

Office of Management and Finance



Analysis by Yung Ouyang and Shannon Fairchild

	2020-21 Revised Budget	2020-21 Actuals	Remaining Budget	Percent Remaining
Expenses	\$766,206,286	\$292,281,809	\$473,924,477	62%
Operating Expenses	\$409,197,767	\$210,894,022	\$198,303,745	48%
Personnel	\$100,513,108	\$56,777,785	\$43,735,323	44%
External Materials and Services	\$269,608,947	\$134,700,041	\$134,908,906	50%
Internal Materials and Services	\$34,883,458	\$18,886,956	\$15,996,502	46%
Capital Outlay	\$4,192,254	\$529,240	\$3,663,014	87%
Capital Expenses	\$100,445,879	\$28,166,352	\$72,279,527	72%
Personnel	\$8,440,945	\$4,657,634	\$3,783,311	45%
External Materials and Services	\$39,735,523	\$15,231,536	\$24,503,987	62%
Internal Materials and Services	\$2,312,322	\$882,041	\$1,430,281	62%
Capital Outlay	\$40,560,008	\$7,386,434	\$33,173,574	82%
Debt Service	\$9,397,081	\$8,706	\$9,388,375	100%
Fund Level Expenses	\$256,562,640	\$53,221,434	\$203,341,206	79%
Contingency	\$175,391,161	\$0	\$175,391,161	100%
Debt Service	\$43,268,575	\$43,397,201	(\$128,626)	0%
Debt Service Reserves	\$10,065,550	\$0	\$10,065,550	100%
Fund Transfers - Expense	\$27,837,354	\$9,824,233	\$18,013,121	65%
Revenue	\$766,206,286	\$246,420,494	\$519,785,792	68%
External Revenue	\$273,397,434	\$122,945,258	\$150,452,176	55%
Bond & Note Proceeds	\$27,817,587	\$19,728,360	\$8,089,227	29%
Charges for Services	\$136,510,872	\$74,560,509	\$61,950,363	45%
Intergovernmental	\$33,081,812	\$5,352,485	\$27,729,327	84%
Licenses & Permits	\$7,780,000	\$5,266,093	\$2,513,907	32%
Miscellaneous	\$30,032,163	\$9,904,190	\$20,127,973	67%
Taxes	\$38,175,000	\$8,133,620	\$30,041,380	79%
Internal Revenue	\$456,709,363	\$122,472,152	\$334,237,211	73%
Beginning Fund Balance	\$253,442,850	\$0	\$253,442,850	100%
Fund Transfers - Revenue	\$5,334,450	\$492,729	\$4,841,721	91%
Interagency Revenue	\$197,932,063	\$121,979,423	\$75,952,640	38%
General Fund Allocation	\$36,099,489	\$1,003,084	\$35,096,405	97%
General Fund Discretionary	\$18,924,498	\$0	\$18,924,498	100%
Fund Transfers - Revenue	\$3,624,019	\$1,003,084	\$2,620,935	72%
General Fund Overhead	\$13,550,972	\$0	\$13,550,972	100%

Figure 1. This table shows OMF's budget inclusive of all funds including the General Fund.

INTRODUCTION

The Office of Management and Finance submitted over 30 requests in the FY 2020-21 Spring BMP, the majority of which are technical in nature. The bureau is requesting \$947,219 in General Fund program carry over, including \$250,000 for the 311 Program and \$305,000 for the Procurement Division's social equity in contracting program. The Bureau's request also returns \$100,000 in General Fund resources for Build Portland in response to the Mayor's Spring BMP Guidance. The guidance requested bureaus return any non-needed General Fund resources to increase flexibility to support bureau budget requests in the FY 2021-22 budget. Given the breadth of requests, CBO has organized an analysis by request type.

KEY DECISIONS FOR COUNCIL

General Fund Program Carryovers

In light of the COVID-19 economic impacts to the City and community, the Mayor's Spring BMP guidance limited General Fund carryover requests to packages that 1) Fund one-time requests made as 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.

Grants Division Financial Analyst Program Carryover

Carry over \$175,000 of unspent General Fund discretionary resources to fund a Financial Analyst II position in the Grants Management Division (GMD) to continue working on the management, closeout, and audit of CARES Act funds. See Additional Analysis section below for more details and a short discussion of the merits of the request.

- **CBO recommends this request as the City has received substantial resources that mitigate the impacts of the COVID-19 pandemic, is about to receive another round from the American Rescue Plan, and the funds may be needed to properly account for the resources and avoid audit problems and associated liabilities.**

Clean Air Construction Program Carryover

Carry over \$94,250 of unspent General Fund discretionary resources for the Clean Air Construction program, as the City's IGA with other jurisdictions on the program states that \$30,000 of surplus funds shall be carried over and set-aside in a Rainy Day Fund and any surplus funds in excess of the \$30,000 shall be carried over to support the program in the following year.

- **CBO recommends this carryover request because it is a contractual obligation laid out in the IGA.**

Social Equity in Procurement Program Carryover

Carry over \$305,000 of unspent General Fund discretionary resources for the Procurement division's social equity in contracting programs.

- During the FY 2020-21 budget development process, \$200,000 in General Fund resources were carried over from FY 2019-20 as bridge funding for the Community Opportunities and Enhancements Program (COEP) and the Prime Contractor Development Program (PCDP), and another \$200,000 was carried over as partial funding for a new Disparity Study. BRFS is requesting to fully carry over the \$200,000 for bridge funding and \$105,000 of the amount for the Disparity Study to fund future revisions and refinements to the City's social equity in contracting programs after a February work session on the topic during which Council directed OMF to come up with recommendations for improving the program.
- \$335,000 in funding for the Disparity Study was originally appropriated in FY 2017-18 from underspending in OMF's budget, and portions of the original funds have been carried over year after year since. OMF is not requesting to carry over the full \$200,000 in the current year's budget as the Procurement division has identified immediate current year needs, including a contract to continue to retain the services of a legal and programmatic consultant and a contract to conduct an availability analysis of contractors of color.

- **CBO is not recommending this carry over request because while BRFS intends to use the funds for the social equity in contracting programs, these resources are not being requested to fulfill the original intent of these allocations. At this point, it is undefined what the resources will be spent on and the timeline for the use of the funds. Thus, CBO recommends these resources be redeployed to support FY 2021-22 General Fund balancing.** OMF has indicated that a Disparity Study may be one of the recommendations the bureau would undertake as part of its effort to improve the City's social equity in contracting programs. If that is the case, the bureau can request the resources for it at the appropriate budget development or supplemental budget processes, and Council can, at that time, decide whether to devote resources to it.

Oregon Paid Family Medical Leave (PFMLA) Carryover

Carry over \$122,969 in General Fund one-time resources received in the FY 2020-21 Fall BMP for the City's compliance with Oregon's Equal Pay Act (Equal Pay Act) and reappropriate underspending from hiring delays for a limited term position to support the City's implementation of Oregon's PFMLA.

- In 2019, Oregon passed House Bill 2005, creating an insurance program to provide employees with a portion of wages while on family, medical or safe leave. Oregon's PFMLA law states that total contributions may not exceed 1% of employee wages, up to a maximum of \$132,900 in wages or a total annual contribution of \$1,392 per employee. Of the 1% of employee wages, the legislation mandates that employers contribute at least 40%, with employees contributing the remaining portion. The contribution ratio will be subject to bargaining. To comply with the law's timeline, the City must have the system and procedures in place to pay into the State's system by January 2022.
- The request for carryover funds is in addition to the \$170,961 in one-time General Fund resources that CBO added, in coordination with OMF, to the FY 2021-22 Requested Budget to support the implementation of PFMLA. The request includes \$40,000 to support technical and testing requirements and \$130,961 for a limited term Human Services Analyst II to support system testing and communication regarding the new policy with City staff and bureaus. The carryover request would add a second limited term position to support system testing and communication with staff and customer bureaus. Funding for the second limited term position would come from one-time personnel savings from hiring delays for two limited positions included in the FY 2020-21 Fall BMP to support the implementation of the Equal Pay Act.
- **CBO recommends this request as funding one-time requests made as part of a bureau's FY 2021-22 Requested Budget aligns with the Mayor's FY 2021-22 Spring BMP guidance. This funding is also needed to support the City's compliance with a legal mandate.**

311 Program Carryover

Carry over \$250,000 in General Fund one-time resources to fund software implementation initially planned for FY 2020-21 and \$150,000 in vacancy savings from the current fiscal year to fund the buildout of a Portland Building Call Center.

- Per Resolution 37456, adopted November 19, 2019, the 311 Program's four-year rollout includes an annual increase of staff and resources. The Program was appropriated \$100,000 in General Fund one-time resources in FY 2020-21 for a software tool to log contacts with community members and intake, route, and track the status of a request.

Software selection and implementation is expected to begin in FY 2021-22.

- Per Resolution 37456, the 311 Program was to receive a \$150,000 one-time adjustment in its Current Appropriation Level (CAL) for the Call Center build out project. In place of a CAL adjustment, CBO requested that OMF carry forward underspending from vacancy savings to fund the Call Center in FY 2021-22. The build out is expected to begin in FY 2021-22, however, project completion is dependent on Facilities workload, return to work timelines, etc. If the \$150,000 one-time CAL adjustment is needed for additional build costs in FY 2022-23, CBO will include the adjustment in the Program's FY 2022-23 CAL target.
- **CBO recommends this request as it continues one-time work that was funded in the current fiscal year but not completed. The request also utilizes underspending from vacancy savings to fund the build out of 311's Call Center in FY 2021-22 in place of allocating additional General Fund resources.**

New General Fund Requests

In light of the COVID-19 economic impacts to the City and community, the Mayor's Spring BMP guidance stated that new requests for General Fund contingency should address legitimate concerns that the bureau may not finish the fiscal year within budgeted appropriations or meet an urgent community need related to the COVID-19 economic crisis—including housing, small business support and food security—that the bureau cannot expressly fund within existing budgeted resources. CBO has analyzed and developed recommendations based on these criteria.

Preschool for All

Appropriate \$7,186,689 from Multnomah County into the Revenue division's budget to collect the Preschool For All income tax passed by voters in November 2020.

- **CBO recommends this request, noting that the joint administration of this tax and Metro's Supportive Housing Services Tax should provide financial efficiencies for all parties.**

Bancroft Bond Interest and Sinking Fund Cash Transfer

Transfer \$2.0 million from the Bancroft Bond Interest and Sinking Fund to the General Fund for the purpose of balancing the FY 2021-22 budget.

- The Bancroft Bond contains resources supporting the contingency budget for the Integrated Tax System (ITS) project. The ITS project's contingency of 10% (\$4.6 million) is approximately equal to the amount of Bancroft Bond Funds allocated to the project (\$4.3 million).
- **CBO recommends this request as OMF has determined that \$2 million of the amount currently allocated to ITS is no longer needed to serve as contingency for the project and can be repurposed for other uses, and there is currently a large shortfall in General Fund discretionary resources available for FY 2021-22 budget development, particularly one-time General Fund resources.**

Return to the General Fund

In light of the COVID-19 economic impacts to the City and community, the Mayor's Spring BMP guidance encouraged bureaus to return any non-needed General Fund resources as part of the Spring BMP in order to increase flexibility to support bureau budget requests in the FY 2021-22

budget.

Build Portland

Return \$100,000 in one-time General Fund resources for Build Portland for branding, outreach and coordination costs back to the General Fund. These resources will not be spent this year.

- **CBO recommends this request.**

New Non-GF Requests

Insurance & Claims Draw on Contingency

Draw \$4,022,000 from the Insurance and Claim Fund's contingency to cover higher claims payments and insurance renewal costs, in particular the \$2.1 million settlement payment to the Hayes family.

- **CBO recommends this request as the funds are needed to prevent over-expenditure in the fund and CBO's own projections also indicate the need for the draw.**

Draw on Contingency in the Technology Services Fund

Draw \$282,400 from the Technology Services Fund's contingency to pay contract employees for services provided to the Support Center (\$270,000) and two-factor authentication software for the Public Safety Program (\$12,400).

- Although BTS is drawing from contingency for these additional costs, it should be noted that both capital project budget adjustments and IA changes are contributing to the fund's contingency.
- **CBO recommends these adjustments as requested.**

Draw on Contingency in the CityFleet Operating Fund for various adjustments

- Decrease contingency by \$27,683 to reflect reduced revenue from US Marshals for CityFleet services. CityFleet no longer has a service agreement with the Federal agency.
- Decrease contingency by \$1,009,000 to align with reductions to the Police Bureau interagency agreement for new and replacement vehicles.
- **CBO recommends these adjustments as requested.**

Draw on Contingency in the Facilities Fund for various adjustments

- Reduce contingency by \$314,000 for unanticipated major maintenance projects, including re-carpeting space the Office of Community & Civic Life vacated at Kelly Building, repairing the parking lot sewer inlet at the Emergency Communications Center, and conducting a LED interior and exterior lighting project at East Precinct.
- **CBO recommends these adjustments as requested.**

Technical Adjustments

Facilities Interagency Adjustments

Increase interagency revenue by \$1,282,038 with an offsetting increase in external material service

for various projects.

- The largest interagency adjustments are from the Bureau of Transportation (PBOT), totaling \$839,000 for elevator modernization at the Fourth and Yamhill and Naito and Davis garages. The package also includes a \$100,000 increase in the City Attorney's interagency agreement and \$190,000 for the City Auditor for projects to increase security on the third and fourth floor offices at City Hall. Security enhancements comprise increased protection at reception and employee entrance.
- **CBO recommends these adjustments as requested.**

Reserve for Future Technology Needs

Transfer \$350,000 of savings to BRFS's Technology Reserve to start reaccumulating for the bureau's future technology needs. OMF has provided CBO with a list of BRFS projects of significant size that may utilize BTS technology replacement funds in the near future and their costs.

- **CBO recommends this request to transfer resources to the BRFS technology reserve, as dedicating underspending to outyear technology needs will lessen the impact of future General Fund requests for BRFS technology replacement and upgrade needs.**

Other Technical Adjustments

Process other technical adjustments, including the following notable ones:

- Reduce lodging taxes revenue and associated expenses in the Convention and Tourism Fund by \$14.5 million to reflect the economic impacts of the COVID-19 pandemic
- Reduce local cost sharing revenue from Metro in the amount of \$7,899,518 and associated expenses to reflect year-end projections for the Supportive Housing Tax
- **All technical adjustments are recommended by CBO as requested.**

ADDITIONAL ANALYSIS

Grants Management Division Carryover

BRFS indicates that the surplus funding is needed next year because although the CARES Act award was extended, its funds were fully allocated to programs and the funding allocated to internal programs were fully expended by December 30, 2020. Funds were not allocated to additional staffing to support the administration of the program beyond this date. With the extension of the award's end date to December 31, 2021, the Grants Management Division would like to retain the staffing until the final audit of the program which could potentially be March of 2023.

The surplus funds were generated as a result of some GMD staff charging their time to CARES Act funding, freeing up the General Fund resources. OMF has indicated that even with the approval of this carryover, GMD staff will continue to charge their time, as appropriate, to CARES Act and American Rescue Plan (ARP) funding. However, with the uncertainty of what ARP resources may be eligible to fund, the General Fund resources may be needed to close out the CARES Act grants.

CURRENT YEAR BUDGET MONITORING

Bureau of Revenue and Financial Services

No Issues with General Fund Budget after BMP Adjustments

After adjustments made during this Spring BMP, there are no concerns with year-end projections of actual revenues and expenditures in the General Fund compared to budgeted amounts. However, the following points should be noted:

- Intergovernmental revenues from Metro for collecting the Supportive Housing Tax are reduced by \$7.9 million during this Spring BMP to reflect reimbursement for the actual level of services provided. The bureau is also adding \$7.2 million from Multnomah County into this category to collect the Preschool For All Tax. Despite these actions, OMF projects the category to end the year at 81% of budget.
- Both licenses & permits and charges for services revenues are projected to end the year significantly under-budget, at 22% and 87% of budget, respectively, but these revenues comprise a very minor portion of BRFS's total revenues.
- OMF projects BRFS to need that division's full allocation of General Fund discretionary resources.

Draw from Contingency Needed to Fund Increased Claims and Insurance Costs

In the Insurance and Claims (I&C) Operating Fund, there are no concerns with revenues or expenditures at year end with the exception of external materials and services where claims payments and insurance costs are budgeted.

- The fund is projecting larger than planned increases for claims payments due to the large number of higher-cost claims and a recent large settlement this fiscal year. The fund is also projecting increases in commercial liability policies which further draws on the Rate Stabilization Reserve.
- Consequently, the Risk Management division is drawing \$4.0 million from the I&C Fund's contingency during this Spring BMP to prevent over-expenditure in external materials and services. The amount is 12.1% of what was budgeted in contingency prior to the draw.

Tax Revenues Supporting Arts and Tourism Efforts Heavily Impacted by COVID Pandemic

Arts and Education Access Fund

BRFS projects revenues from the Arts Tax to end the year at \$10,278,620, or 74% of the budget, due to lower collection enforcement during the pandemic. As a result, external materials and services, which mostly consist of disbursements to the school districts and Regional Arts and Culture Council (RACC), are projected to end the year at \$10,957,501, or 83% of budget.

Convention and Tourism Fund

Tax collections for this fund focused on the travel industry are projected to end the year at \$7,230,000, or 74% of budget after OMF reduces this revenue category's budget by \$14.5 million in this Spring BMP. Consequently, external materials and services, where disbursements to Travel Portland are budgeted, are also projected to end the year at 74% of budget, or \$7,322,542, also after significantly reducing the budget.

It should be noted that for both of these funds, there is no minimum amount that the City is obligated to disburse out of the tax revenues collected. Disbursements are based upon revenues received, and the recipients must manage to actual disbursements.

Bureau of Technology Services

Printing & Distribution's Finances Significantly Affected by Pandemic

Other than a low level of spending on capital projects as discussed below, there are no concerns with current year revenue or expenditure trends in the Technology Services Fund. On the other hand, the Printing & Distribution Fund is facing severe challenges due to high fixed costs and revenue shortages associated with an increase in remote work induced by the COVID-19 pandemic.

After averaging \$1.6 million over the last five years, the P&D Fund's balance is projected to end the year at about \$340,000, which is slightly higher than the fund balance that was projected in the FY 2021-22 Requested Budget. Both City bureaus and outside agencies that use P&D's services have transitioned to remote work since the beginning of the COVID-19 pandemic, resulting in copiers sitting unused and not generating income for a revenue source that has been significant for P&D in the past. Combined with high fixed costs for personnel, space, General Fund overhead, equipment, and other expenses, P&D has had to draw down reserves to adequately fund its expenditures, resulting in a depleted fund balance. In order to reduce spending on personell services, P&D reduced part-time staffing in April 2020 and do not have immediate plans to fill positions vacated by a retirement and transfer out of the division during the third quarter of this year. Looking ahead, it is unclear when bureaus will return to working in City buildings and what percentage will remain teleworkers. In the pandemic, bureaus are finding that going completely paperless for certain processes is doable. It is also unclear when the economy will rebound and bureaus will have more discretionary spending available. Fund balance in FY 2021-22 may increase, but if revenues do not rebound, then an interfund loan may be needed.

Due to Staffing Issues, BTS Challenged in Completing CIP Projects

	2020-21 Revised Budget	2020-21 Actuals	Remaining Budget	Percent Remaining
MFTS - Technology Services	\$12,027,265	\$3,296,445	\$8,730,820	72.6%
BTS	\$12,027,265	\$3,296,445	\$8,730,820	72.6%
C00088 - IRNE Fiber Expansion Program	\$4,122,917	\$195,973	\$3,926,944	95.2%
C00050 - IRNE Network Technology Refresh	\$1,122,632	\$319,005	\$803,627	71.6%
C00099 - SAP Suite on HANA	\$1,007,044	\$93,807	\$913,237	90.7%
C00104 - Firewall Technology Refresh	\$805,996	\$99,175	\$706,821	87.7%
C00055 - Enterprise Network Technology Refresh	\$765,737	\$301,961	\$463,776	60.6%
C00090 - Public Safety Data Center	\$576,000	\$6,683	\$569,317	98.8%
C00072 - Enterprise Mobility	\$443,500	\$354,144	\$89,356	20.1%
C00063 - Cherwell Capability Expansion	\$426,809	\$358,392	\$68,417	16.0%
C00082 - Portland Oregon Website Replacement	\$384,537	\$920,300	(\$535,763)	-139.3%
C00112 - Enterprise Service Mgmt. Implementation	\$319,000	\$13,716	\$305,284	95.7%
C00128 - Worksoft Testing Automation Tool for SAP	\$300,000	\$0	\$300,000	100.0%
C00083 - Workflow Application	\$204,000	\$68,364	\$135,636	66.5%
C00103 - Goat Mountain IR Site Move	\$200,000	\$0	\$200,000	100.0%
C00118 - Police Cisco DNA Center Appliance	\$190,000	\$164,587	\$25,413	13.4%
C00025 - IRNE Voice System Migration	\$159,638	\$88,898	\$70,740	44.3%
C00047 - SAN Storage Expansion	\$150,000	\$6,547	\$143,453	95.6%
C00046 - Wireless Network 802.11n Deployment	\$133,299	\$36,659	\$96,640	72.5%
C00139 - Upgrade Microwave Links	\$120,000	\$0	\$120,000	100.0%
C00091 - Secondary Data Center	\$120,000	\$0	\$120,000	100.0%
C00044 - Replace Tele. Management System	\$100,000	\$46,354	\$53,646	53.6%
C00100 - EAM - Real Estate Implementation	\$100,000	\$80,406	\$19,594	19.6%
C00060 - VHF and 700 MHz NSPAC Repeater	\$72,706	\$0	\$72,706	100.0%
C00138 - Replace HVAC Units	\$60,000	\$0	\$60,000	100.0%
C00084 - Video Centralized Management Upgrade	\$49,773	\$32,269	\$17,504	35.2%
C00057 - Office 365 Implementation	\$45,273	\$82,043	(\$36,770)	-81.2%
C00062 - Microwave Radio Upgrades for Spur Sites	\$24,335	\$2,717	\$21,618	88.8%
C00061 - Radio Site Video Security Monitoring	\$24,069	\$14,027	\$10,042	41.7%

BTS had only spent 25.7% of its CIP budget as of the end of February, with two-thirds of the year already passed. The bureau attributes this to personnel having only limited time beyond daily operations to focus on projects. Furthermore, it states that projects require resources from personnel in various programs, and there are difficulties in coordinating those efforts. The COVID-19 pandemic has also altered the bureau's focus and increased demands on staff in new areas, particularly providing support for remote work. Next year, BTS is anticipating hiring additional personnel on the Network team who will be able to share responsibilities across many projects, with the expectation that the additional personnel will help to increase completion of CIP projects.

Division of Asset Management

Facilities Fund

The pandemic has impacted the fund in different ways, most notably decreased demand for billable services from customer bureaus as a majority of staff work from home and require fewer services from Facilities. OMF is projecting that charges for service revenue will end the year at \$930,293 or 87% of the FY 21-22 Revised Budget. Interagency revenue from fixed rental and corporate charges have not been impacted by the pandemic as customer bureaus rent costs remain unchanged in spite of remote work requirements for a majority of City staff. The bureau projects that interagency revenue will end the year at \$48.9 million or approximately 94% of the Fund's budget.

Unlike commercial tenants, the City is both the owner and the tenant of office buildings. Thus, the City and by extension, City bureaus, are responsible for covering the fixed costs for City owned buildings. To accommodate teleworking and bureaus' requests to reduce their office space footprints, Facilities is taking steps to consolidate operations in City owned buildings as lease agreements in private office buildings expire. This multi-year effort will allow bureaus leaving leased

space in privately owned buildings to occupy space in City owned properties. Assuming that some bureaus in the Portland Building will want to reduce their office footprint, space will be available for bureaus exiting leased buildings to occupy. Phase 1 of the project will analyze the costs and potential savings of space changes in addition to changes to tenant rates and charges. As OMF proceeds with this project, CBO recommends the bureau establish formal policies regarding service levels provided via the blended rate, or an alternative rate model, to help govern this dynamic environment.

On the expense side, the Facilities fund has incurred \$561,000 in protest costs for the Portland Building, City Hall and Police Facilities that will be not covered by the City's insurance policy. These costs were funded through a combination of the Fund's major maintenance reserve, billable services, and the corporate rate. Depending on the extent and duration of property damage to City owned buildings, Facilities may need to increase rental rates to rebuild its maintenance reserves. However, a plan to phase in major maintenance rate increases is expected to be developed in conjunction with OMF's forthcoming condition assessment of Facility owned buildings and the procurement and implementation of an asset management software system. Funding for these resources are included in the Bureau's FY 2021-22 Requested Budget. CBO recommends this request and notes that customer bureaus' also support this foundational investment. Once the condition assessment data and software are implemented, Facilities will assess and present strategies to increase funding levels to address Facilities' significant deferred maintenance needs over the next several years. OMF notes that the deteriorating condition of Police facilities and City Hall are major expenditure risks for the City.

CityFleet

Cityfleet's Operating Fund has also been impacted by COVID-19 with interagency revenue, the Fund's primary revenue source, projected to end the year at \$39.9 million or 94% of the Bureau's FY 2020-21 Revised Budget. A key component of interagency revenue is billable hours for maintaining CityFleet vehicles. However, lower billable hours due to COVID-19 exposure and the closure of facilities for air quality from wildfires directly impacted revenue. The bureau projects that year end operating reserves will be \$791,000 or 5 percent of fixed costs. The bureau typically ends the year at approximately 10 percent of fixed costs.

CityFleet is anticipated to be below budget for personnel, external materials and services and internal materials and services.

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	\$766,206,286	\$1,643,114	\$305,000	\$768,154,400
Personnel	\$108,954,053	(\$1,658,335)	\$69,100	\$107,364,818
External Materials and Services	\$309,344,470	(\$3,746,947)	\$235,900	\$305,833,423
Internal Materials and Services	\$37,195,780	\$470,098	\$0	\$37,665,878
Capital Outlay	\$44,752,262	\$587,500	\$0	\$45,339,762
Debt Service	\$52,665,656	\$8,569,465	\$0	\$61,235,121
Debt Service Reserves	\$10,065,550	\$1,450,000	\$0	\$11,515,550
Fund Transfers - Expense	\$27,837,354	(\$2,987,393)	\$0	\$24,849,961
Contingency	\$175,391,161	(\$1,041,274)	\$0	\$174,349,887
Revenue	\$766,206,286	\$1,643,114	\$305,000	\$768,154,400
Beginning Fund Balance	\$253,442,850	\$7,323,531	\$0	\$260,766,381
Bond & Note Proceeds	\$27,817,587	\$6,806,638	\$0	\$34,624,225
Charges for Services	\$136,510,872	(\$10,000)	\$0	\$136,500,872
Fund Transfers - Revenue	\$8,958,469	(\$2,000,000)	\$0	\$6,958,469
General Fund Discretionary	\$18,924,498	(\$1,047,219)	\$305,000	\$18,182,279
General Fund Overhead	\$13,550,972	\$0	\$0	\$13,550,972
Interagency Revenue	\$197,932,063	\$2,400,480	\$0	\$200,332,543
Intergovernmental	\$33,081,812	(\$733,110)	\$0	\$32,348,702
Licenses & Permits	\$7,780,000	\$60,430	\$0	\$7,840,430
Miscellaneous	\$30,032,163	\$3,342,364	\$0	\$33,374,527
Taxes	\$38,175,000	(\$14,500,000)	\$0	\$23,675,000