjust non-General Fund discretionary revenues across several categories. The adjustments include:
 - An increase from the State of Oregon for wildland firefighting activities totaling \$1,572,000
 - An increase in interagency revenue from Fire & Police Disability & Retirement (FPDR) totaling \$500,000,
 - An increase in grant revenue in the Grants Fund for anticipated reimbursement from FEMA and Multnomah County for COVID-19 related activities, totaling \$1,576,000,
 - An increase in AMR reimbursements of \$55,000,
 - A reduction in external revenues for code enforcement and other charges totaling \$1,110,000.
- The net impact of these adjustments is a \$2,593,000 increase in Fire Bureau revenues. The majority of new revenues will offset large expenses already incurred by the bureau for related activities, and improve the bureau's overall year-end General Fund projection scenario.
- **CBO recommends these requests, as they are primarily technical in nature and adjust the bureau's budget to better reflect actual anticipated revenues.**

CURRENT YEAR BUDGET MONITORING

CBO's initial conservative General Fund projections for the Fire Bureau as of March 2021 suggested the bureau was on track to expend its General Fund allocation. However, with about \$2.6 million in net new non-General Fund discretionary revenue adjustments being made as part of the Spring BMP – much of which will offset expenses already incurred – it is unlikely the Fire Bureau will over-expend its budget absent large unanticipated expenses between now and the end of the fiscal year. Inclusive of the request for compensation set aside resources, CBO projects the bureau will end the year underspending its General Fund allocation by about \$750,000, which is less than 1% of its total allocation.

The Fire Bureau commonly delays external materials and services and capital expenses until the end of the fiscal year in order to ensure the availability of resources. The Fire Bureau is making downward adjustments to its external materials & services and capital budget as part of the Spring BMP in order to offset higher-than-budgeted overtime and payout spending, but it does not appear that these adjustments will require the bureau to limit or constrain its current expense trends in these areas.

The bureau's personnel expenses for overtime and for payouts have already exceeded budget year-to-date. The bureau has had 28 sworn retirements and 4 resignations year-to-date, and year-to-date payouts for vacation and sick time required under the PFFA contract total \$2.7 million. With only

\$1.5 million budgeted to cover these payouts, these payouts have increased pressure on the Fire Bureau's budget. In terms of year-end projections, the increased costs for payouts is more than offset by straight-time wage and salary expenses that are trending under budget.

Year-to-date overtime spending is well above budget in the Fire Bureau; the bureau has already incurred \$13.3 million in overtime compared to \$10.6 million in budgeted overtime. Some overtime costs that have already been incurred will be offset by reimbursement from the State for wildland activities and by FEMA for COVID-19 related work. The Fire Bureau has also incurred significant staff time costs related to the City's polices around bereavement and the Families First Coronavirus Response Act (FFCRA).

- In June 2021, Mayor Wheeler authorized up to 40 hours of bereavement leave under HRAR 6.03 to give employees space to grieve and reflect on the loss of George Floyd and other Black lives. This leave, when taken by firefighters operating in a 24/7 environment, generates backfill overtime. The Fire Bureau's use of bereavement leave generated 657 24-hour shifts, or 15,768 hours, that required overtime to backfill at a cost of \$890,000.
- The Fire Bureau estimates that leave costs under FFCRA have generated about \$350,000 in total personnel costs to the bureau for backfill overtime to cover employees out on leave.

SPRING SUPPLEMENTAL BUDGET CHANGES

The table below is reflected base budget and requested changes across the General Fund, Grants Fund, and Fire Capital Fund.

	2020-21 Spring Revised Base (A)	Spring Decision Package Total (B)	CBO Recommended Adjustments (C)	Total Recommended Budget (A+B+C)
Expense	\$145,627,134	\$3,087,480	\$0	\$148,714,614
Personnel	\$117,341,362	\$3,514,605	\$0	\$120,855,967
External Materials and Services	\$9,566,087	(\$326,804)	\$0	\$9,239,283
Internal Materials and Services	\$7,472,736	(\$321)	\$0	\$7,472,415
Capital Outlay	\$2,977,560	(\$100,000)	\$0	\$2,877,560
Contingency	\$8,269,389	\$0	\$0	\$8,269,389
Revenue	\$145,627,134	\$3,087,480	\$0	\$148,714,614
Beginning Fund Balance	\$8,663,689	\$0	\$0	\$8,663,689
Charges for Services	\$2,238,000	(\$590,000)	\$0	\$1,648,000
General Fund Discretionary	\$117,915,014	\$494,480	\$0	\$118,409,494
General Fund Overhead	\$84,660	\$0	\$0	\$84,660
Interagency Revenue	\$10,484,468	\$500,000	\$0	\$10,984,468
Intergovernmental	\$3,525,603	\$3,203,000	\$0	\$6,728,603
Licenses & Permits	\$2,505,000	(\$520,000)	\$0	\$1,985,000
Miscellaneous	\$210,700	\$0	\$0	\$210,700